

5.50% p.a.*
Current distribution rate
5.62% p.a.*
Investors who reinvest
quarterly distributions (approx)



Richmond Mortgage Fund

NEWS UPDATE

A U T U M N 2 0 0 9

www.rmfund.com.au

Welcome to the Autumn 2009 edition of the *Richmond Mortgage Fund Newsletter*.

Dear Investor

Since our last Newsletter there have been a number of positive developments domestically providing signs of a turning point in our economy. At its May 2009 meeting the Reserve Bank Board commented:

"While near-term outcomes are likely to be weak, there are reasonable grounds to expect that a recovery will begin by the end of the year, provided global conditions continue to stabilise. The recovery, however, is likely to be gradual at first, largely reflecting developments abroad, where growth is forecast to be below trend for some time."

Our economy remains largely in the hands of a number of overseas economies (in particular United States & China). Assuming the news remains positive from these countries then quite possibly the worst of the "global economic crisis" may be over.

In addition, and in what amounts to good news for investors, the Reserve Bank has also altered its position on official interest rates. Recent comments have most analysts suggesting only minor (if any) cuts to official interest rates are likely from now until the end of 2009.

Your Fund has continued to perform strongly over recent months (see table below). The repayment of a number of loans has increased liquidity levels sufficiently to complete our

first redemption offer which no doubt was a relief to many investors. Your Board understands the importance of these offers to many investors and will continue to do every thing possible to ensure a regular release of capital.



Ian Cardow
Managing Director

At this stage our cashflows suggest a further redemption offer should be achievable by June/July 2009. We will keep all investors advised of developments in this regard.

It is the Board's aim to return to a more appropriate redemption strategy at the earliest opportunity. We are still of the view markets need to stabilise which will provide greater certainty around cashflows before that can be achieved.

In the interim your Board continues to focus on maximising your returns, providing regular distributions and minimising risk in our portfolio of loans.

Ian Cardow
Managing Director

DIRECTORS

- David Short (*Chairman*)
- Bryan Marriott
- Ian Cardow (*Managing Director*)
- Andrew Young
- Jake Van Dommele

Existing Investors Continue to Invest

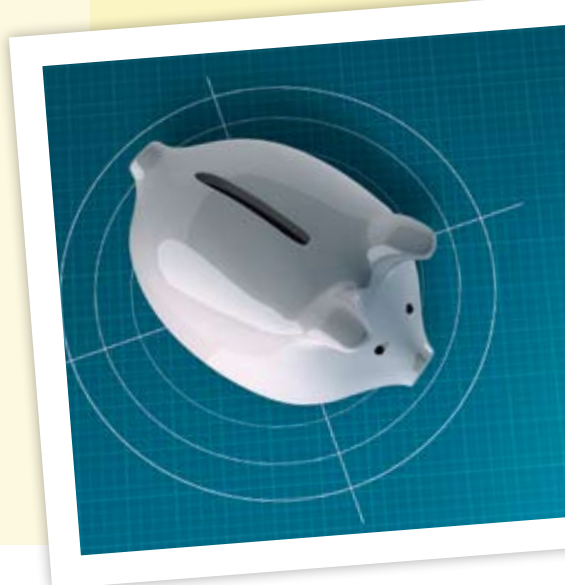
As an investor in the Fund you can add to your investment at any time. We are delighted to report many of our investors have already done so, and their decision is a strong indicator of their confidence in the performance and management of the Fund. Anyone considering further investment should contact us on (02) 6686 6055. ●

Richmond Mortgage Fund stacks up well against other investment classes

Investment	Investment 01/04/08	Value 31/03/09	% Change
ASX All Ordinaries	\$10,000	\$6,530	-34.7%
ASX 200 Listed Property Index	\$10,000	\$3,890	-61.1%
Richmond Mortgage Fund	\$10,000	\$10,000	No change

Past performance is not necessarily a guide to future performance.

*Investors should note there is a risk that the investment may achieve lower than expected returns.



Q&A

**Your questions answered by
Managing Director, Ian Cardow**

We've taken your most commonly asked questions about the Fund, and put them to our Managing Director, Ian Cardow.

How long is the freeze on redemptions likely to last?

Unfortunately the freeze on redemptions is likely to remain in place until markets have stabilised and confidence has returned to financial markets. At this stage it is difficult to predict exactly how long this may be. We note several large Australian mortgage funds have indicated that investors access to their funds may remain restricted for some time.

We remain confident however that once markets have stabilised, and confidence regained, appropriate redemption procedures can be implemented. In the meantime our objective is to provide investors with stable returns and periodic redemption offers.

What happened at the end of the initial 180 day redemption freeze period?

Deferred redemption status applied from 21 October 2008 for an initial period of up to 180 days. However during that time the Board determined that investors' best interests would be served by moving from a "freeze of redemptions" to operating the Fund as a non-liquid managed investment scheme. This move enabled the Board to offer staged "periodic redemptions".

Most Australian mortgage funds are now operating under periodic redemptions pending a return to more appropriate trading.

What is Richmond Mortgage Fund doing to help investors who need access to their funds?

We are well aware of the impact the freeze has caused to some of our investors and we will continue to make the periodic release of funds one of our key priorities. Those investors who can demonstrate that they are experiencing genuine hardship as a result of the redemption changes can apply for "Hardship Relief" under provisions approved by the Australian Investment & Securities Commission (ASIC). For full details and eligibility criteria see www.rmfund.com.au.

Will you ever return to normal redemptions?

That is our desire however we believe it is unlikely this can be achieved in the short term. The Board is monitoring the situation closely and it is our intention to move to a more appropriate redemption system when it is prudent and practical to do so.

How do I access my money during this time?

Redemption offers will be made periodically as cash flow permits. All investors will receive the opportunity to participate in the redemption offers when they occur. Our objective is to make redemption offers at least quarterly, assuming adequate cash reserves exist.

When will the next redemption offer be made?

At this stage we anticipate our next offer will be made in June/July 2009, with subsequent offers in September and December (cash flow permitting).

Is my money safe?

Your funds are invested in a conservative, quality mortgage portfolio that has provided a consistent and stable return for over 40 years. The Board firmly believes that the Fund remains a stable investment and does not anticipate any loss of capital for investors. The Fund currently meets all eight of ASIC's recently introduced "Benchmarks". For updated Fund-specific information relating to each "Benchmark", please refer to the Benchmark Report on our website at www.rmfund.com.au/benchmarks.

Are directors still investors in the Fund?

Yes. Our Directors and staff remain substantial investors in the Fund.

Can we add to our existing investments?

Yes. Existing investors can add to their investment at any time and many investors have already done so.

Am I able to reinvest my distributions?

Yes and many of our investors elect to do this. In doing so, you enjoy the benefit of compounding returns on your investment (currently 5.62% p.a assuming full reinvestment of quarterly distributions).

How do your distribution rates compare to other similar Funds?

In our view, very favourably. If you compare our distribution rates over recent years, you will find that Richmond Mortgage Fund has consistently provided investors with returns above those of many other similar investments. Our average distribution rates for the period 1/1/06 to 31/12/08 were:

2006	6.57% p.a.
2007	7.12% p.a.
2008	7.97% p.a.

Past performance is not necessarily a guide to future performance.

Since March 2008 the Reserve Bank's official cash rate has reduced by 4.25% (7.25% to 3.00% currently). During the same period, Richmond's distribution rate has reduced by only 3% (8.50% 5/08 to current 5.50%). Our intention remains to provide investors with the best possible return at all times. ●

**Have any questions not
been answered here?**

**Phone us on (02) 6686 6055 or email
enquiry@rmfund.com.au**

The New PDS

We anticipate a new Product Disclosure Statement (PDS) will be available in June/July 2009 which will open the Fund to new investors. This is an important step as additional investments grow the Fund and provide increased levels of liquidity which assist us in making redemption offers to investors who require access to their funds.

Under the new PDS investors will be offered:

- Attractive distribution rates
- Minimum investment \$1000
- No entry or exit fees
- Distributions calculated daily and paid quarterly
- Redemptions periodically
- Option to reinvest distributions
- Quarterly statements

Full details of the new PDS will be available at our office or www.rmfund.com.au. shortly. ●

Loan to Value Ratios – What are they and why are they important?



Richmond Mortgage Fund's strong performance over the last four decades is due to our diversified portfolio, conservative approach, and strict lending policies focussing on risk management and minimisation. One of these is our policy regarding loan to value ratios (LVR's).

LVR is the amount loaned in relation to the value of a property. For example, if a property is valued at \$200,000 with a loan (mortgage) of \$150,000 the LVR is 75% (debt/loan of 75%, equity of 25%). Typically, loans with high LVRs (above 80%) are generally deemed as higher risk.

At Richmond Mortgage Fund we employ more conservative ratios. The Fund's mortgage portfolio as at 30th April 2009 had an average LVR of 55.62%. ●

David Short Chairman

Some chairmen are present in spirit only, having little to do with the day-to-day running of the business. Not so David Short.



David is a retired solicitor with more than 40 years experience in practising commercial law. He is well known to many of our investors being a "co founder" of the original Fund (Richmond Trust Fund) in 1968.

He was appointed Chairman of Ballina Mortgage Management Limited (Responsible Entity of Richmond Mortgage Fund) in 2000 and remains actively involved in every major decision of the Fund. ●



Richmond Mortgage Fund

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Office Hours

8.30am to 5.00pm, Monday-Friday

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