

February 2010

- ▶ [Who is Australian Securities](#)
- ▶ [People that invest in ASL](#)
- ▶ [Examples and Testimonials](#)
- ▶ [Improving our systems](#)
- ▶ [Our Staff](#)
- ▶ [Ammended PDS](#)
- ▶ [Financial Performance & Rates](#)
- ▶ [Moving Forward](#)
- ▶ [Security Types](#)
- ▶ [Construction Loans](#)
- ▶ [Commercial Loans](#)

“...funds under management were at a record high and net growth of 18.85% achieved...”

Michael Clarebrough  
CEO

## Who is Australian Securities Limited

ASL is a unique private financier. It is not associated with any Bank or wholesale funding arm. It does not provide low doc loans. It has credit and prudential standards that are higher than the standards set by government regulation.

It has only one concern with any transaction - is this transaction in the best interests of our investors and finance client?

ASL offers finance for business, investment, development and domestic purposes.

Loans can be structured for terms of 1- 5 years and can be rolled over annually or at the end of each term taken.

We are not a one stop shop offering solutions to everyone who applies. Our services are suitable for a limited number of investors and borrowers. ASL develops longstanding relationships with clients due to our excellent service and the acumen of our professionally trained staff who value the special connection we have with our investors and clients.

The people and Institutions that invest with ASL include:

- Retirees,
- Second and Third Generations of our investors,
- Not for Profit Organisations,
- Large and small Charities,
- Large and small Financial Planning Firms.
- People seeking higher returns.



**Australian Securities Limited**  
Unrivalled financial services for over 80 years



# Examples and Testimonials

**1 EXAMPLE ONE**  
 Young single seeking higher return / Third Generation Investor.  
 21 Year old girl, living at home with parents.  
 Goal: To save for the purchase of her first Property by the age of 24.  
 Total Investment with ASL \$20,500  
 Investor since October 2007  
 Investment Strategy: Five separate Tier Two Investments  
 Current annual return of \$2,159. [10.53% Gross Return per annum for the last 12 months]

**2 EXAMPLE TWO**  
 Retiree  
 78 Year old male, retired with his wife living in their tranquil rural town setting.  
 Goal: To generate sufficient return to fund his and his wife's lifestyle in retirement. Recently returned from a holiday in England.  
 Total Investment with ASL \$401,050  
 Investor since April 1998  
 Investment Strategy: A mix of both Tier One and Tier Two Investments. The break up is:  
 • 75% in Tier One made up of 8 separate mortgages (Average amount \$35,500 per mortgage).  
 • 25% in Tier Two Mortgages made up of 17 mortgages (Average amount \$5,500 per mortgage).  
 Current annual return of \$33,247.05. [8.29% Gross Return per annum for the last 12 months]  
 Testimonial: Held

**3 EXAMPLE THREE**  
 Corporate Investor  
 Not for Profit organization who has invested with ASL for a little over 10 years.  
 Goal : To generate returns to balance their overall investment strategy. Their overall strategy is centred around conservative investments to ensure the least amount of risk to the capital amount invested  
 Testimonial: Held

**4 EXAMPLE FOUR**  
 Self Managed Superannuation Funds  
 55 year old husband and wife both semi retired with overall investments spread across a share portfolio, property, cash and ASL investments.  
 Total Investments with ASL \$935,000  
 Investors since August 2005  
 Investment Strategy A mix of both Tier One and Tier two Investments. Tier Two investments has only been a recent decision to add to the investment mix. Investment Break up is:  
 • 75% in Tier One Mortgages made 9 separate investments (Average amount \$74,600 per mortgage)  
 • 25% in Tier Two Mortgages 13 separate mortgages (Average amount \$12,900 per mortgage)  
 Current annual return of \$69,966.44 [7.48% Gross Return per annum for last 12 months]  
 Testimonial: Held

## Product Disclosure Statement Amended

The Australian Securities Income Fund has released a new version of its Product Disclosure Statement ASL/ASIF/PDS08-09 which includes these changes -

- Benchmark Comparatives [page 21];
- Principal and Interest Repayment loans now available [page 7]
- Anti Money Laundering and Counter Terrorism Finance Act [page 19]
- Interest Advance facility is no longer available to T2 investors [page 11]
- Financial Ombudsman Service manages external complaints scheme [page 25]

For further information or to order an updated Product Disclosure Statement, phone 1300 275 275 or visit our web site [www.australiansecurities.com.au](http://www.australiansecurities.com.au) to download a copy.



## Improving our Systems

ASL is spending \$650,000 on a tailored computer system to manage your investments.  
 On 1 July 2009 a new SAP accounting system was installed, and on 30 November 2009 stage 1 of a new Mortgage Finance Module was implemented which has been fully operational since 1 January 2010. Later this year investors will be able to access investment information from our website.

## ASL Staff

ASL is focused on the continuous improvement of Staff skills, qualifications and education. Recently all Financial and Investment staff undertook and satisfactorily completed a training course "Compliance Training RG 146" through Kaplan Professional.

# Australian Securities Income Fund Performance for the Financial year ended 30th June 2009

New Loans \$62,021,631  
 Net Growth 5.26%  
 Reduced defaults Reduction of 0.94% to 2.48% (13 mortgages)

The Australian Securities Income Fund continued to trade profitably through the challenges of the Australian and World economic conditions.

Indicative Rates as at 31st January 2010	2010
1 Year Fixed	7.85%
2 Year Fixed	8.05%
3 Years Fixed	8.30%
Variable Rate	7.35%
Tier 2 Interest Rate	From 11.35%

## ASL is moving forward

The Australian Securities Income Fund has grown by an average 7% per annum over the past 5 years. In December 2009 funds under management were at a record high and net growth of 18.85% achieved.  
 The Fund invested \$45,268,650 in new mortgage securities for investors within the first half of this financial year. We are preparing to invest a further \$55,000,000 before 30th June 2010 and to continue this performance throughout the Year.

ASL achieved this growth during a time when some of our competitors have been exiting the market or have temporarily stopped approving new mortgages.

ASL has continued its focus on quality mortgage securities and has renewed this focus with the introduction of new approval procedures and information over the last twelve months. To borrow from ASL, an Applicant will need to be eligible to become a finance client. To be eligible, the client is identified and their credit and character is established before ASL will continue

with its due diligence of the property and other investigation. The effect of these new procedures has seen a reduction in new defaults and an overall decline in defaults.  
 The current percentage of default mortgages at 31st December 2009 was 1.86% (7 mortgages) compared with 3.42% as at 30th June 2008 and 2.48% as at 30th June 2009.  
 ASL interest rates continue to be priced competitively for fixed interest rate investments with higher returns than the big four Banks can offer.

If you wish to be short listed for one of our new mortgage securities or know someone who would be interested in investing with Australian Securities Income Fund please phone 1300 275 275.

Interest rates may be higher where there is a right of early repayments, where a development loan is involved or where there is a less mainstream location or use of the property.

## Security types

ASL provides loans to Borrowers which are secured by Mortgages. The most common loans are secured by mortgages on established and developed Residential and Commercial property. ASL also provides funds for Construction (see below).

## Construction Loans

Construction loans are in a sector of the market that continues to grow for ASL as our reputation for experience and prudent management becomes known in the broader finance market.

The typical scenario for a construction loan is where a block of land has been purchased for the purpose of residential construction. Plans and permits are submitted for our consideration for the construction of up to 8 Units/Townhouses and a valuation (ASL appointed) is obtained for the estimated value of the completed project. A loan is then approved, however most of the advance is retained and then released in progress payments which are subject to satisfactory reports and authorisations from our Registered Valuers and/or Quantity Surveyors.

The advantage of this type of loan is that the return generated is 1% above the base rate of the loan whilst in the course of construction, known as the Building Rate. The additional 1% reflects the risk of an uncompleted building however also serves as an incentive for the developer to finish the project in a timely manner. It is not uncommon for the borrower in a construction loan to elect the Right to Discharge (RR) option which generates an extra 0.5% return.



“Whilst it is true that there is an additional risk in the investment being secured by an incomplete property, the risk is actively managed as we are in control of the advance and we know what the money is being used for. In the case of the loan defaulting and possession of property being executed there are a series of options that would be considered including, sale of the property or contracting completion of building for sale.”

If you wish to be short listed for our next Construction mortgage security or know someone who would be interested in investing with Australian Securities Income Fund please phone 1300 275 275

## Commercial Loans

ASL has, maintained its growth in Commercial Mortgages. Whilst ASL's mortgages are still predominantly in residential properties, quality commercial mortgages have gained approval and become increasingly attractive with a number of our investors.

Why has ASL become more comfortable with Commercial Mortgages?

1. In the main these properties generate rental income which services the mortgage interest (rather than personal or business income which can fluctuate).

ASL engages its legal representative to inspect all Rental Agreements to ensure all possible risks are assessed and managed.

2. The LVR is generally lower where there is the possibility of longer selling periods. In some cases, ASL may decide to lend up to 66% if the property meets ASL's due diligence, and if the valuer advises that a selling period would not be protracted.

3. The additional interest rate margin on these mortgages provides a greater return for those clients looking for a slightly higher income on their investment portfolio.

4. Historical data has evidenced that commercial mortgages approved by ASL have been less likely to default.

As always, as an investor with ASL, you retain the right to reject commercial mortgage offers should they not suit you.

If you would like further information or wish to receive Commercial Mortgage Investment Offers security or know someone who would be interested in investing with Australian Securities Income Fund please phone 1300 275 275.

## Are you looking for a regular Income Stream in your Retirement? Look no further, we have it.

An important need of Australia's retired population is that of a regular monthly income. Monthly interest payments are a key feature of the Australian Securities Income Fund [ASIF] product.

The Investment and Financial Services Association [IFSA] media release in September 2009 cited the importance of developing retirement income stream products for retirees.

Unlike a number of other fixed term products in the market place which pay you interest returns at maturity, ASIF Mortgage Investments will pay you a monthly interest for the term of the investment and at a higher rate than most fixed term investment products.

If you wish to discuss investing in mortgage securities or know someone who you think would benefit from this product with Australian Securities Income Fund, please phone 1300 275 275.



**Australian Securities Limited**  
Unrivalled financial services for over 80 years

Australian Securities Limited  
Level One, 180 Queen Street, Melbourne VIC. 3000 Australia  
Telephone: 1300 275 275 Email: [finance@asltd.com.au](mailto:finance@asltd.com.au)  
[investment@asltd.com.au](mailto:investment@asltd.com.au)  
Web: [www.australiansecurities.com.au](http://www.australiansecurities.com.au)