

Brooks Macdonald Investment Funds plc

2nd floor, 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland

To the shareholders in:

Brooks Macdonald Defensive Capital and Income Fund
(the **Fund**)

7 October 2016

Dear Shareholder

Further to our letter of 16 September 2016 we are writing with a further update on the termination process for the Fund.

We are continuing to consider making an interim distribution and are working with the investment manager in this regard. As previously notified the directors are exploring certain issues with the investment manager in relation to the historical management of the Fund. The directors are required to identify and where possible to quantify all liabilities including contingent liabilities as part of the termination of the Fund and are seeking to complete this work before making any decision in relation to the timing of any payment to shareholders.

On the 27 September 2016 Origo Partners PLC (Origo) announced shareholder approval for the restructuring of its share capital and settlement of its dispute with Brooks Macdonald Group PLC. Origo had previously announced on the 7 September the restoration of trading on the Alternative Investment Market for its ordinary shares and the convertible preference shares (OCPS). Consequently we believe it should be possible for the investment manager to take steps to realise the Fund's holding in the OCPS on terms which it considers to be the interests of the Fund.

The remainder of the Fund's portfolio has been realised and all the cash proceeds which have been received are held in safekeeping by the independent depositary of the Company, BNY Mellon Trust Company (Ireland) Limited.

We appreciate the concerns of shareholders in this matter and are endeavouring to move the matter forward taking into account our duties under Irish company law and regulation and a further update will be provided on or before 29 October 2016.

Yours faithfully



Simon Wombwell
Director