



**AUSTRALIAN
MASTERS
YIELD**
FUND NO 4 LIMITED



INVESTMENT OVERVIEW

Australian Masters Yield Fund No 4 Limited (**the Company**) has been established to provide investors with exposure to a portfolio of fixed income securities with attractive risk-adjusted returns.

Fixed income securities allow diversification away from the other asset classes such as equities, commodities and property. From an investor's perspective, fixed income securities can provide a lower level of capital risk and a more reliable income stream than equities.

At the time of writing, global equity markets continue to exhibit high levels of volatility, exacerbated by continued concerns over European sovereign credit risk. Interest rates on government bonds remain low, in some cases at or near historical lows, while rates on government guaranteed deposits are decreasing. This backdrop creates a strong investment case for selective allocations to higher yielding fixed income securities domestically and in select international markets.

The Company will be externally managed by Dixon Advisory & Superannuation Services Limited (Dixon Advisory or the Manager). The Manager will implement a disciplined investment process that identifies, selects and manages a portfolio of fixed income securities.

The 3 key investment objectives of the Company are to:

- > To provide investors with an attractive rate of income through consistent fully franked dividends to the extent possible, and the potential to receive capital returns throughout the life of the Company
- > Minimise default risk by investing in products from issuers of sound credit quality, and
- > Minimise costs of the Company.

INVESTMENT HIGHLIGHTS

ACCESS TO ATTRACTIVE FIXED INCOME SECURITIES	The Company has been established to undertake direct investment in fixed income securities which are often only available to wholesale investors. These include senior bonds, loans, subordinated debt, hybrid securities, structured income securities, government bonds, cash and cash equivalents issued in domestic or foreign currency (Potential Investments). To the extent that the Company invests in fixed income securities denominated in a foreign currency, the Company will seek to hedge the foreign currency exposure to the extent possible. The Manager may also allocate a proportion of the portfolio to an external fund manager with specialist expertise in a particular segment of the fixed income market.
RETURNS	The Company's objective is to assemble a Portfolio of fixed income securities with a target yield of around 3% p.a. or greater above the official Australian cash rate at the time of investment.
DURATION AND EXIT PATH	Investments initially targeted in the 3-6 year maturity range. The Company intends to return cash to Shareholders when the underlying fixed income securities mature, are redeemed or sold. The Company is permitted to reinvest the proceeds where it is of the view that doing so would be in the best interests of Shareholders within the first 5 years. The latest date of maturity, redemption or sale for securities in which the Company proposes to invest is 31 December 2023.
EXPERIENCED BOARD AND MANAGER	The Board will comprise Kevin Smith, Alex MacLachlan, Chris Brown and Tom Kline. The Manager currently manages a portfolio of interests of 3 similarly structured fixed income funds under the banner of the AMYF Series, 2 corporate bond funds under the banner of the AMCBF Series and 3 equity funds listed on the ASX. The Manager is also the Responsible Entity of the US Masters Residential Property Fund. It is the intention of all the Directors to apply for Shares via this Prospectus.
INVESTMENT STRATEGY	The Manager will implement a disciplined investment process that identifies and selects a portfolio of Potential Investments. It is proposed that most of the Portfolio will be static in nature, although the Manager will monitor the Portfolio and retain the authority to exit investments and re-invest as appropriate.
LOW COST STRUCTURE	AMYF4 provides access to the wholesale fixed income markets through a simple, cost effective corporate structure. The Manager will charge an annual management fee of 0.59% (ex GST) of the gross value of the portfolio of the Company.

THE PROSPECTUS IS AVAILABLE AT AVAILABLE AT WWW.AMYF.COM.AU/AMYF4



INVITATION TO INVEST FROM CHAIRMAN KEVIN SMITH



4 June 2011

I am pleased to invite you to become a Shareholder in Australian Masters Yield Fund No 4 Limited (**the Company**).

The Company has been established to provide retail investors access to the wholesale fixed income market through a simple and cost-effective corporate structure. Much of the Australian and international fixed income market is not freely accessible to retail investors, with direct access often limited by minimum investment restrictions and regulatory requirements.

In our view, recent equity market volatility, resulting from concerns surrounding economic stability in Europe provides a compelling investment case for fixed income securities in the current environment. Exposure to the fixed income market can provide investors with more predictable income streams and a level of capital security.

Should conditions in Europe continue to deteriorate, this could offer an attractive buying opportunity. Government bond rates remain at particularly low levels while corporate spreads remain persistently high which is indicative of the increased risk aversion within markets currently. If circumstances in Europe worsen, corporate credit spreads could widen further as institutional investors sell higher risk assets in favour of government bonds, presenting an attractive buying opportunity on a risk adjusted basis.

Domestic and international corporate issuers can provide an attractive relative value proposition especially when compared to low yielding government bonds or government guaranteed deposits. Many corporate entities have undergone a period of deleveraging and implemented efficiency programs resulting in a general improvement in corporate credit metrics domestically and in select international markets.

The outlook for fixed income security issuance also remains favourable. Stricter capital adequacy regulations arising from the recommendations set forth under the Basel III regulatory framework may reduce the lending capacity of domestic and international banks. As a result, corporations may be more likely to issue fixed income securities or source funding from alternative providers.

The Company will be managed by Dixon Advisory & Superannuation Services Limited and has been set up to invest in a diverse range of fixed income securities offering attractive risk-adjusted returns. The Manager has extensive experience managing portfolios of fixed income securities, presently managing the investment portfolios of the Australian Masters Yield Fund No 1 Limited, Australian Masters Yield Fund No 2 Limited and Australian Masters Yield Fund No 3 Limited (**AMYP Series**). Since their respective IPOs in October 2010, March 2011 and December 2011, the AMYP Series has raised more than \$230 million and has invested across fixed income securities from 15 different issuers. The Manager has also had extensive experience managing other fixed income strategies, having managed the Australian Masters Corporate Bond Fund series (**AMCBF Series**). Since inception in June 2008, the AMCBF Series has raised approximately \$280 million and invested in investment grade corporate bonds from more than 40 different issuers.

The Company's investment mandate is structured to allow the Manager the flexibility to respond to changing market conditions, allowing the efficient allocation of capital across a number of fixed income securities. This flexibility will be an important driver in allowing the Manager to capitalise on investment opportunities and in achieving attractive risk-adjusted returns. The Portfolio will primarily be static in nature. However where the Manager identifies attractive opportunities, a more active strategy may be adopted.

The Directors of the Company will be responsible for reviewing the selection of investments and will keep informed by considering information, research and analysis compiled by the Manager.

The Company expects to pay four dividends per year which will be fully franked (to the extent possible). The Company will seek Shareholder approval to execute capital returns from time to time, passing capital proceeds derived from the maturity, redemption or sale of investments back to investors. Following the final return of capital, the Company will seek Shareholder approval to voluntarily wind up the Company.

The latest date of maturity, redemption or sale for securities in which the Company proposes to invest is 31 December 2023. However investments initially targeted will be in the three to six year maturity range allowing the Company to return capital earlier if it is considered to be in the best interest of Shareholders. Investors should be comfortable that they may not be able to easily dispose of their Shares and may not be able to completely exit their investment in the Shares until the Company is wound up. This is expected to be at least two months after all securities in the Portfolio mature, are redeemed or sold and will be subject to Shareholder approval.

The Company's objective is to invest in a portfolio of attractive fixed income securities with a target yield of around 3.00% p.a. or greater above the official Australian cash rate at the time of investment. This will not necessarily reflect the dividend yield achievable on shares issued to investors.

While the fixed income market continues to present attractive investment opportunities, investments in the Company remain exposed to certain risks. Some of the risks associated with making an investment in Shares and, indirectly in fixed income securities through your investment in the Company, are set out in the Prospectus.

I encourage you to read the Prospectus carefully before making your investment decision, it contains detailed information about the Company and the offer of Shares to investors.

I look forward to welcoming you as a Shareholder of the Company.

Yours sincerely

A handwritten signature in black ink, appearing to read "Kevin Smith", is written over a light blue horizontal line.

KEVIN SMITH
Chairman



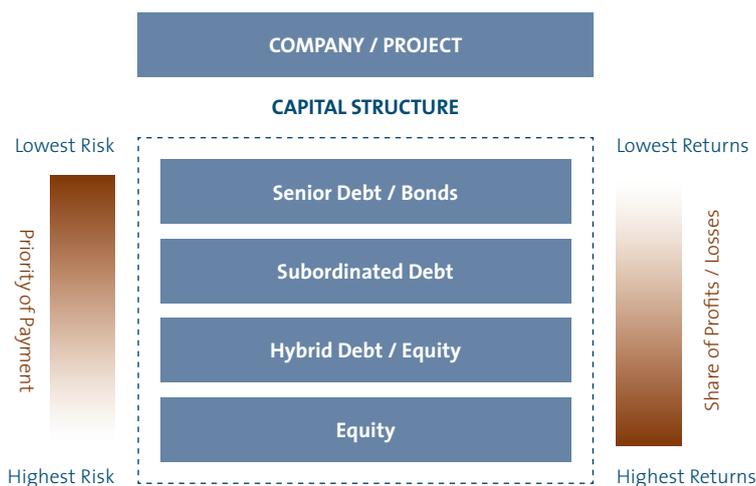
OVERVIEW OF FIXED INCOME SECURITIES

Fixed income securities are issued by entities such as government bodies and corporations in order to raise funds. They are typically financial obligations to pay a specified sum of money to the investor at future dates. Payments can be linked to a fixed interest rate or via a set margin over a variable interest rate benchmark.

Fixed income securities fall into two general categories: debt obligations and preferred equity/hybrid securities, which both typically rank ahead of the claims of ordinary shareholders in the event of insolvency.

Preferred equity/hybrids feature characteristics of both debt and equity capital. Income is paid to the preferred equity holder as dividend out of company profits.

This diagram is an illustrative capital structure of a company or project and the hierarchy of each capital component in terms of priority of payments, access to assets in the event of liquidation and implied risk.



SAMPLE PORTFOLIO COMPOSITION

The composition of the initial portfolio of investments will depend on prevailing market conditions and the availability of attractive fixed income investments when the application money have been received by the Company. Due to the dynamic nature of the fixed income market, an accurate indication of the portfolio composition cannot be given.

For illustrative purposes only the current portfolio of AMYF No 3, which has a similar investment mandate to that proposed for the Company, is presented below.

AMYF3				
ISSUER	MATURITY DATE	YTM WHEN PURCHASED ¹	ISSUE COUPON / MARGIN	TYPE
ROYAL BANK OF SCOTLAND	27-Oct-14	13.1%	BBSW3M + 0.87%	Subordinated
ROYAL BANK OF SCOTLAND	17-Feb-17	13.0%	BBSW3M + 0.78%	Subordinated
BANK OF AMERICA	14-Feb-17	9.8%	BBSW3M + 0.38%	Subordinated
BANK OF QUEENSLAND	22-Mar-22, 22-Mar-17 (call)	9.1%	BBSW3M + 4.25%	Subordinated
FKP PROPERTY GROUP	05-Jan-16, 05-Jan-14 (put)	9.6%	8.00% (fixed)	Convertible
MORGAN STANLEY	22-Feb-17	8.0%	BBSW3M + 0.47%	Senior
INSURANCE AUSTRALIA GROUP	01-May-19, 01-May-17 (call)	8.9%	BBSW6M + 4.00%	Hybrid
HBOS PLC (LLOYDS)	01-May-17	10.5%	BBSW3M + 0.26%	Subordinated
MORGAN STANLEY	09-May-17	8.0%	8.00% (fixed)	Senior

Note 1: The yields are set out above for illustration purposes only. The fixed income securities market is dynamic and the yield at purchase will vary from the applicable yield at maturity. The yields are in no way indicative of the yields for the above fixed income securities at maturity or indicative of the yields at which the Company would be able to acquire the securities at the time of investment. The YTM at purchase indicates the gross yield on the investment at the time of purchase assuming the security is held to maturity, there is no change in short and long term reference rates (applicable to floating rate securities only) and income received is reinvested at the same rate of return.

Note 2: The portfolio of AMYF3 is approximately 67% invested as at the date of the Prospectus.

The Manager will invest in the sectors of the fixed income market which it perceives as offering the most attractive risk adjusted returns and this may differ substantially from the sectors which were invested in when the portfolio of AMYF No 3 was assembled. Given this, investors should be aware that the composition of the portfolio may differ substantially from the portfolio of AMYF No 3. Past performance is not indicative of future performance.



DIRECTORS AND MANAGER INFORMATION

KEVIN SMITH – CHAIRMAN BSC (ECON) (HONS) (BRUNEL)



Kevin is Chief Investment Officer of Dixon Advisory. Previously, Kevin was Global Chief Investment Officer, Equities at ABN AMRO Asset Management in London where he managed 50 investment teams responsible for €75 billion (then equivalent to more than \$115 billion) in equity, listed property and alternative investments. Kevin was also Chief Executive Officer of Standard

Life Investments (Asia) Limited where he managed investment and business development activities in the Asia region. Working for Foreign Colonial in London in the early 90s, Kevin managed Asian portfolios worth £2 billion (then equivalent to \$5 billion) and advised on asset allocation for global pension client portfolios worth £20 billion (\$50 billion equivalent).

ALEX MACLACHLAN – DIRECTOR BA (CORNELL), MBA (WHARTON)



Alex is Chief Executive Officer of Funds Management of Dixon Advisory and Managing Director of the Global Resource Masters Fund, a director of the AMYF Series, the AMCBF Series and Asian Masters Fund. Previously, Alex was an investment banker specialising in natural resources for UBS AG in Sydney and prior to that at Credit Suisse First Boston. Alex also worked in the Japanese Government

Bond derivatives markets in London, New York and Sydney.

CHRIS BROWN – DIRECTOR BCHEM ENG (HONS) (SYD UNI), BCOM (SYD UNI)



Chris is Chief Operating Officer of Dixon Advisory Group. He is a director of the AMYF Series and the AMCBF Series. Previously, Chris was an Executive Director at UBS AG (Investment Banking Division, Sydney) providing capital markets and mergers & acquisitions advice to public and private companies in Australia and overseas. Chris spent several years in the UBS Mergers &

Acquisitions Group in New York. Chris has also worked in the Investment Banking division of ABN AMRO.

TOM KLINE – DIRECTOR BCOM LLB (HONS)(ANU)



Tom is Chief Operating Officer of the Funds Management division of Dixon Advisory. Prior to joining Dixon Advisory in 2009, Tom was an Associate Director at UBS AG Sydney within the Infrastructure and Utilities team, where he advised on a wide range of public and private M&A and capital market transactions. In the past, Tom has also worked with Deloitte in the Corporate Finance services across

the Transaction Services, Business Modelling and Valuation Teams where he worked on a range of due diligence assignments and independent expert reports.

KEY OFFER DETAILS

ISSUER OF SHARES	AUSTRALIAN MASTERS YIELD FUND NO 4 LIMITED
OFFER TO OPEN ¹	11 JUNE 2012
OFFER TO CLOSE	5.00PM (AEDT) 22 JUNE 2012
OFFER SIZE	\$20 – \$50 MILLION
OVER SUBSCRIPTIONS	UP TO \$75 MILLION
ISSUE PRICE PER SHARE	\$100.00
PRO FORM NAV POST ISSUE	\$98.71

A structuring fee of 0.25% (ex GST) and a handling fee of 1.55% (ex GST) of the gross proceeds raised under the prospectus is payable to the Issue Manager.

¹ ASIC may extend the exposure period by 7 days

IMPORTANT INFORMATION

The issuer of shares is Australian Masters Yield Fund No 4 Limited (ACN 149 790 563). The Prospectus contains all of the details of the offer. Copies of the Prospectus are available from Dixon Advisory on 1300 454 801 or at amyf.com.au/amyf4.

The offer of shares in the Company will be made in the Prospectus. Investors should consider the Prospectus in deciding whether to acquire shares in the Company and to assess whether the investment is suitable for an individual's investment needs. Any person who wishes to subscribe for shares in the Company will need to complete the application form contained in the Prospectus.

