

## INVESTMENT OBJECTIVE AND STRATEGY

The investment objective of Barings Liquidity Investment Strategy ('BLIS') is to generate floating rate investment returns that exceed the RBA Overnight Cash Rate plus 1.50% to 2.00% (net of fees and costs) over rolling 12-month periods. BLIS is designed for investors seeking a strategy with a focus on capital preservation, above cash returns and an ability to actively manage their liquidity allocation.



### Capital Stability<sup>1</sup>

An actively managed portfolio of highly-rated, floating-rate, securitised assets, which have shown capital stability historically.

### Liquidity Management

Aims to provide unitholders with quick access to their capital, with withdrawal proceeds generally available within five business days.

### Higher Income Potential

Aims to distribute quarterly income above the potential returns available on traditional cash products.<sup>2</sup>

## FUND PERFORMANCE

### LATEST RETURN (%)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	Incept <sup>5</sup>
Gross return (before fees)	0.64	1.76	3.49			3.88
Net return (after fees) <sup>3</sup>	0.60	1.61	3.15			3.50
Excess Return (after fees) <sup>4</sup>	0.27	0.54	0.95			1.11

Financial Yr	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2024-25		0.34 <sup>6</sup>	0.36	0.70	0.45	0.54	0.46	0.60					3.50

**Past performance is not an indicator of future performance.** The value of an investment and its return may rise and fall with changes in the market.

<sup>1</sup>Return of capital and target return are not guaranteed. The investment objective is not a forecast, it is only an indication of what the investment strategy of BLIS aims to achieve. It may not be achieved.

<sup>2</sup>BLIS aims to distribute quarterly income. Distributions are not guaranteed and may be subject to the Responsible Entity's discretion. Positive distributions may not represent a positive return.

<sup>3</sup>Net return (after fees) is calculated using pre-distribution month end withdrawal unit prices and assumes distribution reinvestment.

<sup>4</sup>Arithmetic spread to RBA Cash Rate.

<sup>5</sup>Inception date is 16 August 2024.

<sup>6</sup>Partial month, from 16 to 31 August.

<sup>7</sup>Estimated based on the Fund having a gross asset value attributable to the Units of A\$200 million.

<sup>8</sup>Running yield is the weighted average coupon income of the portfolio (including cash) relative to clean market prices as at the report date. Running yield only reflects the fund's coupon income and does not take into account capital gains/losses on receipt of principal.

<sup>9</sup>Discount margin is the weighted average expected return of the portfolio (including cash) above the reference rate (1-month BBSW) as at the report date.

<sup>10</sup>Wtd Avg Curr LVR refers to the weighted average current loan to value ratio (LVR). It is the ratio of the current loan balance to the property valuation for residential mortgage in the RMBS portfolio, weighted first by loan balance and then by the fund's investment in each bond.

## ABOUT THE MANAGER

Barings Australia Pty Ltd, a subsidiary of MassMutual, is a global investment manager sourcing differentiated opportunities and building portfolios across public and private fixed income, real estate and specialist equity markets. Barings is one of the world's leading asset managers, managing over USD\$421 Billion AUM, with 1,900+ professionals globally.\*

Barings Australia Pty Ltd has appointed Gryphon Capital Investments Pty Ltd ("Gryphon") which is part of the Barings group as Sub-Advisor of the Fund.

\*as of December 31, 2024

## SNAPSHOT

<b>Asset</b>	Fixed Income, floating rate
<b>NAV</b>	A\$180.1m
<b>Unit Price</b>	A\$1.017
<b>Management Fees and Costs<sup>7</sup></b>	0.58%
<b>Performance Fee</b>	None
<b>Distributions</b>	Quarterly
<b>Unit Pricing</b>	Daily

## CHARACTERISTICS

<b>Average Credit Rating</b>	AAA
<b>Running Yield<sup>8</sup></b>	6.28%
<b>Discount Margin<sup>9</sup></b>	1.75%
<b>RBA Cash Rate</b>	4.10% pa
<b>Interest Rate Duration</b>	0.05 years
<b>Credit Spread Duration</b>	2.24 years
<b>RMBS / ABS Exposure</b>	75% / 20%

## UNDERLYING MORTGAGE STATISTICS

<b>Num Underlying Loans</b>	48,700
<b>Wtd Avg Loan Balance</b>	A\$400,591
<b>Wtd Avg Curr LVR<sup>10</sup></b>	63%
<b>Wtd Avg Seasoning</b>	38 months
<b>Wtd Avg Interest Rate</b>	7.23%
<b>Loans 90+ Days in Arrears</b>	1.39%

## FURTHER INFORMATION AND ENQUIRIES

### Client Service

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### Zoe Cowley

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## COMMENTARY

### PERFORMANCE

Net return for the month was 60 bps. While this month's return was boosted by continued compression in RMBS credit spreads, it was negatively impacted by both expectations and the reality of the RBA lowering its cash rate target. The reduction in the base rate for all RMBS bonds, coupled with tighter credit spreads, has reduced the portfolio's forward-looking running yield from 6.53% to 6.28% since last month. In a similar vein, while maintaining the portfolio's AAA average credit rating, yield to maturity has fallen from 6.18% to 5.94%, implying a credit spread of 175 bps and spread duration of 2.24 years.

### LIQUIDITY CONDITIONS

The Australian RMBS market saw 4 new deals price in February, for a total of \$3.9bn of new issuance. All deals were several times oversubscribed despite upsizing and spreads tightening from initial price talk. Secondary RMBS dealers took their lead from these deals, with tightening also reflected in their inventories.

### TRADING ACTIVITY

BLIS selectively participated in just one of this month's primary deals, preferring to remain in liquid, shorter-dated securities offered by secondary market participants. We continue to keep our powder dry for future opportunities.

### RV METRICS

Despite the continued tightening of RMBS credit spreads, the asset class continues to provide compelling relative value compared to major bank debt. Recent issuance has seen three-year, AAA-rated RMBS debt trade at a margin of 130bps, twice the spread of AA-rated senior unsecured bank debt at the same tenor, despite the superior credit rating. Further down the stack at a three-year tenor, AA-rated RMBS continues to trade 30bps wider than A-rated bank sub-debt, again despite the improved ratings category<sup>1</sup>.

### CREDIT QUALITY

Underlying collateral performance remains strong and is expected to improve in light of the recent reduction in the RBA cash rate and subsequent falls in Australian mortgage rates. The average borrower in the portfolio has demonstrated their reliability with a payment history of over three years and, with the weighted-average current loan-to-value ratio of BLIS's residential collateral at 63%<sup>2</sup>, there is considerable cushion for any future defaults.

Based on the most recent available data, 1.39% of BLIS's residential collateral is in 90+ arrears<sup>2</sup>. This compares favourably with the Australia Prime S&P Global Ratings Mortgage Performance Index, which currently sits at 2.23%<sup>3</sup>.

<sup>1</sup> ANZ Feb 25, Bloomberg Mar 25

<sup>2</sup> Gryphon Feb 25

<sup>3</sup> S&P Q4 2024, assuming a portfolio similarly weighted between Prime and Non-conforming mortgages

## PARTIES

### Responsible Entity

One Managed Investment Funds Limited  
ACN 117 400 987 AFSL 297 042

### Manager

Barings Australia Pty Ltd  
ACN 140 045 656 AFSL 342 787

### Sub-Advisor

Gryphon Capital Investments Pty Ltd  
ACN 167 850 535 AFSL 454 552

### Registry

One Registry Services Pty Ltd  
ACN 141 757 360

## AVAILABLE PLATFORMS INCLUDE

Ausmaq  
Hub 24  
Netwealth  
Mason Stevens

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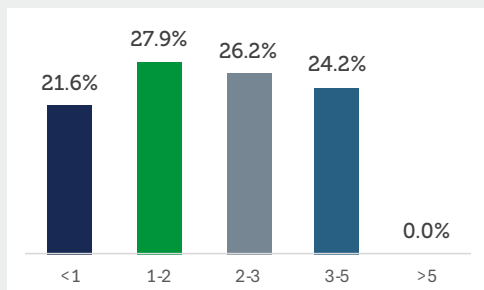
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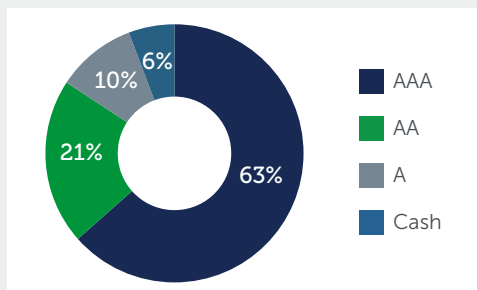
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PORTFOLIO CONSTRUCTION

CREDIT SPREAD DURATION



RATING BREAKDOWN



Weighted Average Life	AAA	AA	A	Cash	Total
0-1 Year	-	7.2%	8.6%	5.7%	21.6%
1-2 Years	21.2%	5.4%	1.4%	-	27.9%
2-3 Years	20.9%	5.4%	-	-	26.2%
3-5 Years	21.4%	2.8%	-	-	24.2%
>5 Years	-	-	-	-	-
Total	63.5%	20.8%	10.0%	5.7%	100.0%

Note: Numbers may not add up due to rounding

DISTRIBUTIONS HISTORY

DISTRIBUTIONS (%)

Financial Yr	Sep	Dec	Mar	Jun	YTD
2024-25	0.73	1.50			2.24

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- Hub 24
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