

Squirrel Monthly Income Fund

31 August 2023

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 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

7.46% p.a.¹

Performance and Market Commentary

The Fund returned 0.63% for August 2023² bringing its 1-year return to 7.32%². During August, the Fund's effective exposure to its strategic building blocks changed marginally: Squirrel Wholesale Residential Construction Loan Fund 73.18% (70.81%), Squirrel Wholesale Personal Loan Fund 21.71% (21.20%) and the Squirrel Wholesale Home Loan Fund 5.02% (5.01%). The Fund's net running yield of 7.46% p.a.¹ offers investors a competitive return. The Fund's portfolio is well diversified across 73 (82) construction loans, 17 (16) home loans and 206 (202) personal loans. The Fund's investments provides a balanced term structure with 30.2% (38.5%) of the loans maturing within 6 months, 69.4% (74.9%) maturing with 12 months and 78.41% (78.41%) maturing within 2 years. The Fund is well positioned for the prevailing market conditions and is benefiting from Squirrel's strong pipeline of new lending to qualifying borrowers.

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%**. 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)

	Aug '23	3 months	6 months	1 year	Since inception p.a.
Squirrel Monthly Income Fund ³	0.63%	1.87%	3.84%	7.32%	5.92%
Benchmark: 1 Year New Term Deposit Rate (>\$10k)	0.43%	1.34%	2.65%	4.59%	3.06%
Objective: Benchmark + 2.00% p.a.	0.72%	2.29%	4.60%	8.61%	7.11%

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 modest⁴ increase in risk.
- Investors looking for an increase in returns on their strategic cash holdings with a modest⁴ increase in risk.

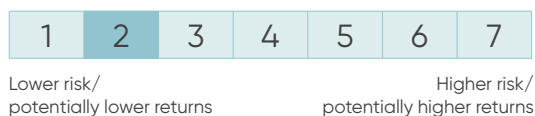
1. Net Running Yield is the Fund's projected annual distributable income, based on current interest rates (that are subject to change), after all fees and expenses and before taxes. 2. Net of fees, before taxes. 3. Returns after all fees and expenses. Assumes distributions are distributed. Investors' tax rates are not taken into account when calculating returns. Past performance is not a reliable indicator of future performance. Distributions are not guaranteed. 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	
			Jul '23	Aug '23
New Zealand income assets (including loans):	98.50%	70%-100%	100.00%	100.00%
• Squirrel Wholesale Construction Loan Fund		0% - 100%	70.81%	73.18%
• Squirrel Wholesale Home Loan Fund		0% - 50%	5.01%	5.02%
• Squirrel Wholesale Personal Loan Fund		0% - 25%	21.20%	21.71%
Cash and cash equivalents*	1.50%	0% - 30%	2.97%	0.10%

*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 Indicator⁵



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

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\$)	\$8,829,469
Pending redemptions	\$333,603
Buy/Sell spread	0.00%
Management fee ⁶	2.00% p.a.
Platform Availability	InvestNow, FNZ

Contact us

Doug Thomson

doug@squirrel.co.nz
021 080 95731

Squirrel Money Limited

29 Sale Street, Auckland
0800 21 22 30
www.squirrel.co.nz/invest

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 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 Funds. 5. An explanation of the characteristics associated with the Fund's risk rating is contained in the PDS. 6. Management fees include Estimated Annual Fund Charges including GST as a % of the Fund's Net Asset Value.