

# REALM STRATEGIC INCOME FUND ENDURING UNITS

MAY 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:**

28 June - \$150,000,000

### Pricing & Reporting

**Frequency:** Monthly

**Inception Date:** 21.2.2020

**Fund size:** \$1.46b

**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

## NET PERFORMANCE

Period	Enduring Units	RBA Cash Rate Return
1 month	0.82%	0.36%
3 month	2.66%	1.08%
6 month	5.31%	2.15%
1 Year p.a	10.67%	4.24%
2 Years p.a	9.28%	3.44%
3 Years p.a	7.94%	2.32%
Since Inception p.a*	7.30%	1.69%

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

## FUND STATISTICS

Running Yield	10.34%
Yield To Maturity	10.10%
Volatility†	0.19%
Interest rate duration	0.04
Credit duration	0.99
Average Credit Rating	BBB
Number of positions	363
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\* 10.34%

\*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.

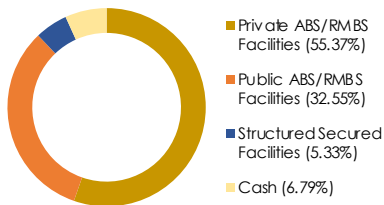
## FUND WITHDRAWAL WINDOWS

The next withdrawal window will be closing at 5pm AEST on 28 June. We are accepting redemption requests for up to \$150,000,000 (about 10% of fund assets). The fund holds 38.64% in cash and marketable securities. Further details have been posted on our website. See the link on page 3.

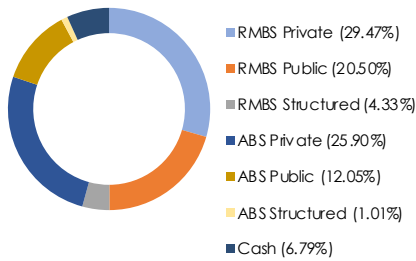


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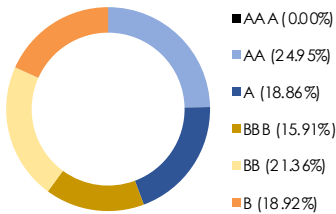
## PORTFOLIO COMPOSITION



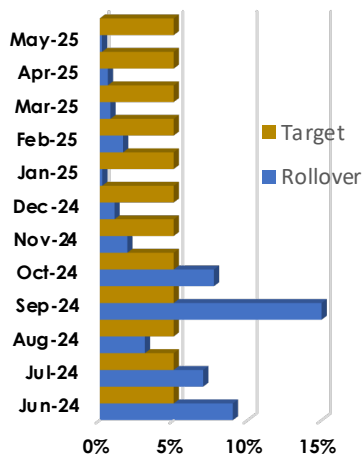
## COLLATERAL TYPE



## CREDIT QUALITY



## ROLLOVER VS TARGET



58% 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 (55.37%), Public ABS/RMBS Facilities (32.55%) and Structured Secured Facilities backed by loans (5.33%). The weighted average credit rating of the portfolio sits at BBB, a weighted credit duration of 0.99 years and a pre fee running yield of 10.34%.

The month of May saw the Realm Strategic Income Fund close three new trades, with several others in the final stages of completion for the coming month. The fund recorded a **gross running yield of 10.34% as at month end, while maintaining a weighted average credit rating of investment grade (BBB).**

The high accrual of Private and public assets continues to be the main driver of attribution for the fund. The yields available in private markets continue to be substantially higher than that of public markets, with much stronger structural protections also available to investors. As a result, private markets continue to present better relative value to investors.

The fund also maintains a high number of new potential transactions, which are currently within the screening and due diligence pipeline. 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 0.8% over the month of May, as reported by the CoreLogic 5 Capital City aggregate property index.

All major capital cities recorded gains in both housing (up 0.8%) and units (up 0.8%). The gain was led by Perth again this month, increasing 2%, with Sydney increasing 0.6% and Melbourne increasing 0.1%. Both Sydney and Melbourne results were led by Units (0.7% and 0.3% respectively), while housing increased 0.5% in Sydney and 0.1% in Melbourne.

Auction volume remained high over the month with clearance rates hovering around 70% over the month of May. Housing finance data saw seasonally adjusted new lending increase 4.8% for the April reporting period. This was across both owner occupiers and Investors (increasing 4.3% and 5.6% respectively), which now represents a yearly percentage change of 18.7% for owner occupiers and 36.1% for investors.

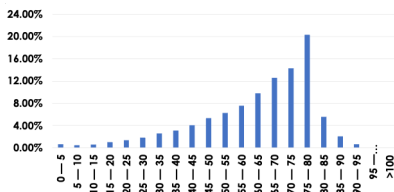
In terms of sector performance, arrears within the system remain low and our outlook for the strategy remains constructive.

# REALM STRATEGIC INCOME FUND ENDURING UNITS

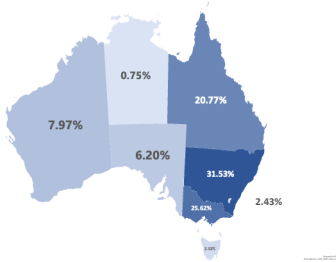
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## WEIGHTED AVERAGE PORTFOLIO LVR



## 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 – June 2024

## TRANSACTION AND MARKET FLOW

**Market Update;** Public structured credit markets continued to remain very well bid over the course of the month, which continued to drive spreads tighter. Mezzanine (AA-B rated) tranches remain very well bid. Tighter yields in market continue to allow issuers to price transactions more efficiently, which has continued to add to the pipeline of new transactions looking to be issued in market. As a result, dealflow for the month continues to remain substantial, with 14 transactions pricing across regional bank trades, prime and nonconforming RMBS, auto and SME asset classes. Secondary markets continue to trade tighter than public markets, with investors competing for limited stock wherever possible.

**Private Assets;** Yields have continued to tighten in private assets alongside the tightening witnessed in public assets. Private yields remain much wider than similarly rated public transactions with better covenants and structural protections. Transaction performance remains well across all funded trusts, with very conservative levels of headroom between agreed covenants and required portfolio parameters.

**Portfolio Pipeline;** The fund maintains a strong deal flow pipeline with seven transactions currently within the final stages of documentation and funding. Several other facilities are currently in due diligence, with an additional seventeen high quality opportunities due to go through the funds screening process. 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 increased 3bps over the month to 1.92% for the month of May. Arrears continue to perform well within expectations, and continue to be monitored closely.

Prime arrears as reported by S&P's SPIN index for March weakened 5bps to 1.00%. Nonconforming arrears weakened 1bp to 4.18%. 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)

**Rhys Kostopoulos**  
T: 03 9112 1550  
E: [finbarr.w@realminvestments.com.au](mailto:finbarr.w@realminvestments.com.au)

LEVEL 17, 500 Collins Street  
Melbourne VIC 3000

LEVEL 6, 31 Market Street  
Sydney NSW 2000

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