

# Squirrel Wholesale Investment Funds

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## Fund summary and investment update

### **Includes:**

Squirrel Wholesale Home Loan Fund

Squirrel Wholesale Construction Loan Fund

Squirrel Specialised Income Fund

### **At 30 September 2024**

This fund overview and investment update is provided by Squirrel Money Limited ('Squirrel') in good faith and is designed as a summary to accompany the Information Memorandum for the Squirrel Wholesale Investment Funds ('Scheme') which contains the Squirrel Wholesale Home Loan Fund, the Squirrel Wholesale Construction Loan Fund and the Squirrel Specialised Income Fund ('Funds').

The Funds are only available to wholesale investors and other persons who do not require disclosure under Part 3 of the Financial Markets Conduct Act 2013 ('FMC Act'). You can only invest in the Funds with the approval of FundRock NZ Limited (the 'Manager') and Squirrel.

### **Note**

Please read the Risk and Disclosure Notice at the end of the document.

Returns after all fees and expenses. Calculations assume that distributions are distributed. Investors' tax rates are not taken into account when calculating returns. Past performance is not a reliable indicator of future performance. Distributions are not guaranteed.

# Squirrel Wholesale Home Loan Fund

|   |   |                      |              |
|---|---|----------------------|--------------|
| Investment objective and strategy                     | <p>The Fund's investment objective is to provide an annual return, after fees and before tax, that outperforms the 1-Year New Term Deposit Rate (&gt;\$10k), by a margin of 2.00%.</p> <p>The Fund is designed to provide investors with a regular income return generated through an investment in a diversified portfolio of home loans secured with registered first mortgages on residential property across New Zealand. Loan exposure is obtained through the Squirrel P2P platform operated by Squirrel.</p> |                      |              |
| Benchmark asset allocation and asset allocation range | <p><b>New Zealand income assets (including loans):</b> <b>100%</b></p> <p><i>Home loans secured by a first mortgage:</i> <b>0% – 100%</b></p> <p><i>Cash and cash equivalents:</i> <b>0% – 30%</b></p>  |                      |              |
| Suggested investment timeframe                        | 1 year and longer   |                      |              |
| Fund size   | \$10,015,375.56   | Pending transactions | -\$22,160.05 |
| Fund redemptions                                      | At any time subject to 30 days' notice  |                      |              |
| Fund pricing  | Daily   |                      |              |
| Distributions   | Monthly – distributions are paid on the 10 <sup>th</sup> working day  |                      |              |
| Security  | Registered first mortgages over New Zealand residential property  |                      |              |
| Fund structure  | Foreign Investment variable-rate PIE  |                      |              |
| Fund charges  | <p><b>Estimated annual total fee (including GST):</b> <b>1.70%</b></p> <ul style="list-style-type: none"> <li>Annual fund management fee: 0.25%</li> <li>Estimated average platform service margin: 1.45%</li> </ul>  |                      |              |
| Leverage  | The Fund can borrow up to 10% of the aggregate value of its investments to provide short-term liquidity (i.e. to pay redemptions or expenses)   |                      |              |
| Risks   | See section 4 "What are the risks of investing?" of the Scheme's Information Memorandum   |                      |              |

## Squirrel Wholesale Home Loan Fund – September 2024 update

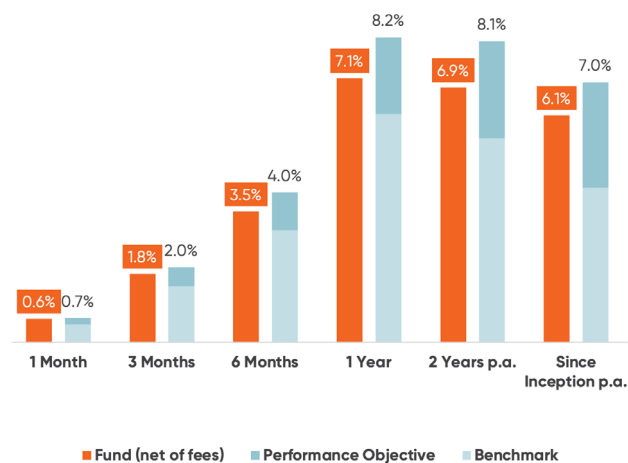
The Squirrel Wholesale Home Loan Fund generated a return of **0.61%** in September 2024, bringing its **one-year return to 7.57%** (net of fees, before taxes). The Fund's assets increased to **\$10 million** during the month.

The Fund is diversified across **42 loans**, with a portfolio **weighted-average loan-to-value** ratio (LVR) of 56.9%. The Fund has invested in **10 whole loans** (38.1% of the Fund) that it plans to hold to maturity. These whole loans are generating a return of **7.38%**, while the fractional home loans continue to generate **7.00% per annum**. All loans are performing, with **no loans past maturity or in arrears**. The Fund's loan quality remains high, as demonstrated by the **Loan/Borrower Risk Grade Matrix**, with **94.9%** of the Fund invested in loans rated **B3 or higher**. All loans in the portfolio have the support of a Squirrel Reserve Fund. The Fund's term structure is relatively short, with **45.7%** of the loans maturing within 12 months, and **82.1%** maturing within two years.

Increasing investor support of Squirrel's Home Loan investment class is enabling Squirrel to originate more of these high-quality loans that provide investors with an extremely attractive risk and return profile in a diversified portfolio. We plan to continue prudently increasing the Fund's investment in whole loans to further enhance its return profile, while maintaining the portfolio's high-quality standards and liquidity.

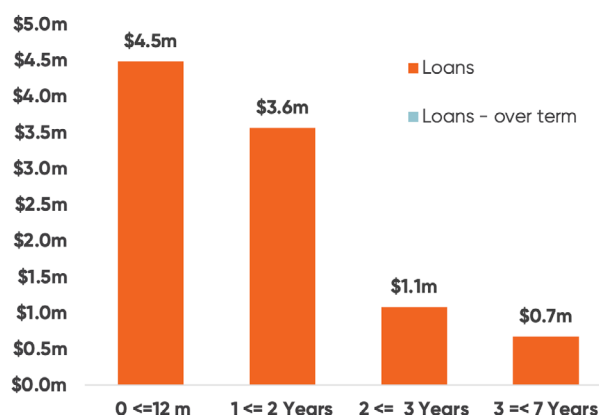
# Squirrel Wholesale Home Loan Fund in numbers

## Fund Performance as at 30 September 2024



Source: FundRock NZ Limited

## Fund term structure based on loan maturity schedule as at 30 September 2024



Source: FundRock NZ Limited

## Fund Performance as at 30 September 2024

| Period                | 1 month | 3 months | 6 months | 1 year | 2 years p.a. | Since inception p.a. |
|-----------------------|---------|----------|----------|--------|--------------|----------------------|
| Fund (net of fees)    | 0.63%   | 1.85%    | 3.53%    | 7.14%  | 6.89%        | 6.13%                |
| Benchmark             | 0.48%   | 1.51%    | 3.03%    | 6.17%  | 5.51%        | 4.18%                |
| Performance objective | 0.65%   | 2.03%    | 4.05%    | 8.24%  | 8.13%        | 7.03%                |

Source: FundRock NZ Limited

## Fund risk measures and summary statistics

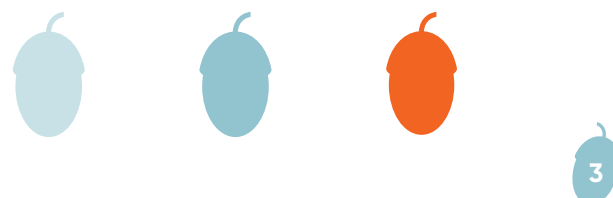
| Measure                                     | 31 Aug '24 | 30 Sep '24 |
|---|------------|------------|
| Number of holdings                          | 33         | 42         |
| Largest holding (% of Fund)                 | 8.66%      | 9.56%      |
| Average holding (% of Fund)                 | 3.01%      | 2.33%      |
| Loans in default number & (Fund investment) | 0 (\$0.00) | 0 (\$0.00) |
| Loan arrears: number & (Fund exposure)      | 0 (\$0.00) | 0 (\$0.00) |
| Loans over term: number & (Fund investment) | 0 (\$0.00) | 0 (\$0.00) |
| % of loans with Reserve Fund protection     | 100%       | 100%       |
| Fund loan-to-value ratio (weighted)         | 63.3%      | 56.9%      |

Source: Squirrel

## Loan/borrower risk grade matrix as at 30 Sep 2024

|                      | Security risk grade (1-5) |    |   |   |   |                 |
|----------------------|---------------------------|----|---|---|---|-----------------|
| Borrower grade (A-E) | 1                         | 2  | 3 | 4 | 5 | Number of loans |
| A                    | 3                         | 2  | 2 |   |   | 10              |
| B                    |                           | 21 | 6 |   |   | 27              |
| C                    |                           | 4  | 1 |   |   | 5               |
| D                    |                           |    |   |   |   |                 |
| E                    |                           |    |   |   |   |                 |
| Total                | 3                         | 30 | 9 |   |   | 42              |

Source: Squirrel



## Squirrel Wholesale Home Loan Fund in numbers (continued)

### Regional exposure as at 30 September 2024

| Region             | No. of loans | Value of loans        | Average loan investment value | % of fund investments |
|--------------------|--------------|-----------------------|-------------------------------|-----------------------|
| Auckland           | 28           | \$6,737,385.59        | \$240,620.91                  | 68.71%                |
| Canterbury         | 1            | \$370,000.00          | \$370,000.00                  | 3.77%                 |
| Malborough         | 1            | \$165,208.68          | \$165,208.68                  | 1.68%                 |
| Northland          | 1            | \$73,143.91           | \$73,143.91                   | 0.75%                 |
| Otago              | 3            | \$853,747.58          | \$284,582.53                  | 8.71%                 |
| Waikato            | 1            | \$413,125.40          | \$413,125.40                  | 4.21%                 |
| Wellington         | 4            | \$385,767.60          | \$96,441.90                   | 3.93%                 |
| Nelson             | 1            | \$2,508.56            | \$2,508.56                    | 0.03%                 |
| Bay of Plenty      | 2            | \$804,981.17          | \$402,490.59                  | 8.21%                 |
| <b>Grand total</b> | <b>42</b>    | <b>\$9,805,868.49</b> | <b>\$233,473.06</b>           | <b>100.00%</b>        |

Source: Squirrel

### Ten largest fund investments as at 30 September 2024

| Loan ID      | Loan amount | Security type        | Borrower region | Credit risk grade | LVR   | Reserve Fund             | Remaining term (M) | Loan arrears (30 days+) | Fund's interest rate | Fund investment    | % of fund    |
|--------------|-------------|----------------------|-----------------|-------------------|-------|--------------------------|--------------------|-------------------------|----------------------|--------------------|--------------|
| 17668        | \$1,800,000 | Residential Dwelling | Auckland        | A3                | 60.0% | Home Loans               | 23.1               | Up to date              | 7.00%                | \$957,283          | 9.56%        |
| 17679        | \$1,683,000 | Residential Dwelling | Auckland        | B3                | 58.0% | Home Loans               | 11.0               | Up to date              | 7.00%                | \$952,845          | 9.51%        |
| 17713        | \$661,125   | Residential Dwelling | Auckland        | A2                | 22.7% | Specialised Reserve Fund | 11.8               | Up to date              | 7.54%                | \$661,125          | 6.60%        |
| 17699        | \$578,260   | Residential Dwelling | Auckland        | B3                | 70.0% | Specialised Reserve Fund | 23.7               | Up to date              | 7.25%                | \$578,260          | 5.77%        |
| 17702        | \$1,316,000 | Residential Dwelling | Auckland        | B3                | 52.0% | Home Loans               | 36.0               | Up to date              | 7.00%                | \$574,469          | 5.74%        |
| 17731        | \$550,000   | Residential Dwelling | Bay of Plenty   | B2                | 60.0% | Specialised Reserve Fund | 24.3               | Up to date              | 7.25%                | \$550,000          | 5.49%        |
| 17643        | \$410,000   | Residential Dwelling | Waikato         | A1                | 60.0% | Specialised Reserve Fund | 10.6               | Up to date              | 7.75%                | \$413,125          | 4.12%        |
| 17674        | \$389,470   | Residential Dwelling | Auckland        | B2                | 45.0% | Specialised Reserve Fund | 11.1               | Up to date              | 7.25%                | \$389,470          | 3.89%        |
| 17724        | \$370,000   | Residential Dwelling | Canterbury      | A2                | 46.9% | Specialised Reserve Fund | 12.0               | Up to date              | 7.25%                | \$370,000          | 3.69%        |
| 16718        | \$2,000,000 | Residential Dwelling | Auckland        | B2                | 80.0% | Home Loans               | 22.8               | Up to date              | 7.00%                | \$332,386          | 3.32%        |
| <b>Total</b> |             |                      |                 |                   |       |                          |                    |                         |                      | <b>\$5,778,963</b> | <b>57.7%</b> |

Source: Squirrel

# Squirrel Wholesale Construction Loan Fund

|  |   |                             |             |
|--|---|-----------------------------|-------------|
| <b>Investment objective and strategy</b>                     | <p>The Fund is designed to provide investors with a regular income return generated through an investment in a diversified portfolio of residential construction loans secured with registered first mortgages. Loan exposure is obtained through the Squirrel peer-to-peer ("P2P") platform operated by Squirrel.</p> <p>The Fund's investment objective is to provide an annual return, after fees and before tax, that outperforms the 1 Year New Term Deposit Rate (&gt;\$10k), by a margin of 2.25%.</p> |                             |             |
| <b>Benchmark asset allocation and asset allocation range</b> | <p><b>New Zealand income assets (including loans):</b> <b>100%</b></p> <p><i>Residential construction property loans secured by a first mortgage:</i> 0% – 100%</p> <p><i>Cash and cash equivalents:</i> 0% – 30%</p>   |                             |             |
| <b>Suggested investment timeframe</b>                        | 1 year  |                             |             |
| <b>Fund size</b>   | \$30,275,285.32   | <b>Pending transactions</b> | -\$5,988.63 |
| <b>Fund redemptions</b>                                      | At any time subject to 30 days' notice  |                             |             |
| <b>Fund pricing</b>  | Daily   |                             |             |
| <b>Distributions</b>   | Monthly – distributions are paid on the 10 <sup>th</sup> working day  |                             |             |
| <b>Security</b>  | Registered first mortgages over New Zealand residential property  |                             |             |
| <b>Fund structure</b>  | Foreign Investment variable-rate PIE  |                             |             |
| <b>Fund charges</b>  | <p><b>Estimated annual total fee (including GST):</b> <b>1.80%</b></p> <ul style="list-style-type: none"> <li>Annual fund management fee: 0.25%</li> <li>Estimated average platform service margin: 1.55%</li> </ul>  |                             |             |
| <b>Leverage</b>  | The Fund can borrow up to 10% of the aggregate value of its investments to provide short-term liquidity (i.e. to pay redemptions or expenses)   |                             |             |
| <b>Risks</b>   | See section 4 "What are the risks of investing?" of the Scheme's Information Memorandum   |                             |             |

## Squirrel Wholesale Construction Loan Fund – September 2024 update

The Squirrel Wholesale Construction Loan Fund generated a return of **0.65%** in September 2024, bringing its **one-year return to 8.20%** (net of fees, before taxes). The Fund's assets totalled **\$30,275,285 million** at month-end.

The Fund's portfolio was diversified across **149 construction loans** at month-end including:

- **120 fractional loans (comprising 62.44% of the Fund by value) that:**
  - generate a yield of **7.50% per annum**
  - have a weighted loan-to-value ratio (LVR) of **63.64%**
  - benefit from the protection of the **Squirrel Construction Loan Reserve Fund**
  - provide liquidity, as they may be sold via Squirrel's secondary market

- **29 whole loans (comprising of 33.85% of the Fund by value) that:**
  - generate a weighted average yield of **8.45%**
  - have a weighted loan to value ratio of **61.04%**
  - benefit from the protection of the **Squirrel Specialist Reserve Fund**
  - will be held to maturity
- As measures of the Fund's risk:
  - the portfolio's **weighted average LVR is 60.21%**
  - the Fund's average investment is **\$195,645**
  - **94.8%** of the loans are rated **B3 or better**
  - the single largest investment represents **5.81%** of the Fund's portfolio
  - the 10 largest investments account for **29.2%** of the portfolio
- The Fund has a **short term to maturity** with:
  - **52.5%** of the loans (by value) maturing within six months
  - **90.9%** of the loans (by value) maturing within 12 months
  - maturing loans provide a source of liquidity, should the Fund need to meet investor redemption requests or fund new investments

## Loans over term and in arrears

**Default:** The borrower of a \$544,050 construction loan has defaulted. Squirrel P2P Trustee, on behalf of the Fund, has exercised its rights and is now the mortgagee in possession. The loan is secured by a registered first mortgage. The borrower used the loan to purchase the land and undertake the construction of a home in Whangarei. Squirrel plans to complete the house and will manage the project to completion. We expect the home to be completed during Q1 of 2025 and sold by 30 April 2025. We expect the proceeds of the sale will fully repay the Fund's loan. Should we not achieve the expected price (supported by a registered valuation), any loss will be covered by the reserve fund with no impact the Funds returns.

**Loans Over Term:** As of **30 September 2024**, **8 loan investments** totalling **\$876,394.32** (3.15% of the Fund) were past maturity, with arrears of **\$9,771**:

- **Two investments** (\$109,827.47) are expected to be repaid during October.
- **Six loan investments** (\$741,138.15) are expected to be repaid from the proceeds property sales in the future.

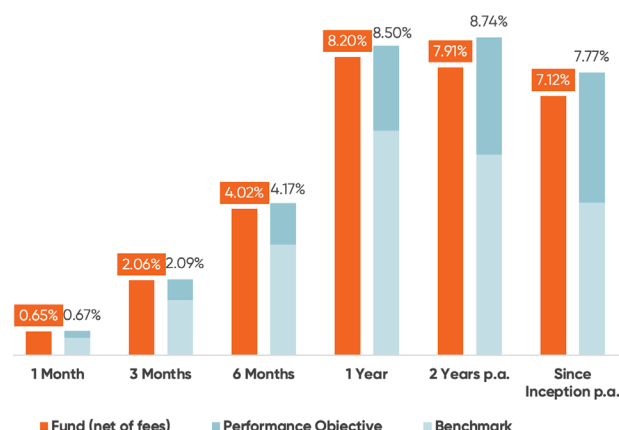
All investments remain protected by **Squirrel's Reserve Funds**, and the Fund continues to receive its monthly interest payments where loans are in arrears or default.

## Outlook and conclusion

The general environment for residential property developers continues to be weak but with two OCR cuts already in the bag and another cut projected for November the outlook is becoming increasingly favourable. Aside from reducing the developers' interest expense, the falling interest rates are likely to stimulate increasing demand for houses as potential homeowners and property investors gain more confidence and buy up the existing stock. As discussed previously we continue to see developers acquiring properties at **attractive prices** and positioning themselves for projects they plan to consent and develop over the next **12 to 36 months**. We have a strong pipeline of loans conditionally approved that are expected to settle in October and into November providing the Fund with a **steady pipeline** of investment opportunities.

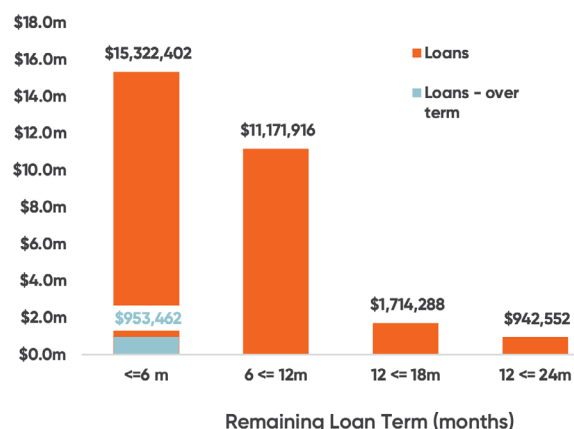
# Squirrel Wholesale Construction Loan Fund in numbers

## Fund Performance as at 30 September 2024



Source: FundRock NZ Limited

## Fund term structure based on loan maturity schedule as at 30 September 2024



Source: FundRock NZ Limited

## Fund Performance as at 30 September 2024

| Period                | 1 month | 3 months | 6 months | 1 year | 2 years p.a. | Since inception p.a. |
|-----------------------|---------|----------|----------|--------|--------------|----------------------|
| Fund (net of fees)    | 0.65%   | 2.06%    | 4.02%    | 8.20%  | 7.91%        | 7.12%                |
| Benchmark             | 0.48%   | 1.51%    | 3.03%    | 6.17%  | 5.51%        | 4.18%                |
| Performance objective | 0.67%   | 2.09%    | 4.17%    | 8.50%  | 8.74%        | 7.77%                |

Source: FundRock NZ Limited

## Fund risk measures and summary statistics

| Measure                                     | 31 Aug '24    | 30 Sep '24    |
|---|---------------|---------------|
| Number of holdings                          | 149           | 149           |
| Largest holding (% of Fund)                 | 6.04%         | 5.81%         |
| Average holding (% of Fund)                 | 0.67%         | 0.65%         |
| Loans in default number & (Fund investment) | 0 (\$0)       | 1 (\$544,051) |
| Loan arrears: number & (Fund exposure)      | 7 (\$10,501)  | 7 (\$9,771)   |
| Loans over term: number & (Fund investment) | 6 (\$491,425) | 8 (\$953,462) |
| % of loans with Reserve Fund protection     | 100%          | 100%          |
| Fund loan-to-value ratio (weighted)         | 61.83%        | 60.21%        |

Source: Squirrel

## Loan/borrower risk grade matrix as at 30 Sep 2024

|                      | Security risk grade (1-5) |    |     |   |   |                 |
|----------------------|---------------------------|----|-----|---|---|-----------------|
| Borrower grade (A-E) | 1                         | 2  | 3   | 4 | 5 | Number of loans |
| A                    | 3                         | 8  | 63  | 4 |   | 78              |
| B                    | 3                         | 29 | 31  |   |   | 63              |
| C                    |                           |    | 7   |   |   | 7               |
| D                    |                           |    |     | 1 |   | 1               |
| E                    |                           |    |     |   |   |                 |
| Total                | 6                         | 37 | 101 | 5 |   |                 |

Source: Squirrel





## Squirrel Wholesale Construction Loan Fund in numbers (continued)

### Regional exposure as at 30 September 2024

| Region             | No. of loans | Value of loans      | Average loan investment value | % of fund investments |
|--------------------|--------------|---------------------|-------------------------------|-----------------------|
| Auckland           | 64           | \$13,996,229        | \$218,691                     | 46.2%                 |
| Bay of Plenty      | 11           | \$1,760,906         | \$160,082                     | 5.8%                  |
| Canterbury         | 32           | \$5,006,911         | \$156,466                     | 16.5%                 |
| Manawatu-Wanganui  | 2            | \$599,032           | \$299,516                     | 2.0%                  |
| Nelson             | 1            | \$5,000             | \$5,000                       | 0.0%                  |
| Northland          | 6            | \$1,081,550         | \$180,258                     | 3.6%                  |
| Otago              | 6            | \$414,360           | \$69,060                      | 1.4%                  |
| Southland          | 2            | \$251,939           | \$125,970                     | 0.8%                  |
| Taranaki           | 1            | \$684,782           | \$684,782                     | 2.3%                  |
| Waikato            | 14           | \$3,107,309         | \$221,951                     | 10.3%                 |
| Wellington         | 9            | \$2,191,235         | \$243,471                     | 7.2%                  |
| Hawke's Bay        | 1            | \$51,906            | \$51,906                      | 0.2%                  |
| <b>Grand total</b> | <b>149</b>   | <b>\$29,151,158</b> | <b>\$195,645</b>              | <b>96.3%</b>          |

Source: Squirrel

### Ten largest fund investments as at 30 September 2024

| Loan ID      | Loan amount | Security type        | Borrower region | Credit risk grade | LVR   | Reserve Fund             | Remaining term (M) | Loan arrears (30 days+) | Fund's interest rate | Fund investment    | % of fund     |
|--------------|-------------|----------------------|-----------------|-------------------|-------|--------------------------|--------------------|-------------------------|----------------------|--------------------|---------------|
| 17682        | \$2,000,000 | Residential Dwelling | Waikato         | A2                | 69.0% | Business Property Loans  | 11.1               | Up to date              | 7.50%                | \$1,760,000        | 5.81%         |
| 17514        | \$1,655,500 | Residential Dwelling | Auckland        | B2                | 80.0% | Business Property Loans  | 2.7                | Up to date              | 7.50%                | \$1,655,500        | 5.47%         |
| 17704        | \$1,559,886 | Residential Dwelling | Auckland        | A3                | 50.0% | Business Property Loans  | 14.7               | Up to date              | 7.50%                | \$874,886          | 2.89%         |
| 17496        | \$834,130   | Residential Dwelling | Wellington      | B2                | 66.0% | Specialised Reserve Fund | 2.7                | Up to date              | 8.25%                | \$834,130          | 2.76%         |
| 17571        | \$714,130   | Residential Dwelling | Auckland        | B3                | 70.0% | Specialised Reserve Fund | 9.9                | Up to date              | 8.20%                | \$726,645          | 2.40%         |
| 17172        | \$684,782   | Residential Dwelling | Taranaki        | A3                | 70.0% | Specialised Reserve Fund | 1.9                | Up to date              | 8.45%                | \$684,782          | 2.26%         |
| 17604        | \$616,040   | Residential Dwelling | Auckland        | B3                | 58.5% | Specialised Reserve Fund | 5.1                | Up to date              | 8.70%                | \$621,519          | 2.05%         |
| 17727        | \$1,277,346 | Residential Dwelling | Canterbury      | B2                | 59.8% | Business Property Loans  | 24.2               | Up to date              | 7.50%                | \$607,000          | 2.00%         |
| 17653        | \$546,750   | Residential Dwelling | Canterbury      | B2                | 80.0% | Specialised Reserve Fund | 3.6                | Up to date              | 8.05%                | \$551,497          | 1.82%         |
| 17594        | \$602,608   | Residential Dwelling | Auckland        | A3                | 70.0% | Specialised Reserve Fund | 4.1                | In default              | 8.20%                | \$544,051          | 1.80%         |
| <b>Total</b> |             |                      |                 |                   |       |                          |                    |                         |                      | <b>\$8,860,009</b> | <b>29.26%</b> |

Source: Squirrel

# Squirrel Specialised Income Fund

|  |  |                             |             |
|--|--|-----------------------------|-------------|
| <b>Investment objective and strategy</b>                     | <p>The Fund's investment objective is to generate an annual return, after fees and before tax, of more than 9.00% per annum.</p> <p>The Fund is designed to provide investors, seeking higher returns and who have a higher risk appetite, with a diversified portfolio of higher yielding loans originated and managed by Squirrel. Loans will be predominantly secured by first mortgages, with loans secured by second (or subsequent) mortgages and unsecured loans where the borrower has consented to the registration of a second (or subsequent) ranking mortgage also permitted investments. Loans will be secured over New Zealand residential property.</p> <p>In addition to the loans described above, the Fund may also make unsecured loans to related parties of the Squirrel Group Limited, which entities shall apply the loan proceeds for the purpose of financing the settlement and/or funding of personal, home or construction loans issued by Squirrel through its Squirrel P2P platform.</p> |                             |             |
| <b>Benchmark asset allocation and asset allocation range</b> | <p><b>New Zealand income assets (including loans):</b> <b>100%</b></p> <p><i>Residential home and construction property loans secured by:</i></p> <ul style="list-style-type: none"> <li>Registered first mortgages: 0% - 100%</li> <li>Registered second ranking mortgages: 0% - 30%</li> </ul> <p><i>Unsecured loan facilities supporting the settlement and funding of loans issued by Squirrel:</i> 0% - 30%</p> <p><i>Cash and cash equivalents:</i> 0% - 30%</p>   |                             |             |
| <b>Suggested investment timeframe</b>                        | 2 to 3 years   |                             |             |
| <b>Fund size</b>   | \$7,401,782.24   | <b>Pending transactions</b> | -\$1,496.45 |
| <b>Fund redemptions</b>                                      | Redemptions can be made on a quarterly basis (as at the last business day of March, June, September and December in each calendar year). Notice of redemptions should be received 7 days prior the end of that notification quarter.   |                             |             |
| <b>Fund pricing</b>  | Daily  |                             |             |
| <b>Distributions</b>   | Monthly – distributions are paid on the 10 <sup>th</sup> working day   |                             |             |
| <b>Security</b>  | Registered first mortgages over New Zealand residential property   |                             |             |
| <b>Fund structure</b>  | Foreign Investment variable-rate PIE   |                             |             |
| <b>Fund charges</b>  | <p><b>Estimated annual total fee (including GST):</b> <b>2.05%</b></p> <ul style="list-style-type: none"> <li>Annual fund management fee: 0.25%</li> <li>Estimated average platform service margin: 1.80%</li> </ul>   |                             |             |
| <b>Leverage</b>  | <p>The Fund can borrow up to 30% of the aggregate value of investments with these limits:</p> <ul style="list-style-type: none"> <li>Up to 10% of the aggregate value of its investments to provide short-term liquidity (i.e. to pay redemptions or expenses)</li> <li>Up to 30% of the aggregate value of its investments of acquiring other permitted investments</li> </ul>  |                             |             |
| <b>Risks</b>   | See section 4 "What are the risks of investing?" of the Scheme's Information Memorandum  |                             |             |

## Squirrel Specialised Income Fund – September 2024 update

The Squirrel Specialised Income Fund generated a return of **0.85%** in September 2024, bringing its **one-year** return to **10.56%** (net of fees, before taxes). The Fund's assets totalled **\$7.2 million** at month-end.

During September, the Fund invested in a new \$283,132 loan that we plan to hold to maturity. The borrower required the funding to enable them to settle a property they have acquired for development – the loan will be repaid when the borrower has obtained the resource and building consents to undertake the construction phase of the project. The loan has a 12-month term and is secured by a second mortgage with an LVR of 73.2% and the Fund is earning a return of 15.55%.

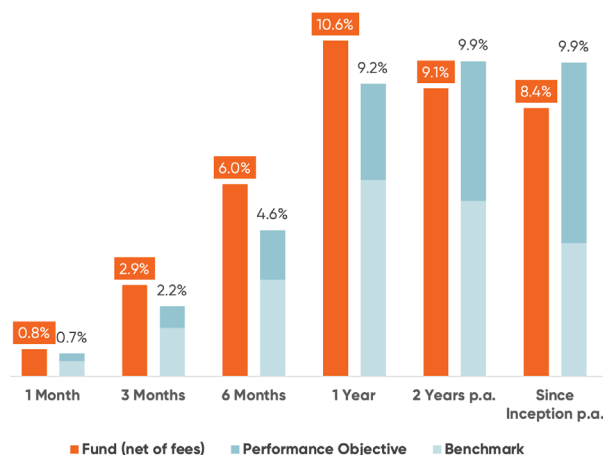
The Fund's **weighted average LVR** was **65.4%** at month-end, with the LVR of the specialist loans at **69.3%**, while the "treasury" holdings of Squirrel Construction Loans were at **64.1%**. At month-end, the Fund held a **treasury position of \$3 million** (40.88%) in Squirrel Construction Loans, earning **7.50%**, which will be deployed into new loan opportunities that Squirrel is originating and are expected to settle towards the end of October.

### Outlook and conclusion

October's OCR cut, which is likely to be followed by a further cut in November will on the one hand put downward pressure on lending rates while on the other hand will have a number of positives including: increasing numbers of development projects requiring funding, 2) need for equity release loans, secured by second mortgages over investment properties, to provide additional working capital to unlock developments and 3) a general reduction in market risk.

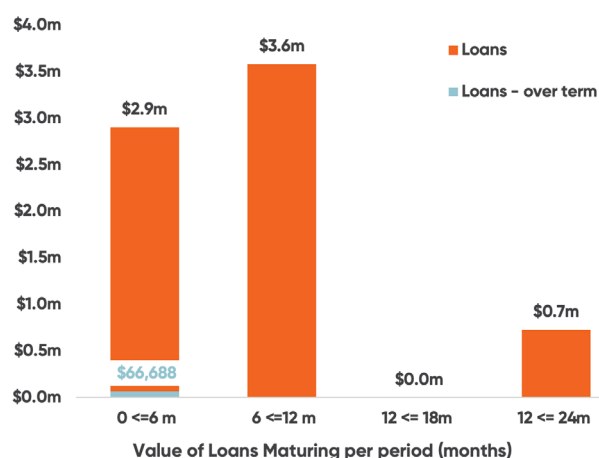
# Squirrel Specialised Income Fund in numbers

## Fund Performance as at 30 September 2024



Source: FundRock NZ Limited

## Fund term structure based on loan maturity schedule as at 30 September 2024



Source: FundRock NZ Limited

## Fund Performance as at 30 September 2024

| Period                | 1 month | 3 months | 6 months | 1 year | 2 years p.a. | Since inception p.a. |
|-----------------------|---------|----------|----------|--------|--------------|----------------------|
| Fund (net of fees)    | 0.85%   | 2.87%    | 6.05%    | 10.56% | 9.05%        | 8.44%                |
| Benchmark             | 0.48%   | 1.51%    | 3.03%    | 6.17%  | 5.51%        | 4.18%                |
| Performance objective | 0.71%   | 2.20%    | 4.59%    | 9.19%  | 9.91%        | 9.86%                |

Source: FundRock NZ Limited

**Note:** The Squirrel Specialised Income (previously the Squirrel Wholesale Personal Loan Fund) was renamed and its investment mandate amended from 16 May 2024.

## Fund risk measures and summary statistics

| Measure                                     | 31 Aug '24   | 30 Sep '24   |
|---|--------------|--------------|
| Number of holdings                          | 51           | 57           |
| Largest holding (% of Fund)                 | 12.94%       | 9.86%        |
| Average holding (% of Fund)                 | 1.95%        | 1.71%        |
| Loans in default number & (Fund investment) | 0 (\$)       | 0 (\$)       |
| Loan arrears: number & (Fund exposure)      | 0 (\$0)      | 1 (\$1,240)  |
| Loans over term: number & (Fund investment) | 1 (\$66,067) | 1 (\$66,067) |
| % of loans with Reserve Fund protection     | 100%         | 100%         |
| Fund loan-to-value ratio (weighted)         | 67.34%       | 65.44%       |

Source: Squirrel

## Loan/borrower risk grade matrix as at 30 Sep 2024

|                      | Security risk grade (1-5) |    |    |   |   |                 |
|----------------------|---------------------------|----|----|---|---|-----------------|
| Borrower grade (A-E) | 1                         | 2  | 3  | 4 | 5 | Number of loans |
| A                    | 4                         | 2  | 20 | 1 |   | 27              |
| B                    | 1                         | 9  | 14 |   |   | 24              |
| C                    |                           | 1  | 5  |   |   | 6               |
| D                    |                           |    |    |   |   |                 |
| E                    |                           |    |    |   |   |                 |
| Total                | 5                         | 12 | 39 | 1 |   | 57              |

Source: Squirrel



## Squirrel Specialised Income Fund in numbers (continued)

### Regional exposure as at 30 September 2024

| Region             | No. of loans | Value of loans     | Average loan investment value | % of fund investments |
|--------------------|--------------|--------------------|-------------------------------|-----------------------|
| Auckland           | 29           | \$3,997,659        | \$137,850                     | 55.40%                |
| Bay of Plenty      | 3            | \$439,544          | \$146,515                     | 6.09%                 |
| Canterbury         | 9            | \$1,438,948        | \$159,883                     | 19.94%                |
| Manawatu-Wanganui  | 1            | \$1,434            | \$1,434                       | 0.02%                 |
| Hawke's Bay        | 1            | \$159,857          | \$159,857                     | 2.22%                 |
| Otago              | 2            | \$208,416          | \$104,208                     | 2.89%                 |
| Waikato            | 6            | \$481,971          | \$80,328                      | 6.68%                 |
| Wellington         | 3            | \$137,638          | \$45,879                      | 1.91%                 |
| Northland          | 1            | \$211              | \$211                         | 0.00%                 |
| Southland          | 1            | \$290,000          | \$290,000                     | 4.02%                 |
| Nelson             | 1            | \$60,000           | \$60,000                      | 0.83%                 |
| <b>Grand Total</b> | <b>57</b>    | <b>\$7,215,678</b> | <b>\$126,591</b>              | <b>100.00%</b>        |

Source: Squirrel

### Ten largest fund investments as at 30 September 2024

| Loan ID      | Loan amount | Security type        | Borrower region | Credit risk grade | LVR   | Reserve Fund             | Remaining term (M) | Loan arrears (30 days+) | Fund's interest rate | Fund investment    | % of fund     |
|--------------|-------------|----------------------|-----------------|-------------------|-------|--------------------------|--------------------|-------------------------|----------------------|--------------------|---------------|
| 17622        | \$730,000   | Unsecured            | Auckland        | A1                | 80.0% | Specialised Reserve Fund | 22.8               | Up to date              | 9.30%                | \$730,000          | 9.86%         |
| 17654        | \$520,712   | Residential Dwelling | Canterbury      | B2                | 80.0% | Business Property Loans  | 5.7                | Up to date              | 7.50%                | \$495,000          | 6.69%         |
| 17681        | \$1,971,738 | Residential Dwelling | Auckland        | A3                | 67.0% | Business Property Loans  | 11.1               | Up to date              | 7.50%                | \$490,978          | 6.63%         |
| 16710        | \$400,000   | Unsecured            | Auckland        | A1                | 80.0% | Specialised Reserve Fund | 10.6               | Up to date              | 10.37%               | \$400,000          | 5.40%         |
| 17660        | \$2,000,000 | Residential Dwelling | Canterbury      | A4                | 60.0% | Business Property Loans  | 10.8               | Up to date              | 7.50%                | \$350,000          | 4.73%         |
| 17680        | \$334,152   | Residential Dwelling | Canterbury      | A3                | 60.0% | Specialised Reserve Fund | 5.0                | Up to date              | 8.25%                | \$334,152          | 4.51%         |
| 17450        | \$332,900   | Residential Dwelling | Auckland        | C2                | 70.0% | Specialised Reserve Fund | 8.2                | Up to date              | 12.00%               | \$332,900          | 4.50%         |
| 17171        | \$490,000   | Residential Dwelling | Bay of Plenty   | A3                | 70.0% | Specialised Reserve Fund | 5.0                | Up to date              | 9.07%                | \$316,000          | 4.27%         |
| 17614        | \$311,000   | Residential Dwelling | Auckland        | B3                | 77.0% | Specialised Reserve Fund | 4.5                | Up to date              | 15.00%               | \$311,000          | 4.20%         |
| 17567        | \$300,000   | Residential Dwelling | Auckland        | A3                | 57.0% | Specialised Reserve Fund | 9.9                | Up to date              | 12.40%               | \$300,000          | 4.05%         |
| <b>Total</b> |             |                      |                 |                   |       |                          |                    |                         |                      | <b>\$4,060,030</b> | <b>54.85%</b> |

Source: Squirrel

# Risk and disclosure notice

FundRock NZ Limited is the Issuer and Squirrel Money Limited is the Investment Manager of the Scheme.

This fund overview and investment update is provided by Squirrel in good faith and is designed as a summary to accompany the Information Memorandum ('IM') for the Scheme.

The IM gives you important information about the Funds and the Scheme to help you decide whether you want to invest. The Manager has prepared the IM in accordance with the trust deed for the Scheme and the fund establishment deeds for the Funds. The Scheme is not a registered scheme under the FMC Act. The IM is not a product disclosure statement for the purposes of the FMC Act and neither the Scheme nor the offer made by each Fund are registered or regulated under the FMC Act (although Part 2 of the FMC Act still applies).

The law normally requires people who offer financial products to persons who are "retail investors" under the FMC Act to give information prescribed by the FMC Act and its regulations to these investors before they are able to invest. This information is designed to help investors make an informed decision.

If you are a wholesale investor, the usual rules do not apply to offers of financial products made to you. As a result, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for these investments. Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

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