

Squirrel Monthly Income Fund

31 July 2022

The Squirrel Monthly Income Fund ('Fund') seeks investors to generate a competitive and regular income from a diversified portfolio of NZ loans secured by a registered first mortgage on residential property and personal loans to NZ Homeowners. 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.

Net running yield

5.67% p.a.¹

Performance and Market Commentary

The Fund's July return was 0.45% (net of fees) bringing its year to date return to 2.97% – comfortably ahead of its benchmark (OCR: 0.81%) and in-line with its performance objective of 3.12% (OCR + 4% p.a.) We increased the Fund's exposure to the Squirrel Wholesale Construction Loan Fund to 83.8% while reducing its exposure to the Squirrel Wholesale Home Loan and Personal Loan Funds. The health of Squirrel's reserve funds is robust; the Home Loans Reserve Fund's coverage ratio is 1.22%* (1.04% at 30/6/22). The Construction Loans Reserve Fund's coverage ratio is 0.93%* (0.89% at 30/6/22) – we expect this ratio to continue to strengthen as a result of the increased reserving policy announced in July. (* 16/8/2022). While mortgage applications across the market have declined, Squirrel continues to see strong demand from borrowers in the niche areas that the Fund focuses on. We expect this will enable the Fund to continue to meet its objectives. On a forward looking basis the Fund's net running yield is 5.67% p.a. which continues to offer investors an attractive source of income with distributions paid monthly.

Investment Objectives and Strategy

The Fund's investment objective is to provide an annual return, after fees and before tax, of the **NZ Official Cash Rate (OCR), plus a margin of 4.00% p.a.** The Fund combines Squirrel's real estate lending expertise into a convenient, tax-effective form where investors receive returns from a diverse portfolio of 1) home loans and 2) residential construction loans with first ranking security against residential property and 3) personal loans to Homeowners predominantly secured over assets.

Squirrel is the Investment Manager and the Fund invests in the Squirrel Wholesale Home Loan Fund, Squirrel Wholesale Construction Loan Fund and the Squirrel Wholesale Personal Loan Fund. Squirrel actively manages the Squirrel Wholesale Funds' loan exposure through Squirrel's peer-to-peer ("P2P") platform.

Fund Performance (net of fees)

	July	3 months	6 months	Year to date	Since inception (14 Oct 2021)
Squirrel Monthly Income Fund ²	0.45%	1.39%	2.59%	2.97%	3.94%
Benchmark: OCR	0.19%	0.50%	0.75%	0.81%	0.95%
Objective: OCR + 4.00% p.a.	0.52%	1.49%	2.71%	3.12%	4.15%

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 predominantly **secured by first mortgages over residential property**.
- Squirrel's **Reserve Fund** helps protect against missed borrower repayments and defaults.
- **Liquidity** provided with 30 days' notice.

Who is the fund suited to?

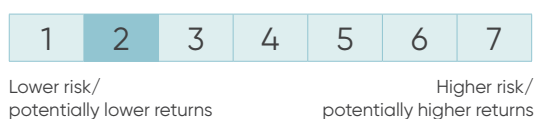
- Investors looking to generate a higher regular income compared to traditional income strategies with a modest increase in risk.
- Investors looking for an increase in returns on their strategic cash holdings with a modest increase in risk.

1. Net Running Yield is the Fund's projected annual distributable income, based on current interest rates (that are subject to change), after all fees and expenses and before taxes. 2. Returns after all fees and expenses. Assumes 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.

Investment Strategy and Allocation

Asset class or underlying fund	Target allocation %	Asset class or underlying fund range %	Effective Fund allocation	
			June '22	July '22
New Zealand income assets (including loans)	97%	70%-100%	99.98%	99.72%
Squirrel Wholesale Construction Loan Fund		0% - 100%	79.70%	83.78%
Squirrel Wholesale Home Loan Fund		0% - 50%	4.49%	3.13%
Squirrel Wholesale Personal Loan Fund		0% - 25%	15.79%	12.82%
Cash and cash equivalents*	3%	0% - 30%	0.02%	0.28%

Risk Indicator³



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-broking 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

Implemented Investment Solutions Limited ('IIS') is the Manager and Issuer of the Squirrel Investment Funds.

Fund Overview

Type of Fund	Portfolio Investment Entity ("PIE") Fund
Recommended Investment timeframe	2 years
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\$)	\$7,293,019
Buy/Sell spread	0.0%
Management fee ⁴	1.70% p.a.
Platform Availability	InvestNow, FNZ

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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, Squirrel Wholesale Personal Loan Fund and Squirrel Wholesale Construction Loan Fund. The Squirrel Monthly Income Fund Product Disclosure Statement is available from Implemented Investment Solutions Limited ('IIS') (<https://iisolutions.co.nz/fund-hosting/documents-and-reporting-2/>) or by going to <https://disclose-register.companiesoffice.govt.nz/>. The Information Memorandum is available from Squirrel or IIS. 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 IIS. 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 IIS, Public Trust and any entity that may distribute this publication. The information in this update is not intended to be financial advice for the purposes of the Financial Advisers Act 2008 or the Financial Markets Conduct Act 2013. 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 IIS. IIS 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 Funds. *The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity. 3. An explanation of the characteristics associated with the Fund's risk rating is contained in the PDS. 4. Management fees include Estimated Annual Fund Charges including GST as a % of the Fund's Net Asset Value.