

# REALM STRATEGIC INCOME FUND ENDURING UNITS

AUGUST 2024

REALM INVESTMENT  
HOUSE

## FUND OBJECTIVE

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

## FUND DETAILS

### Distribution

**Frequency:** Quarterly

**Applications:** Monthly

**Next Redemptions Window:**

30 September;

\$180,000,000

### Pricing & Reporting

**Frequency:** Monthly

**Inception Date:** 21.2.2020

**Fund size:** \$1.80b

**Benchmark:** RBA Cash Rate

**Buy/Sell:** 0.20%/0.00%

**APIR Codes:** OMF5868AU

**Management Fees:** 0.99% Net of GST

## PLATFORM AVAILABILITY

- Australian Money Markets
- AMP North
- BT Panorama/Wrap
- First Wrap
- Hub24
- Macquarie Wrap
- Mason Stevens
- Netwealth
- Powerwrap
- Praemium
- Xplore Wealth

 Zenith

RECOMMENDED

## NET PERFORMANCE

Period	Enduring Units	RBA Cash Rate Return
1 month	0.80%	0.36%
3 month	2.37%	1.06%
6 month	5.09%	2.15%
1 Year p.a	10.51%	4.30%
2 Years p.a	9.89%	3.83%
3 Years p.a	8.24%	2.68%
Since Inception p.a*	7.43%	1.83%

\*Past performance is not indicative of future performance. Inception date is 21 February 2020.

## FUND STATISTICS

Running Yield	9.97%
Yield To Maturity	9.80%
Volatility†	0.21%
Interest rate duration	0.05
Credit duration	1.19
Average Credit Rating	BBB
Number of positions	476
Average position exposure	0.20%
Worst Month*	0.28%
Best Month*	0.99%

Calculated on Enduring Units unless otherwise stated. \*Since Inception 21 February 2020. †Trailing 12 Months Calculated on Monthly observations. \*Since Inception Calculated on Monthly observations

## GROSS RUNNING YIELD\* 9.97%

\*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.

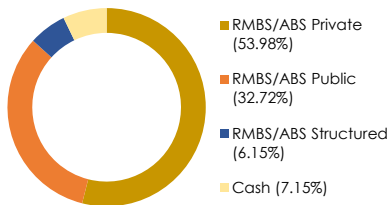
## FUND WITHDRAWAL WINDOWS

The next withdrawal window will be closing at 5pm AEST on 30 September. We are accepting redemption requests for up to \$180,000,000 (about 10% of fund assets). The fund holds 39.88% in cash and marketable securities. Further details have been posted on our website. See the link on page 3.

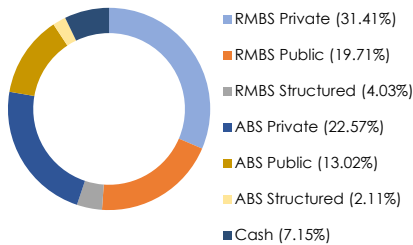
# REALM STRATEGIC INCOME FUND ENDURING UNITS

AUGUST 2024

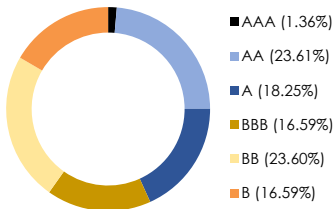
## PORTFOLIO COMPOSITION



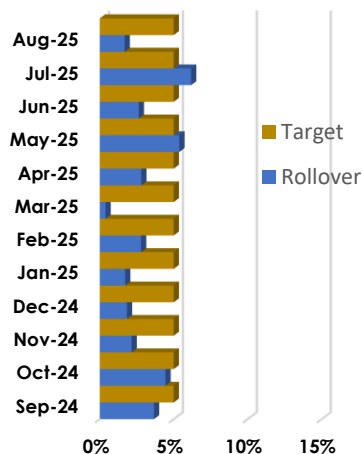
## COLLATERAL TYPE



## CREDIT QUALITY



## ROLLOVER VS TARGET



50% of the fund will rollover into cash in the next 12 months.

## FUND UPDATE

The portfolio is invested across a range of Private ABS/RMBS Facilities (53.98%), Public ABS/RMBS Facilities (32.72%) and Structured Secured Facilities backed by loans (6.15%). The weighted average credit rating of the portfolio sits at BBB, a weighted credit duration of 1.19 years and a pre fee running yield of 9.97%.

The month of September saw the Realm Strategic Income Fund close five new trades, with seven others in the final stages of completion for the coming month. The fund recorded a **gross running yield of 9.97% as at month end, while maintaining a weighted average credit rating of investment grade (BBB).**

The funds attribution continues to be driven mainly by the high accrual of assets in private and public markets. The fund seeks to continue to expand its banking relationships with new and existing issuers, with a high amount of new transactions within the new deal flow pipeline. These transactions continue to present strong structural protections to investors with portfolio parameters and performance covenants imposed on all trusts. The strategy will continue to pick through trades exhibiting the best relative value to support the portfolios running yield.

## PORTFOLIO RISK ANALYSIS

**Housing Market Performance;** Australian residential property values increased a further 0.6% over the month of August, as reported by the CoreLogic 5 Capital City aggregate property index.

Across the five major capital cities (again with the exception of Melbourne), gains were recorded in both housing (increasing 0.6%) and units (up 0.6%). Perth and Brisbane property markets continue to lead the increase, with units increasing faster than houses in both states. Sydney houses and units both recorded increases of 0.3% and 0.5% respectively, while Melbourne decreased 0.2% for housing and 0.1% for units.

Auction clearance rates increased to around 70% into the first week of September as auction volumes begin to pickup for spring selling season. Housing finance data saw seasonally adjusted new lending increase 3.9% for the July reporting period. This was across both owner occupiers and Investors (increasing 2.9% and 5.4% respectively), which now represents a yearly percentage change of 21.4% for owner occupiers and 35.4% for investors.

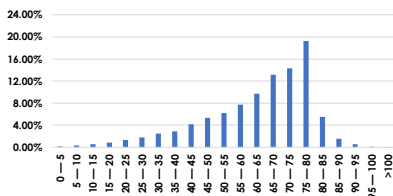
In terms of sector performance, arrears within the system remain low and our outlook for the strategy remains constructive.

# REALM STRATEGIC INCOME FUND ENDURING UNITS

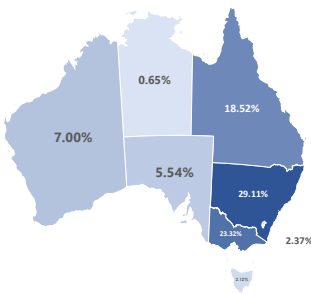
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## WEIGHTED AVERAGE PORTFOLIO LVR



## GEOGRAPHIC EXPOSURE



## 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/our-products/realm-strategic-income-fund-enduring-units/>

**Liquidity Window Notice:**  
Limited Withdrawal Offer – September 2024

## TRANSACTION AND MARKET FLOW

**Market Update;** Structured markets continued their rally over the course of the month, with a substantial number of new transactions announcing new mandates to the public market. This was across regional banks, prime non-banks, non-conforming non-banks and auto lending, with spreads across all sub asset classes tightening between 15-30 bps in portion of the capital structure. Investors continue to bid against each other for access to new stock in mezzanine (A-BBB rated) and junior mezzanine tranches (Sub investment grade rated), shown through the very high ratios of bids to available stock with around 6-8 counterparties bidding for each tranche. Secondary market volumes remain very low, with mezzanine and junior mezzanine investors refusing to sell assets, preferring to hold for the capital appreciation and yield.

**Private Assets;** Private market yields remain wide of public markets but continue to tighten in a similar fashion to their public counterparts. Private assets continue to present much higher yields than the yields on equivalent rated public securities. Structural protections remain very strong, with covenants, portfolio parameters and eligibility criteria's enforced on all transactions within the portfolio. All funded trusts continue to perform well within expectations and agreed covenants for each of the funded trusts.

**Portfolio Pipeline;** The fund maintains a strong deal flow pipeline with seven transactions currently within the final stages of documentation and funding. Nine facilities remain in due diligence portions of the funding pipeline with a further eight opportunities due to be screened in.

This pipeline will continue to be utilised to accommodate unitholder demand and assist the fund in meeting its stated return outcome.

## HOUSING ARREARS & PORTFOLIO PERFORMANCE

Portfolio arrears improved 14bps over the month to 1.73% for the month of August. Arrears continue to perform well within expectations, and continue to be monitored closely.

Prime arrears as reported by S&P's SPIN index for July improved 1bp to 0.94%. Nonconforming arrears weakened, reducing to 4.19%. Both results remain strong in comparison to both market expectations and historic index levels.

### REALM INVESTMENT HOUSE CONTACTS

#### DISTRIBUTION

**Broc McCauley**  
T: 0433 169 668  
E: [broc.m@realminvestments.com.au](mailto:broc.m@realminvestments.com.au)

**Finbarr Warren**  
T: 0405 543 196  
E: [finbarr.w@realminvestments.com.au](mailto:finbarr.w@realminvestments.com.au)

**Matthew Blair**  
T: 0424 837 522  
E: [matthew.b@realminvestments.com.au](mailto:matthew.b@realminvestments.com.au)

**John Hawkins**  
T: 0408 841 886  
E: [john.h@realminvestments.com.au](mailto:john.h@realminvestments.com.au)

LEVEL 17, 500 Collins Street  
Melbourne VIC 3000

LEVEL 6, 31 Market Street  
Sydney NSW 2000

**Rhys Kostopoulos**  
T: 03 9112 1150  
E: [rhys.k@realminvestments.com.au](mailto:rhys.k@realminvestments.com.au)

AUGUST 2024

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