FEBRUARY 2026

Msquared High Yield Mortgage Income Fund

APIR MSQ3218AU

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 28 February 2026	
Maximum LVR	80%
Average weighted LVR	66.33%
Average weighted term	6.61 months
Loan investments[2]	62
Number of borrowers	49
Cash balance	1.09%
Settled in last 90 days	15
Repaid in last 90 days	8
In arrears 30-90 days	2
In arrears 90+ days	0
Value of loans in arrears	1.07%

Market outlook

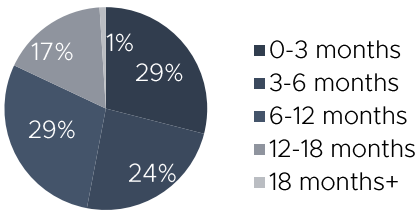
Inflation remained elevated heading into 2026, driven by rising housing and electricity costs, and further intensified by the Middle East conflict, which is pressuring global supply chains and energy markets. Markets have responded by pricing in additional RBA rate hikes, pushing 10-year government bond yields toward 4.7% and lifting the Australian dollar by around 5%. This environment is likely to fuel volatility across asset classes, with listed global private credit managers, particularly those exposed to corporate debt-facing heightened redemption pressures and liquidity challenges.

In contrast, Australian non-listed private credit providers such as Msquared Capital continue to benefit from stable fundamentals, with portfolios secured by property and strong demand from both investors and borrowers. A modest credit squeeze is possible if global conditions deteriorate, but chronic undersupply should help keep domestic property prices broadly stable as long as households manage rising living costs. Recent deal flow has been dominated by commercial borrowers refinancing away from less competitive bank terms, and the short-duration nature of our loan book remains a strategic advantage, supporting borrower retention even as rate shopping increases.

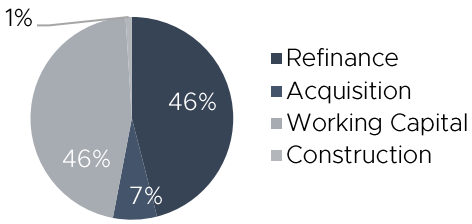
Against this backdrop, we are tactically reducing exposure to second mortgages and regional property markets, and currently have zero exposure to construction loans. Our focus is on commercial loans secured by residential assets in metropolitan areas, which typically offer stronger liquidity and faster saleability in adverse scenarios. This more conservative positioning supports our objective of maintaining annualised income closer to the 'all-weather' return target of 9% pa.

Performance & portfolio exposure as at 28 February 2026[1]

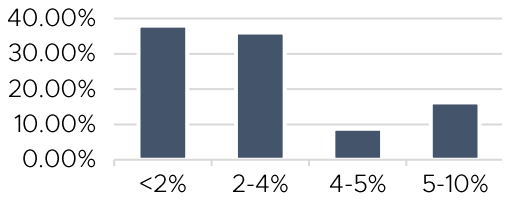
Loan term



Loan purpose

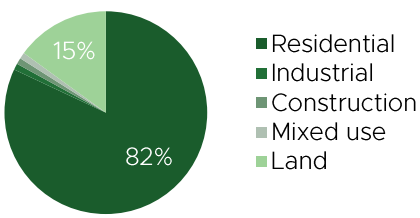


Loan position size

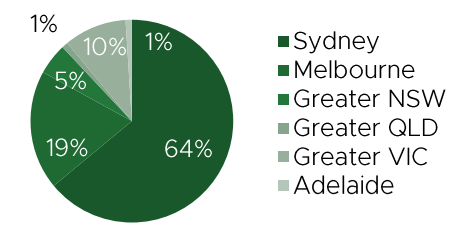


Weighted % of loan investment as % of funds invested

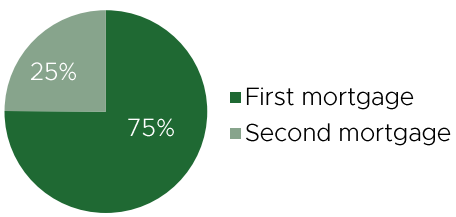
Property type



Property geography



Mortgage type



	1M	3M	6M	1Y pa	3Y pa	Inception pa
Performance[1]	0.73%	2.36%	4.84%	9.90%	10.11%	10.17%

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% p.a. 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%
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.

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