REALM HIGH INCOME FUND

MARCH 2025

REALM INVESTMENT HOUSE

FUND OBJECTIVE

The Realm High Income Fund is a fixed income strategy, that invests in domestic asset backed securities, bank-issued securities and corporate & government bonds. The objective of the Fund is to deliver investors a consistent return (net of fees and gross of franking) of 3% over the RBA cash rate through a market cycle.

FUND DETAILS

Distribution Frequency: Monthly
Liquidity: Daily
Buy/Sell: 0.05% / 0.05%
Inception Date: 26.9.2012
Fund size: AUD $2.23 billion
Management Fees (Net of GST):
Ordinary Units - 1.1182%
Wholesale, Adviser, & mFunds Units - 0.7175%
Direct Minimum Investment:
Ordinary, Adviser Units - $25,000
Wholesale Units -$1,000,000
mFund Units - $10,000

Zenith RECOMMENDED

Recommended Lonsec Research

NET PERFORMANCE

Period	Ordinary Units* (incl. franking)	Wholesale Units* (incl. franking)	RBA Cash Rate* Return
1 Month	0.10%	0.13%	0.34%
3 Month	1.62%	1.72%	1.03%
6 Months	3.82%	4.02%	2.11%
1 Year	8.14%	8.57%	4.31%
3 Years p.a	7.31%	7.74%	3.50%
5 Years p.a	5.76%	6.19%	2.16%
10 Years p.a	4.63%	5.08%	1.83%
Since Inception p.a*	5.12%	5.27%	1.99%

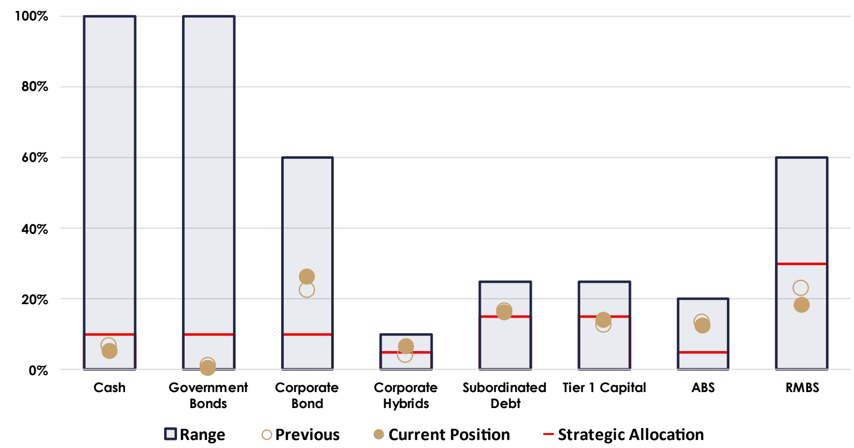
* Past performance is not indicative of future performance. *Ordinary units Inception 26 September 2012. Wholesale units Inception 2 October 2013.

FUND STATISTICS

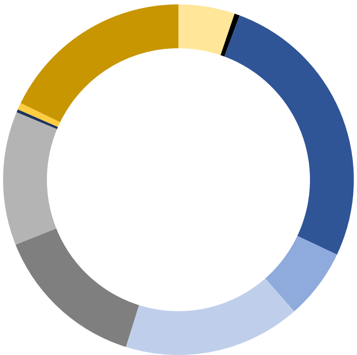
Running Yield	6.29%
Yield to Maturity	6.45%
Volatility†	0.70%
Interest rate duration	0.73
Credit duration	3.22
Average Credit Rating	A-
Number of positions	307
Average position exposure	0.26%
Worst Month*	-1.99%
Best Month*	2.09%
Sharpe ratio∂	2.12

Calculated on Ordinary Units unless otherwise stated. *Since Inception 26 September 2012.
†Trailing 12 Months Calculated on Daily observations. ∂Since Inception Calculated on Daily observations

SECTOR ALLOCATION

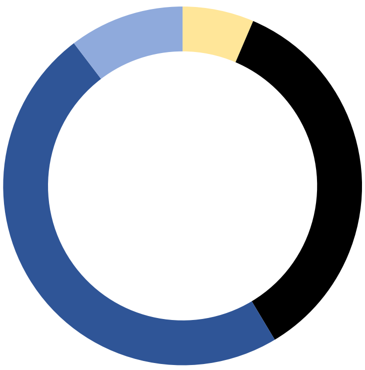


PORTFOLIO COMPOSITION



- Cash (5.19%)
- Government Bonds (0.49%)
- Corporate Bond (26.35%)
- Corporate Hybrid (6.50%)
- Subordinated Debt (16.32%)
- Tier 1 Capital (14.12%)
- ABS Public (12.33%)
- ABS Private (0.28%)
- RMBS Private (0.63%)
- RMBS Public (17.80%)

CREDIT DURATION PROFILE



- At Call to 6 Months (6.44%)
- 6 Months to 3 Years (34.97%)
- 3 Years to 5 Years (48.24%)
- 5 Years to 10 Years (10.36%)
- 10 Years + (0.00%)

FUND UPDATE

Cash and Short-Term Liquidity: ↓ The allocation to highly liquid assets (cash and government bonds) decreased from 6.34% to 5.68%. This reflected increased allocations in corporate bonds, corporate hybrids and Tier 1 capital, which was partly offset by a reduced allocation to ABS/RMBS.

Corporate Bond, Corporate Hybrids & Subordinated Debt: ↑ Weighting to corporate bonds, corporate hybrids and subordinated debt increased from 44.40% to 49.17%. Credit spreads widened globally in March, particularly towards the later stages of the month, as concerns around the imposition of US tariffs gathered momentum. The fund deployed a large portion of the portfolio into highly liquid major bank senior paper during the month in anticipation of increased volatility. Part of this increase was facilitated by switching out of longer dated non-financial corporate bonds, while in T2 bank capital the fund rotated out of Kangaroo lines into major bank offerings. The local primary market was productive in March with the fund participating in new AUD corporate hybrids from Transgrid and Scentre, along with a new Kangaroo T2 from HSBC.

Interest Rate Duration Position: ↑ IRD positioning increased from 0.61 to 0.73 years. Bond volatility rose over the first half of the month on various tariff and trade announcements with Canada and China in particular, then eased through the middle part of the month, and then rose again towards the backend as Trump's "Liberation Day" in early April approached. US 10-year bonds remained steady over the month at 4.21% and traded within a 30-basis point range from 4.10% to 4.40%. Domestically, rates drifted up in the first half of the month in line with global yields which were supported by expansive German fiscal spending plans. Australian 10-year bonds rose from 4.29% to 4.38% over the month. The BoE and ECB are both expected to implement multiple rate-cuts over the remainder of 2025.

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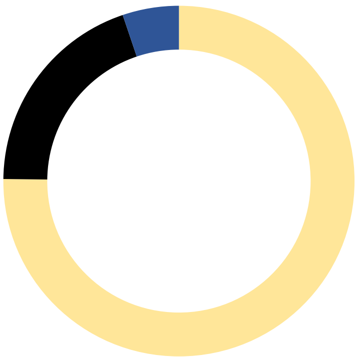
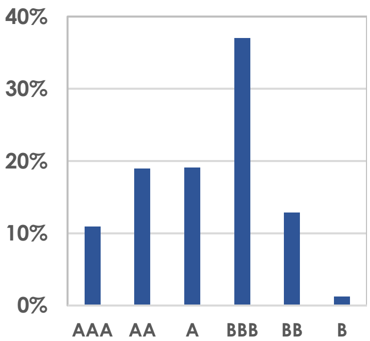
ISSUER DOMICILE



CREDIT QUALITY



PORTFOLIO ESG RISK LIMITS

Sector	Portfolio Exposure	Portfolio Limit
Fossil Fuels	3.70%	10%
Non-Renewable & Nuclear Energy	0.00%	10%
Alcohol	0.10%	10%
Gambling	0.10%	10%

Residential Mortgage-Backed Securities (RMBS): ↓ Weighting to RMBS securities decreased from 22.96% to 18.43% over the month. Structured credit markets remained very busy over the course of the month with several transactions looking to issue into tight markets. Transactions ranged from prime to nonconforming with auto ABS transactions also mandating prior to month end. All deals continue to attract substantial investor demand, with senior spreads continuing to tighten alongside very high levels of oversubscription on all traches in the capital structure, especially mezzanine (A-BBB rated) and junior mezzanine (Sub investment grade) tranches.

With respect to market performance, Prime arrears as reported by S&P's SPIN index for January weakened 4bps to 0.91%. Nonconforming arrears weakened 15bps to 4.33%. Arrears on auto loans as reported by S&P for the February period improved 9bps to 1.39%. All results remain strong in comparison to both market expectations and historic index levels.

Tier 1 Capital: ↑ Weighting to T1 capital increased from 12.62% to 14.12%. Global T1 spreads widened throughout the month in line with the broad based sell-off as investors braced the impact of tariffs. The fund added into the weakness, but remains below its strategic allocation of 15%, adding to European national champion Bank AT1's along with Insurance T1's in EUR and GBP. New issuance continued, most notably with Deutsche Bank issuing in EUR with books seven times covered, which suggests excess demand awaiting the right opportunity to re-enter. Domestic T1 securities continued its outperformance, which saw the fund start to reduce its allocation to facilitate the pivot to offshore T1 capital.

Asset Backed Securities (ABS): ↓ ABS allocation decreased from 13.54% to 12.61%. These assets are typically very short dated, continue to offer healthy yields and remain highly sought after by market participants.

Targeted risk across the Fund: ↑ Targeted portfolio risk increased from 1.46% to 1.53%. This reflected an increase in interest rate duration from 0.61yrs to 0.73yrs concurrent with a movement higher in credit duration from 2.93yrs to 3.22yrs.

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PLATFORM AVAILABILITY

- Australian Money Market (Retail Units)
- AMP North
- BT Wrap
- BT Panorama
- Credit Suisse
- Crestone
- First Wrap
- HUB24
- Macquarie Wrap
- Mason Stevens
- MLC Navigator/Wrap
- Netwealth
- Powerwrap
- Praemium
- uXchange
- Xplore Wealth
- mFund: RLM03

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/ourproducts/Realm-high-income-fund/

FUND OVERVIEW

March was a volatile month for financial markets. Risk aversion climbed amid escalating trade tensions initiated by the Trump Administration. The US imposed a range of significant measures, including a 25% tariff on steel and aluminum imports. It also raised the baseline tariffs on Chinese imports from 10% to 20%. These were met with immediate retaliatory tariffs from several countries, including China.

With a global trade war now seemingly underway, equity indices experienced sharp falls in the month (S&P500 -5.8%, STOXX600 -4.2%, Nikkei225 -4.1%, ASX200 -4%). In credit markets, credit spreads widened leading up to Trump's Liberation Day tariff announcements, with the Bloomberg US Corporate Baa-rated Option Adjusted Spread finishing the month 10bps wider at 1.18%.

Against this backdrop, the fund achieved a return of 0.13% in March, underperforming the RBA Cash Rate (0.34%). The underperformance was mainly driven by negative returns from global Bank T1.

The portfolio's yield to maturity remained broadly unchanged at 6.45%. Interest rate duration was extended to 0.73yrs (p0.63) as the yield curve steepened, while credit duration increased to 3.22yrs (p3.03). The overall credit rating remained at A-.

The portfolio increased its overweight position in Corporate Bond, primarily via the addition of domestic bank senior. The Corporate Bond sector exposure has a lower credit duration (~3.5yrs) and higher credit quality (BBB+) than we expect to have over the longer term. The exposures are largely held in property related, infrastructure and bank issuers.

Exposure to Corporate Hybrids was also increased, with the exposure now slightly higher than benchmark.

Although the aggregate Structured Credit exposure is similar to benchmark, it is weighted in favour of ABS on relative value considerations.

Overall, the portfolio is conservatively postured as we head into this period of volatility. At month-end, we continued to view the markets as expensive. Although increasing uncertainty may lead to drawdowns, the likelihood of a negative return over a 12-month period remains low due to the high starting point for Yield to Maturity.

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OTHER COMMENTS

As credit spreads are relatively tight, markets are vulnerable to shocks and this skews risks to the downside. The outlook for growth and markets is being driven by the Trump Administration's tariff policies and expected reactions to these from elsewhere. Germany's decision to significantly increase spending on defence and infrastructure was a significant development, and China also announced its intention to support its 'around 5%' growth goals. In the UK, the government response is constrained by Chancellor Reeves' fiscal rules and the situation is adding to pressure on Gilts. Bond and currency volatility are elevated for such reasons.

The sharp swings in policy positions have adversely affected consumer and business confidence. Inflation expectations have surged in surveys, but longer-term inflation expectations priced into financial markets remain well anchored. Judgments on the stickiness of inflation which may arise from tariffs is a key uncertainty for central banks and the outlook for the rate path, however markets have been more focused on growth rather than the inflation outlook.

To some extent, these developments are welcome. Realm's investment process favours the opportunity to rotate into relatively cheap markets and securities when pricing differentials amongst them are wider than usual, as happens when uncertainty rises.

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