

June 5, 2019



## Australian Enhanced Income Fund

### Reduction in Minimum Cash Distribution

The Fund has paid a cash distribution of \$0.35 per annum since the June quarter distribution of 2016. As flagged in the Fund's 4D review and commentary released to the market on 25 February 2019, should the RBA reduce the official cash rate, the RE would review the minimum per unit cash distribution. In light of the RBA's decision of 4 June to reduce the official cash rate by 0.25%, the RE has taken the decision to reduce the minimum per unit cash distribution.

Commencing with the distribution payable at the end of the June 2019 quarter the minimum per unit cash distribution will be \$0.32 per annum.

The Fund expects to generate franking credits to the value per unit of approximately \$0.05 per annum. This means that the total income return (including franking) per unit will be around \$0.37 per annum. At the NAV calculated as at the close of business on 15 May 2019 of \$5.92 per unit the total minimum income return (including franking) approximates to 6.25%.

Investors will note that this is well in excess of cash and bank term deposit rates of return.

The RE will continue to monitor the situation and should the RBA move the official cash rate, either upwards or downwards, the RE will consider adjusting the minimum per unit cash distribution accordingly.

The Fund will continue to distribute all income earned and received. If the income generated by the Fund per unit exceeds the \$0.32 per annum minimum cash distribution level the excess income will be distributed to unit holders.

Yours faithfully,

Norman Derham (Company Secretary)