# MSQUARED HIGH YIELD MORTGAGE INCOME FUND
# MONTHLY REPORT | OCTOBER 2025

## MARKET & PORTFOLIO UPDATE

At its meeting on 4 November 2025, the Reserve Bank of Australia (RBA) left the cash rate unchanged at 3.60%, as widely expected. The RBA highlighted that inflation had picked up more than anticipated, with underlying (trimmed mean) inflation rising to 3.00% annually from 2.70% in the June quarter, and headline CPI increasing to 3.20% from 2.10%. While the RBA noted that some of this rise reflected temporary factors, such as the expiry of electricity rebates, it acknowledged that underlying inflationary pressures may persist. As a result, the RBA judged that the case for further rate cuts has weakened, opting to maintain a cautious stance until inflation is clearly within target, potentially delaying any easing into 2026. If inflation remains sticky, particularly in services and housing, the RBA may need to hold or even tighten policy further. However, if growth weakens or the labour market softens, the RBA could resume easing. Despite this shift, Msquared Capital is seeing strong demand for quality lending solutions for borrowers and investors alike. The Msquared High Yield Fund is continuing to pay a distribution of 10.00% p.a., which we believe is competitive for both borrowers and investors. The Fund remained well diversified across 48 investments, with a weighted average loan term of 8.74 months and a weighted average loan-to-value ratio of 67.66%

## RECENT RETURNS (ANNUALISED)*

| | |
|---|---|
| **October 25** | 10.00% p.a. |
| **September 25** | 10.00% p.a. |
| **August 25** | 10.00% p.a. |

## FUND METRICS

| | |
|---|---|
| **No. of Loan Investments in Fund** | 48 |
| **Weighted Portfolio LVR** | 67.66% |
| **Weighted Portfolio Loan Term** | 8.74 months |
| **Loans Settled in Last 90 Days** | 18 |
| **Loans Repaid in Last 90 Days** | 20 |

## OBJECTIVES OF THE FUND

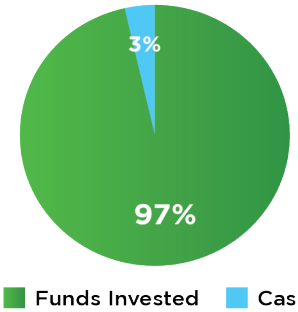
01 **To provide investors an opportunity to access high quality, registered mortgage investments through a professionally managed structure.**

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

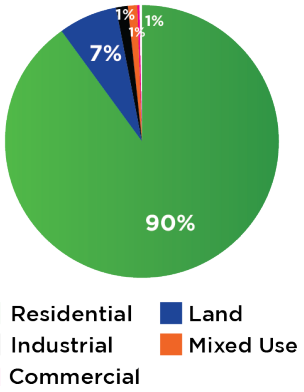
## KEY FUND INFORMATION

| | |
|---|---|
| **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 |

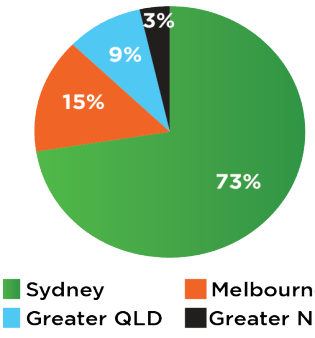
### CAPITAL ALLOCATION



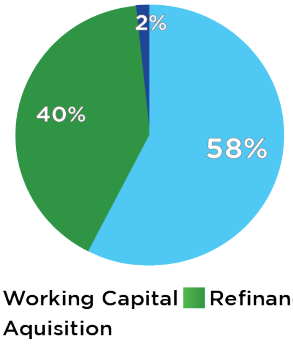

### SECURITY TYPE




### GEOGRAPHICAL LOCATION




### LOAN PURPOSE




## DISCLAIMER

This document is prepared by Msquared Capital Pty Ltd ACN 622 507 297 AFSL 520293 (Msquared Capital) for general information only. It does not consider individual investors' particular circumstances, investment objectives and needs and does not constitute financial, tax or legal advice. The document is not an invitation, offer or inducement to invest. Prospective investors should consider the Fund's Constitution and Information Memorandum and seek independent advice before making any decision to acquire, continue to hold or dispose of units in the Fund. Msquared does not guarantee the accuracy, reliability, nor completeness of this document. Investments in the Fund's products are not bank deposits and the performance of the Fund, return of capital or payment of distributions are not guaranteed. *Past performance is not indicative of future performance.

MSQUARED CAPITAL
Level 12, 88 Pitt Street, Sydney NSW 2000

p 02 9157 8608
e info@msqcapital.com.au
w msquaredcapital.com.au