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balmainfunds

15 September 2010

Dear Unitholder,

The purpose of this communication is to outline some important changes to the Balmain (MWMT) Mortgage Trust (the Trust):

1. Product Disclosure Statement (PDS) and Supplementary Product Disclosure Statement (SPDS)

The Trust's PDS dated 21 January 2009 and SPDSs dated 26 February 2009 and 19 June 2009 were withdrawn on 15 September 2010. Subsequently the Trust will be closed to new investments.

2. Quarterly Payments

It is our intention to commence returning capital to Balmain (MWMT) Mortgage Trust investors on a quarterly basis due to the current operational mismatch between the retail and wholesale funds.

The capital repayments will be made on a quarterly basis, calculated at a rate of 4% of the Trust's investment in the underlying Fund (the Balmain (MMT) Mortgage Trust) as at 2 September 2010. As such, the capital repayment dollar value will remain constant each quarter.

Immediately after each capital repayment your units will be consolidated to maintain the prevailing unit price existing at the time of the payment. Whilst this will decrease the number of units held in the Trust, it will not affect the value of your remaining investment.

Payments will be made automatically into your nominated bank account, with the first payment on 2 October 2010 and subsequent payments quarterly thereafter.

Subsequently the former process of quarterly redemption windows will no longer be applicable and redemption request forms will not be required.

Should you require any assistance or have any questions, please contact our Client Services Team on 1800 225 624 from 8:30am to 5:30pm Monday to Friday, Sydney time.

Yours sincerely

BALMAIN FUNDS



Stephen Tunley
Chief Executive Officer