

April 2009

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## Interest Rate Movements

The RBA made an unexpected “modest adjustment” in its monetary policy to lower the cash target rate by 25 basis points to 3.0 per cent effective 8 April 2009.

The intention of reducing the cash target rate to a record 50 year low is “monetary policy” stimulating the economy out of contraction. Fiscal Policy on the other hand initiated a \$42 billion payment to tax payers earning under \$100,000 per annum to stimulate the economy by increased spending levels.

Both policies are well intended initiatives to stimulate the Australian economy and regain public confidence in the financial markets to restore access to credit and avoid a possible depression. The ASL advertised rate currently at a record low provides a fair cost to the borrower and a fair return to the investor. Lowering rates now will negatively impact investors resulting in loss of funds for finance clients and triggering a spiralling rise in interest rates. ASL suggests finance clients assess the affordability of current debt if interest rates rose 3% to 4% within the next 3 years and decide now how to handle those situations. Now available at ASL, record low rates may be a good solution to adopt. Call 1300 275 275 for more information.

## Funds Financial Management System

Development of the Fund Financial Management System commenced in March 2009 and is expected to be completed by 1 January 2010. The new system will enable ASL to deliver investor statements online and to accept loans and loan increases online. By 1 April 2010 every client, investor and business partner will have their own personal ID to log in to ASL to access their file.



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## Strategy for Financial Stress

The banks following the demands from the Federal Government, have finally agreed to provide the same services to their borrower clients (albeit limited to the current financial crisis) that ASL has provided for finance clients over the past 90 years.

Finance clients on consumer credit contracts can already seek financial assistance by the law.

All other clients need to negotiate with their bank. At ASL we treat each case on its merits and usually will have a financial assistance solution that best suits the individual borrower. ASL recommends all finance clients have a staged exit strategy before entering into any loan to ensure their borrowings are manageable and their equity is not eroded.

Early reviews when a trigger point (eg unemployment) occurs will allow the lender to provide more financial assistance scenarios and enough time for you to decide which option suits you best.

## Annual Report 2008

*The 2008 Annual Report is available online by going to [www.australiansecurities.com.au](http://www.australiansecurities.com.au).*

*If you would like to receive a paper version of this report, please contact the Investment Team on 1300 275 275.*



“ Australian Securities Limited, with its 90 year history as a leading private lender, is an attractive finance option following the global financial turmoil.

Investors are attracted to the security on offer. Finance clients enjoy fast, courteous, and professional service, with tailored financial solutions for business or personal needs. ASL has a reputation for transactions built on transparency and certainty. ”

*Michael Clarebrough*  
Michael Clarebrough  
CEO

# ASL Finance – Lending for business

## Self Managed Superannuation Funds Finance

ASL provides finance for Self Managed Superannuation Funds [SMSF]. The SMSF loans are traditionally five year loans (with rollover options) available for investment, business use and newly purchased properties.

Common features of these loans are –

- LVR is limited to 60%
- Interest is self funded from rental income
- Debt is steadily reduced by member contributions

Accredited independent legal and financial advisers [advising the SMSF] certify to ASL the loan is a sound investment strategy. ASL expects more superannuation funds will use the opportunities prevailing in the current market conditions to invest in real estate. Many superannuation funds already invest in the Australian Securities Income Fund. SMSF finance has been well received by Financial Planners, Accountants and SMSF members as superannuation funds can fund property investments with financial assistance from ASL.

## Beyond 2009

The duration of the current recession is not known. The raft of Government initiatives could reduce the usual 12-18 month turn around times of a typical recession.

It is important to consider post recession conditions. Risk factors to be considered are a slow reduction in unemployment levels, rising interest rates to counteract inflationary trends, minimum wage rises that may not match rising mortgage rates, and risk of declining auction clearance rates if supply exceeds demand and lowering of property values in the first home market after the initial excitement of the grant. Post 2009 we can expect an early intervention by regulators to discourage high risk borrowings. The long term interest of the borrower should become a fundamental standard of all lending practices.

The outcome of greater regulation will be a more stable financial market underpinning our assets in property, shares and other commodities.

For additional finance information or a Product Disclosure Statement phone 1300 275 275

## Valuations

There is always a risk that a property's value will fall. ASL manages this risk by:

1. Retaining repair costs and setting time frames for completing repairs (where these maintenance issues are referred to in the valuation report)
2. Reducing the loan to valuation ratio (where the valuer identifies a falling market as a medium to high risk)
3. Holding a security deposit to compensate for a delayed sale ( where the valuer reports there will be a delay in the sale period).
4. Regular reviews of property values.

An ASL valuer may adopt more than one valuation method where the property is complex.

The concluded valuation is validated against the other methods referred to in the Report.

To determine the feasibility and saleability of a security ASL reviews the methodology used in the valuation report.

The methods referred to in a valuation report may comprise a combination of:

1. Comparative sales
2. Summation (the value of the land plus the value of the improvements)
3. Insurance replacement
4. Rental Value
5. En globo Capitalisation (the valuation of a completed multi unit development allowing for profit margins, permits and building works)
6. Cost to complete

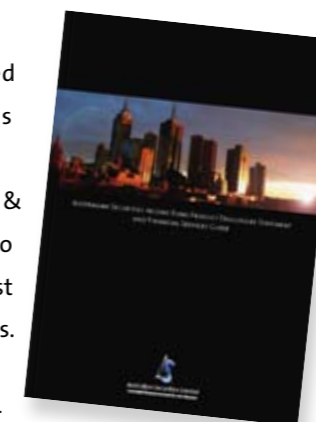
## PDS Amendments

A new version of the Product Disclosure Statement is due to be released in April 09.

Key changes to the Product Disclosure Statement are:

- T2 Investors are no longer eligible for the Interest Advance Facility
- ASIC Benchmarks are featured
- The Financial Services Guide is incorporated into the PDS
- Information on the Principal & Interest Repayment facility to support the Principal & Interest Loans on offer to Finance Clients.

For further information or to order an updated Product Disclosure Statement phone 1300 275 275



Indicative Interest Rates 20 April	2009
1 Year Fixed	6.20%
2 Year Fixed	5.95%
3 & 4 Years Fixed	6.30%
5 Years Fixed	6.30%
Blue Chip [1 Year, R1 Included]	5.95%
Variable Rate	6.80%
Tier 2 Interest Rate	10.25%

## Identity Fraud

### How identify fraud can work

An impersonator (or identity thief) may -

- call your credit card issuer and requests a change to your mailing address;
- Open a bank account in your name and write a bad cheque on the account;
- Not be able to pay the debts occurred under your name and accordingly file for bankruptcy

### How do you know if your identity has been stolen?

- Credit card bills will show unauthorised charges;
- Credit rating takes an unexplained major decline;
- Applications for credit, loans, mortgages, utilities and leases are denied.

### How does a thief get my personal information?

- Stealing your wallet/purse containing your identification and credit cards;
- Stealing your mail;
- Completing a change of address form to divert mail to another address;
- Rummaging through your trash at home or work;
- By posing as a landlord in order to get your personal information

### How can I prevent identity theft from happening to me?

- Ensure all rubbish is “ripped up” rather than scrunched up; All a thief requires is your name and address to get information about you;
- Once a year, order a credit report to ensure there are no inaccuracies. To do this you can go to [www.mycreditfile.com.au](http://www.mycreditfile.com.au) or call 1300 762 207. This report costs \$40.00 [including GST];
- Check your account statements once they are received for any suspect transactions;
- Photocopy any photo identification, credit, debit and health insurance cards and keep them in a safe place;
- Regularly update your computer virus protection software;
- Cut up old cards across the signature and magnetic strip and sign new cards as soon as they are received;
- Don't provide, or confirm, personal information to a telephone operator unless you initiated the call;
- Don't download files sent by strangers or click on hyperlinks from email senders you don't know;
- Don't carry pins or passwords with you;

## New Fees

ASL fees effective from 1st June 2009.

Type	Amount [Including GST]
Compliance Fee	0.64% or 0.39% for performing loan.
Late Interest Payment Fee	\$135.00 Payable one day after interest due.
Manual Payment Fee	\$27.50 Manual processing of interest
Discharge Administration	Fee based on a sliding scale, minimum charge \$275.10
Partial Discharge Fee	\$440.00
Payout Calculation Fee	\$440.00 When loan is discharged on any other date than the due date.
Progress Payment Approval	\$330.00
Rollover Fee	\$330.00
Insurance Default Fee	\$330 and Mortgage Protection Insurance Premium (if any)
Interest Default Fee [Issuing of Default Notice]	\$330.00
Transmission to executor	\$660.00 [Inclusive of GST] Transmission of title into the name of the executor.
Transfer subject to Mortgage	Transfer subject to Mortgage \$1300.00 [inclusive of GST] Transfer of title to a new registered proprietor.
Increase	1.1% of increase amount minimum \$550.00
Section 27 Certificate	\$220.00
Letter of Conduct	\$330.00
Release of information to: - Trustee, Liquidator, Receiver - Government Authority or Agency - Authorised or legal representative	Minimum Fee \$330.00 also see Additional Fees
Additional Due Diligence Requirements	\$330.00 i.e. Seeking advise from QS, Medical Certificate, Borrower Legal & Financial Adviser Certificate
Account Statement (when requested)	\$77.00
Dishonour Fee on any payment	\$110.00
Overdue Principal Repayment	1% of the credit amount plus one months additional interest at normal rate for each part or whole month after the repayment date set in this contract
Legal Fees	Not ascertainable
Additional fees for work not identified in the fee schedule (for example: photocopy of fax/mail documents requested by you or your agent or approval subdivision or review default history).	Director - \$440.00 per hour General Manager - \$385.00 per hour Manager - \$220.00 per hour Executive - \$158.00 per hour Assistant - \$110.00 per hour

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