

March 12, 2015



## Australian Enhanced Income Fund Security Purchase Plan Update

In response to a number of queries we have received about the use of the funds raised in the securities purchase plan (SPP) offer for the Australian Enhanced Income Fund (Fund) we make the following comments.

Funds raised under the SPP offer will be invested in the same proportion and alongside the listed hybrid securities already held by the Fund using our 4 step “filter” security selection process and quantitative risk management methods.

We consider that the Fund will continue to produce excellent partially franked income returns accompanied by a low level of underlying capital volatility.

We expect the Fund’s return profile to be maintained over the course of the next 12 months underpinned by;

- Historically wide spread margins on hybrid securities,
- Increased demand by retirees and SMSF’s for high yielding hybrid securities amid declining risk free term deposit rates and
- Reduced issuance by the major bank issuers as the requirement for hybrid capital instruments declines.

We remind participants in the SPP that units issued under the SPP offer will be issued at \$6.25. Unitholders who take up their entitlement will be eligible for the \$0.10 March quarter cash distribution, of which 47% is estimated to be fully franked. The distribution will be paid on 15 April 2015.

The gross yield on monies invested by participants in the SPP is estimated to exceed 7% on an annual basis.

Should you have any queries about the SPP offer please do not hesitate to contact us at [info@eiml.com.au](mailto:info@eiml.com.au) or by telephone (03) 8689 1348.