



22 November 2012

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Dear Adviser

Important update regarding the Howard Mortgage Funds

We are writing to inform you of important changes to the operation of the Howard Mortgage Fund (ARSN 090 464 074) (APIR HOW0001AU) and Howard Wholesale Mortgage Fund (ARSN 093 720 159) (APIR HOW0005AU) (together the **Funds**), which affect your clients' investments in the Funds.

As you are aware, since the introduction of the Ongoing Withdrawal Facility in October 2010, 10% of the Howard Mortgage Fund's net assets has been made available each quarter to unitholders seeking to redeem their units. Since that time, the Fund has distributed more than \$1.5 billion to unitholders through the various withdrawal facilities previously approved by unitholders.

Fidante Partners Limited (ABN 94 002 835 592, AFSL 234668), as responsible entity of the Funds, has conducted a detailed review of all aspects of the Funds and their operations. Following this review, and after careful consideration, we have determined that it is currently in the best interests of unitholders as a whole to now commence a process of returning capital to all unitholders on a monthly basis. This initiative will also require some other changes to the operation of the Funds, as detailed below.

Capital to be returned to all unitholders each month

On or around 7 January 2013, we will make an initial repayment of capital to unitholders of \$0.10 per unit - which equates to a 10% return of capital - based on the value of their investments as at 31 December 2012. For example, if your client holds 100 units on 31 December 2012, they will receive a capital payment of \$10.00.

Then, from February 2013, we will start repaying capital to unitholders initially at the rate of \$0.05 per unit per month, based on the value of their investments as at 31 December 2012. Payments will be made within the first 10 business days of each month.

For the Howard Mortgage Fund, these capital repayments will be made through the automatic redemption of units at the relevant time, having a value equal to the capital repayment.

For the Howard Wholesale Mortgage Fund, these capital repayments will result in a fall in the unit price of the fund in proportion to the level of capital distributed at that time. There will be no change to the number of units that your clients currently hold in the fund.

The capital repayment rate will be monitored on an ongoing basis and may change in the future depending upon the realisation of the Howard Mortgage Fund's assets.

Your clients will not need to lodge a withdrawal request.

Monthly income distributions

A monthly income distribution is expected to continue to be paid at a reduced rate. However, we will no longer offer your clients the option to reinvest their monthly income distributions.

Your clients' payment details

All capital payments and future monthly income distributions will be paid to the bank account details we have on file for your clients. If we do not have a bank account on file for one of your clients, we will mail them a cheque. If they wish to have their payments made to their financial institution account, they may complete the "Change of Details Form" available on our website www.fidante.com.au and return the form to us, or call our Investor Services team on 13 51 53 during Sydney business hours, for a copy of the form.

Suspension of existing withdrawal facilities

The pro rata return of capital to all unitholders is replacing the existing regular withdrawal facilities.

The Periodic Small Balance Withdrawal Facility and the Ongoing Withdrawal Facility have been suspended with effect from 15 November 2012. As a result, any withdrawal requests submitted for this quarter will not be processed.

Suspension of investments into the Funds

In accordance with the new strategy for the Funds, we ceased to offer the Funds to new unitholders from 15 November 2012. Existing unitholders can no longer make additional investments into the Funds. If your clients have a regular savings plan, this will be cancelled.

Ongoing review

We will continue to monitor all aspects of the Funds' operations on an ongoing basis and we will consider whether any changes need to be made to reflect the circumstances of the Funds. This ongoing monitoring will include assessing the appropriateness of the monthly capital repayments and income distributions and the suspension of the Ongoing Withdrawal and Periodic Small Balance Withdrawal Facilities. We will notify you and your clients of any such changes, should they occur.

Obtaining independent advice

To understand how the changes to the operation and strategy of the Funds affect your clients' personal situations, particularly in relation to any tax implications, we strongly recommend they consult with you or seek independent taxation advice.

We understand the difficulties your clients may have experienced with their investments in the Funds and we continue to manage the Funds in the best interests of all unitholders.

We have notified your clients in writing of these changes.

Further information

If you require any further information about these changes, please speak to your Business Development Manager or call our Adviser Services team on 1800 195 853.

Yours sincerely



Vito D'Introno
General Manager – Retail Distribution
Fidante Partners

