APRIL 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.

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

Portfolio characteristics as at 30 April 2026	
Maximum LVR	80%
Average weighted LVR	67.78%
Average weighted term	6.22 months
Loan investments[2]	66
Number of borrowers	55
Cash balance	6.91%
Settled in last 90 days	16
Repaid in last 90 days	9
In arrears 30-90 days	3
In arrears 90+ days	1
Value of loans in arrears	2.44%

Market outlook

Inflation and interest rates are expected to trend higher over the year as the effects of the recent oil shock begin to filter through headline economic data. Within property markets, asset-level divergence is becoming more pronounced. Persistent supply shortages should provide a degree of price support; however, our valuation analysis indicates that weaker segments of the market may see price declines of up to 10% by July. Construction projects that rely on rising property values to achieve profitability are increasingly exposed, with inflation of some materials now surpassing 20%.

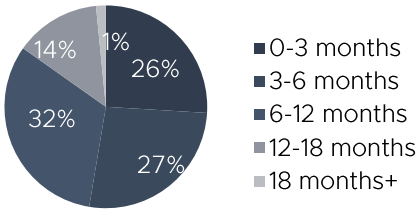
Although overall business confidence has softened, we are seeing stronger engagement from experienced borrowers seeking to refinance ahead of further rate increases or secure working capital to manage short-term supply and demand disruptions. Access to this quality deal flow, alongside our disciplined approach to managing downside risk, helps the fund retain a defensive tilt as economic uncertainty increases.

The fund remains focused on one of the most defensive areas of the market; commercial loans secured against residential assets in metropolitan locations, where liquidity and saleability tend to hold up better in adverse environments. The short duration of our loan book continues to be a strategic advantage, enabling us to progressively reduce macroeconomic exposure and manage borrower leverage more dynamically and allows us to reposition the portfolio quickly as conditions evolve.

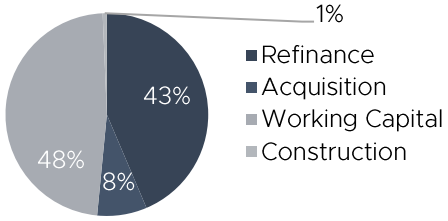
Differentiating from most Australian private credit exposures, the fund can increase or decrease its exposure to higher-risk real estate sectors, including construction, based on market conditions and loan fundamentals. We strategically reduced our overall exposure to construction funding and continue to prioritise higher positions in the capital stack. Across the portfolio, we are applying increased scrutiny to valuations, exit strategies, and borrower leverage.

Performance & portfolio exposure as at 30 April 2026[1]

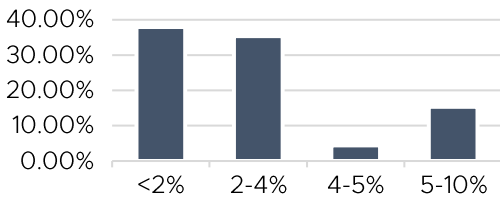
Loan term



Loan purpose

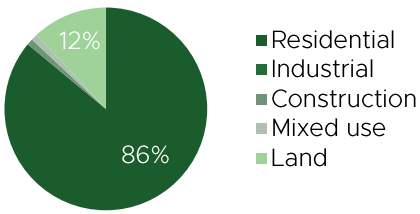


Loan position size

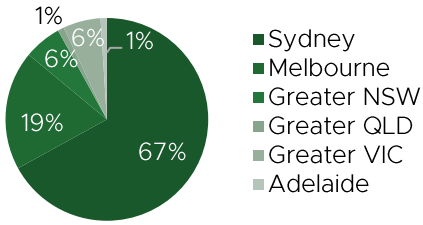


Weighted % of loan investment as % of funds invested

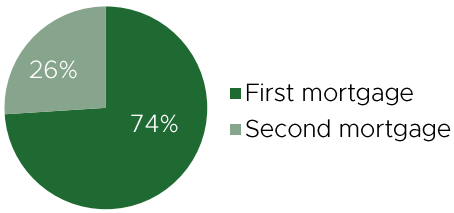
Property type



Property geography



Mortgage type



	1M	3M	6M	1Y pa	3Y pa	Inception pa
Performance[1]	0.78%	2.31%	4.76%	9.80%	10.11%	10.14%

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. 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[3]	9% p.a.
Distributions	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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