MSQUARED HIGH YIELD MORTGAGE INCOME FUND
MONTHLY REPORT | AUGUST 2025

MARKET & PORTFOLIO UPDATE

Easing inflation pressures coupled with a cooling labour market saw the cash rate cut by 25 basis points to 3.60% in August. Now at its lowest level in two years, the RBA appears confident inflation is trending towards its target band. This backdrop heightens borrower activity. While private credit demand remains strong structurally, we are also seeing rate activity drive an uptick in deal flow, well above the asset classes' baseline growth trajectory. We expect spikes in demand to continue at points throughout the easing cycle. Attractive opportunities are emerging in the short-term loan market as more borrowers seek working capital, want to secure capital quickly to fund acquisitions, or look to take advantage of falling rates by refinancing existing loans. On a relative basis, we believe private credit can produce stronger risk-adjusted returns than other fixed income instruments. We continue to take a selective approach, recognising that a higher volume of opportunities does not necessarily indicate quality. Capital will only be deployed into transactions that align with our rigorous lending standards. The Fund remained well diversified across 47 investments, with a weighted average loan term of 9.48 months and a weighted average loan-to-value ratio of 67.56%. Investors continue to receive a strong return of 10.00% p.a., which we believe is attractive in the current environment. We are seeing compelling opportunities in the private credit market, as more borrowers seek working capital, acquisitions, or refinancing.

RECENT RETURNS (ANNUALISED)*

August 25	10.00% p.a.
July 25	10.00% p.a.
June 25	10.10% p.a.

FUND METRICS

No. of Loan Investments in Fund	47
Weighted Portfolio LVR	67.56%
Weighted Portfolio Loan Term	9.48 months
Loans Settled in Last 90 Days	13
Loans Repaid in Last 90 Days	15

OBJECTIVES OF THE FUND

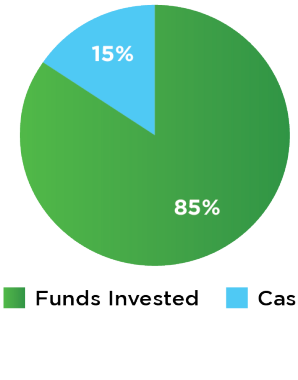
01 **To provide investors an opportunity to access high quality, registered mortgage investments through a professionally managed structure.**

02 **The provision of monthly income distributions at a targeted minimum net return of 9.00% p.a.**

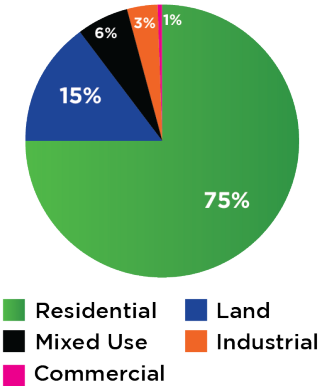
KEY FUND INFORMATION

Maximum LVR	80.00%
Security	Registered Mortgages
Distributions	Payable monthly
Minimum Investment	$50,000
Minimum Investment Term	12 Months
Redemptions	Quarterly with two months' notice
Investment Grade Research Ratings	SQM Ratings

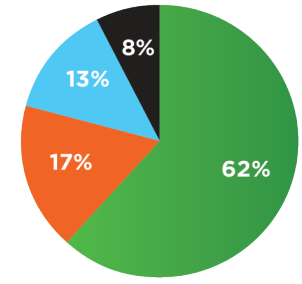
CAPITAL ALLOCATION



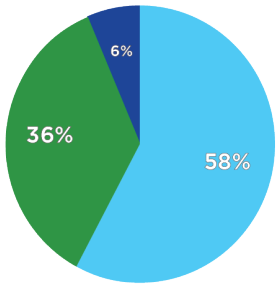
SECURITY TYPE



GEOGRAPHICAL LOCATION



LOAN PURPOSE



DISCLAIMER

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