MSQUARED HIGH YIELD MORTGAGE INCOME FUND
MONTHLY REPORT | SEPTEMBER 2025

MARKET & PORTFOLIO UPDATE

The Australian economy is entering a delicate phase. Inflation remains elevated and sticky, which limits how far and how fast the RBA can ease rates. The property market is benefiting from lower rates and tight supply, but is vulnerable to shifts in borrowing costs, consumer confidence, and policy changes. If inflation can be re-anchored and economic growth holds up, there's room for further modest rate cuts (likely in 2026). However if inflation surprises upward or external shocks hit, the RBA may need to pause or even reverse easing, which could cool property markets.

Australia's private credit market is expanding rapidly as banks pull back from mid-market lending, attracting global players. However, increased regulatory scrutiny, and high-profile defaults underscore rising compliance and credit risks. Overall, strong investor demand and high yields continue to drive growth, but tighter oversight and careful underwriting are becoming crucial as the sector matures. The High Yield Fund is continuing to pay 10.00% p.a., which we believe is competitive for both borrowers and investors alike. The Fund remained well diversified across 48 investments, with a weighted average loan term of 8.71 months and a weighted average loan-to-value ratio of 68.75%.

RECENT RETURNS (ANNUALISED)*

September 25	10.00% p.a.
August 25	10.00% p.a.
July 25	10.00% p.a.

FUND METRICS

No. of Loan Investments in Fund	48
Weighted Portfolio LVR	68.75%
Weighted Portfolio Loan Term	8.71 months
Loans Settled in Last 90 Days	16
Loans Repaid in Last 90 Days	18

OBJECTIVES OF THE FUND

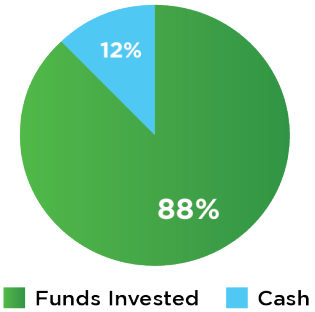
01 **To provide investors an opportunity to access high quality, registered mortgage investments through a professionally managed structure.**

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

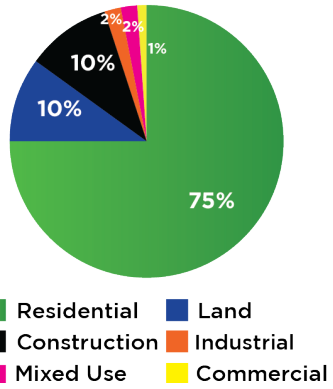
KEY FUND INFORMATION

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

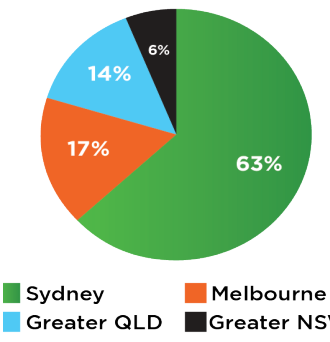
CAPITAL ALLOCATION



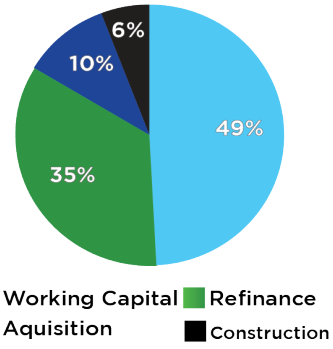
SECURITY TYPE



GEOGRAPHICAL LOCATION



LOAN PURPOSE



DISCLAIMER

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