

# REALM STRATEGIC INCOME FUND ENDURING UNITS

JUNE 2023

REALM INVESTMENT  
HOUSE

## FUND OBJECTIVE

The strategy targets a return of 4.75% p.a. over the RBA cash rate. The Fund may suit investors seeking a high yield return with a moderate to high risk tolerance.

## FUND DETAILS

### Distribution

**Frequency:** Quarterly

**Applications:** Monthly

**Next Redemptions Window:**

31 July - \$60,000,000

### Pricing & Reporting

**Frequency:** Monthly

**Inception Date:** 21.2.2020

**Fund size:** \$627m

**Benchmark:** RBA Cash Rate

**Buy/Sell:** 0.20%/0.00%

**APIR Codes:** OMF5868AU

**Management Fees:** 0.99% Net of GST

## PLATFORM AVAILABILITY

- AMP North
- Australian Money Markets
- BT Panorama/Wrap
- First Wrap
- Hub24
- Macquarie Wrap
- Mason Stevens
- Netwealth
- Powerwrap
- Praemium
- Xplore Wealth

## NET PERFORMANCE

Period	Enduring Units	RBA Cash Rate Return
1 Month	0.81%	0.33%
3 Month	2.40%	0.94%
6 Month	4.78%	1.76%
1 Year	8.47%	2.93%
2 year p.a.	6.80%	1.54%
3 year p.a.	6.55%	1.07%
Since Inception p.a.*	6.39%	0.99%

\*Past performance is not indicative of future performance. Inception date is 21 February 2020.

## FUND STATISTICS

Running Yield	10.68%
Yield To Maturity	10.63%
Volatility†	0.41%
Interest rate duration	0.04
Credit duration	0.73
Average Credit Rating	BBB
Number of positions	164
Average position exposure	0.58%
Worst Month*	0.28%
Best Month*	0.84%

Calculated on Enduring Units unless otherwise stated. \*Since Inception 21 February 2020. †Trailing 12 Months total return will be a function of this yield minus the fee. Please note the unit price can also experience modest variance as pay out of distributions sit at 95%. All outstanding amounts will be paid at the 30th of June.

## GROSS RUNNING YIELD\* 10.68%

\*Past performance is not indicative of future performance. The Gross Running Yield is the pre-fee income attributable to the portfolio, total return will be a function of this yield minus the fee. Please note the unit price can also experience modest variance as pay out of distributions sit at 95%. All outstanding amounts will be paid at the 30th of June.

## FUND STRATEGY

Realm Investment House (RIH) partners with banks, best of breed non-bank financiers and corporates to fund high quality wholesale banking facilities, in particular mortgages and loans. The nature of the assets the strategy holds delivers investors an additional structural premium which is a function of the liquidity and complexity of these assets. Diversification within the Fund is achieved by diversifying banking partners, facility sponsors and the number of individual facilities. RIH's risk management and assessment overlay are used in assessing eligible exposures and actively managing & monitoring the risk of each funding facility exposure during the life of the fund.

## FUND WITHDRAWAL WINDOWS

The next withdrawal window will be closing at 5pm AEST on 30 June. We are accepting redemption requests for up to \$60,000,000 (about 9% of fund assets). The fund holds 23.97% in cash and marketable securities. Further details will be posted on our website. See the link on page 3.



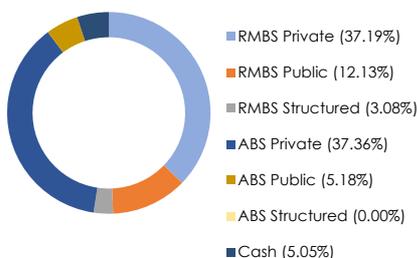
# REALM STRATEGIC INCOME FUND ENDURING UNITS

JUNE 2023

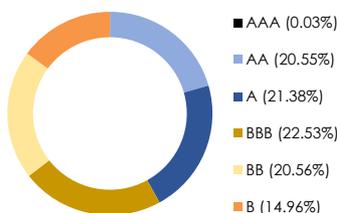
## PORTFOLIO COMPOSITION



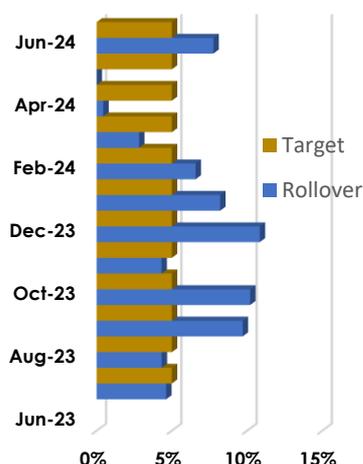
## COLLATERAL TYPE



## CREDIT QUALITY



## ROLLOVER VS TARGET



66% of the fund will rollover into cash in the next 12 months.

## FUND UPDATE

The portfolio is invested across a range of Private ABS/RMBS Facilities (74.55%), Public ABS/RMBS Facilities (17.31%) and Structured Secured Facilities backed by loans (3.08%). The weighted average credit rating of the portfolio sits at BBB, a weighted credit duration of 0.73 years and a pre fee running yield of 10.68%.

The Realm Strategic Income Fund closed one new trade over the month of June, and repriced one facility at higher yields for a further period. The fund maintains a **gross running yield of 10.68% as at month end**, while the weighted average credit rating of the portfolio improved from BBB- to **BBB (investment grade)**. This has been a factor of closing higher rated warehouse facilities with a couple non-bank lenders and an established ADI.

The weighting to public securities decreased from last month as Private securities were drawn, and continues to be managed within a band as required for liquidity. Private markets continue to exhibit greater relative value than public markets, with investors receiving higher yields and better protections.

The funds available transaction pipeline remains very strong. Issuers continue to look for long term stable funding partners to support growth away from the more volatile public markets. The strategy continues to fund the trades exhibiting the best relative value, and we anticipate this transaction flow will continue to support the portfolios running yield.

## PORTFOLIO RISK ANALYSIS

**Housing Market Performance;** Australian residential property values continued to increase over the month of June, rising 1.3% over the month of June as reported by the CoreLogic 5 capital city property index. Again this was led by the Sydney property market, which reported an index rise of 2% for housing while units increased 1.2%. The remaining capital cities again saw further gains, primarily led by housing which increased 1.4% on average across the capital cities, while units increased 1.1%.

Clearance rates remained in line with the prior month, hovering around 70% in June. Housing finance data showed new lending increasing 4.8% over the April reporting period. Investors led the rise, with new lending increasing 6.2% over the month, while owner occupiers increased 4%.

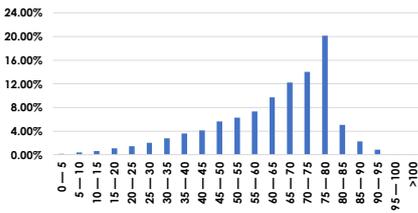
In terms of sector performance, arrears within the system remain low and our outlook for the strategy remains constructive.

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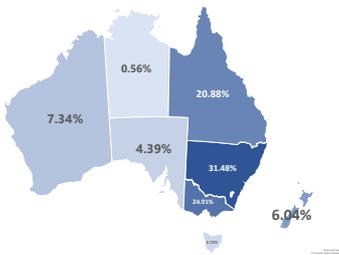
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## WEIGHTED AVERAGE PORTFOLIO LVR



## GEOGRAPHIC EXPOSURE



## OTHER FUND DETAILS

**Responsible Entity:** One Managed Investment Funds Ltd

**Custodian:** Mainstream Funds Services Pty Ltd

### Unit Pricing and Unit Price History:

<https://www.realminvestments.com.au/our-products/realm-strategic-income-fund-enduring-units/>

**Liquidity Window Notice:** Limited Withdrawal Offer – July 2023

## TRANSACTION AND MARKET FLOW

**Market Update;** Public structured credit market yields remained in line over the month of June, after having tightened at the end of May. This was widely driven by increased foreign investor demand. The recent tightening in yields makes issuing transactions more economic for issuers, and as a result has bought more primary dealflow to public markets including two new bank transactions, and several non conforming and CMBS transactions. Secondary markets remain active with good buying and selling reported from the broking desks.

**Private Assets;** Private yields remained in line with last month, and continue to remain a more stable funding source for many issuers. Private market supply remains elevated, with a high amount of reverse funding enquiries for stable mezzanine partners from both issuers and partnering banks looking to assist issuers in securitising. Asset quality remains strong throughout the sector. All funded transactions continue to perform well with conservative levels of headroom against all required covenants and agreed parameters.

**Portfolio Pipeline;** The private deal funding pipeline remains healthy, with new opportunities continuing to enter the due diligence process over June. Sixteen high quality proposals are currently being assessed, while several are within the documentation process and expected to be closed within the next month. The investment team will continue to use this pipeline to assist the fund in meeting its stated return outcome, whilst accommodating unitholder demand.

## HOUSING ARREARS & PORTFOLIO PERFORMANCE

Portfolio arrears continue to track well within expectations for the portfolio, improving 7bps over the month to 1.38%. Transactions within the portfolio continue to perform better than expectations and continue to be monitored closely.

Prime arrears as reported by S&P's SPIN index weakened 6bps over the month of April to 1.01%. Nonconforming arrears also weakened slightly, increasing 3bps to 3.73% as reported by S&P for the March period. Both results remain very strong in comparison to both market expectations and historic index levels. Both results remain very strong in comparison to both market expectations and historic index levels.

### REALM INVESTMENT HOUSE CONTACTS

#### DISTRIBUTION

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JUNE 2023

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