

ARSN 677 446 034

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 ¹	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. ²

FUND PERFORMANCE

LATEST RETURN³ (%)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	Incept ⁶
Gross return (before fees)	0.52	1.89	3.15	6.90		6.89
Net return (after fees) ⁴	0.48	1.75	2.88	6.29		6.22
Excess Return (after fees) ⁵	0.18	0.80	0.93	2.13		2.03

Financial Yr	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2025–26	0.80	0.46	0.48										1.75
2024–25		0.34 ⁷	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.

¹Return 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.

²BLIS 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.

³1 mth, 3 mth, 6mth returns as of 31 August 2025. 1yr and since inception returns as of 16 August 2025.

⁴Net return (after fees) is calculated using pre-distribution month end withdrawal unit prices and assumes distribution reinvestment.

⁵Arithmetic spread to RBA Cash Rate.

⁶Inception date is 16 August 2024.

⁷Partial month, from 16 to 31 August.

⁸Estimated based on the Fund having a gross asset value attributable to the Units of A\$200 million.

⁹Running 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.

¹⁰Discount margin is the weighted average expected return of the portfolio (including cash) above the reference rate (1-month BBSW) as at the report date.

¹¹Wtd 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[†]

Gryphon Capital Investments ("Gryphon"), is a wholly owned subsidiary of Barings, one of the world's leading asset managers, managing over USD\$470+ Billion AUM, with more than 1,400 external clients and 2,000+ professionals globally. Gryphon is a vertical investment team of Barings' global Asset-Based Finance (ABF) team that specialises in residential, commercial and consumer asset-backed securities.

Gryphon is a leading participant in the Australian securitisation market, investing across the capital structure from AAA to below investment grade in both public term transactions, private warehouses and whole loans, demonstrating deep expertise and active portfolio management.

[†] as at 30 September 2025

SNAPSHOT

Asset	Fixed Income, floating rate
NAV	A\$374.7m
Unit Price	A\$1.016
Management Fees and Costs ⁸	0.58%
Performance Fee	None
Distributions	Quarterly
Unit Pricing	Daily

CHARACTERISTICS

Average Credit Rating	AAA
Running Yield ⁹	5.44%
Discount Margin ¹⁰	1.63%
RBA Cash Rate	3.60% pa
Interest Rate Duration	0.06 years
Credit Spread Duration	2.34 years
RMBS / ABS Exposure	86% / 14%

UNDERLYING MORTGAGE STATISTICS

Num Underlying Loans	70,289
Wtd Avg Loan Balance	A\$461,199
Wtd Avg Curr LVR ¹¹	66%
Wtd Avg Seasoning	26 months
Wtd Avg Interest Rate	6.63%
Loans 90+ Days in Arrears	0.71%

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COMMENTARY

The good times continue to roll across the risk markets with the herd mentality effect in full swing as investors hunt for yield at almost any price. The BLIS strategy continues to exceed return expectations as set out in our target return objective of RBA + 150bps to 200bps, delivering a net return of 48bps for September but more importantly, the highly visible yardstick of rolling 1 year net returns, has produced RBA + 2.13% and the since inception (13mths) numbers have hit RBA + 2.03% as at the end of September.

We have also distributed a sizable 1.39% for the 1st quarter FY 2026 which was higher than the June distribution of 1.37% despite the RBA cash falling from 3.85% to 3.60% back in early August. With the recent performance of the portfolio as well as the decreasing RBA cash rate, it means that the gross running yield has fallen to 5.44% as at September month end. Keep in mind, these returns have been generated from holding, on average across the portfolio, the safest rating category available in the fixed income markets, namely AAA. For those less familiar with ratings, AAA is the highest rating category awarded to those investments that in the opinion of the rating agency carry the lowest risk. Therefore, to achieve these types of returns where the average credit rating is AAA, says a lot about the indiscriminate buying spree and the extent that these investors will reach for, to get access to this natural yield advantage asset class.

We shouldn't complain about the elevated BLIS returns being propelled by this buying momentum, however it gets to a point whereby you need to consider the pay-off matrix of volatility vs return. This is where the rating composition plays its part. With the majority of the portfolio invested in AAAs, when uncertainty arises, AAA bonds tend to exhibit less volatility and more visibility, and therefore this is our choice for managing through periods of uncertainty. So, to see BLIS get the rewards in the good times is an added bonus as this strategy has been designed to be your reliable liquidity enhancer through the unpredictable times.

Interestingly, even though we have captured a material amount of the upside in credit markets the relative value (RV) has been maintained and slightly improved across the key vanilla credit benchmarks i.e. the beta move is consistent across asset classes. At the same rating category of AA, RMBS is still trading double to the 5yr Bank spread, 135bps vs 68bps for less credit duration¹. In the traditionally more volatile Tier 2 market, the A rated Tier 2 is trading approx. at a spread of 129bps vs 160bps for similar duration RMBS A rated bonds². Over the month, we have witnessed the RMBS A rated bonds lag the move compared to the high beta Tier 2 spread movement².

Just a short remark on the credit quality of the portfolio with the serious delinquent borrowers, classified 90days+, fell MoM from 81bps to 71bps at the end of September. This reflects our decision to go up in credit (stronger collateral) as we position a heavier defensive bias in the portfolio.

Lastly, we thought it would be useful to share some commentary from one of the more prominent RMBS & ABS dealers in Aust³. They too, see the attributes for RMBS being an all-weather asset class.

FIRST FOR THE BULLISH CASE

Investment decisions in both the bullish and bearish scenarios depend on your investment universe as defined by mandate or risk appetite or both, so if you're unconstrained and bullish then securitised product may not tick your box for maximum returns unless you're looking at the sub-IG tranches where it's hard to get set. Instead, just reach for something high yield and cross your fingers (I can help you there too). But if we constrain ourselves to the available AUD investment grade universe, there's a strong case to be made that AUD securitised product still offers outsized returns on an RV basis versus other IG AUD product. With senior AAA 3yr WAL currently between 75 and 100bp for major bank originated to non-conforming this is roughly inline with where 3-5yr A rated IG credits (like utilities) are trading, and securitised product benefits from better liquidity both on the entry and exit side. If your bullish boost your average spread by adding down the rating bands, but you'll probably need some higher rated paper if you have a large portfolio, and buying this at primary is the easiest way to access the higher yielding mezz paper that's usually several times oversubscribed. We see further tightening to come in senior bank spreads, securitised AAA has room to follow.

NEXT THE BEARISH CASE

The good thing about being bearish is that eventually you'll be right, but unless you're Nostradamus and know exactly when the market is going to turn, you need to do something while you wait. Buy short dated high rated AAA securitised paper. It's highly liquid, RBA repo eligible, and better yielding than any other highly rated short-dated paper. Default risk, even downgrade risk, is close to zero. And, most importantly if you're bearish credit spreads, it pulls to par really quickly, so anything you lose on mark to market when spreads widen will be pulled back in carry in short order. Buy it and hope you're right so you can buy more when it widens.

¹ Gryphon; ANZ Closing Major Bank Levels, Sep 2025

² Gryphon; Westpac Commentary, Sep 2025

³ Deutsche Bank, Head of Flow Credit Trading market update, 1 Oct 2025

continued overleaf...

PARTIES

Responsible Entity

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Sub-Advisor

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Registry

One Registry Services Pty Ltd
ACN 141 757 360

AVAILABLE PLATFORMS INCLUDE

AMP North
Ausmaq/Clearstream
BT Panorama
CFS Edge
HUB24
Macquarie Wrap
Mason Stevens
Netwealth
Praemium

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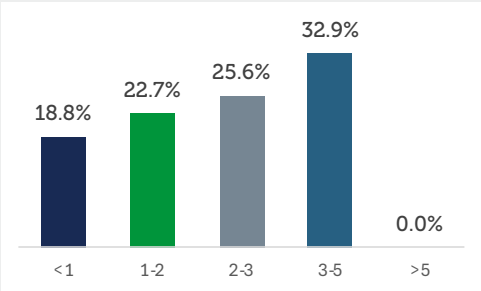
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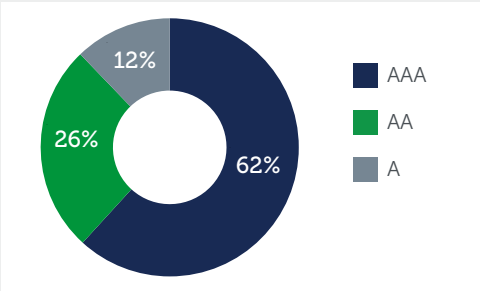
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PORTFOLIO CONSTRUCTION

CREDIT SPREAD DURATION



RATING BREAKDOWN



Weighted Average Life	AAA	AA	A	Total
0-1 Year	1.5%	6.9%	10.5%	18.8%
1-2 Years	17.6%	3.5%	1.7%	22.7%
2-3 Years	25.6%	–	–	25.6%
3-5 Years	17.1%	15.7%	–	32.9%
>5 Years	–	–	–	–
Total	61.8%	26.0%	12.2%	100.0%

Note: Numbers may not add up due to rounding

DISTRIBUTIONS HISTORY

DISTRIBUTIONS (%)

Financial Yr	Sep	Dec	Mar	Jun	YTD
2025–26	1.39				1.39
2024–25	0.73	1.50	1.52	1.37	5.21

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AVAILABLE PLATFORMS INCLUDE

AMP North
Ausmaq/Clearstream
BT Panorama
CFS Edge
HUB24
Macquarie Wrap
Mason Stevens
Netwealth
Praemium

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