

Our Ref: RCL\_8979r5.doc

7 September 2020

## **CIRCULAR TO INVESTORS**

Dear Sir/Madam

**RE: LM Investment Management Limited (In Liquidation) ACN 077 208 461 (LMIM) (the Company) as the responsible entity of the LM Institutional Currency Protected Australian Income Fund (the Fund) (ICPAIF)**

I refer to my previous update regarding this Fund on 14 October 2019 and provide the following update in relation to the wind-up of the Fund.

### **Litigation**

The 30<sup>th</sup> update from the Court Appointed Receiver of the Assets of the LM First Mortgage Income Fund (FMIF) is now available on the [www.lmfimf.com](http://www.lmfimf.com) website.

As you will be aware, the Receiver had commenced action against ICPAIF and CPAIF (“the Feeder Funds”) which if successful, would have resulted in no further distributions to the Feeder Funds being made from FMIF.

The outcome of this action saw \$316,555.25 distributed to ICPAIF after payment of the secured creditor in full and Receivers’ costs and disbursements.

### **Taxation matters and audited accounts**

Despite the distribution, the solvency of ICPAIF remains uncertain with insufficient funds to meet the costs of completing any taxation returns, business activity statements or audits. Accordingly, I am determining the ability to apply to ASIC for audit relief for ICPAIF on the basis the Fund is insolvent.

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## Net Asset Value

An **indicative** position of the Fund and estimated unit price as at 30 June 2020 is set out in the table below. All figures are in Australian Dollars (AUD).

<b>LM Institutional Currency Protected Australian Income Fund NAV as at 30 June 2020</b>	
<b>Item</b>	<b>Amount</b>
Cash at Bank	\$269,998
<b>Total Fund Assets</b>	<b>\$269,998</b>
<b>Less:</b>	
Fund Payables	Nil
<b>Total Fund Payables</b>	<b>Nil</b>
<b>Indicative Net Assets as at 30 June 2020</b>	<b>\$269,998</b>
<b>Estimated AUD equivalent units at 30 June 2020</b>	<b>12,097,658</b>
<b>Estimated Unit Price as at 30 June 2020</b>	<b>\$0.02</b>

The estimated asset and unit values are expressed in AUD equivalents and are subject to daily market fluctuations. AUD equivalent units have been calculated based on the Australian Taxation Office foreign currency exchange rates for the year ended 30 June 2020. Accordingly, they are subject to change without notice to members.

The indicative net asset position represents cash at bank as at 30 June 2020. There were no known liabilities unpaid at 30 June 2020, save for amounts able to be recouped by LMIM for expenses paid on behalf of ICPAIF when ICPAIF held insufficient funds are not accounted for in this calculation. This figure is yet to be quantified. Further, the net asset position is calculated before consideration of future wind-up costs (including custody fees, accounting and audit costs, and Liquidator remuneration and out of pocket expenses) not yet invoiced or yet to be incurred or determined by the Court. Ongoing wind-up costs are being minimised wherever possible.

The net asset position is also subject to change should additional liabilities of the Fund be identified.

### Timing for Finalisation and Distributions

Net assets after deduction of costs of wind up of the fund including and those expenses reimbursable to LMIM by ICPAIF will not be sizeable enough to warrant a distribution to investors at this time, having consideration to the transaction and time costs associated.

The timing for finalisation of the wind-up of the Fund, including any final distribution, is currently unable to be determined. Timing is dependent on confirmation of any further distributions from FMIF which will only be known upon resolution of multiple legal actions the Receiver of FMIF is presently undertaking.

### Contact Details

Investors are able to obtain further information by either:

1. Updates will be provided on the LMIM administration website ([www.lminvestmentadministration.com](http://www.lminvestmentadministration.com));
2. Sending an email outlining your queries to [enquiries@lminvestmentadministration.com](mailto:enquiries@lminvestmentadministration.com); and
3. Queries concerning holdings, transfer requests, and updated details should be directed to [enquiries@lminvestmentadministration.com](mailto:enquiries@lminvestmentadministration.com).

Yours faithfully



John Park

Liquidator