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balmainfunds

27 June 2011

Investor ID No.

Dear IDPS Provider

July 2011 Mandatory Redemption – Balmain AQUA High Income Trust

We are pleased to advise that \$5.41 million in mortgage assets have been realised in the Balmain AQUA High Income Trust which will now be distributed as a further mandatory redemption as set out in the Unitholder Notice of Meeting in April 2010. Therefore as a unitholder in the Balmain AQUA High Income Trust you will shortly receive the proceeds from the third mandatory redemption of part of your unit holding.

This redemption represents the net proceeds from the repayment of mortgage loans and/or the sale of mortgage assets for the period 1 December 2010 to 31 May 2011. We estimate the amount will be between 5.1% and 5.9% of your unit holding as at 15 July 2011. The payment will be made on 19 July 2011.


The redemption will be made to all unitholders on a pro-rata basis. **As this is a mandatory redemption, there is NO need to complete an application.**

Voluntary Redemptions

The annual voluntary redemption for 2011 was paid in May. Please note the next voluntary redemption for 10% of your issued units is expected to take place in **May 2012**. We will write to you in advance of this to ensure that you are informed as to what you need to do and key dates.

If you have any queries about your investment in the Balmain AQUA High Income Trust or this redemption please email or call me on 02 9233 9583.

Yours sincerely



Stephen Tunley
CEO, Balmain Funds