

12 July 2012

Dear unitholder

Provident Capital High Yield Fund

This notice is to update you on recent developments in relation to the Provident Capital High Yield Fund (**Fund**).

On 3 July 2012 Marcus William Ayres, Anthony Milton Sims and Philip Patrick Carter of PPB Advisory were appointed as receivers, and subsequently on 10 July 2012 as receivers and managers, (**Receivers and Managers**) of the responsible entity of the Fund, Provident Capital Limited ACN 082 735 573 (**Provident**). This appointment was made as a result of Provident's broader business operations and not due to the circumstances of the Fund. However, as a consequence of this appointment, the Receivers and Managers have taken charge of all the affairs of Provident, including its role as responsible entity of the Fund.

There will be a few necessary changes to the way that the Fund is operated due to the commencement of the receivership and these are outlined below in this letter. These changes are intended to ensure stability for the Fund and to preserve the value of unitholders' investments.

Product Disclosure Statement and Applications

The Fund's product disclosure statement (**PDS**) was withdrawn by Provident on 25 June 2012. As a result, applications for units in the Fund are currently closed and all application moneys received after this date are being refunded.

Distributions

Distributions for the month of June 2012 have been paid to unitholders consistent with the procedures set out in the Fund's PDS. Unitholders will be contacted once the Receivers and Managers complete their review and confirm the position regarding future distributions.

Provident Capital Limited (Receivers and Managers Appointed) ABN 78 082 735 573 / AFSL 225172

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Changes to redemptions

Redemptions in the Fund (including all future and outstanding redemption requests not yet paid) have been temporarily suspended while the Receivers and Managers undertake a review of the redemption requests received to date as well as the underlying asset profile. This decision was considered necessary in order to ensure the most appropriate and equitable outcome for all unitholders. Unitholders will be contacted again once the review has been completed and confirmation will be provided regarding future redemptions.

Compliance Committee

The Receivers and Managers met with the Fund's compliance committee on 10 July 2012. The members of the compliance committee confirmed that they will continue to act in relation to the Fund and to perform their duties under the law.

External Audit of the Fund

It is the Receivers and Managers' intention to continue with the current auditors of the Fund for the year ended 30 June 2012. KPMG are the auditors for the Fund and its compliance plan.

Future of the Fund

The Receivers and Managers are currently reviewing the overall future strategy of the Fund. Unitholders will be contacted in due course with a further update regarding the Fund's future.

If you have any questions regarding the Fund, please contact the Fund's registry on (02) 8012 8650.