

# REALM STRATEGIC INCOME FUND ENDURING UNITS

OCTOBER 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 November; \$190,000,000

**Pricing & Reporting Frequency:**

Monthly **Inception Date:**

21.2.2020 **Fund size:** \$1.98b

**Benchmark:** RBA Cash Rate

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

**APIR Codes:** OMF5868AU

**Management Fees:** 0.99% Net

of GST

**Responsible Entity:**

One Managed Investment

Funds Ltd

**Custodian:** State Street

Australia Limited



RECOMMENDED



## NET PERFORMANCE

| Period               | Enduring Units | RBA Cash Rate Return |
|----------------------|----------------|----------------------|
| 1 month              | 0.81%          | 0.36%                |
| 3 month              | 2.56%          | 1.09%                |
| 6 month              | 5.01%          | 2.16%                |
| 1 Year p.a           | 10.58%         | 4.35%                |
| 2 Years p.a          | 10.18%         | 4.00%                |
| 3 Years p.a          | 8.52%          | 2.92%                |
| Since Inception p.a* | 7.55%          | 1.92%                |

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

## FUND STATISTICS

|                           |       |
|---------------------------|-------|
| Running Yield             | 9.85% |
| Yield To Maturity         | 9.57% |
| Volatility†               | 0.22% |
| Interest rate duration    | 0.05  |
| Credit duration           | 1.23  |
| Average Credit Rating     | BBB   |
| Number of positions       | 514   |
| Average position exposure | 0.19% |
| 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\* 9.85%

\*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.

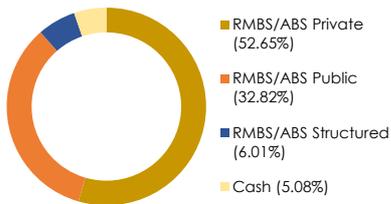
## FUND WITHDRAWAL WINDOWS

The next withdrawal window will be closing at 5pm AEDT on 30 November. We are accepting redemption requests for up to \$190,000,000 (about 10% of fund assets). The fund holds 37.87% in cash and marketable securities. Further details have been posted on our website. See the link on page 3.

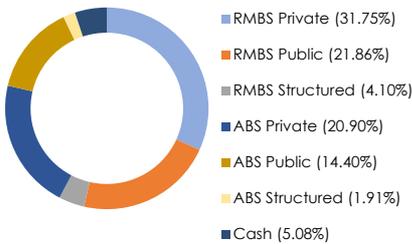
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OCTOBER 2024

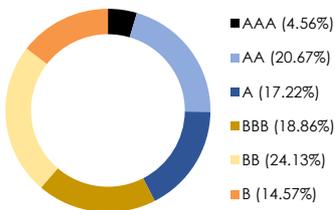
## PORTFOLIO COMPOSITION



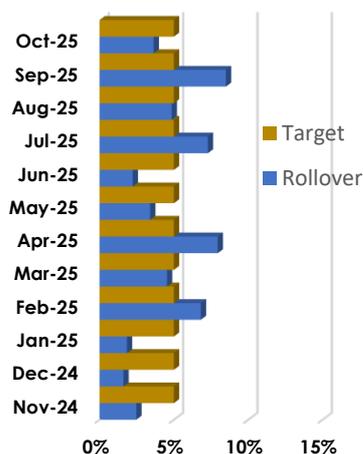
## COLLATERAL TYPE



## CREDIT QUALITY



## ROLLOVER VS TARGET



49% 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 (52.65%), Public ABS/RMBS Facilities (32.82%) and Structured Secured Facilities backed by loans (6.01%). The weighted average credit rating of the portfolio sits at BBB, a weighted credit duration of 1.23 years and a pre fee running yield of 9.85%.

The month of October saw the Realm Strategic Income Fund close six new transactions, with five others in the final stages of completion for the coming month. The fund recorded a **gross running yield of 9.85% as at month end, while maintaining a weighted average credit rating of investment grade (BBB).**

Fund performance is mostly attributed to the high accrual of assets in both public and private markets, with a small amount of capital appreciation of the public portfolio over the month adding to the return profile. The fund continues to expand relationships with high quality issuers, adding new facilities or updating and modifying existing facilities where possible. Each funded transaction maintains a good level of headroom between the transactions performance and agreed, documented covenants. The transaction pipeline also remains healthy, with a high level of new deal flow for the fund to assess.

## PORTFOLIO RISK ANALYSIS

**Housing Market Performance;** Australian residential property values appreciated a further 0.3% over the month of October, as reported by the CoreLogic 5 Capital City aggregate property index.

Gains between housing and units were similar over the month, with both datasets appreciating 0.3%. Perth and Adelaide property markets again lead the increase this month, with units increasing faster than houses in both states. Sydney houses recorded decreases of 0.1%, while units appreciated 0.1%. In Melbourne, both units and houses both recorded decreases of 0.1% and 0.2% respectively.

Auction clearance rates continued to maintain a level around 60% over the course of the month and into the first week of November as auction volumes remained high into year end. Housing finance data saw seasonally adjusted new lending decrease 0.3% for September. Owner occupiers saw an increase of 0.1%, while lending to investors saw a decrease of 1%. These represent yearly percentage changes of 13.1% for owner occupiers and 29.5% for investors.

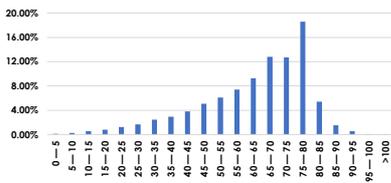
In terms of sector performance, arrears within the system remain low and our outlook for the strategy remains constructive.

# REALM STRATEGIC INCOME FUND ENDURING UNITS

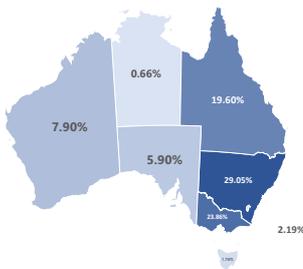
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## WEIGHTED AVERAGE PORTFOLIO LVR



## GEOGRAPHIC EXPOSURE



## PLATFORM AVAILABILITY

- Australian Money Markets
- AMP North
- BT Panorama/Wrap
- CFS Edge
- HUB24
- Macquarie Wrap
- Mason Stevens
- Netwealth
- Powerwrap
- Praemium
- Xplore Wealth

## OTHER FUND DETAILS

### 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  
– November 2024

## TRANSACTION AND MARKET FLOW

**Market Update;** Structured credit markets rallied further over the month of October with a substantial amount of new transactions continuing to flood market, as issuers use tight credit spreads to issue transactions more economically. New transaction flow continues to be issued over a wide array of subsectors within the securitised market, including major and regional bank issuance, prime and non-conforming non-banks, and personal lending programs. Credit spreads tightened in the mezzanine (A-BBB) and junior mezzanine (Sub investment grade) tranches of the capital structure, with senior margins remaining stable over the month but wide in comparison to historic averages. Secondary market volumes continue to remain very weak as investors elect to hold stock instead of selling to the market and risk not being able to pick up more stock to fill the position.

**Private Assets;** While yields in private markets continue to tighten, they remain very wide of current public market spreads. Investor demand remains heightened across both private and public markets across all areas of the capital structure. Lenders continue to maintain strict covenants and lending criteria across their portfolios with all funded transactions continuing to meet or exceed performance requirements.

**Portfolio Pipeline;** The fund maintains a strong deal flow pipeline with twelve transactions currently within the final stages of documentation and funding. Sixteen facilities remain in due diligence portions of the funding pipeline with a further eight opportunities due to be screened in. The fund will continue to utilise this pipeline to accommodate unitholder demand and assist the fund in meeting its stated return outcome.

## HOUSING ARREARS & PORTFOLIO PERFORMANCE

Portfolio arrears weakened 4bps over the month to 1.78% for the month of October. Arrears continue to perform well within expectations, and continue to be monitored closely.

Prime arrears as reported by S&P's SPIN index for September weakened 1bps to 0.90%. Nonconforming arrears improved 24bps to 4.01%. Arrears on auto loans as reported by S&P improved 4bps to 1.31%. All results remain strong in comparison to both market expectations and historic index levels.

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