SEPTEMBER 2026

Msquared High Yield Mortgage Income Fund

APIR MSQ3218AU | Wholesale Investors Only

MSQUARED CAPITAL

9.50% pa[1]

Current income

Fund overview

A diversified portfolio of loans secured by first and second registered mortgages over Australian real estate, focused on monthly income.

The Fund does not invest in specialised securities or loans to related parties. It is not geared.

Portfolio characteristics as at 30 September 2026	
Average weighted LVR	66.31%
Average weighted term	5.71 months
Loan investments[2]	72
Number of borrowers	57
Cash balance	4.05%
Settled in last 90 days	10
Repaid in last 90 days	8
In arrears 30-90 days	0
In arrears 90+ days	6
Value of loans in arrears	6.55%

Market outlook[4]

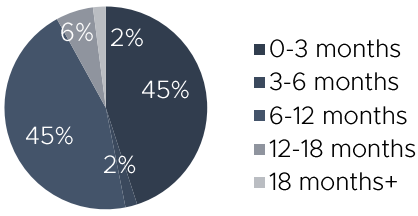
The RBA lifted the cash rate to 4.60% in late September, its fourth increase this year, as inflation remains stubbornly high: headline CPI was 4.0% and trimmed mean 3.6% in the year to August. While the August figure did come in softer than expected, the September figures showed renewed inflationary pressure, with headline CPI rising to 4.3%. This has increased expectations of a further rate increase at the RBA's November meeting.

Meanwhile, the labour market is softening, with unemployment at 4.7% in September, its highest level since COVID. The RBA has signalled it is prepared to tolerate unemployment of 4.5–5% to bring inflation under control. These conditions are now flowing through to private credit, where recent developer failures have tested the sector. We see this as a soft credit crunch rather than a freeze. Money is still available, but it is costlier and more selective. Defaults are likely to rise, especially among highly leveraged developers, but whether a default turns into a loss will depend on a variety of factors including how each loan was structured at the outset.

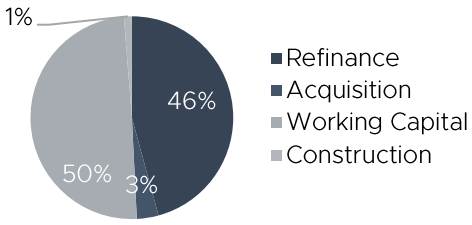
The Manager remains focused on selecting Loans that meet the Fund's Lending Guidelines. Given current market conditions, the Credit Committee is applying increased scrutiny to each Borrower's exit strategy, including their capacity to sell or refinance the Security Property.

Performance & portfolio exposure as at 30 September 2026[1,3]

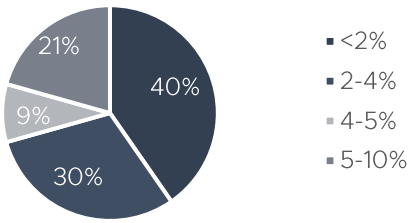
Loan term



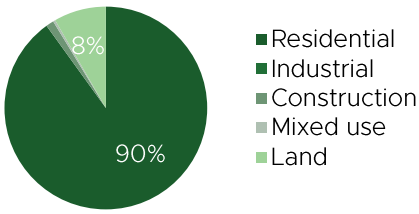
Loan purpose



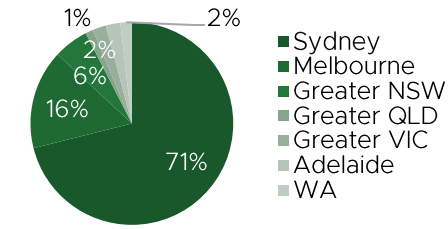
Loan position size



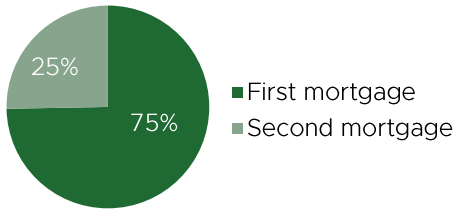
Property type



Property geography



Mortgage type



	1M	3M	6M	1Y pa	3Y pa	Inception pa
Performance[1]	0.78%	2.39%	4.76%	9.60%	10.04%	10.10%

1 Net of fees, costs & expenses, pre-tax, not compounded, annualised for periods over 12 months. Past performance not a reliable indicator of future performance. 2 Fund invests through Direct Loans and Loan Products issued by Msquared Capital. 3 Weighted % of loan investments as % of funds invested 4 Manager's views as at the date of this report. Forward-looking statements are not forecasts or guarantees; actual outcomes may differ materially.

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About Msquared Capital

Msquared Capital is an investment firm that lends to Australian businesses backed by real estate

We offer transparent and reliable access to private credit, whether you are investing alongside us to build your wealth or borrowing from us to grow your business.

Msquared Capital has been trusted by hundreds of investors and brokers, successfully deploying over $1.5 billion into commercial loans for private investors, advisers and institutions.

We can set every complex lending scenario up for success. Being closer to the borrower is how greater financial certainty is created.

Investment management team

Our investment team are former brokers, coupling private market debt expertise with experience gleaned at Australia's largest financial institutions. They are supported by a team of loan originators, credit analysts, lawyers and compliance experts. All decisions must be unanimously approved by an independently chaired investment committee.

Paul Miron, Co-Founder

Almost 30 years' experience as a broker and banker, structuring complex transactions for sophisticated borrowers. He held senior roles at major banks.

Paul Myliotis, Co-Founder

Over 20 years' experience as a broker, with senior roles held within PWC's tax division. He has a focus on commercial and residential finance and structuring complex transactions.

Why invest

Target higher income through all market conditions from a defensive private credit segment.

The fund has a 9% p.a. return target. It will typically generate a higher yield from defensive loans in favourable market conditions.

To achieve a higher yield, it has exposure to second registered mortgages over defensive real estate assets. In supportive market conditions, it may tactically include a limited exposure to blue-chip construction and development.

Fund facts

Asset class	Private credit
Security	First & second registered mortgages
Maximum LVR	80%
Inception	June 2022
Objective[5]	9% p.a.
Distributions	Monthly
Distribution source	Income
Minimum investment	$50,000
Minimum term	12 months
Redemptions	Quarterly
Unit price	$1.00
Platforms	Netwealth Mason Stevens

How to invest

Investors can transact through a financial adviser or speak to our investor team.

email: Marc Abrams m.abrams@msqcapital.com.au
email: Michael Herman m.herman@msqcapital.com.au
website: www.msquaredcapital.com.au
registry: investor.msquaredcapital.com.au/invest

5Target, not forecast and not guaranteed. Net of fees and pre-tax. Past performance is not a reliable indicator of future performance.

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