

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)	0.57	1.24	3.00			5.77
Net return (after fees) <sup>3</sup>	0.53	1.12	2.71			5.19
Excess Return (after fees) <sup>4</sup>	0.22	0.12	0.65			1.45

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	0.53	5.19

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\$289.1m
Unit Price	A\$1.011
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>	5.64%
Discount Margin <sup>9</sup>	1.81%
RBA Cash Rate	3.85% pa
Interest Rate Duration	0.04 years
Credit Spread Duration	2.57 years
RMBS / ABS Exposure	86% / 10%

UNDERLYING MORTGAGE STATISTICS

Num Underlying Loans	60,725
Wtd Avg Loan Balance	A\$460,286
Wtd Avg Curr LVR <sup>10</sup>	65%
Wtd Avg Seasoning	26 months
Wtd Avg Interest Rate	7.08%
Loans 90+ Days in Arrears	0.85%

FURTHER INFORMATION AND ENQUIRIES

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## COMMENTARY

## PERFORMANCE

BLIS returned 53 bps (net of fees) in June, with a total net return of 5.19% since inception in mid-August 2024. Coming into the end of the financial year, running yield was down slightly to 5.64%, with a credit spread of 181 bps at a spread duration of 2.57 years.

## LIQUIDITY CONDITIONS

Primary market issuance in RMBS totalled A\$3.5bn in June, across four deals, with clear evidence for continuing heavy demand for the asset class. Two mandates were marketed with the possibility of upsizing, and both doubled in size by the time of their pricing, while all deals priced either at or inside the left side of initial price talk. As of the end of June there are no current mandates for further RMBS issuance, though a number of ABS deals remain active.

With primary supply insufficient to sate market appetite, the secondary market is trading at levels well through recent primary clearing levels. Given these movements, it seems the primary market is lagging the secondary by some margin.

## TRADING ACTIVITY

The lull in primary issuance means that a trading market is now upon us. In a big month for turnover, 15%+ of BLIS' portfolio, we looked to take profit from seasoned deals while remaining fully invested through a combination of new supply and some better value secondaries. Our positioning here was up in credit, with an intention to hold the more liquid available secondaries until new primary prints become available. From trawling through the dealer axe sheets, it's plain to see that their inventory levels are depleting faster than they would like. The technicals are set up for further spread tightening.

## RV METRICS

AAA and AA rated RMBS are the places to be right now. While AA 5yr senior unsecured bank debt was trading at margins around 81 bps<sup>1</sup> towards the end of June, primary RMBS of the same rating and tenor issued at 170 bps<sup>2</sup>, delivering more than twice the margin. Reprising our earlier comment that RMBS primary is lagging, we do not expect this difference to last. At the A level, Tier 2 bank debt was trading at margins of 165 bps<sup>1</sup> as similar RMBS issued at 185 bps<sup>2</sup>, still a 20 bps pick up, but less compelling than more highly rated tranches and a touch on the expensive side.

## CREDIT QUALITY

Despite the 15%+ turnover in BLIS's portfolio this month overall collateral statistics were remarkably stable, a reflection of the high-quality collateral underlying BLIS. Average LVR was unchanged at 65%, while loan seasoning declined slightly, from 28 to 26 months, and the average interest rate paid by borrowers was virtually unchanged at 7.08%.

The proportion of loans in 90+ arrears at the end of the month was also constant at 0.85%, compared to 1.29% for a portfolio reflecting market 90+ arrears rates<sup>3</sup> and with similar proportions of prime and non-conforming collateral. We remain particularly sensitive to non-conforming loans with a bias towards the 2023/24 vintage, which were originated in an increasing rate environment. While credit quality poses no apparent concerns for now, we continue to watch prepayment speeds as a gauge of mortgage affordability pressure weighing on the underlying borrower universe.

<sup>1</sup> Barrenjoey, 24 June 2025

<sup>2</sup> Columbus Capital Triton 2025-2

<sup>3</sup> S&P, data as at 30 June 2025 for month ending 30 April 2025

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## 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  
BT Panorama  
CFS Edge  
HUB24  
Macquarie Wrap  
Mason Stevens  
Netwealth  
Praemium

## FURTHER INFORMATION AND ENQUIRIES

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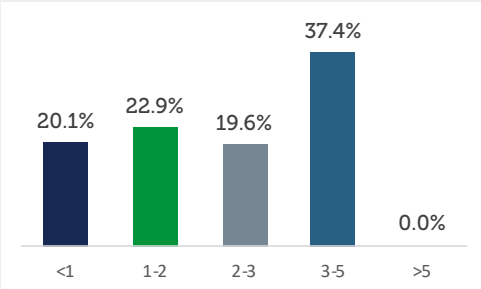
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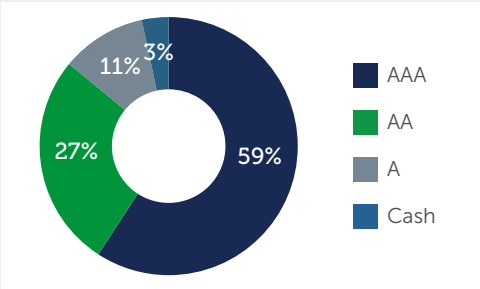
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PORTFOLIO CONSTRUCTION

CREDIT SPREAD DURATION



RATING BREAKDOWN



Weighted Average Life	AAA	AA	A	Cash	Total
0-1 Year	1.3%	6.9%	8.6%	3.4%	20.1%
1-2 Years	17.5%	3.3%	2.1%	–	22.9%
2-3 Years	18.4%	1.2%	–	–	19.6%
3-5 Years	22.0%	15.4%	–	–	37.4%
>5 Years	–	–	–	–	–
Total	59.2%	26.8%	10.7%	3.4%	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	1.37	5.21

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