

SEPTEMBER 2024

FUND OBJECTIVE

The Realm Short Term Income Fund seeks to produce a return (net of fees) that exceeds the total return of the RBA Overnight Cash Rate by 1.50%-2.00% p.a. over rolling three-year periods.

FUND DETAILS

Distribution Frequency:

Monthly

Liquidity: Daily

Buy/Sell: 0.00% / 0.00%

Direct Minimum Investment:

Ordinary Units - \$25,000

mFunds Units - \$25,000

Inception Date: 21.12.2017

Fund size: AUD \$2.14 billion

APIR Codes:

Ordinary Units - OMF3725AU

mFunds Units - OMF8160AU

Management Costs (Net of GST):

Ordinary Units – 0.3075%

mFunds Units – 0.3634%

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mFunds Units – 0.3634%



NET PERFORMANCE

Period	Short Term Income Fund	RBA Cash Rate Return
1 Month	0.52%	0.36%
3 Month	1.64%	1.08%
6 Month	3.22%	2.15%
1 Year	7.29%	4.33%
3 Year p.a	4.36%	2.80%
5 Year p.a	3.60%	1.79%
Since Inception p.a*	3.41%	1.69%

*Past performance is not indicative of future performance. Inception date is 21 December 2017.

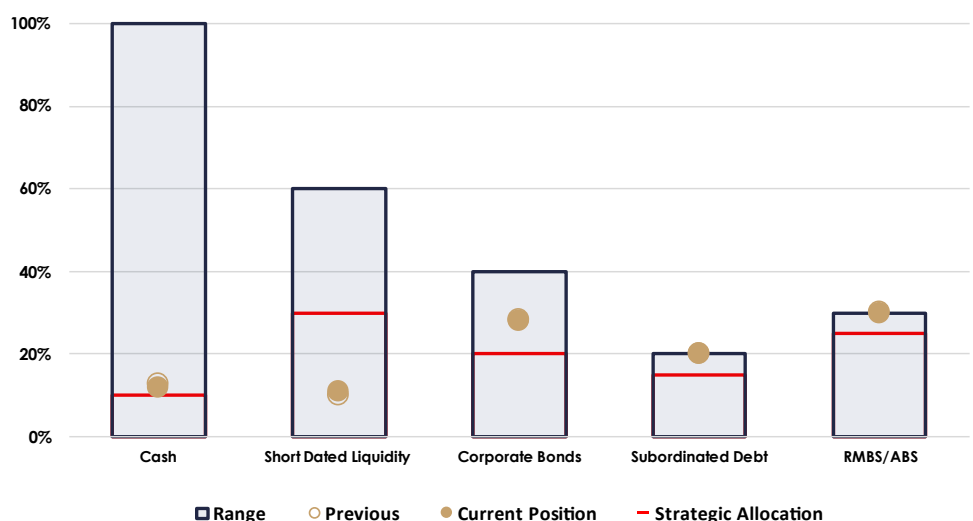
FUND STATISTICS

Running Yield	5.55%
Yield to Maturity	5.71%
Volatility†	0.44%
Interest rate duration	0.09
Credit duration	1.48
Average Credit Rating	A
Number of positions	433
Average position exp.	0.17%
Worst Month*	-0.26%
Best Month*	0.72%
Sharpe ratio [‡]	4.88

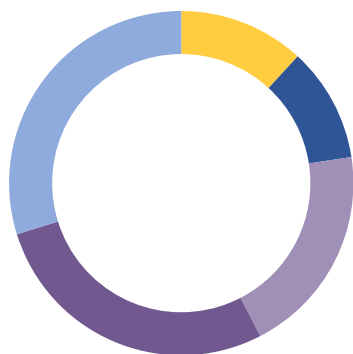
Calculated on Ordinary Units unless otherwise stated. *Since Inception 21 December 2017.

†Trailing 12 Months Calculated on Daily observations. ‡Since Inception Calculated on Daily observations

SECTOR ALLOCATION

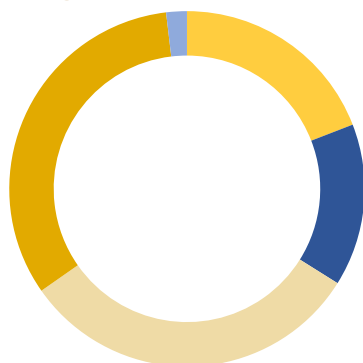


PORTFOLIO COMPOSITION



- Cash (11.82%)
- Short Dated Liquidity (10.75%)
- Sub Debt (19.84%)
- Corporate Bond (27.79%)
- RMBS & ABS (29.80%)

CREDIT DURATION PROFILE



- At Call to 6 Months (19.12%)
- 6 Months to 1 Years (14.79%)
- 1 Years to 2 Years (31.37%)
- 2 Years to 3 Years (32.84%)
- 3 Years to 3.5 Years (1.88%)

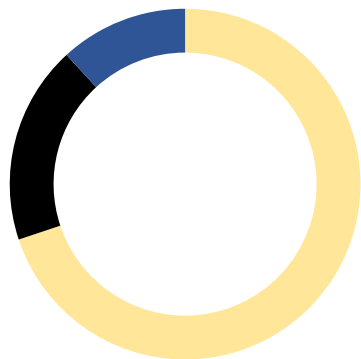
FUND UPDATE

Cash and Short-Term Liquidity Weighting: ↑ Cash and Short dated liquidity increased from 22.31% to 22.57%.

Interest Rate Duration Position: → 0.09 years. The strategy will maintain interest rate duration of approximately 3 months as an average. Having a low IRD number limits the realised volatility and losses in the fund from government bond volatility - a key feature of the Realm Short Term Income Fund. The 3Y Aus government bond yield ended the month 11bps lower, and with a relatively volatile trading range of 36bps. The strategy will, as a rule, only take modest interest rate risk.

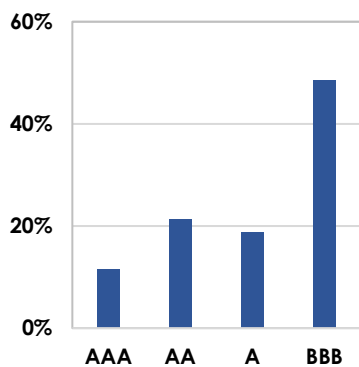
Corporate & Subordinated Debt Allocation: ↓ Decreased from 47.89% to 47.63%. Optimisation within the corporate bond sector was once again heavily skewed towards Australian issuers in AUD currency due to relative value opportunities over the month. Corporate bonds, traditionally, present modest relative value over bank senior bonds due to the rating differential; and this relative value was maintained over the month and consequently investments we tilted towards corporate than financial paper. EUR and USD denominated bonds outperformed AUD bonds, due to the macro back-drop and the monetary easing by the FED. Subordinated debt optimisation was diversified between domestic and global issuers in major currencies. The short, conservative nature of the sector and diversification aided in cushioning any intra-month market volatility.

ISSUER DOMICILE



- Australian/NZ Domiciled Issuer (69.88%)
- Foreign Domiciled Issuer (18.30%)
- Cash (11.82%)

CREDIT QUALITY



PORTFOLIO

ESG RISK LIMITS

Sector	Direct Exposure	Direct Limit	Indirect Exposure	Indirect Limit
Fossil Fuels	0.0%	0.0%	0.0%	2.5%
Non-Renewable & Nuclear Energy	0.0%	0.0%	0.0%	2.5%
Alcohol	0.0%	0.0%	0.00%	2.5%
Gambling	0.0%	0.0%	0.0%	2.5%

Residential Mortgage-Backed Securities (RMBS) & ABS: ↑ Allocation to structured credit remained steady at 29.8%. As at month end, the portfolio maintained an A+ average credit rating and a relatively short weighted credit duration of 1.47 years.

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.

Targeted risk across the Fund: ↑ Targeted risk increased slightly from 0.68% to 0.69%, reflecting the optimisation within portfolio limits. Meanwhile, realised standard deviation is at 0.44%. This has remained stable over the short term due to consistent mark to market valuations. The portfolio remains defensively positioned although despite this, the fund has performed relatively well over the last 12 months, delivering 7.29% after fees. This is evidence that the strategy is well designed, delivering a reasonable premium over cash while maintaining a very tight distribution of returns month on month. The fund remains compliant with the portfolio ESG risk limits.

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PLATFORM AVAILABILITY

- Australian Money Market
- AMP North
- BT Panorama
- Expand
- Firstwrap
- Hub24
- Macquarie Wrap
- Mason Stevens
- MLC Navigator/Wrap
- Netwealth
- Powerwrap
- Praemium
- Rhythm
- mFund code: RLM02

OTHER FUND DETAILS

Responsible Entity: One

Managed Investment

Funds Ltd

Custodian: State Street

Australia Limited

Unit Pricing and Unit

Price:

<https://www.realminvestments.com.au/our-products/realm-short-term-income-fund/>

FUND OUTLOOK

The Fund achieved a return which exceeded cash this month and has achieved its return objectives more generally. The portfolio is designed to be robust in most credit environments.

The portfolio's settings were little changed and retains overweights to structured, subordinated and corporate debt as it targets the highest forecast returns achievable within the established parameters.

As RBA cash rates are unlikely to be cut in the near term, the likelihood of recording a negative return over the next six months is remote. Despite tight spreads on offer by the market, the Fund's performance is expected to be assisted by optimal roll-down positioning. Additionally, profit generation is expected to arise from trading which is driven by our relative value process. Nonetheless, the tight spreads now available on shorter dated investment grade bonds will make it more challenging for the Fund to achieve its investment return targets in the near term.

The outlook for the credit quality of structured credit is strong. Although arrears have normalized to their pre-covid levels, households experiencing the most distress should receive cashflow relief from improvements in cost of living, the receipt of tax breaks and from lower cash rates next year and beyond.

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