REALM GLOBAL HIGH INCOME FUND AUD

SEPTEMBER 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 $88.2 million
Management Fees (Net of GST): 0.7175%
Direct Minimum Investment: Ordinary Units - $25,000

Zenith RECOMMENDED

NET PERFORMANCE

Period	Global High Income Fund AUD	RBA Cash Rate Return
1 Month	0.87%	0.36%
3 Month	2.25%	1.08%
6 Month	4.83%	2.15%
9 Month	9.67%	3.24%
Since Inception	13.96%	3.78%

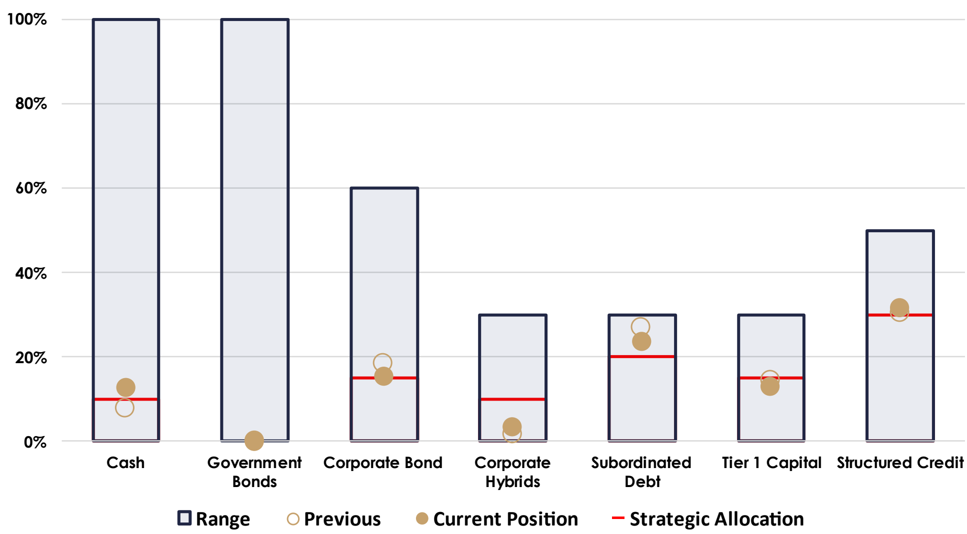
* Past performance is not indicative of future performance.
Inception 16 November 2023.

FUND STATISTICS

Running Yield	6.87%
Yield to Maturity	7.11%
Volatility†	N/A
Interest rate duration	0.12
Credit duration	2.43
Average Credit Rating	BBB
Number of positions	99
Average position exposure	0.56%
Worst Month*	0.20%
Best Month*	2.22%

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

SECTOR ALLOCATION



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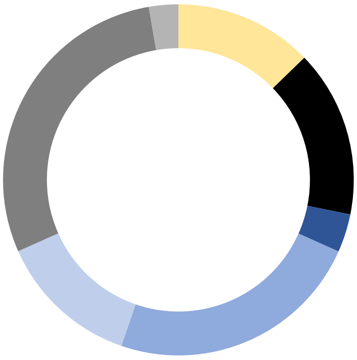
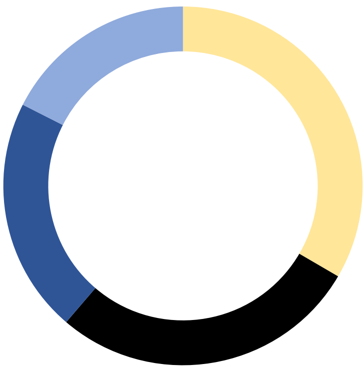
PORTFOLIO COMPOSITION



- Cash (12.75%)
- Corporate Bond (15.41%)
- Corporate Hybrid (3.53%)
- Subordinated Debt (23.59%)
- Tier 1 Capital (13.06%)
- ABS Public (28.95%)
- ABS Private (2.71%)

CREDIT DURATION PROFILE



- At Call to 6 Months (33.42%)
- 6 Months to 3 Years (27.85%)
- 3 Years to 5 Years (21.21%)
- 5 Years to 10 Years (17.53%)
- 10 Years + (0.00%)

FUND UPDATE

Cash and Short-Term Liquidity: ↑ The allocation to highly liquid assets (cash and government bonds) increased from 7.91% to 12.75%. This mainly reflected a reduction to Corporate Bonds, Subordinated Debt, and Tier 1 Capital which was slightly offset by an increase to Corporate Hybrids.

Corporate Bond, Corporate Hybrids & Subordinated Debt: ↓ Weighting to corporate bonds, corporate hybrids and subordinated debt decreased from 47.03% to 42.53%. Global credit spreads ended the month tighter, with sentiment helped by the Federal Reserve, which eased monetary policy for the first time since 2020. This allowed for profit taking in corporate bonds and European bank T2 capital, justifying an increased investment into the latter in August. The fund's allocation to corporate hybrids increased, reflecting an investment into Luxembourg based satellite company SES's corporate hybrid. This investment was made after the hybrid underperformed following pricing in primary during the month. Corporate issuance was very strong, with US investment grade volumes reaching US$170bn, a new record for the month of September.

Tier 1 Capital: ↓ Weighting to T1 capital reduced from 14.60% to 13.06%. Global T1's outperformed over the month recovering from last month's sell off despite September being the largest issuance month in the history of T1's with 17 new issues pricing. The fund did not participate in any of the new T1's due to expensive valuations. Tight T1 spreads were advantageous for issuers who looked to prefund ahead of 2025-call dates. The fund took profits on USD T1's as spreads compressed and reinvested in EUR T1's.

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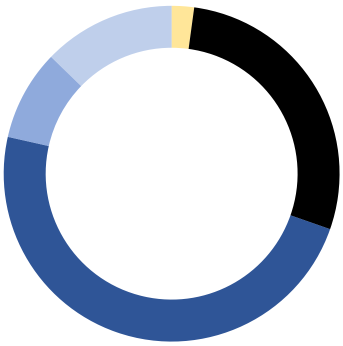
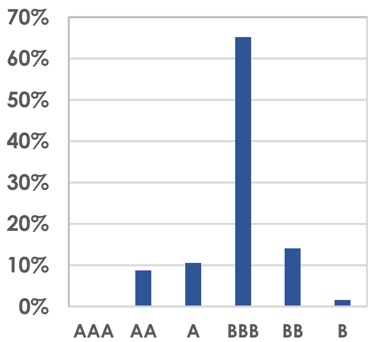
GEOGRAPHIC EXPOSURE



- Australian/NZ Domiciled Issuer (2.15%)
- North America Domiciled Issuer (28.21%)
- Europe Domiciled Issuer (48.15%)
- United Kingdom Domiciled Issuer (8.73%)
- Cash (12.75%)

CREDIT QUALITY



PORTFOLIO ESG RISK LIMITS

Sector	Portfolio Exposure	Portfolio Limit
Fossil Fuels	3.70%	10%
Non-Renewable & Nuclear Energy	0.01%	10%
Alcohol	0.00%	10%
Gambling	0.00%	10%

Structured Credit (ABS/CLO): ↓ ABS/CLO weighting increased over the month from 30.49% to 31.66%. CLO spreads resumed their trend tighter over September, notably post the Fed's 50bps rate cut. Demand for clean new issue paper is strong across the capital stack, but opprtunities remains in resets and refinances that the fund continues to focus on. AAA spreads are now approaching tights last seen in the tights of 2021. Europe post summer holidays has been predominantly clean new issue, whereas the US continues to see resets/refinance. We expect this to slow as the number of remaining CLOs that can be efficiently reset diminishes. CLO CCC concentrations fell to 5.4% in the US and rose slightly likewise in Europe to 3.7%. The Morningstar LSTA US Leveraged Loan index climbed 22c higher to 96.49, with the European index down 26c to 97.58. September was a very busy month loan issuance with US issuance pushing close to USD120bn, 78% constituting refinances and repricings and 19% M&A, and EUR8bn in Europe.

Interest Rate Duration Position: ↓ IRD positioning decreased slightly from 0.20 to 0.12 years. Market participants were fixated on global central bank decisions over the month - with the FED being at the centre of the action. Market expectations for rate cuts by the FED were quite volatile due to stronger than expected economic data releases. The 50bps rate cut by the FED, along with other global central bank easing from Canada and Europe contributed to rates rallying - with the US 10-year ending the month 12bp lower. However, in Australia, volatility was lower, and the month end yield of the 10-year bond remained unchanged, reflecting the holding pattern of the RBA. 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 2.20% to 2.17%. This reflected reduced allocations to T2 and T1 bank capital offset by increased exposure to corporate hybrids. Credit duration decreased (from 2.74 years to 2.59 years). Interest rate duration also decreased over the month (from 0.20 years to 0.12 years).

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PLATFORM AVAILABILITY

- Australian Money Market (AMM)
- AMP North
- BT Panorama
- 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 Fund comfortably outperformed cash this month and this adds to an exceptional since inception result. The portfolio is defensively postured with a modest credit duration and solid BBB rating. We also have protection overlays in place.

Risks are elevated due to overly tight credit spreads and an unreasonably high level of conviction for a favourable economic environment in the coming years. Whilst central banks have placed a put underneath the market, there are also significant event risks across many parts of the world. These include the Middle-East (Israel/Iran escalation), China (will the stimulus proposals translate to reality), United States (Presidential Election outcomes impact on Trade and Fed credibility), and Europe (Deficit reduction procedures amidst fracturing support for the political center).

The portfolio continues to benefit from the relative value process which continually optimizes exposures to achieve superior returns. Much of the activity this month related to switches within asset classes as there were no significant movements across asset class weights.

We believe there is little value in sub-IG non-financial corporate names which trade at a historically tight spread to senior bonds. This leads the portfolio to underweight corporate hybrids. Our sub-IG exposures are largely in CLOs and the subordinated debt of money center banks.

If market conditions remain unchanged, it will be challenging for the portfolio to meet its target returns in the next 12 months. However, Realm's contrarian investment process has responded well to volatility bursts and would be well placed to create superior medium-term returns should a mishap emerge.

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