

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>	Liquidity Management	Higher Income Potential
An actively managed portfolio of highly-rated, floating-rate, securitised assets, which have shown capital stability historically.	Aims to provide unitholders with quick access to their capital, with withdrawal proceeds generally available within five business days.	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)	0.66	1.23	3.01			5.16
Net return (after fees) <sup>3</sup>	0.63	1.10	2.72			4.64
Excess Return (after fees) <sup>4</sup>	0.29	0.07	0.61			1.22

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	0.51	(0.04)	0.63		4.64

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\$442 Billion AUM, with 2,000+ 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 March 31, 2025

SNAPSHOT

Asset	Fixed Income, floating rate
NAV	A\$268.3m
Unit Price	A\$1.017
Management Fees and Costs <sup>7</sup>	0.58%
Performance Fee	None
Distributions	Quarterly
Unit Pricing	Daily

CHARACTERISTICS

Average Credit Rating	AAA
Running Yield <sup>8</sup>	5.79%
Discount Margin <sup>9</sup>	1.85%
RBA Cash Rate	3.85% pa
Interest Rate Duration	0.06 years
Credit Spread Duration	2.55 years
RMBS / ABS Exposure	88% / 11%

UNDERLYING MORTGAGE STATISTICS

Num Underlying Loans	59,984
Wtd Avg Loan Balance	A\$457,259
Wtd Avg Curr LVR <sup>10</sup>	65%
Wtd Avg Seasoning	28 months
Wtd Avg Interest Rate	7.14%
Loans 90+ Days in Arrears	0.85%

FURTHER INFORMATION AND ENQUIRIES

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continued overleaf...

## COMMENTARY

## PERFORMANCE

BLIS performance rebounded nicely in May by returning 63bps as markets somewhat reverted back to normality, at least for now. Deployment of some reserved cash through the month has positioned the portfolio well, with a running yield of 5.79%, credit spread of 185 bps, and spread duration of 2.55 years.

## LIQUIDITY CONDITIONS

The Australian RMBS market saw over \$7bn of issuance in May across nine deals, with several more remaining in the pipeline for June. All deals continued to be well subscribed albeit at reduced oversubscribed multiples, but with enough demand for upsizing during the sales process. Trading margins tightened from the wides of April but remained 15-25 bps wider than the tight end of the range printed in February/March of this year<sup>1</sup>, with the liquid AAA tranches favoured by BLIS moving the least. The large volume of new issuance also dampened both volume and spread tightening in the secondary market.

## TRADING ACTIVITY

With better spreads on offer in the primary market than available in secondaries, and with a veritable smorgasbord to choose from, BLIS deployed a large part of its cash holding across multiple newly issued securities in May. Our typical focus on liquidity drove our allocations into AAA-rated RMBS securities, where the outsized spreads of the RMBS market gave us additional spread not only over senior unsecured bank debt, but even over A-rated Tier 2 debt, without having to sacrifice a superior credit rating. We also ventured further down the credit curve in a few deals where high-quality collateral and higher yields offered an attractive entry point from a relative value perspective.

## RV METRICS

Credit spreads in general tightened slightly during May, but with more movement seen in bank debt, the relative value argument for RMBS became even stronger. New issues of three-year Australian AAA RMBS debt priced at 145 bps through May, while three-year AA-rated senior unsecured bank debt traded around 66 bps<sup>2</sup>, an additional yield of around 80 bps<sup>2</sup>. Comparing higher risk bank debt, namely A-rated Tier 2 debt traded around 140 bps<sup>3</sup> spread level for the same maturity window of three years, slightly inside AAA RMBS.

## CREDIT QUALITY

We added several new holdings this month which means the portfolio is secured by an additional 7,180 residential mortgage loans (to 59,486 on 31 May), with the average seasoning of those loans falling slightly from 32 months to 28 months. Importantly, despite this influx, the average LVR moved only slightly, from 64% to 65%. Due to the nature of primary deals having zero to minimal arrears, the turnover allowed the team to build more portfolio yield and, in the process, cleanse the collateral quality by eliminating the underperforming mortgage performance deals. As a result, 90+ arrears for the portfolio fell notably, from 1.10% to 0.85%, well under the market average of 1.37% for a similar portfolio, based on SPIN arrears data from S&P Global Ratings<sup>4</sup>.

<sup>1</sup> Gryphon

<sup>2</sup> ANZ, 30 May 2025

<sup>3</sup> ANZ, 30 May 2025

<sup>4</sup> S&P, data as at 31 May 2025 for month ending 31 March 2025

*continued overleaf...*

## 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/Clearstream

CFS Edge

HUB24

Macquarie Wrap

Mason Stevens

Netwealth

Praemium

## FURTHER INFORMATION AND ENQUIRIES

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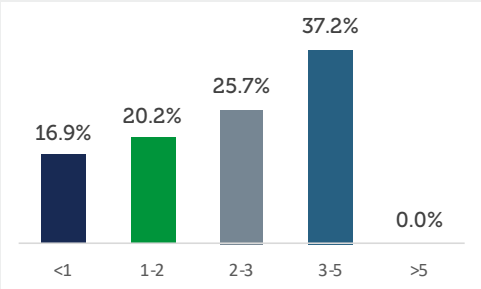
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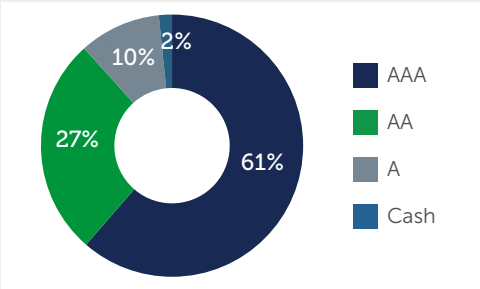
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PORTFOLIO CONSTRUCTION

CREDIT SPREAD DURATION



RATING BREAKDOWN



Weighted Average Life	AAA	AA	A	Cash	Total
0-1 Year	1.3%	6.3%	7.7%	1.6%	16.9%
1-2 Years	15.2%	3.4%	1.6%	–	20.2%
2-3 Years	23.3%	2.4%	–	–	25.7%
3-5 Years	21.6%	14.8%	0.8%	–	37.2%
>5 Years	–	–	–	–	–
Total	61.4%	26.9%	10.1%	1.6%	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	1.52		3.79

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