JANUARY 2026

Msquared High Yield Mortgage Income Fund

APIR MSQ3218AU | Available to wholesale investors

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 capital preservation and monthly income.

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

Portfolio characteristics as at 31 January 2026	
Maximum LVR	80%
Average weighted LVR	67.54%
Average weighted term	7.01 months
Loan investments[2]	56
Number of borrowers	45
Cash balance	12.68%
Settled in last 90 days	14
Repaid in last 90 days	11
In arrears 30-90 days	0
In arrears 90+ days	0
Value of loans in arrears	0%

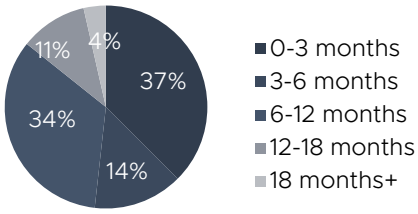
Market outlook

Following the unexpectedly hot inflation print, the Reserve Bank of Australia has lifted the cash rate, shifting to hawkish language as it cited concerns over several economic factors including lagging productivity and an overreliance on public sector spending. We believe that the persistently high employment rate, deepening housing undersupply crisis, combined with low private sector productivity, create a perfect storm for ongoing inflation. That said, households are absorbing inflationary pressures, continuing to service mortgages while consumer spending remains resilient. We expect property prices to remain relatively stable in the near term given the entrenched supply shortages.

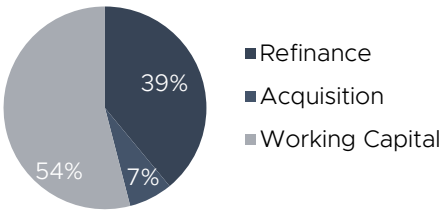
We are seeing particularly strong demand from borrowers in a historically quieter period. Both CBA and Macquarie have limited lending to commercial borrowers through trust structures in late 2025, seeing demand from sophisticated mid-market and SME borrowers surge among non-bank lenders. We consider these quality borrowers our ideal clients and have captured demand by refinancing loans on favourable terms, often alongside providing growth-oriented working capital. In our experience, these sophisticated clients tend to be repeat borrowers and the most defensive loans we can underwrite. Month end cash balance is higher in anticipation of imminent settlements. We are actively reducing risk across the portfolio in line with market conditions. We are applying greater scrutiny to borrowers' exit strategies and, in many scenarios, limiting leverage unless the loan has mitigating circumstances. We are tactically reducing exposure to second mortgages given the interest rate environment. This brings annualised income closer to its return target of 9%.

Performance & portfolio exposure as at 31 January 2026[1]

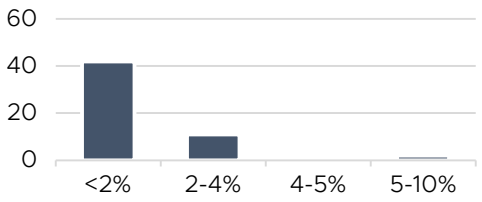
Loan term



Loan purpose

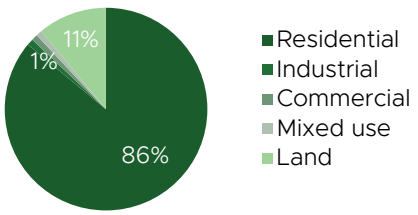


Loan position size

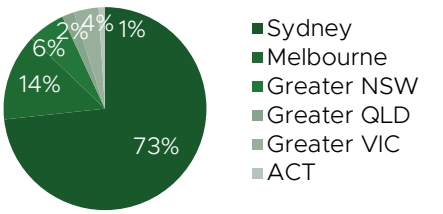


No. loan investments shown as % of funds invested

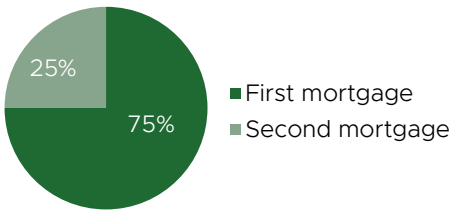
Property type



Property geography



Mortgage type



	1M	3M	6M	1Y pa	3Y pa	Inception pa
Performance[1]	0.80%	2.45%	4.96%	9.97%	10.11%	9.97%

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.

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MSQUARED CAPITAL

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 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 Colonial State Bank and Westpac.

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% pa return target through the cycle. 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
Inception	June 2022
Objective	9% pa
Distributions[3]	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

3 Past performance is not a reliable indicator of future performance.

This document has been prepared by Msquared Capital Pty Ltd ACN 622 507 297 AFSL 520293 (Msquared Capital) as trustee of the Msquared High Yield Mortgage Income Fund (Fund). The Fund is available to wholesale clients only (as defined in the Corporations Act 2001 (Cth)). The information in this document is general in nature and does not constitute investment or personal financial product advice, and does not take into account your investment objectives, particular needs or financial situation. 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. Msquared Capital does not give any representation or warranty as to the reliability, completeness or accuracy of the information contained in this document and does not accept liability for any inaccurate, incomplete or omitted information or any losses caused by using this information. 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. Fund documents are available at msquaredcapital.com.au.