

Squirrel Monthly Income Fund

30 September 2024

The Squirrel Monthly Income Fund ('Fund') seeks to generate a competitive and regular income from a diversified portfolio of NZ loans secured by a registered first mortgage on residential property. Squirrel focuses on mortgage lending to select market niches where investors can expect to earn attractive returns from carefully qualified borrowers with residential property as security.

1 year Fund return

7.57% p.a.¹

As at 30 September 2024

Performance and Market Commentary

The Squirrel Monthly Income Fund earned a return of 0.61%¹ in September 2024, with a 1-year return of 7.57%¹. The Fund's investment portfolio is diversified across 191 loans, comprising 149 construction loans and 42 home loans. The Fund's investment exposure is managed through the Squirrel Wholesale Home Loan Fund (21.11%) and the Squirrel Wholesale Construction Loan Fund (77.88%). The Fund has exposure to 8 loan investments totalling \$612,454 (2.03% of the Fund) that are over term. Two of these loans are expected to be repaid during October and the other six will be repaid from the sale of the related properties or refinancing. The Fund has exposure (\$380,201 or 1.26% of the fund) to a defaulting construction loan. Squirrel plans to finish the build and sell the completed home. When the property sells, we expect to cover the full value of the loan, if a loss occurs it will be comfortably covered by a Squirrel Reserve Fund. It is for this very reason that all the Fund's loans are 1) secured by registered first mortgage and 2) have the protection of one of Squirrel Reserve Funds. The Fund continues to receive monthly interest payments even when a loan is in arrears or default from the respective reserve fund, so no impact to the Funds return is expected. The RBNZ's cut the OCR to 4.75% on the 9th of October and it is expected to follow this with a further cut of 0.50% in November – this would bring the OCR to 4.25% before Christmas. As we have discussed in prior months, we expect the Squirrel Monthly Income Fund's returns to soften as interest rates decline. Investors can be assured of our commitment to meet the Fund's objective of outperforming the bank one-year term investment rates.

Investment Objectives and Strategy

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 (>\$10k) by a margin of 2.00%**². The Fund combines Squirrel's real estate lending expertise into a convenient, tax-effective form where investors receive returns from a diverse portfolio of home loans and residential construction loans with first ranking security against residential property. Squirrel is the Investment Manager and the Fund invests in the Squirrel Wholesale Home Loan Fund and the Squirrel Wholesale Construction Loan Fund. Squirrel actively manages the Squirrel Wholesale Funds' loan exposure through Squirrel's peer-to-peer ("P2P") platform.

Fund Performance (net of fees)

	30 Sep '24	3 months	6 months	1 year	2 years p.a.	Since inception p.a.
Squirrel Monthly Income Fund ¹	0.61%	1.90%	3.70%	7.57%	7.48%	6.73%
Benchmark: 1 Year New Term Deposit Rate (>\$10k) ³	0.48%	1.51%	3.03%	6.17%	5.51%	4.18%
Objective: Benchmark + 2.00% p.a. ²	0.65%	2.03%	4.05%	8.24%	8.48%	7.51%

Fund Features and Benefits

The Fund targets **higher returns and greater simplicity** compared to traditional income strategies.

- Competitive returns with **income paid monthly**.
- Loans are **secured by first mortgages** over residential property.
- Squirrel's **Reserve Funds** help protect against missed borrower repayments and defaults.
- **Liquidity** provided with 30 days' notice.

Who is the fund suited to?

- Investors looking to generate a higher regular income compared to traditional income strategies with a modest⁴ increase in risk.
- Investors looking for an increase in returns on their strategic cash holdings with a modest⁴ increase in risk.

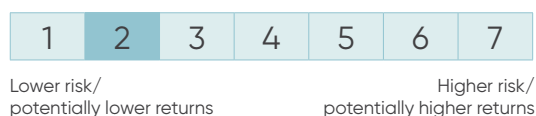
1. Returns after all fees and expenses and includes the reinvestment of distributions. Investors' tax rates are not taken into account when calculating returns. Past performance is not a reliable indicator of future performance. Distributions are not guaranteed. 2. The Fund's investment objective is to provide an annual return, after fees and before tax, that outperforms the 1 Year New Term Deposit Rate (>\$10k) by a margin of 2.00%, effective from 04/09/2023. Prior to this date, the Fund's investment objective was to provide an annual return, after fees and before tax, of 4.00% higher than the RBNZ Official Cash Rate. 3. The Fund's benchmark is the 1 Year New Term Deposit Rate (>\$10k), effective from 04/09/2023. Prior to this date, the Fund's benchmark was the RBNZ Official Cash Rate. 4. Investors should refer to "What are the risks of investing?" in the Fund's Product Disclosure Statement.

Investment Strategy and Allocation

Asset class or underlying fund	Target allocation %	Asset class or underlying fund range %	Effective Fund allocation	
			Aug '24	Sep '24
New Zealand income assets (including loans):	98.50%	70%-100%	100.00%	100.00%
• Squirrel Wholesale Construction Loan Fund		0% - 100%	78.45%	77.88%
• Squirrel Wholesale Home Loan Fund		0% - 50%	21.53%	22.11%
• Squirrel Wholesale Personal Loan Fund		0% - 25%	0.00%	0.00%
Cash and cash equivalents*	1.50%	0% - 30%	0.01%	0.01%

*The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity.

Risk Indicator⁶



About the Investment Manager

Squirrel Money Limited is the Fund's Investment Manager and is part of the Squirrel Group Limited. Founded in 2008 by John Bolton, Squirrel has grown rapidly to become a highly regarded and innovative mortgage-brokering firm while also launching one of the first peer-to-peer lending platforms for retail investors in 2015. Squirrel assesses over \$6 billion of home loans every year so we know property inside out.

About the Issuer and Manager

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

Fund Overview

Type of Fund	Portfolio Investment Entity ("PIE") Fund
Recommended investment timeframe	1 year
Unit pricing	Daily
Distributions	Monthly
Withdrawals	30 days' notice
Minimum initial investment	\$500
Minimum subsequent investment	\$100
Commencement date	14 October 2021
Fund size (NZ\$)	\$27,165,510
Pending transactions	-\$55,576
Buy/Sell spread	0.00%
Management fee ⁷	2.00% p.a.
Platform Availability	InvestNow, FNZ

Contact us

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This update is provided by Squirrel Money Limited (Squirrel) in good faith and is designed as a summary to accompany the Product Disclosure Statement (PDS) for the Squirrel Monthly Income Fund and the Information Memorandum for the Squirrel Wholesale Investment Funds (Funds) including the Squirrel Wholesale Home Loan Fund and Squirrel Wholesale Construction Loan Fund. The Squirrel Monthly Income Fund Product Disclosure Statement is available from FundRock (www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting) or by going to <https://disclose-register.companiesoffice.govt.nz/>. The Information Memorandum is available from Squirrel or FundRock. The information contained in this update is not an offer of units in the Funds or a proposal or an invitation to make an offer to sell, or a recommendation to subscribe for or purchase, any units in the Funds. If you are making an investment directly then you will be required to complete the application form, which can be obtained from Squirrel or FundRock. The information and any opinions in this update are based on sources that Squirrel believes are reliable and accurate. Squirrel, its related entities (Squirrel Group Limited and Squirrel Mortgages Limited), its directors, officers and employees make no representations or warranties of any kind as to the accuracy or completeness of the information contained in this fact sheet and disclaim liability for any loss, damage, cost or expense that may arise from any reliance on the information or any opinions, conclusions or recommendations contained in it, whether that loss or damage is caused by any fault or negligence on the part of Squirrel, or otherwise, except for any statutory liability which cannot be excluded. All opinions reflect Squirrel's judgment on the date of this update and are subject to change without notice. This disclaimer extends to FundRock, Public Trust and any entity that may distribute this publication. In particular, in preparing this document, Squirrel did not take into account the investment objectives, financial situation and particular needs of any particular person. Professional investment advice from an appropriately qualified adviser should be taken before making any investment. Past performance is not necessarily indicative of future performance, unit prices may go down as well as up and an investor in the fund may not recover the full amount of the capital that they invest. No part of this document may be reproduced without the permission of Squirrel or FundRock. FundRock is the issuer and manager of the Funds. Squirrel is the investment manager of the Funds. Public Trust is the independent trustee and supervisor of the of the Funds. 6. Investors should refer to "What are the risks of investing?" in the Fund's Product Disclosure Statement. 7. Management fees include Estimated Annual Fund Charges including GST as a % of the Fund's Net Asset Value.