

### Fund Objective

The Realm High Income Fund is a fixed income strategy, that invests in domestic investment grade 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 after franking) of 3% over the RBA cash rate through the market cycle.

### Net Performance

Period	Ordinary Units (incl. franking)	Wholesale Units (incl. franking)	RBA Cash Rate Return
1 Month	0.51%	0.55%	0.01%
3 Month	0.62%	0.71%	0.02%
6 Months	1.81%	2.03%	0.05%
1 Year	5.15%	5.60%	0.18%
3 Years p.a	3.99%	4.44%	0.84%
5 Years p.a	4.07%	4.52%	1.12%
Since Inception p.a*	4.82%	4.79%	1.68%

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

### Fund Statistics

Running Yield	3.71%
Yield to Maturity	3.27%
Volatility <sup>†</sup>	1.33%
Interest rate duration	1.29
Credit duration	2.43
Average Credit Rating	BBB
Number of positions	252
Average position exposure	0.30%
Worst Month*	-1.19%
Best Month*	1.22%
Sharpe ratio <sup>‡</sup>	3.11

Calculated on Ordinary Units unless otherwise stated. \*Since Inception 26 September 2012. <sup>†</sup>Trailing 12 Months Calculated on Daily observations. <sup>‡</sup>Since Inception Calculated on Daily observations

### Fund Update

**Cash and Short-Term Liquidity Weighting:** ↑ Allocation to cash, commercial paper and government bonds increased from 12.42% to 22.49%. This was attributed by net inflows and profit taking, predominately across corporate and sub debt.

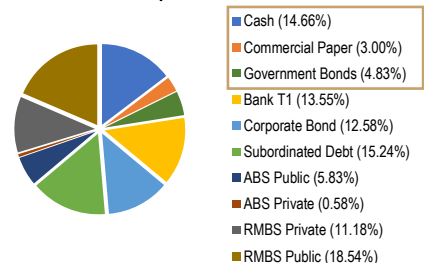
**Interest Rate Duration Position:** → IRD positioning remained stable at 1.29 years. Interest rate exposure within the portfolio is optimised to compliment the fund's core credit exposure. Stability in the rates market prevailed over the month, however, proposed fiscal expenditure in the US does increase the prospect of higher volatility within this market over the medium term. This has motivated us to maintain our reduced exposure.

**Corporate & Subordinated Debt Allocation:** ↓ Weighting to corporate and sub debt decreased from 41.66% to 27.82%. Following a weak first quarter, Australian credit markets firmed up in April even as the large supply of new AUD corporate issuance continued. We took this opportunity to take profit across AUD corporate and sub debt, in particular, reducing our exposure to Major Bank Tier 2's and to bonds with longer dated maturities. As such, the fund is well positioned for a modest sell-off in credit markets.

**Residential Mortgage Backed Securities (RMBS):** ↑ RMBS allocation increased over the month from 28.1% to 29.7%, as we continued to deploy new funds into public RMBS markets. In a very busy month for securitisation markets, 10 transactions launched and 8 priced across prime, non-conforming and non-resident programs. Yields continued to tighten as investors compete to secure stock, with a strong appetite for product demonstrated by high coverage ratios once again. We expect to see continued strong issuance within the securitisation space as issuers are incentivised to come to market by these lower yields, which in turn lowers their funding costs. We would continue to characterise RMBS/ABS markets as presenting fair value over a long term basis. More broadly, structured assets still compare favourably versus unsecured markets. Meanwhile, performance for the market as shown by the S&P arrears index (SPIN) showed a slight improvement for the month of February.

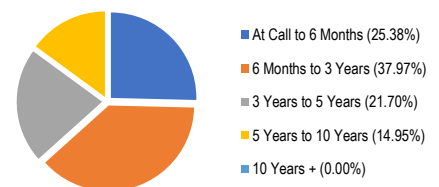


### Portfolio Composition

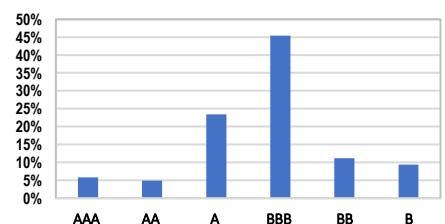


\*Yellow box reflects level of liquidity available within the fund.

### Maturity Profile



### Credit Quality



**Additional Tier 1 (AT1) Exposures:** ↑ AT1 exposure increased from 11.30% to 13.55%. The portfolio continues to see some switching, with the net effect being a reduced average maturity of our AT1 holdings. Supply/demand dynamics continued to be supportive of the AT1 market over the month.

**Asset Backed Securities (ABS):** ↓ Our ABS allocation decreased very slightly from 6.52% last month to 6.41% at the end of the month. This was driven mainly by fund growth. Exposures continue to be monitored closely. The sector outperformed expectations through the COVID period, with deferrals comparing favourably versus other more conventional types of risk, such as mortgages.

**Targeted risk across the Fund:** ↓ Targeted portfolio risk decreased from 1.62% to 1.42% as we de-risked the portfolio by reducing our exposure to corporate and sub debt. The fund remains compliant with the Portfolio ESG risk limits.

## Market Outlook

Risk markets continued their upward movement in April. Equity markets were generally stronger, currency movements reflected an increased preparedness to bear risk, credit spreads narrowed slightly and industrial commodities recorded robust gains. Bonds rallied slightly despite an ongoing stream of generally favourable economic announcements.

Despite the improved outlook, it has become increasingly evident that covid remains hard to contain in significant parts of the world. The disastrous circumstances in India were widely reported, but even places like Japan are encountering ongoing surges. More locally, our newly formed travel bubble with New Zealand was disrupted due to an outbreak in Western Australia. Vaccine hesitancy, together with the potential for variants to escape the coverage of available vaccines and outrun the development time required to develop and deliver effective booster shots, are moving further towards front of mind. It has become evident that a much hoped-for re-opening of international borders in Australia will not take place until mid-2022, placing strain on robust growth estimates to this point. Markets also looked through ongoing difficulties relating to external relations with China.

Key economic developments included record PMI readings in the US and Europe. The US economy is recovering strongly. Ongoing supply chain frictions, difficulty with securing employees and price rises being passed to consumer were notable developments. The Biden Administration continues to work on further stimulus initiatives which have the potential to push the US well beyond its sustainable level of activity. More locally, despite the labour market in Australia having fully recovered in terms of number of employed and hours worked, expectations for a rate rise remain a distant prospect. The RBA has shed any responsibility for the surge in housing prices as it pursues a full employment objective.

For credit investors, the liquidity fueled rally in spreads will be challenged as the RBA has declined to extend the Term Funding Facility. The conclusion of this program, which supplied cheap finance to banks, implies that supply of bank-issued credit securities to the market will accelerate once again. This will have the effect of widening spreads across the domestic credit market more generally although lower rated structured credit assets are likely to be less affected. However, the considerably improved outlook for the fiscal deficit may help to contain the extent to which spreads widen. The markets are also waiting for the Fed to outline its plans to wind down their QE program. Bond yields are likely to rise when the Fed commences efforts to condition the market for this eventuality. We expect that this may take place in the September quarter.

## Sector Allocation

Sector	Asset Allocation Range	SAA Target
Cash	0% - 100%	10%
Government Bonds	0% - 100%	10%
Corporate Bonds	0% - 60%	10%
Corporate Hybrids	0% - 10%	5%
Bank Tier 1 Hybrids	0% - 25%	15%
Sub Debt Hybrids	0% - 25%	15%
RMBS	0% - 60%	30%
ABS	0% - 20%	5%

## Portfolio ESG Risk Limits

Sector	Portfolio Exposure	Portfolio Limit
Fossil Fuels	3.21%	10%
Non-Renewable & Nuclear Energy	0%	10%
Alcohol	0.39%	10%
Gambling	1.18%	10%

## Fund Details

**Distribution Frequency:** Monthly

**Liquidity:** Daily

**Buy/Sell:** 0.05% / 0.05%

**Direct Minimum Investment:**

Ordinary Units - \$25,000  
Wholesale Units - \$1,000,000  
Adviser Units - \$25,000  
mFund Units - \$10,000

**Inception Date:** 26.9.2012

**Fund size:** AUD \$1.06 billion

**APIR Codes:**

Ordinary Units - OMF0001AU  
Wholesale Units - OMF0009AU  
Adviser Units - OMF0018AU  
mFund Units - OMF1394AU

**Management Fees (inc. GST):**

Ordinary Units - 1.20%  
Wholesale Units - 0.77%  
Adviser Units - 0.77%  
mFunds Units - 0.77%

**Responsible Entity:** One Managed Investment Funds Ltd

**Custodian:** JP Morgan

**Unit Pricing and Unit Price History:**

<https://www.realminvestments.com.au/our-products/real-high-income-fund/>

## Platform Availability

- BT Wrap
- BT Panorama
- Credit Suisse
- Crestone
- First Wrap
- Hub24
- Macquarie Wrap
- MLC Navigator
- MLC Wrap
- Netwealth
- Powerwrap
- Praemium
- uXchange
- Xplore Wealth
- mFund: RLM03
- Australian Money Market (Retail Units)

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