REALM HIGH INCOME FUND

SEPTEMBER 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 $1.97 billion
Management Fees (Net of GST):
Ordinary Units - 1.1182% Wholesale Units - 0.7175% Adviser Units - 0.7175% mFunds Units – 0.7175%
Direct Minimum Investment:
Ordinary Units - $25,000 Wholesale Units - $1,000,000
Adviser Units - $25,000 mFund Units - $10,000

Zenith RECOMMENDED

NET PERFORMANCE

Period	Ordinary Units (incl. franking)	Wholesale Units (incl. franking)	RBA Cash Rate Return
1 Month	0.68%	0.71%	0.36%
3 Month	2.12%	2.23%	1.08%
6 Months	4.16%	4.37%	2.15%
1 Year	11.11%	11.57%	4.33%
3 Years p.a	5.71%	6.15%	2.80%
5 Years p.a	4.97%	5.44%	1.79%
10 Years p.a	4.51%	4.96%	1.74%
Since Inception p.a*	5.01%	5.14%	1.90%

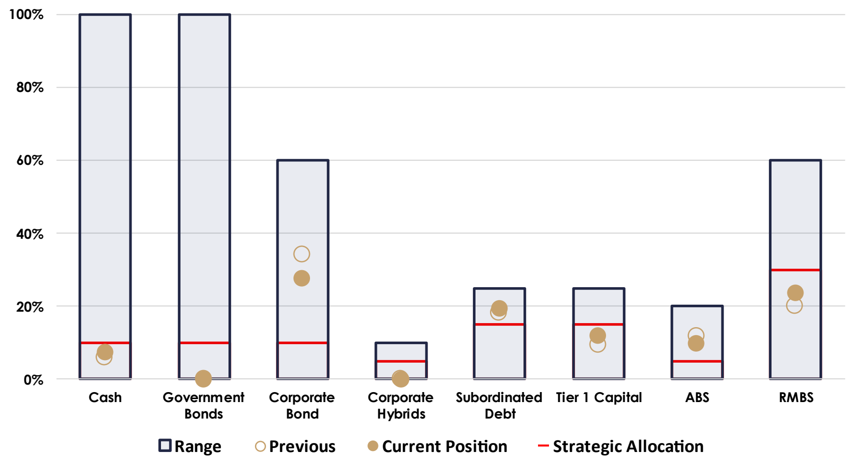
* Past performance is not indicative of future performance. *Ordinary units Inception 26 September 2012. Wholesale units Inception 2 October 2013.

FUND STATISTICS

Running Yield	6.13%
Yield to Maturity	6.52%
Volatility†	1.18%
Interest rate duration	0.30
Credit duration	3.15
Average Credit Rating	A-
Number of positions	423
Average position exposure	0.11%
Worst Month*	-1.99%
Best Month*	2.09%
Sharpe ratio∂	2.21

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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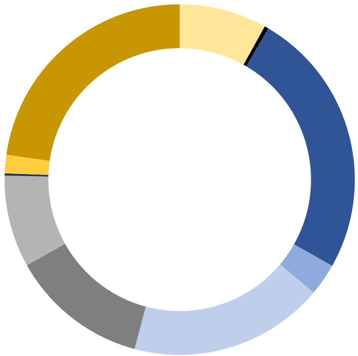
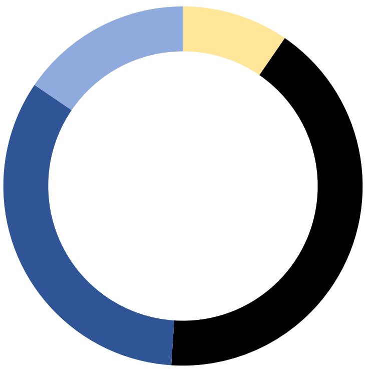
PORTFOLIO COMPOSITION



- Cash (8.08%)
- Government Bonds (0.38%)
- Corporate Bond (24.73%)
- Corporate Hybrid (2.96%)
- Subordinated Debt (18.00%)
- Tier 1 Capital (12.73%)
- ABS Public (8.49%)
- ABS Private (0.20%)
- RMBS Private (1.70%)
- RMBS Public (22.73%)

CREDIT DURATION PROFILE



- At Call to 6 Months (9.60%)
- 6 Months to 3 Years (41.44%)
- 3 Years to 5 Years (33.48%)
- 5 Years to 10 Years (15.48%)
- 10 Years + (0.00%)

FUND UPDATE

Cash and Short-Term Liquidity: ↑ The allocation to highly liquid assets (cash and government bonds) increased from 7.55% to 8.46%. This reflected reduced allocations in corporate bonds, subordinated debt and private RMBS/ABS, which was partly offset by higher allocations to corporate hybrids and Tier 1 capital.

Corporate Bond, Corporate Hybrids & Subordinated Debt: ↓ Weighting to corporate bonds, corporate hybrids and subordinated debt decreased from 47.07% to 45.69%. Australian credit market conditions remained resilient, providing scope for further profit taking in corporate bonds for reinvestment into other opportunities. This included a new AUD corporate hybrid offering from Scentre Group. In addition, we also saw senior offerings from Origin Energy, Suncorp Bank and NSW Ports, in what was an active September for the local primary market.

Interest Rate Duration Position: → IRD positioning remained steady at 0.30 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. With lower volatility and stable portfolio settings, the IRD position was unchanged.

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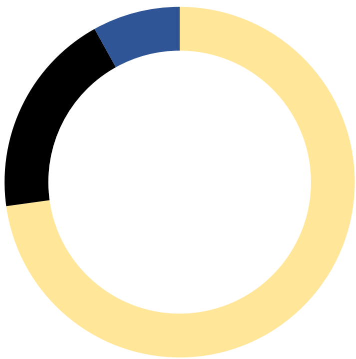
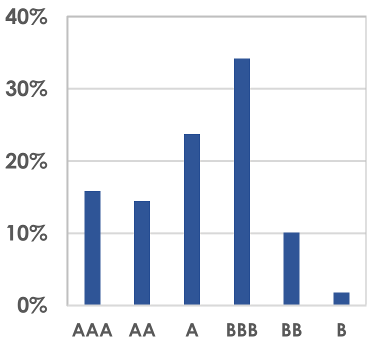
ISSUER DOMICILE



- Australian/NZ Domiciled Issuer (72.81%)
- Foreign Domicilied Issuer (19.11%)
- Cash (8.08%)

CREDIT QUALITY



PORTFOLIO ESG RISK LIMITS

Sector	Portfolio Exposure	Portfolio Limit
Fossil Fuels	2.30%	10%
Non-Renewable & Nuclear Energy	0.00%	10%
Alcohol	0.10%	10%
Gambling	0.10%	10%

Residential Mortgage-Backed Securities (RMBS): ↑ Weighting to RMBS securities increased from 23.77% to 24.43% over the month. Structured credit markets continued to rally again over the course of the month. New transactions continue to be brought to market as issuers continue to utilise tighter spreads to issuer transactions more economically. Transactions ranged a variety of market subsectors, again including regional banks, prime non-banks, non-conforming non-banks and auto lending. Spreads across all classes of notes continued to tighten, with the largest tightening witnessed within the junior mezzanine (sub investment grade tranches). 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.

With respect to market performance, Prime arrears as reported by S&P's SPIN index for August improved 5bps to 0.89%. Nonconforming arrears increased to 4.25%. Both results remain strong in comparison to both market expectations and historic index levels.

Tier 1 Capital: ↑ Weighting to T1 capital increased from 11.83% to 12.73%. 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. We did not participate in any of the new T1 issuances due to expensive valuations. The fund took profit on USD T1's as spreads tightened and reinvested these proceeds in the inaugural ANZ New Zealand Perpetual note which offered an attractive spread over existing T1s in both over-the-counter and ASX formats. Domestic T1 markets grappled at AT1 changes proposed by APRA which, if implemented will mark the phase-out of ASX-listed AT1's by 2032.

Asset Backed Securities (ABS): ↓ ABS allocation decreased from 9.79% to 8.69%. 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 marginally from 1.45% to 1.47%. This reflected a movement higher in credit duration from 2.9 years to 3.2 years.

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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 Fund outperformed cash this month, benefiting from modest spread compression and relative value trading.

Credit markets are offering limited value in spread terms, and we have determined to migrate the ratings exposure to a robust A-. However the term structure remains more reasonably priced and the portfolio retains a credit duration which is around through-the-cycle average despite tight credit markets.

There were no material changes to the asset allocation settings over the month. We retain an overweight position in corporate bonds. The foreign issuer exposures are predominantly in the subordinated capital of money center banks and CLOs. These remain close to the upper bound.

Spreads available in the market are low, reflect strong optimism, and do not offer fair compensation for the visible risks arising from economic uncertainty and many upcoming geopolitical events. 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.

The portfolio's composition is sufficiently resilient to withstand significant shocks. The portfolio volatility measure of 1.18% in the last 12 months was recorded over a period which included the break-out hostilities in the Middle-East, a strong market reaction to the European parliamentary elections and also the sharp sell-off in August when the US Non-Farm Payrolls disappointed. It is low relative to the portfolio's yield to maturity of 6.52%, inferring a low likelihood of a negative return over the coming year as a whole.

REALM INVESTMENT HOUSE CONTACTS

LEVEL 17, 500 Collins Street
Melbourne VIC 3000

LEVEL 6, 31 Market Street
Sydney NSW 2000

DISTRIBUTION

Broc McCauley
T: 0433 169 668
E: broc.m@realminvestments.com.au

Finbarr Warren
T: 0405 543 196
E: finbarr.w@realminvestments.com.au

Matthew Blair
T: 0424 837 522
E: matthew.b@realminvestments.com.au

John Hawkins
T: 0408 841 886
E: john.h@realminvestments.com.au

Rhys Kostopoulos
T: 03 9112 1150
E: rhys.k@realminvestments.com.au

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