

27th October 2008

Dear Sir/Madam,

Re: Challenger Howard Mortgage Fund

You would probably be aware of the Federal Governments recent announcement to guarantee deposits held within Australian banks, building societies and credit unions to free up liquidity and provide stability and comfort to most Australians who hold cheque accounts, term deposits, saving accounts etc.

Whilst the Government needs to be applauded for their actions to prevent any bank led free fall (similar to that experienced in the US), the unintended impact of this announcement is the concern it has created amongst some investors about the security of investments not covered by this guarantee. Such securities include:

- managed investments (including cash management trusts, property trusts, share trusts and agricultural schemes),
- debentures
- managed funds
- superannuation funds, and mortgage trusts

Note: These investments although not guaranteed, may invest in assets covered by the Government guarantee

Challenger is one of a number of fund managers who have now announced that due to an elevated number of redemption requests, they have altered their redemption policy for their mortgage funds whereby the volume of redemptions processed will be matched against the liquidity generated by the maturing of assets within the fund. Their intention is to process redemption requests quarterly, the first redemption 'window' is expected to take place in February 2009. Income from the fund will continue to be distributed to investors as normal.

This temporary decision to change the redemption policy is a necessary and prudent response to an unforeseen outcome of the Governments initiative. With \$2.8billion in assets and a track record dating back to 1985, the Challenger Howard Mortgage Fund has become an important income producing asset within most of the portfolios recommended by Securinvest Financial Planners.

As the sharemarkets continue to rise and fall and turmoil within the financial markets continue, this is just another 'speed hump' thrown into an ever changing environment. As we await some further clarity around the Government's guarantee, the decision by Challenger should only impact those who want access to their money in the short term.

We will keep you updated via mail and our website, www.securinvestfp.com.au as these changes and challenges continue to present themselves. As always, we welcome your call on (03) 9574 8300 with any questions or concerns that you may have.

Regards,



Securinvest Financial Planners Pty Ltd