

# REALM STRATEGIC INCOME FUND ENDURING UNITS

MARCH 2024

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:**

30 April - \$130,000,000

### Pricing & Reporting

**Frequency:** Monthly

**Inception Date:** 21.2.2020

**Fund size:** \$1.28b

**Benchmark:** RBA Cash Rate

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

**APIR Codes:** OMF5868AU

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

## PLATFORM AVAILABILITY

- 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	0.99%	0.36%
3 month	2.78%	1.06%
6 month	5.36%	2.13%
1 Year p.a	10.60%	4.14%
2 Years p.a	8.74%	3.10%
3 Years p.a	7.66%	2.09%
Since Inception p.a*	7.18%	1.58%

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

## FUND STATISTICS

Running Yield	10.65%
Yield To Maturity	10.47%
Volatility†	0.11%
Interest rate duration	0.05
Credit duration	1.03
Average Credit Rating	BBB
Number of positions	311
Average position exposure	0.25%
Worst Month*	0.28%
Best Month*	0.99%

Calculated on Enduring Units unless otherwise stated. \*Since Inception 21 February 2020. †Trailing 12 Months Calculated on Monthly observations. ‡Since Inception Calculated on Monthly observations

## GROSS RUNNING YIELD\* 10.65%

\*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 AEDT on 30 April. We are accepting redemption requests for up to \$130,000,000 (about 10% of fund assets). The fund holds 36.28% in cash and marketable securities. Further details have been posted on our website. See the link on page 3.

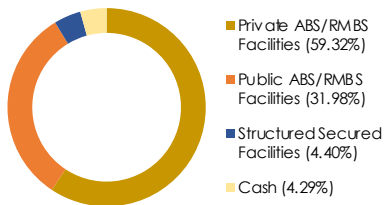
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RECOMMENDED

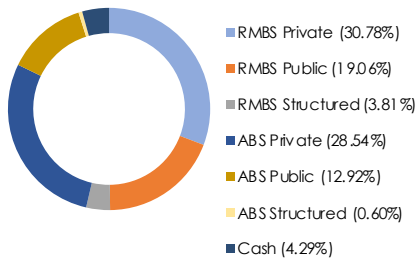
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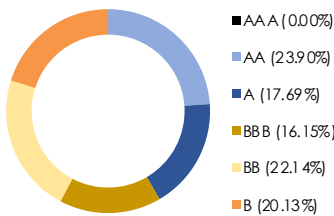
## PORTFOLIO COMPOSITION



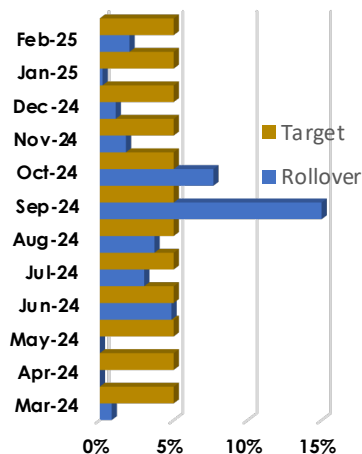
## COLLATERAL TYPE



## CREDIT QUALITY



## ROLLOVER VS TARGET



61% 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 (59.32%), Public ABS/RMBS Facilities (31.98%) and Structured Secured Facilities backed by loans (4.40%). The weighted average credit rating of the portfolio sits at BBB, a weighted credit duration of 1.03 years and a pre fee running yield of 10.65%.

The month of March saw the Realm Strategic Income Fund close three new trades, with several others due to be completed over the coming month. The fund recorded a **gross running yield of 10.65% as at month end, while maintaining a weighted average credit rating of investment grade (BBB).**

Performance continues to be attributed mainly by the high accrual of Private and public assets, however the continued rally in public spreads over the course of the month continues to provide a tailwind to attribution. Higher relative value continues to be exhibited in Private markets with better yields, covenants and structural protections.

The fund maintains a high number of new potential transactions in the screening pipeline. The strategy will continue to pick through trades exhibiting the best relative value to support the portfolios running yield.

## PORTFOLIO RISK ANALYSIS

**Housing Market Performance;** Australian residential property values increased a further 0.6% over the month of March, as reported by the CoreLogic 5 Capital City aggregate property index.

All major capital cities recorded gains with the exception of Darwin, with increases in both housing and units equally (up 0.6%). Perth continued to increase at the highest rate of all capital cities for another month (up 1.9%, with Sydney increasing 0.3% and Melbourne remaining flat. Both gains were again led by units which increased 0.4% (Syd) and 0.3% (Mel), while houses increased 0.3% (Syd) and remained flat in Melbourne.

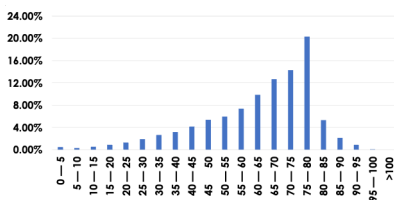
Auction volume remained high over the month as buyers and sellers returned from the holiday period. Housing finance data saw seasonally adjusted new lending increase 1.5% for the February observation, which now represents a yearly percentage change of +13.3%. This was led by owner occupiers (increasing 1.6% for the month, while Investors increased 1.2%. This represents yearly increases of 9.1% and 21.5% respectively.

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

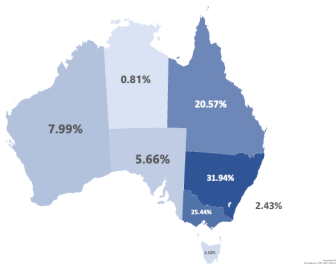
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## WEIGHTED AVERAGE PORTFOLIO LVR



## GEOGRAPHIC EXPOSURE



## OTHER FUND DETAILS

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

**Custodian:** State Street Australia Limited

**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  
– April 2024

## TRANSACTION AND MARKET FLOW

**Market Update;** Structured markets continued to rally over the course of March, maintaining momentum from last month. Issuers have continued to use the tighter markets to issue new transactions and reduce their costs of funds. Dealflow remained substantial, with 9 new transactions pricing across prime, non-conforming, personal lending and Auto lending. Transactions all remain very well bid with very large oversubscription rates throughout the mezzanine (AA-B rated) tranches and clear demand for more stock amongst investors. As a result secondary markets continue to remain overbid and trade very tight relative to primary markets.

**Private Assets;** Yields in private assets continue to tighten in line with public markets, but remain very wide of public assets. All funded transactions continue to exhibit good headroom against all agreed covenants and portfolio parameters.

**Portfolio Pipeline;** New funding requests remain high for the fund. Four facilities are currently within the final stages off documentation and funding, with several others remaining in the due diligence pipeline. In addition, a further twenty-three high quality opportunities remain within the screening and assessment stages of the investment process. This pipeline will continue to be utilised to accommodate unitholder demand and assist the fund in meeting its stated return outcome.

## HOUSING ARREARS & PORTFOLIO PERFORMANCE

Portfolio arrears improved 14bps over the month to 1.82% for the month of March. Arrears continue to perform well within expectations, and continue to be monitored closely.

Prime arrears as reported by S&P's SPIN index for January weakened 3bps to 1.00% as is seasonally expected over the Christmas/New Year period. Nonconforming arrears also weakened, increasing to 4.43%. Both results remain strong in comparison to both market expectations and historic index levels.

### REALM INVESTMENT HOUSE CONTACTS

#### DISTRIBUTION

**Broc McCauley**  
T: 0433 169 668  
E: [broc.m@realminvestments.com.au](mailto:broc.m@realminvestments.com.au)

**Finbarr Warren**  
T: 0405 543 196  
E: [finbarr.w@realminvestments.com.au](mailto:finbarr.w@realminvestments.com.au)

**Matthew Blair**  
T: 0424 837 522  
E: [matthew.b@realminvestments.com.au](mailto:matthew.b@realminvestments.com.au)

**Rhys Kostopoulos**  
T: 03 9112 1550  
E: [finbarr.w@realminvestments.com.au](mailto:finbarr.w@realminvestments.com.au)

LEVEL 17, 500 Collins Street  
Melbourne VIC 3000

LEVEL 6, 31 Market Street  
Sydney NSW 2000

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