REALM HIGH INCOME FUND

NOVEMBER 2024

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 $2.06 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	0.59%	0.63%	0.35%
3 Month	2.11%	2.22%	1.08%
6 Months	4.09%	4.30%	2.15%
1 Year p.a.	10.60%	11.06%	4.35%
3 Years p.a	6.26%	6.69%	3.04%
5 Years p.a	5.16%	5.60%	1.91%
10 Years p.a	4.55%	4.97%	1.77%
Since Inception p.a*	5.06%	5.17%	1.93%

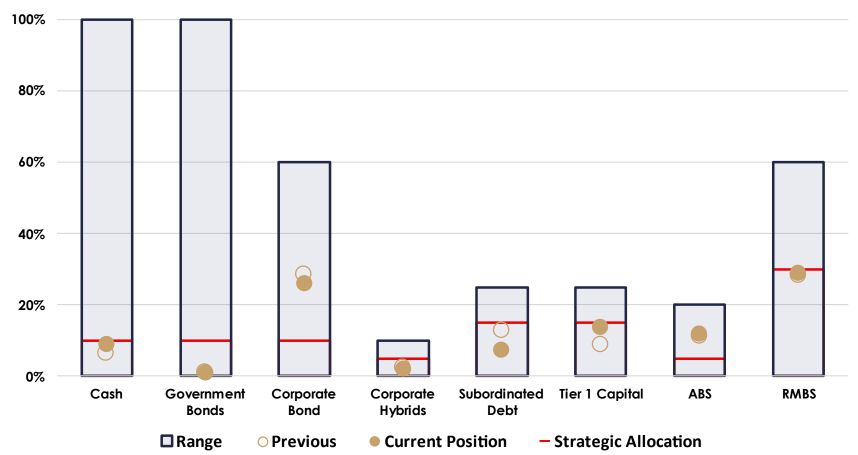
* Past performance is not indicative of future performance. *Ordinary units Inception 26 September 2012. Wholesale units Inception 2 October 2013.

FUND STATISTICS

Running Yield	6.19%
Yield to Maturity	6.53%
Volatility†	0.92%
Interest rate duration	0.50
Credit duration	2.90
Average Credit Rating	A-
Number of positions	386
Average position exposure	0.16%
Worst Month*	-1.99%
Best Month*	2.09%
Sharpe ratio[∂]	2.22

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



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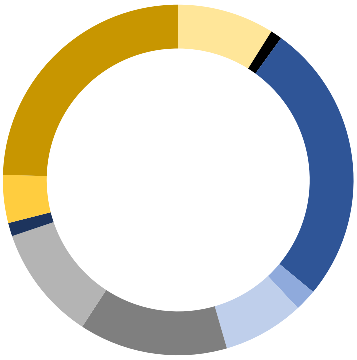
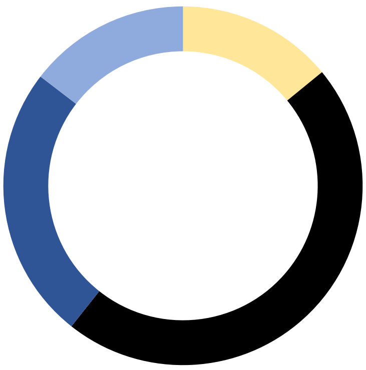
PORTFOLIO COMPOSITION



- Cash (8.92%)
- Government Bonds (1.06%)
- Corporate Bond (26.04%)
- Corporate Hybrid (2.02%)
- Subordinated Debt (7.48%)
- Tier 1 Capital (13.69%)
- ABS Public (10.60%)
- ABS Private (1.23%)
- RMBS Private (4.43%)
- RMBS Public (24.53%)

CREDIT DURATION PROFILE



- At Call to 6 Months (14.08%)
- 6 Months to 3 Years (46.58%)
- 3 Years to 5 Years (24.75%)
- 5 Years to 10 Years (14.58%)
- 10 Years + (0.00%)

FUND UPDATE

Cash and Short-Term Liquidity: ↑ The allocation to highly liquid assets (cash and government bonds) increased from 7.54% to 9.98%. This reflected reduced allocations in corporate bonds, subordinated debt and corporate hybrids, which was partly offset by higher allocations to Tier 1 capital and public RMBS/ABS.

Corporate Bond, Corporate Hybrids & Subordinated Debt: ↓ Weighting to corporate bonds, corporate hybrids and subordinated debt decreased from 43.86% to 35.52%. Australian credit spreads ended the month wider with the market reversing course after reaching cyclical tights through mid-November. The fund took advantage of the tighter levels by taking profit in Australian major bank T2 along with corporate hybrids and 'higher beta' corporate bonds, including an office A-REIT following strong spread compression. Local corporate issuance accelerated with issuers coming forward to take advantage of tight credit spreads and conducive market conditions. During November, the fund participated in new T2 bank capital offerings, including a new A$ kangaroo from Barclays and a longer dated deal from CBA.

Interest Rate Duration Position: ↓ IRD positioning decreased from 0.64 to 0.50 years. Global bond markets saw a reduction in both bond volatility and absolute yield levels from the previous month – a trading range of 33bps and a reduction in yield of 11bps. United States was the main cause of global market movement with the republican clean sweep being the notable driver. Further bouts of volatility were evident post the US Treasury pick by Trump, while robust economic data led to hawkish commentary by Powell. Domestically, the unemployment number held at a healthy 4.1% with the RBA indicating rate cuts are still distant. Geo-political events also contributed to volatility with uncertainty arising from French politics, while the Iran-Hezbollah ceasefire was conducive. Global central banks continued their easing with rate cuts and in line with our portfolio settings, IRD was decreased.

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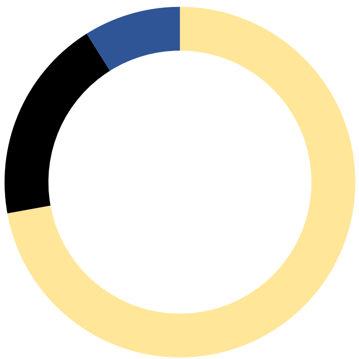
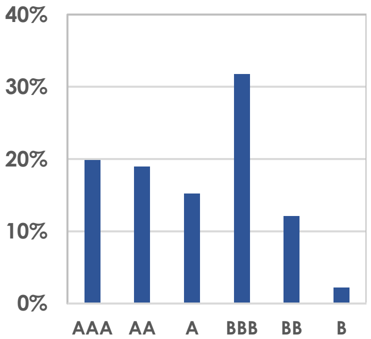
ISSUER DOMICILE



- Australian/NZ Domiciled Issuer (72.14%)
- Foreign Domicilied Issuer (18.93%)
- Cash (8.92%)

CREDIT QUALITY



PORTFOLIO ESG RISK LIMITS

Sector	Portfolio Exposure	Portfolio Limit
Fossil Fuels	2.70%	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 increased from 28.42% to 28.6% over the month. Structured credit markets saw a slight tightening over the course of the month, with new transactions beginning to slow into year end and the holiday period. All transactions continue to be very well bid, receiving between 3-5x bids over the amount of available stock across a variety of transaction types, including prime, non-conforming and auto issuance. Secondary markets continue to be well bid in mezzanine (A-BBB rated) tranches and junior mezzanine (sub investment grade) tranches of the capital structure, with investors continuing to prefer to hold stock for running yield rather than sell.

With respect to market performance, Prime arrears as reported by S&P's SPIN index for October improved 3bps to 0.87%. Nonconforming arrears improved 12bps to 3.89%. Arrears on auto loans as reported by S&P improved 14bps to 1.17%. All results remain strong in comparison to both market expectations and historic index levels.

Tier 1 Capital: ↑ Weighting to T1 capital increased from 8.91% to 13.69%. The fund increased its allocation to Global T1's as markets sold off towards the end of the month driven by the re-escalation of Russia-Ukraine tensions along with the political instability in France. The short-term dislocation in France allowed the fund to increase its exposure to French bank and insurance T1 capital. The fund did not participate in any new Global T1's despite notable issuance from Deutsche Bank, Societe Generale, and NatWest due to expensive valuations. Domestically, the fund increased its exposure to ASX T1's as valuations cheapened relative to Australian Bank T1's in USD despite APRA's phase out of T1 capital.

Asset Backed Securities (ABS): ↑ ABS allocation increased from 11.28% to 11.83%. 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 decreased from 1.57% to 1.44%. This reflected a movement lower in interest rate duration from 0.64yrs to 0.50yrs concurrent with a movement lower in credit duration from 3.09yrs to 2.90yrs.

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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

The portfolio achieved a 0.63% return which exceeded the 0.35% return from RBA cash as spreads narrowed.

The portfolio's exposure to AT1 was increased towards benchmark weight. We expect APRA's decision to phase out Australian AT1s will create scarcity effects. Further we hold German and French names where weaker economic readings, Chinese competition in autos and commodities, concerns for tariffs, compromised governance and budget difficulties have created opportunities. We have built exposures into selected names whilst maintaining a strong investment grade average rating. Exposures to subordinated debt were reduced on relative value grounds.

One of the portfolio's key overweights is in corporate debt, where credit quality is relatively strong at BBB+ and credit duration is conservative for this asset class at close to 3.5yrs. This is almost entirely held in a diversified portfolio of Australian companies with an emphasis on financials and real estate.

The overall portfolio is conservatively postured as we believe credit spreads will be wider over the coming year. The A- overall credit quality is secure. The sub-IG exposures are distributed across different asset classes. Credit duration remains around average levels as we still see some value in the term structure.

With credit spreads at multi-decade lows and an expectation that there will be headwinds to credit performance in the coming year, it is unlikely that the portfolio will achieve its target in the near term. However, Realm's investment approach tends to create significant value when markets are volatile. There are a wide range of stress points presently visible in the economy and geopolitical arena, not to mention stretched valuations in financial markets. Given the conservative portfolio settings and relatively high starting point for cash rates, the likelihood of a negative return in the coming 12-months is low.

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