

REALM STRATEGIC INCOME FUND

2018-1 UNITS

OCTOBER 2021

REALM INVESTMENT HOUSE

FUND OBJECTIVE

The strategy targets a return of 4.75% p.a. over the RBA cash rate over the life of the strategy. The Fund may suit investors seeking a high yield return with a moderate to high risk tolerance.

FUND DETAILS

Distribution Frequency:

Quarterly

Applications:

Closed Transfers: Units can be transferred to an existing/new investor upon the completion of required documentation as per the PDS (Section 4.5)

Pricing & Reporting

Frequency: Quarterly

Minimum Investment

Timeframe: 5 years (22.6.23)

Inception Date: 22.6.2018

Fund size: AUD \$30 million

Benchmark: RBA Cash Rate

Buy/Sell: Nil

APIR Codes: OMF8680AU

Management Fees: 1.25% plus GST

FUND FEATURES

While the termination and return of investor funds is available on the 5th anniversary (22.6.23) the manager will help facilitate off market transfers (Application Liquidity) on a case by case basis.



NET PERFORMANCE

Period	2018-1 Units	RBA Cash Rate Return
1 Month	0.41%	0.01%
3 Month	1.24%	0.03%
1 Year	5.13%	0.10%
2 Year	5.57%	0.27%
3 Year	6.26%	0.61%
Since Inception*	6.55%	0.70%

*Past performance is not indicative of future performance. 2018-1 Inception 22 June 2018.

FUND STATISTICS

Running Yield	5.93%
Yield To Maturity	5.90%
Volatility†	0.31%
Interest rate duration	0.04
Credit duration	0.92
Average Credit Rating	BBB+
Number of positions	33
Average position exposure	2.95%
Worst Month*	0.14%
Best Month*	1.16%
Sharpe ratio ^o	8.48

GROSS RUNNING YIELD* 5.93%

*Past performance is not indicative of future performance. The Gross Running Yield is the pre-fee income attributable to the portfolio, total return will be a function of this yield minus the fee. Please note the unit price can also experience modest variance as pay out of distributions sit at 95%. All outstanding amounts will be paid at the 30th of June.

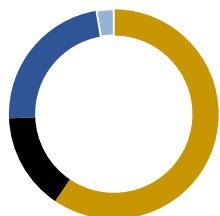
FUND STRATEGY

Realm Investment House (RIH) partners with banks, best of breed non-bank financiers and corporates to fund high quality wholesale banking facilities, in particular mortgages and loans. The nature of the assets the strategy holds delivers investors an additional structural premium which is a function of the liquidity and complexity of these assets. Diversification within the Fund is achieved by diversifying banking partners, facility sponsors and the number of individual facilities. RIH's risk management and assessment overlay are used in assessing eligible exposures and actively managing & monitoring the risk of each funding facility exposure during the life of the fund.

FUND STRUCTURE

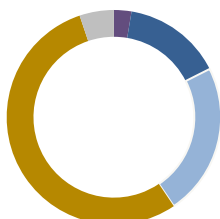
The fund is structured to take advantage of the premium in complexity, aversion and liquidity in the bank facility and secured loan market. A key feature of the funds design is to match these return attributes with assets that would present no more credit risk in the market, if they traded over the counter (OTC). We purposely designed the investment period so we can confidently extract these premiums from the market, and in times of high

PORTFOLIO COMPOSITION



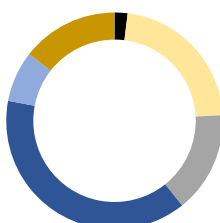
- Private ABS/RMBS Facilities (59.43%)
- Public ABS/RMBS Facilities (14.93%)
- Structured Secured Facilities (22.99%)
- Cash (2.64%)

COLLATERAL TYPE



- Cash (2.64%)
- ABS (0.00%)
- RMBS (14.93%)
- Loans (22.99%)
- Mortgages (54.25%)
- Other Assets (5.18%)

CREDIT QUALITY



- AAA (1.94%)
- AA (22.23%)
- A (15.11%)
- BBB (38.67%)
- BB (7.63%)
- B (14.42%)

volatility protect investors capital from those investors try to access liquidity from these asset – when liquidity in the market in general is trading at a super-premium. If it was possible to redeem from the fund, we would be selling assets into a market where we should be deploying our capital to capture these return premiums.

In the next 6 months we will see some of the bank facilities roll over and it is our expectation to be able to reprice these assets with a higher rate of return.

The **Realm Strategic Income Fund – Enduring units** is a follow-on strategy of this fund, where it has monthly applications and a limited monthly withdrawal feature. We intend to open liquidity windows of at up to 10% of the fund's liquid assets (at call Cash). The recommended time horizon to fully extract the return profile is at least 5 years. Please see our website for the Product Disclosure Statement. Please seek advice as to the appropriateness of this strategy to suit your needs and goals.

FUND UPDATE

The portfolio is invested across a range of Private ABS/RMBS Facilities (59.43%), Public ABS/RMBS Facilities (14.93%), and Structured Secured Facilities backed by loans (22.99%). The weighted average credit rating of the portfolio sits at BBB+, with a short-weighted credit duration of 0.92 years and a pre fee running yield of 5.93%.

The fund had a strong month, driven by the accrual of private assets with a reduction in public securities and an increase in private securities. Running yield and Yield to maturity decreased slightly from last month driven by the performance of the funds public exposure, while the fund maintained an investment grade rating of BBB. We continue to expect to take advantage of stronger capital needs in the second half of 2021 which will keep the running yield in a healthy state, whilst maintaining the objective of winding down the class leading up to June 2023.

PORTFOLIO RISK ANALYSIS

Housing Market Performance: Property values across Australia continue to perform with the CoreLogic Home Property Value index recording a gain of 1.36% for the month of August for the five capital city aggregate. This now represents a 20.6% gain as a year on year figure, which has been driven primarily by housing, up 23.8% for the same period. Units continue to lag the market strength, up a further 1.08% over the month which represents 11.57% for the year.

Clearance rates remained strong over the month, finishing just below 80% with reported volumes continuing to grow. This was especially prevalent in Melbourne with month end auction week being the second busiest in the year so far.

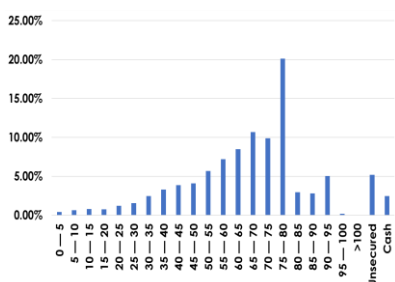
The system continues to exhibit low levels of arrears, with asset quality remaining high. Continued growth in asset prices greatly reduces the severity of loss if a borrower is to default, and supports our market outlook for this strategy

REALM STRATEGIC INCOME FUND 2018-1 UNITS

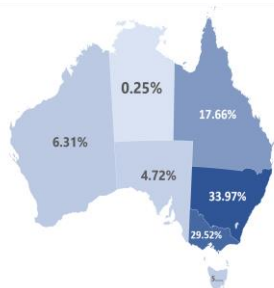
OCTOBER 2021

REALM INVESTMENT
HOUSE

WEIGHTED AVERAGE PORTFOLIO LVR



GEOGRAPHIC EXPOSURE



OTHER FUND DETAILS

Responsible Entity: One Managed

Investment Funds Ltd

Custodian: Mainstream Funds Services Pty Ltd
Unit Pricing and Unit Price

History:

<https://www.realminvestments.com.au/our-products/realm-strategic-income-fund-2018-1-units>

TRANSACTION AND MARKET FLOW

Market Update; Public issuance over the month of October remained very strong with nine transactions pricing across several asset classes including regional banks, prime, non-conforming and asset backed securities. Further strong issuance is expected by the market into year-end as issuers lock in funding requirements over the Christmas period. Market demand for the mezzanine (BBB rated) and sub investment grade tranches remains very strong and continues to provide a tailwind for pricing. This is in contrast to Senior and Senior mezzanine markets (AAA/AA rated), which have continued to moderate from their record tightness due to supply from one of the strongest recorded yearly issuances to date.

Private Assets; Relative to public assets, private assets continue to present very strong relative value. Investment grade mezzanine tranches (A/BBB rated) continue to reward investors well over twice the yields of equivalent rated public markets, while offering greater protections and shorter terms. The yield premiums available in private assets extend into sub investment grade markets as well. We remain very constructive on private assets and expect yield premiums to remain.

Portfolio Pipeline; The current pipeline for funding is very strong, with the progression of several previously identified opportunities through our pipeline towards the goal of being funded. In addition, a further five high quality opportunities were identified over the month, with a total of sixteen transactions now sitting within our screening and enhanced due diligence stages of the pipeline. This allows the investment team to selectively pick through the most suitable transactions, which in turn allows the fund to meet its return objective of 4.75% over cash after fees.

HOUSING ARREARS & PORTFOLIO PERFORMANCE

Portfolio arrears fell over the month to 0.95%, which remains well within the current range of expectations for this portfolio. Market arrears as reported by the S&P SPIN Index for August improved 8bps from the previous month to 0.81%, while non-conforming arrears weakened 6bps to 2.98%.

REALM INVESTMENT HOUSE CONTACTS

DISTRIBUTION

Broc McCauley

T: 0433 169 668

E: broc.m@realminvestments.com.au

A: LEVEL 17, 500 Collins street
Melbourne VIC 3000

Client Services

T: 03 9112 1150

E: clientservices@realminvestments.com.au

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