

With you, we have been monitoring the impact of the Federal Government initiative to provide an unlimited bank deposit guarantee.

The impact of the guarantee, in addition to recent newspaper reports and the decision by many of our peers to change withdrawal arrangements has created a systemic issue. Unsurprisingly, the effect on our own mortgage funds has been an unusually high level of withdrawal requests over the past few days.

Accordingly, to manage redemption requests in an orderly manner and to preserve equity across our investor base, we have made the decision to amend the redemption procedures across the following funds:

- AU Mortgage Income Trust AUSOO2OAU
- AU Wholesale Mortgage Income Trust AUSO116AU
- AU High Yield Mortgage Trust AUS0003AU
- AU Wholesale High Yield Mortgage Trust AUS0005AU
- Discovery Core Income Fund - Retail AUSOO32AU
- Discovery Core Income Fund - Wholesale AUSOO31AU

In short, the revised procedures provide:

- Quarterly redemption windows for investors to withdraw — wholly or in part — subject to a fixed dollar maximum as determined by available liquidity and the best interests of all investors;
- Changes to the above Funds' redemption process is effective from the 22nd of October and will remain in place until such time as there is sufficient liquidity to return to daily withdrawals and withdrawal requests return to a sustainable level;
- We intend to offer our first quarterly redemption window on the 24th of November.

We note that while many sectors have suffered capital losses during the past 12 months our mortgage funds have preserved investor capital and continue to deliver on their investment objective — providing investors with regular, monthly income and capital stability.

We will continue to keep you informed of developments toward normal market operations in the sector and thank you for your continued support through good times and those more trying.

Finally, we confirm that **investor capital is unaffected by the change and monthly income distributions will continue to be paid**. Should you have any questions, please do not hesitate to contact me.

Sincerely,

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