MARCH 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 31 March 2026	
Maximum LVR	80%
Average weighted LVR	66.08%
Average weighted term	6.77 months
Loan investments[2]	66
Number of borrowers	44
Cash balance	0.37%
Settled in last 90 days	15
Repaid in last 90 days	8
In arrears 30-90 days	3
In arrears 90+ days	Nil
Value of loans in arrears	1.25%

Market outlook

Australia's rising inflation, rising interest rate environment is now being fuelled by a global oil crisis, with the more bearish commentators predicting growth will be sluggish and inflation could rear its head above 5%. Government economic intervention is likely to shift the shape of the Federal Budget next month.

The extent and longevity of the supply chain shock we feel here in Australia remains unknown. What we do know, is that deal flow has increased. Despite prevailing market conditions, we are seeing more quality Australian borrowers seek capital to acquire, refinance and grow their business. We also know that Australian property supply is structurally scarce. We believe this will help keep property prices stable, even if the growth outlook is subdued in the coming months.

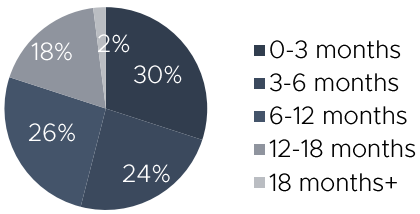
To continue to deliver income while prioritising capital preservation in this environment, our role is to ensure the portfolio is defensively positioned. We focus on quality in a defensive market segment. Our strategies are designed for the scenarios where private credit needs to play a defensive role in an investment portfolio.

We invest in short-term loans backed by real estate with calculated liquidity characteristics and conservative leverage. The advantage of short-term loans is that capital is recycled more frequently; giving us the flexibility to reposition the portfolio as market conditions change. We remain positioned in the market's most defensive segment, where we are placing greater scrutiny on valuations, exit strategies and borrower leverage.

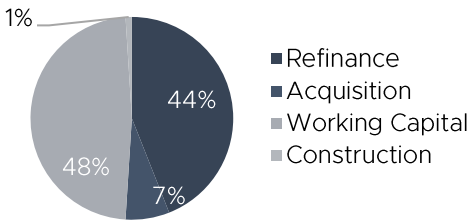
Within strict risk parameters, we tactically allocate to higher-yielding opportunities in favourable market conditions or where loan fundamentals are compelling. We are not mandated to deploy capital into higher risk sectors while conditions are deteriorating.

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

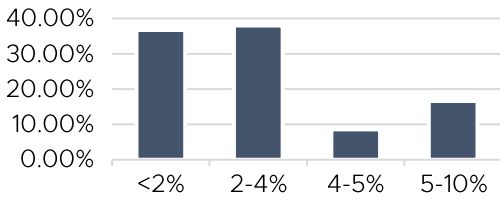
Loan term



Loan purpose

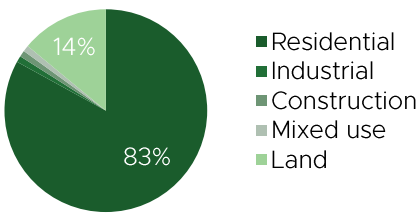


Loan position size

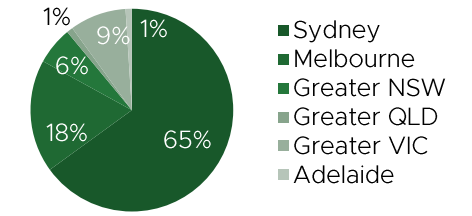


Weighted % of loan investment as % of funds invested

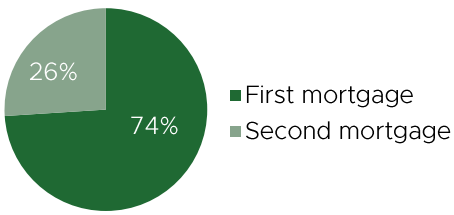
Property type



Property geography



Mortgage type



	1M	3M	6M	1Y pa	3Y pa	Inception pa
Performance[1]	0.80%	2.34%	4.83%	9.85%	10.12%	9.94%

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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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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