REALM GLOBAL HIGH INCOME FUND AUD

DECEMBER 2024

REALM INVESTMENT HOUSE

FUND OBJECTIVE

The Realm Global High Income Fund AUD is a fixed income strategy, that invests in global asset backed securities, bank-issued securities and corporate bonds. The objective of the Fund is to deliver investors a consistent return (net of fees and gross of franking) of 2.5 - 3.5% over the RBA cash rate through a market cycle.

FUND DETAILS

Distribution Frequency: Monthly
Liquidity: Daily
Buy/Sell: 0.05% / 0.05%
Inception Date: 16.11.2023
Fund size: AUD $156 million
Management Fees (Net of GST): 0.7175%
Direct Minimum Investment: Ordinary Units - $25,000

Zenith RECOMMENDED

Investment Grade Lonsec Research

NET PERFORMANCE

Period	Global High Income Fund AUD	RBA Cash Rate Return
1 Month	1.07%	0.36%
3 Month	2.84%	1.08%
6 Month	5.16%	2.16%
9 Month	7.18%	3.25%
1 Year p.a.	12.79%	4.35%
Since Inception p.a.*	15.14%	4.35%

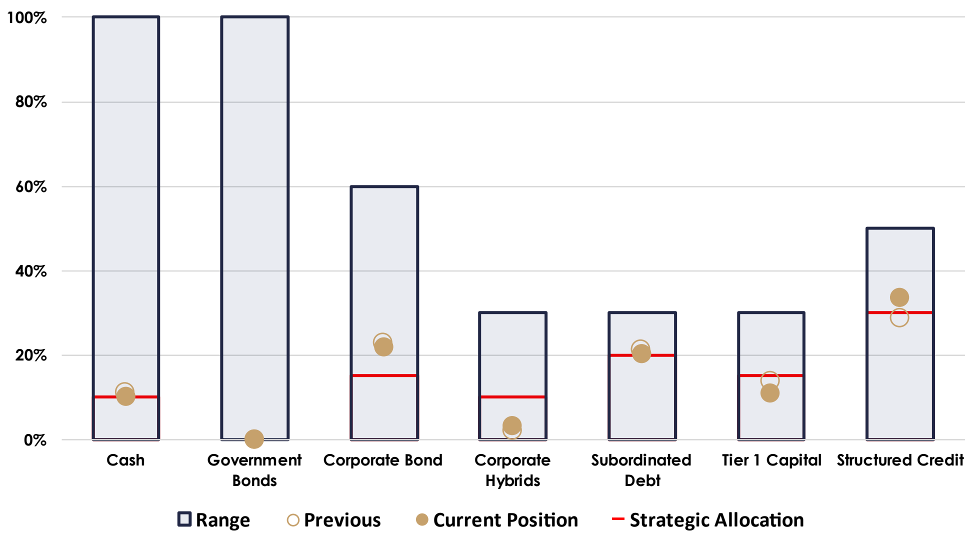
*Past performance is not indicative of future performance.
Inception 16 November 2023.

FUND STATISTICS

Running Yield	7.03%
Yield to Maturity	7.05%
Volatility†	1.74%
Interest rate duration	0.22
Credit duration	2.50
Average Credit Rating	BBB
Number of positions	130
Average position exposure	0.23%
Worst Month*	0.20%
Best Month*	2.22%
Sharpe ratio∂	4.97

†Trailing 12 Months Calculated on Daily observations. ∂Since Inception Calculated on Daily observations

SECTOR ALLOCATION



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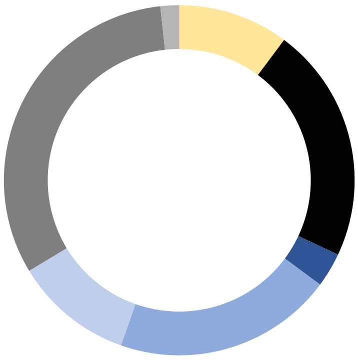
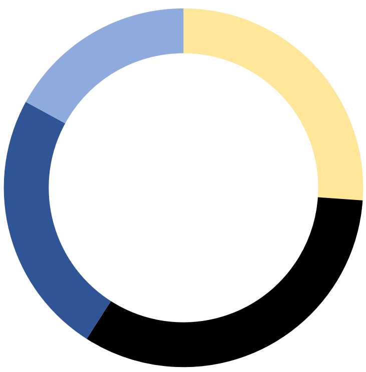
PORTFOLIO COMPOSITION



- Cash (10.20%)
- Corporate Bond (21.78%)
- Corporate Hybrid (3.18%)
- Subordinated Debt (20.24%)
- Tier 1 Capital (10.95%)
- ABS Public (31.92%)
- ABS Private (1.73%)

CREDIT DURATION PROFILE



- At Call to 6 Months (26.12%)
- 6 Months to 3 Years (32.93%)
- 3 Years to 5 Years (23.89%)
- 5 Years to 10 Years (17.05%)
- 10 Years + (0.00%)

FUND UPDATE

Cash and Short-Term Liquidity: ↓ The allocation to cash and short-term liquidity decreased from 11.22% to 10.20%. This mainly reflected an increase to Corporate Hybrids, and ABS which was slightly offset by a decrease in Tier 1 Capital, Corporate Bonds, and Subordinated Debt.

Corporate Bond, Corporate Hybrids & Subordinated Debt: ↓ Weighting to corporate bonds, corporate hybrids and subordinated debt decreased from 46.20% to 45.20%. Credit spreads ended the month tighter, reversing the widening trend observed in the last two weeks of November, including French risk which rebounded from a sell-off related to political instability. This outperformance provided an opportunity to switch from EUR T2 bank capital to AUD Kanga T2 bank capital, given the latter's relative underperformance. The Aussie market also provided an opportunity to add corporate hybrids with the fund investing in new deals from Ampol and Pacific National. As expected, primary issuance slowed across all markets in December ahead of the Christmas holidays.

Tier 1 Capital: ↓ Weighting to T1 capital decreased from 13.88% to 10.95%. Global T1 performance was mixed for the month with EUR T1's outperforming USD T1's. Notably, French bank and insurance names reversed the widening trend in the last two weeks of November in line with Subordinated Debt moves. The fund's increased exposure in the prior month to EUR French T1s paid off, as the market shrugged off French geopolitical risks, driving a strong recovery in spreads. Primary T1 issuance slowed to just two notable deals, which the fund avoided, deeming spreads at YTD tights unattractive amid the new issuance pipeline in the new year.

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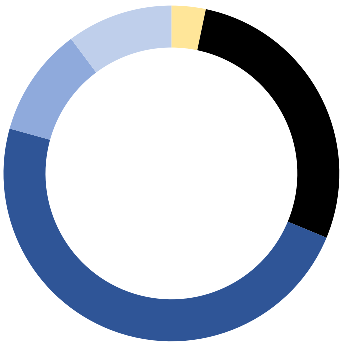
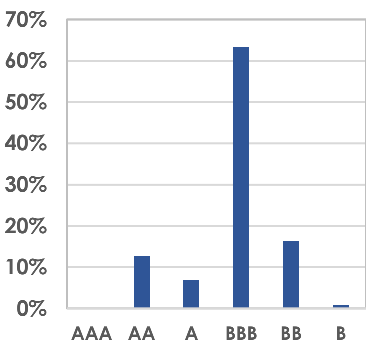
GEOGRAPHIC EXPOSURE



- Australian/NZ Domiciled Issuer (3.29%)
- North America Domiciled Issuer (27.96%)
- Europe Domiciled Issuer (48.05%)
- United Kingdom Domiciled Issuer (10.50%)
- Cash (10.20%)

CREDIT QUALITY



PORTFOLIO ESG RISK LIMITS

Sector	Portfolio Exposure	Portfolio Limit
Fossil Fuels	2.30%	10%
Non-Renewable & Nuclear Energy	0.00%	10%
Alcohol	0.00%	10%
Gambling	0.00%	10%

Structured Credit (ABS/CLO): ↑ ABS/CLO weighting rose over the month to 33.65% from 28.70%. US CLO AAA/AA spreads widened very slightly but mezz continued to perform, completing a year of more or less one-way travel. Supply was again consistent with further resets/refis interspersed with some clean new issue. European spreads again went sideways, apart from BBs which saw significantly tightening. Issuer pipelines continued to look busy, and as expected 2025 looks set to kick off with a healthy number of resets and refinances. Median CCCs in CLOs fell 0.1% to 5.2% in the US but rose 0.1% to 3.9% in Europe. December rounded off a strong year for both the US and European loan indices. The US index was up 8c over the month to 97.33, just 19c off year highs, and European index down 6c to 98.01 and 17c off year highs. December was also a record month for US loans with over USD190bn issued, capping off a year total of USD1.3trn. Over 95% of Decembers deals were refinances or repricings and no reported M&A.

Interest Rate Duration Position: ↑ IRD positioning increased slightly from 0.16 to 0.22 years. Government bond market volatility increased in the month of December with the US 10-year exhibiting a 51bp trading range and ending the month 33bps higher. The United States was underpinned by strong eco data - namely stronger than expected core CPI figures, while flash PMIs surprisingly alluded to strength in all major markets. The federal reserve cut the cash rate by 25bp while the dot plot projections were interpreted as hawkish influencing higher bond yields. Domestically, a weaker than expected GDP figure and dovish press conference by the Central Bank governor led to the Australian 10-year bond trading below the US counterpart. Global geopolitical events in the form of the declaration of South Korean martial law and the instability of the French government contributed to volatility. The term premium and relative value on offer from credit instruments outweigh those offered by global government bonds, and as a result, the IRD of the portfolio was maintained at a minimum level.

Targeted risk across the Fund: ↓ Targeted portfolio risk decreased from 2.11% to 1.61%. This reflected a decreased allocation to T1 capital. Credit duration increased (from 2.45 years to 2.50 years). Interest rate duration increased over the month (from 0.16 years to 0.22 years).

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PLATFORM AVAILABILITY

- Australian Money Market (AMM)
- AMP North
- BT Panorama
- CFS Edge
- HUB24
- Mason Stevens
- Netwealth
- Powerwrap
- Praemium
- Xplore Wealth

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-global-high-income-fund/

FUND OVERVIEW

The portfolio produced a strong result over the month (1.07%), comfortably exceeding that cash rate (0.36%). This extends the strong performance achieved since inception (16 Nov 2013) where the portfolio return of 15.13% pa has comfortably exceeded the cash rate of 4.35%pa. Contributions to the outperformance this month were broad but led by AT1/Regulatory T1.

The yield to maturity (7.05%pa) was unchanged and continues to provide a reasonable prospect of meeting the investment objectives over the medium term despite tight market conditions. Bond markets have been volatile,but the portfolio has limited sensitivity to these movements as interest rate duration has been kept to modest levels (0.22yrs). The term structure of the bond markets in the US and Europe have not provided much opportunity to expect a sufficient reward to bear the associated risks. However, this may change if yield curves steepen further.

The broader credit metrics were retained through the month. Credit duration was 2.50yrs and the overall credit rating is BBB. Sub-IG exposures are at modest levels. In aggregate, these are conservative settings in the context of this portfolio.

Portfolio activity was characterised by reducing AT1/ Regulatory T1 exposures as markets rallied despite the passing of a no-confidence motion against the Barnier government in France. The portfolio held exposures to European bank issued AT1 securities which rallied. These positions were reduced on valuation grounds along with a USD exposure to Regulatory T1 issued by an insurer. As we are relatively well-disposed to some CLO valuations, the weighting was increased as opportunities arose, including via private markets.

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The portfolio holds an overweight position in Corporate debt. This is defensively positioned with a relatively short credit duration and credit quality which is higher than we expect over the longer term. The portfolio is largely European and favours senior bank paper. As the reward for taking corporate risk via hybrid paper is presently low, we are underweight this asset class.

We expect spreads to widen in the coming year and this will be a headwind for performance if it transpires. The portfolio is able to offset this effect to some degree if the opportunity arises to trade profitably, and these are greatest during risk events. A recent example is the sell-off in some European spreads following the Parliamentary election in June. This provided an opportunity to develop exposures to French bank AT1, which have been profitable. There are many potential drivers of risk events in the coming period, not least of which may arise as Trump takes office shortly.

The portfolio is unlikely to record a negative return in the coming 12-month period given its relatively conservative positioning, reasonable traded margin despite tight markets and high cash rates.

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