

Squirrel Monthly Income Fund

28 February 2022

The Squirrel Monthly Income Fund ('Fund') enables investors to earn 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. NZ's residential mortgage market is massive (over \$327bn*) and secure, with less than \$4million (0.001%)* of loans written off in the past year. 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.

Performance and Market Commentary

The Fund returned 0.33% for the month with a solid performance from its diversified portfolio of loan classes and loans. With the Official Cash Rate (OCR) increasing 25 bps to 1.00% p.a. investors will see this translating into higher returns from the 21st of March as the increase is passed onto borrowers. The RBNZ is widely expected to maintain a hawkish stance in the face of inflationary pressures, and it could push the OCR to 3% although this is likely to be balanced by concerns about the state of the underlying economy. Squirrel will continue to actively monitor the Fund's loans and new loans will be evaluated in the context of rising interest rates and a more volatile housing market.

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 packages up 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)

	Past month	Year to date	3 months
Squirrel Monthly Income Fund ¹	0.33%	0.74%	1.10%
NZ OCR + 4%p.a.	0.42%	0.79%	1.21%
Out/Under performance	-0.09%	-0.05%	-0.11%

Fund Features and Benefits

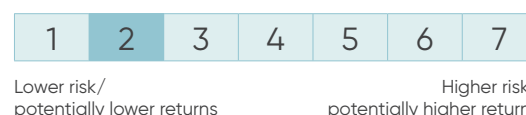
The Fund targets **higher returns and greater simplicity** compared to traditional income strategies.

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

Risk Indicator²



* Source: Reserve Bank of New Zealand: HC5, C30, C35 (28/2/2022) 1. 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. 2. An explanation of the characteristics associated with the Fund's risk rating is contained in the PDS. 3. Management fees include Estimated Annual Fund Charges including GST as a % of the Fund's Net Asset Value.

Investment Strategy and Allocation

Asset class or underlying fund	Target allocation %	Asset class or underlying fund range %	Fund allocation
New Zealand income assets (including loans)	97%	70%-100%	97.8%
Squirrel Wholesale Construction Loan Fund		0% - 100%	86.1%
Squirrel Wholesale Home Loan Fund		0% - 50%	4.2%
Squirrel Wholesale Personal Loan Fund		0% - 25%	7.5%
Cash and cash equivalents	3%	0% - 30%	2.2%

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. We see the gaps in mainstream bank credit policies and by lending to market niches that are underserved by banks, investors can earn an attractive return for the credit risk.

About the Issuer and Manager

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

IIS is a fund management company specialising in establishing and managing New Zealand-domiciled funds. Established in 2011, IIS manages over \$4 billion in assets and has a deep understanding of New Zealand's investment management industry as well as its tax and legislative environment.

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\$)	\$2,466,008
Buy/Sell spread	0.0%
Management fee ³	1.70% p.a.
Platform Availability	InvestNow

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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 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 of the Funds.