

# Owenlaw Mortgage Trust Update

S U M M E R 2 0 1 1

Dear Investor,

The beginning of the year brings along with it new opportunities and challenges and no greater is this evident than in the Mortgage Fund industry. The end of 2010 drew to a close another challenging 12 months for global and domestic financial markets. Domestically, conditions in Australia appear to have improved which is evidenced by the strong Australian dollar and the prediction of strong growth in the mineral and energy sector. In the near term, inflation is close to target, employment at capacity and domestic growth near trend. This leads to our opinion that the Reserve Bank of Australia, (RBA), will increase rates in the first quarter of 2011. This is expected late in the quarter due to the impact of the horrendous floods in Queensland.

Owenlaw will reassess all distribution rates in our meeting in March 2011 and, if the RBA have increased the Cash Rate Target, we expect to follow with a change in our distribution rate.

## Owenlaw Mortgage Trust – Performing well

Returns from our Mortgage Trust first mortgages continue to exceed the performance of our competitors including some of Australia's largest mortgage funds, such as:

AXA Australia Monthly Income	4.4% p.a (12 months to 31/12/2010)
Australian Unity Mortgage Income Trust	5.63% p.a (12 months to 31/12/2010)
Challenger Howard Mortgage Fund	2.59% (12 months to 31/12/2010)
La Trobe Pooled Mortgage Fund (2yr option)	7.3% p.a (12 months to 31/12/2010)
<b>Owenlaw Mortgage Trust (2yr Option)</b>	<b>8.5% p.a (12 months to 31/12/2010)</b>
Perpetual Mortgage Fund	4.22% p.a (12 months to 31/12/2010)
Richmond Income Plus	6.55% p.a (12 months to 31/08/2010)

UBSA Bank Bill Index for a 2 year investment is 4.07%, therefore Owenlaw Mortgage Trust has out performed the index. We will continue to monitor distribution rates closely and adjust rates to ensure we remain competitive at all times.

### DISTRIBUTION RATES

Owenlaw Mortgage Trust distribution rates, for the quarter commencing 1 January 2011 are:

Investment Term	Distribution Rate	Distribution Rate with interest reinvested
6 – months	7.00%	7.18%
12 – months	8.00%	8.24%
24 months	8.50%	8.77%

It is the Trust's objective to return to our investors distribution rates for the 24 month term that are 4% higher than the RBA's Cash Rate Target. In most cases, we will increase distribution rates to reflect an increase in the RBA's cash rate target; however they do not, in all cases, follow a rate reduction.

As at 1st February 2011 the cash target rate was 4.75%.

### STAFF CHANGES

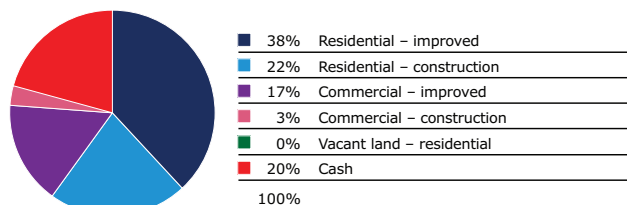
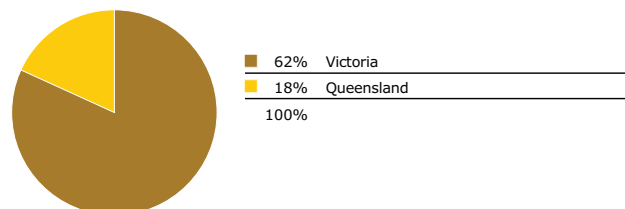
After 28 years of service our senior legal executive, **Mardi Howell**, will be retiring at Easter. Amongst other things Mardi was in charge of our mortgage preparation and mortgage administration. We will be sad to see her leave.

**Emily O'Bree** has worked with Mardi for over 9 years and will take over as our senior legal executive. Emily is a Fellow of the Institute of Legal Executives Victoria. I would like to take this opportunity to congratulate her on this promotion. To assist Emily we have employed **Kate Maloney**, who brings along several years experience working as a legal secretary at a large Melbourne based law firm.

I would also like to introduce **Melinda Taylor**, who brings to the company many years of marketing experience within the architectural and construction sectors. She will be in charge of marketing Owenlaw Mortgage Trust and dealing with investor inquiries for the Trust.

**OWENLAW MORTGAGE TRUST GEOGRAPHIC AND SECTOR DIVERSIFICATION**

As at 1st February 2011 the fund size was \$27,010,751.00. It was made up of 32 loans, of which 30 were in Metro Victoria and 2 in Queensland. There is a minimum 10% of the fund size held in cash.

**DISTRIBUTION****GEOGRAPHIC DIVERSIFICATION****AUSTRALIA SECURITY AND INVESTMENT COMMISSION (ASIC) DISCLOSURE BENCHMARKS**

Owenlaw Mortgage Trust supports the benchmarks that were introduced on a "if not, why not basis" from September 2008. The purpose of these benchmarks are to improve disclose to retail investors. The Trust meets all of the benchmarks.

**OWENLAW MORTGAGE TRUST STRATEGY FOR THE FUTURE**

Over the past two years Owenlaw Mortgage Trust has maintained its capital and seen a modest increase in fund size while continuing to pay monthly distributions that out performed its competition.

The feedback I have had from some of our investors is that we have been one of the better performing assets in most investment portfolios.

In addition, commercial lending enquires remain high with blue chip assets being offered as security. Our Loan Manager continues to screen applications vigorously to uphold the integrity of our mortgage book.

The unwinding of the Federal Government's guarantee for deposits under \$1 million this year represents a significant milestone for mortgage funds in general. Once removed, all deposits will return to a more level playing field and I am confident that further investor funds will be available to us.

Due to the improving domestic economic conditions, strengthening property market and likely winding back of the Federal Government's guarantee of deposits, Owenlaw Mortgage Trust will aim to increase the fund size this financial year by a further 25%.

Our priorities remain to pay regular monthly income distributions and protect the capital of investors.

**WEBSITE**

Our new website [www.owenlaw.com.au](http://www.owenlaw.com.au) has been launched in recent weeks.

While the new site contains a great deal more information, investors should find navigation through the site much easier than previously.

For further information on Owenlaw Mortgage Trust please don't hesitate to call Melinda Taylor or myself on 1300 856 600

I look forward to continuing our work with you in 2011 and achieving further great success.

*Anthony Downey*  
Director  
Owenlaw Trust Ltd

**ASIC BENCHMARKS**

On 2 September 2008 ASIC issued Regulatory Guide 45 "Mortgage schemes – improving disclosure for retail investors" which sets out eight Benchmarks developed by ASIC to help retail investors understand the risks, assess the rewards being offered and decide whether these investment are suitable for them.

We were required to disclose by 30 November 2008 whether we comply with the Benchmarks and if we did not we must explain why that is. Both Owenlaw Mortgage Trust and Owenlaw First Mortgage Income Fund continue to comply with all applicable ASIC Benchmarks.

**Regulatory note**

Owenlaw Mortgage Trust and Owenlaw First Mortgage Income Fund are not bank deposits, there is a risk that the investment may achieve lower than expected returns and that the investor will not be paid their withdrawal proceeds within a reasonable period after the end of the fixed term. Investors risk losing some or all of their principal investment, our constitution allows us to restrict withdrawals in certain circumstances

Warning. The historical information of current types of loan and location of security should not be relied upon as indicative of future types or location.