

21 August 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 12 July 2012 we notified unitholders of the appointment of receivers and managers to the responsible entity of the Fund, Provident Capital Limited ACN 082 735 573 (**Provident**). In that letter, we explained that there would be some consequential changes to the way that the Fund is operated due to the commencement of the receivership of Provident. These changes are intended to ensure stability for the Fund and to preserve the value of unitholders' investments. The appointment of receivers and managers 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.

### **Distributions and reinvestment**

Distributions for the month of July 2012 will be paid to unitholders consistent with the procedures set out in the Fund's product disclosure statement. However, the receivers and managers on behalf of Provident have decided that it is appropriate to suspend reinvestment of distributions until further notice. Accordingly, all distributions for July 2012 that would have been reinvested will be paid in cash. Payments will either be made by direct deposit into each unitholder's nominated bank account or, for those unitholders who have not nominated a bank account, payment will be made by cheque.

### **Future of the Fund**

The receivers and managers of Provident are continuing with their assessment of the overall future strategy of the Fund. As this assessment continues, applications to invest in the Fund will continue to be closed and redemptions will continue to be suspended. In addition, the receivers and managers will be exploring whether replacing Provident with a new responsible entity may provide a viable solution for the Fund and its unitholders. In connection with this, you may see the Fund featured in advertising placed by the receivers and managers in the national press. Unitholders will be contacted in due course with a further update regarding the Fund.

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