



## PRODUCT DISCLOSURE STATEMENT **ANGAS CONTRIBUTORY MORTGAGE FUND**

ARSN 151 979 645 | DATED 4 DECEMBER 2015

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**Angas Securities Limited** ACN 091 942 728 ('Angas') holds Australian Financial Services Licence ('AFSL') number 232 479, and is the Responsible Entity of the **Angas Contributory Mortgage Fund** ARSN 151 979 645 ('Fund') and issuer of the interests in the Fund offered under this Product Disclosure Statement ('PDS') dated 4 December 2015.

Angas is solely responsible for this PDS. No person is authorised to provide any information or to make any representation in connection with the offer described in this PDS which is not contained in this PDS.

Any information or representations not so contained may not be relied on as having been authorised by Angas or any other person in connection with the offer in this PDS.

The Fund is an umbrella managed investment scheme. The Fund comprises of a CMO and numerous individual Mortgage Investments each identified in a separate Syndicate PDS specific to the Mortgage Investments. The Fund is not a pooled mortgage fund.

## TO INVEST IN THE FUND

Investors must receive and read:

- this PDS for a CMO investment; and
- both this PDS and a separate Syndicate PDS in the form of an investment proposal for a particular Mortgage Investment.

This PDS contains a Registration Form for an Investor to become a Member of the Fund and invest in the CMO. Each Syndicate PDS will contain an Application Form to invest in a particular Mortgage Investment.

This PDS provides information for investors to decide if they wish to invest in the Fund and should be read in its entirety. The assumptions underlying the financial information and the risk factors that could affect the financial performance of the Fund should be examined.

Investors should consider carefully these factors in light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The offer in this PDS does not take into account the personal objectives, financial situation and particular needs of investors.

## RESPONSIBILITY

ASIC has been notified that this PDS is in use in accordance with section 1015D of the Corporations Act.

ASIC is also notified within five (5) business days of any change by Angas to the fees and charges in this PDS.

ASIC takes no responsibility for the contents of this PDS or any subsequent Syndicate PDS. Investors should only rely on this PDS and any Disclosure Document issued by Angas.

## STATEMENT

Angas administers the Fund with care, diligence and skill. A Mortgage Investment is designed to suit investors seeking medium to long term investment providing a fixed income.

The performance of the Fund and any Sub-Scheme is not guaranteed. Angas and its directors do not guarantee the performance of the Fund or any Sub-Scheme, or a rate of return on capital (if any).

Angas and its related bodies corporate together with their officers and directors are permitted to invest in the Fund from time to time.

## INVESTMENT ADVICE

Angas does not provide investment or financial advice to Members or the general public. Angas does not know the extent of investors' financial position or requirements.

Investors should only invest in the Fund after giving careful consideration to personal needs, the risks of this form of investment and personal investment strategy.

Before making any investment investors may wish to seek advice from an independent financial adviser. Non independent financial advisers can only provide advice on the products for which they have a licence to market and may not be qualified to advise on this product.

## JURISDICTION

No action has been taken to register or qualify the offer, or otherwise permit a public offering in any jurisdiction outside Australia. The offer is made only to people who receive it (including electronically) in Australia.

This PDS does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

The distribution of this PDS in jurisdictions outside Australia may be restricted by law and persons who come into possession of this PDS should seek advice on and observe any such restrictions.

## UPDATED INFORMATION

The information contained in this PDS is up to date at the date of its preparation. However, information relating to the Fund, such as the Mortgage Investments, will change from time to time.

To the extent that the change in information is not materially adverse to Investors, it will be made available by telephone and on Angas's website. To obtain updated information:

- contact Angas on **1800 010 800**; or
- visit **www.angassecurities.com**

A paper copy of the updated information will be given on request free of charge.

If there is a materially adverse change to the information in this PDS or a materially adverse omission from this PDS, Angas will issue a replacement or supplementary PDS.

## ELECTRONIC PDS

This PDS is available in electronic form at:  
**www.angassecurities.com**

Investors using the Registration Form attached to the electronic version of this PDS must be located within Australia.

Investors who receive an electronic version of this PDS should ensure they download and read the entire PDS.

Investors who received a copy of this PDS in its electronic form may obtain a paper copy of the PDS (free of charge) by telephoning **1800 010 800**.

Applications for investment may only be made:

- for a CMO investment, on the Registration Form contained in this PDS; and
- for a Mortgage Investment by registering with the Registration Form contained in this PDS, and then on the Application Form attached to a Syndicate PDS.

## PRIVACY

Upon registering with the Fund, Members are required to provide personal information to Angas, such as name, address, telephone/fax numbers, tax file number and bank account details.

Angas collects, holds and uses that personal information to assess applications, provide facilities and services to Members and undertake appropriate administration.

Access to information may be disclosed by Angas to its agents and service providers on the basis that they deal with such information in accordance with the Privacy Act.

Registrations which do not provide the information requested may not be processed.

If you would like a copy of the Privacy Policy, please refer to the Angas website or contact our offices directly.

## GLOSSARY

Defined terms and abbreviations used in this PDS are explained in the Glossary.

## PHOTOGRAPHS AND CURRENCY

All financial amounts shown in this PDS are expressed in Australian dollars unless otherwise stated. The assets depicted in photographs in this PDS are not assets of the Fund unless otherwise stated.



The **Angas Contributory Mortgage Fund** ('Fund') is a registered managed investment scheme regulated by ASIC under the Corporations Act.

**Angas Securities Limited** is the manager or Responsible Entity of the Fund and holds an Australian Financial Services Licence ('AFSL') issued by ASIC.

The aim of the Fund is to offer investors access to direct mortgage investments secured by real estate property that may not otherwise be available to individual investors.

The Fund also provides investors with a CMO facility to hold funds pending placement in a Mortgage Investment.

Mortgages are sourced direct from borrowers or through Angas current contacts and professional network of finance brokers and introducers.

The Mortgages are managed by Angas to provide Investors with both the security of a registered mortgage over Property, and distribution of monthly returns (subject to repayment by the Borrower).

Returns paid on investments are fixed for the term of the Mortgage. No investment, mortgage or otherwise, is entirely risk free and in the case of mortgage investments there is a risk to both income and capital.

Amongst other things these risks include default by the Borrower, changes in market interest rates generally, decline in the value of the security, and/or inadequate risk management strategies by Angas. These risks and Angas's risk management strategy are addressed in more detail within this PDS.

While Angas expects to have Mortgage Investments available for intending investors, funds also earn interest (at no less than the prescribed Reserve Bank Cash Rate as advised from time to time) while held in the Cash Management Option ('CMO') pending allocation and transfer to a Mortgage Investment.

## THE FUND

The Fund is a registered managed investment scheme, and provides the following investments:

- (1) The CMO is a unitised Sub-Scheme comprising a holding account operated by Angas as a Trust Account where your investment earns interest pending allocation to a specific Mortgage Investment.
- (2) Specific Mortgage Investments, for loans over a fixed term (subject to early repayment) of between three (3) months and twenty-four (24) months.

Minimum investment in the Fund is \$10,000.

The Fund comprises of Sub-Schemes that each have their own investors, and hold separate and distinct assets and security from each other.

Investors join by registering to become a Member of the Fund, and then apply to participate in a specific Sub-Scheme.

Members have rights to receive income or capital distributions in each Sub-Scheme in which they are an Investor in proportion to their share of contribution to the Sub-Scheme.

## THE RESPONSIBLE ENTITY

Angas is an unlisted public company established in 2000 as a funds manager and financier offering finance and funding services and solutions.

Angas has operated as a responsible entity prior to this PDS, and the Executive Directors have a wealth of experience by way of past involvement as directors of a pooled mortgage and property investment fund with total funds and assets under management in excess of \$200M.

Angas acts as the Responsible Entity for the Fund, and performs the functions conferred by the Fund's Constitution and by the Corporations Act.

Angas approves the Mortgage Investments made available to Members of the Fund, and manages those investments until their maturity and repayment by Borrowers. It also manages investments in the CMO.

Angas aims to provide Members with consistent returns by ensuring high levels of service and acting at all times with integrity and professionalism. Angas is committed to its investors, and the staff are experienced in funds management, mortgage lending and loan management including default loans.

## BOARD AND COMMITTEES

Angas has three (3) directors including one independent non-executive director, to ensure investor interests are represented in the management of the Fund. The Board and executive management have expertise and extensive experience in funds management, mortgage investment, property development and portfolio management.

At least one Board member will also form part of the Angas Credit Committee to assess Borrower applications and approve Mortgages to be provided in Sub-Schemes for Fund Members.

In accordance with the Corporations Act, Angas has also appointed an independent Compliance Committee to oversee the compliance functions of the Fund and its adherence to the Fund Constitution, Compliance Plan and the Corporations Act, on behalf of the Members.

## CUSTODIAN

Angas is also the Custodian for the Fund, with the principal role being to:

- Receive, hold and disburse all monies to and from investors for Mortgage Investments;
- Hold in safe custody all mortgage securities and other Fund Assets;

- Execute any necessary documents as Attorney for Investors;
- Act as Trustee for nominee mortgages
- Hold the CMO account

The Fund meets all fees and expenses of Angas as Custodian from fees collected from the Borrower.

## APPOINTMENT AS ATTORNEY

By signing the Registration Form the Member appoints Angas in its capacity as Responsible Entity under the Constitution to be their Attorney to:

- Execute a Loan Agreement, Mortgage, Mortgage Variation, Mortgage Discharge and (in the event of default) a Contract of Sale and Transfer for the sale of a Mortgage Investment;
- Recover or compromise any arrears of interest or principal;
- Take possession of any security and exercise the mortgagee power of sale;
- Appoint one or more agents to exercise the powers granted to an attorney and to revoke any agent appointment made under this document; and
- Do all things necessary or expedient to give effect to any document which Angas considers not contrary to the interests of the Investor on the terms and conditions in this PDS.

## INVESTMENT STRATEGY

Angas approves and packages Mortgages into Sub-Schemes for the Members of the Fund. Each Sub-Scheme may have one or more investor. Each Mortgage Investment pays a defined income to its Sub-Scheme investors.

To maintain a stable and secure investment all monies are invested only on mortgage securities in Australia and do not exceed set LVRs.

The income earned by an Investor in a Mortgage Investment will vary to reflect the risk of return, for example:

- the type of security property;
- the location of the security property;
- the priority of the mortgage security;
- the term of the investment; and
- the likelihood of early repayment by the Borrower.

Angas does not take into account labour standards or environmental, social or ethical considerations in selecting, retaining or realising fund investments.

## SYNDICATE PDS

The Member receives the Syndicate PDS to make an informed decision on their investment in a specific Sub-Scheme.

The information provided in the Syndicate PDS includes

- amount to be lent upon security of the Mortgage;
- investment term;
- interest rates;
- repayments;
- security property details;
- security property valuation;
- mortgage priority;
- Borrower details; and
- any other terms specifically relevant to the Mortgage Investment.

After the Application Form provided with the Syndicate PDS is accepted by Angas, Investors provide their contributions directly into the Sub-Scheme.

## MEMBERS MORTGAGE CONTRIBUTION

Upon settlement of the Mortgage the Member receives a summary report containing confirmation of the Mortgage Investment, and includes a copy of the mortgage and certificate of title.

Angas mails the report to the Investor within thirty (30) days of funds being advanced under the Mortgage Investment.

## COOLING OFF PERIOD

An initial investment in the CMO (but not a Mortgage Investment) can be cancelled within a fourteen (14) day cooling off period by submitting a request to Angas in writing or electronically. On receipt of a request, CMO units will be redeemed and funds return to the Investor.

The cooling off period will expire fourteen (14) days from when a transaction confirmation is received by the Investor or five (5) days after units are issued, whichever is the earlier. The cooling off period will lapse if an Investor transacts on their CMO account.

ASIC issues Regulatory Guides ('RGs') for improved disclosure of information to retail investors to better enable them to understand and assess the risk, rewards and suitability of mortgage investment schemes.

Whilst ASIC RGs are not always mandatory, Angas Contributory Mortgage Fund adopts these guidelines as part of its compliance and disclosure regime for best industry practice.

In RG45 ASIC sets out eight benchmarks and invites unlisted mortgage scheme issuers to identify whether they satisfy each benchmark, and if not, why not.

**HERE ANGAS PROVIDES A SUMMARY OF THE ASIC BENCHMARKS AND EXPLAINS HOW THE FUND DEALS WITH EACH, WITH REFERENCES TO SECTIONS WITHIN THE PDS THAT MAY PROVIDE MORE INFORMATION ON EACH BENCHMARK.**

## **BENCHMARK**

### **BENCHMARK 1: LIQUIDITY**

This relates only to pooled mortgage schemes, and being able to satisfy its withdrawal and operational financial commitments.

### **BENCHMARK 2: SCHEME BORROWINGS**

If a scheme has borrowed funds, the responsible entity should disclose the amount owing for each borrowing and the aggregate undrawn amount for each credit facility, the purpose for which the funds have been borrowed and the fact that borrowings rank ahead of investor's interests in the scheme.

### **BENCHMARK 3: PORTFOLIO DIVERSIFICATION**

This relates only to pooled mortgage schemes, and addresses lending practices and risk management through portfolio diversification.

### **BENCHMARK 4: RELATED PARTY TRANSACTIONS**

If a mortgage scheme or a responsible entity of a mortgage scheme transacts with related parties of the scheme it must disclose the approach to these transactions.

### **BENCHMARK 5: VALUATION POLICY**

This relates to the approach a responsible entity of a mortgage scheme must take in regards to the valuing of security property, mortgage security valuation policies, and valuer panel.

### **BENCHMARK 6: LENDING PRINCIPLES - (LVR)**

This relates to the Loan to Valuation Ratios ('LVR') a responsible entity of a mortgage scheme must maintain for mortgages offered by the scheme.

### **BENCHMARK 7: DISTRIBUTION**

This relates to the approach a responsible entity of a mortgage scheme takes in regards to making income distributions to Members.

### **BENCHMARK 8: WITHDRAWAL ARRANGEMENTS**

This relates to the transparency of a responsible entity of a mortgage scheme in regards to withdrawals from the Fund by Members.



## STATEMENT

The Fund offers contributory mortgages and therefore this benchmark does not apply to the Fund.

Angas satisfies this benchmark on the basis that Angas has no borrowings on behalf of the Fund, and the Fund specifically has no borrowings, and will not borrow to fund distributions or withdrawal requests.

The Fund offers contributory mortgages and therefore this benchmark does not apply to the Fund.

Angas satisfies this benchmark on the basis that, per the Fund Compliance Plan, Angas must comply with section 601FG of the Corporations Act regarding the acquisition of interests in the Fund. Acquisition of interests in the Fund by Angas or its directors, officers, employees and advisers must be made on an identical basis to that of all Members regarding consideration, terms and conditions of issuance. Any loans must be approved unanimously by the Board and any relationship disclosed in the Syndicate PDS. Any related party investor will be treated the same as any other Member and Sub-Scheme Investor.

Angas satisfies this benchmark on the basis that the Compliance Committee is responsible for reviewing the appointment of a valuer to the Angas valuer panel and considerations include: current registration with the valuers' professional body; current adequate insurance; appropriate knowledge, experience and academic qualifications. Licensed valuers value each property in accordance with valuation industry standards. Security properties are valued on an "as is" basis; and if they are to be developed include an estimated "cost to complete" and "upon completion" valuation. Valuations must be less than 60 days old at approval, and less than 120 days old at settlement. No panel valuer will perform more than two consecutive valuations on a security property used by Angas. A copy of the valuation report is provided to Members with the Syndicate PDS for a Sub-Scheme.

Angas satisfies this benchmark on the basis that the Board determines and constantly reviews the LVR policy for mortgage securities in the Fund. While the Fund Constitution permits lending to a maximum of 80% of an "as is" valuation, Angas has determined a lower LVR of 70% will generally be applied. Different types of security properties will attract different LVR levels and is disclosed to Members within the Syndicate PDS for a Sub-Scheme.

A valuation for construction and development loans will set out the current valuation of the security property on an "as is" basis, the cost to complete the project, and a valuation based on "upon completion" of the project. For these Mortgage Investments Angas retains sufficient funds to pay the costs to complete the project, and will not release any funds until certified by the valuer or quantity surveyor that works to be completed have been completed satisfactorily and affirmation of costs required to complete the project.

Angas satisfies this benchmark on the basis that the Fund provides direct mortgage investments via Sub-Schemes, and all distributions are specific to each Sub-Scheme and disclosed to the Members in the Syndicate PDS for that Sub-Scheme.

The Fund is not a pooled fund, so Members hold their interest in a Mortgage Investment independent of any other Mortgage Investment. The Constitution prohibits early redemption or withdrawal of funds from a Mortgage Investment, but provides Angas the discretion to enable redemption if special circumstances exist, another investor is willing to assume the investment of the investor, and the outgoing investor agrees to pay costs for any loss sustained by Angas or an incoming investor.

A Syndicate PDS will disclose if the Borrower has the right to repay all or part of the loan at any time before the Maturity Date of the Mortgage Investment.

No Sub-Schemes automatically extend for a further term. When a request is received from a Borrower for an extension of a Mortgage in a Sub-Scheme, it is assessed by the Credit Committee, and if approved Angas will provide the Borrowers with an approval and issue the Sub-Scheme Investors with a Syndicate PDS for the extension of the Sub-Scheme. If a Sub-Scheme Investor does not accept the extension of the Mortgage as proposed by the Syndicate PDS, Angas may substitute another Investor for the Member seeking to withdraw, or may determine not to extend the Sub-Scheme.

## FAVOURABLE TERMS

- Fixed term agreed at the start of a Mortgage Investment;
- Mortgage security over real property for Mortgage Investment;
- Pre agreed and approved loan to valuation ratio;
- Qualified independent Security Property valuation;
- Investor selects and approves the Mortgage Investment.

## INVESTOR PROFILE

- Individuals seeking a secure fixed income;
- Superannuation funds;
- Retirees and Pension funds;
- Trustees;
- Institutions;
- Charities and Foundations.

## INVESTOR CONTROL

The investor personally decides the key issues of security property and contribution for any specific Mortgage Investment.

## DIRECT INVESTMENT

An investor's contribution to a mortgage security in a Sub-Scheme is not pooled with other Sub-Schemes in the Fund. Specific security investments can be held in the name of a sole investor or a syndicate of investors.

## MORTGAGE SECURITY

The Fund provides for mortgage investments secured by a variety of real estate such as metropolitan residential property with a mix of commercial and suitable regional, rural, coastal or industrial properties.

## INVESTMENT TERM

The investor nominates the term of their investments between three (3) and twenty-four (24) months to suit their requirements.

## FIXED INCOME

Income is fixed at the rate set in the Syndicate PDS and commences on the agreed settlement date of the Mortgage Investment.

## INCOME DISTRIBUTION

Income credited monthly to the investor's nominated bank account or to their CMO account.

## MINIMUM INVESTMENT

- The minimum Member investment in the Fund is \$10,000.
- Multiples of \$1,000 can be added to this amount by the Member, either into the CMO or upon accepting a new Mortgage Investment.
- Angas may accept a lower contribution to suit a Sub-Scheme.

## FEE STRUCTURES

- NIL Entry fee;
- NIL Exit fee;
- Management fee pre agreed and approved at a fixed rate set in the Syndicate PDS;
- CMO Management fee as set out in this PDS.

## EARLY REDEMPTION

The Constitution does permit Angas to facilitate a redemption from a Mortgage Investment in cases of hardship and if the circumstances permit. An early redemption fee covering compensation for interest shortfall may be payable and costs associated for due diligence and compliance requirements may be reimbursed to Angas. Please refer to page 19 for further information.

## INVESTOR OPTIONS

**Direct Mortgage** is when one Member provides the whole contribution for funding a Mortgage, and the Investor's name is registered on the security property title as Mortgagee.

**Contributory Mortgage** is when two or more Members share the contribution to fund a Mortgage, and all their names are registered on the security property title as Mortgagees.

**Nominee Mortgage** is when Angas is registered on the security property title as Mortgagee and signs a Trust Declaration that the Mortgage is held on trust for the Investor(s) named in the Trust Declaration. This form of mortgage security is attractive to investors seeking to maintain privacy.

**Extensions** are not automatically provided for Mortgage Investments that are due to mature. When a request is received from a Borrower to extend the mortgage for a further term, it is assessed by the Credit Committee, and if approved will provide the Borrowers with an approval and issue the relevant members with a Syndicate PDS for the extension of the Sub-Scheme. If a Sub-Scheme Investor does not accept the extension of the mortgage as proposed by the Syndicate PDS, Angas may substitute another Member for the Member seeking to withdraw from the Sub-Scheme.

## WHO ARE WE?

Angas Securities Limited is an unlisted public company established to offer finance solutions to borrowers and debentures and Mortgage Investments to investors. As at the date of this PDS Angas had total funds and assets under management in excess of \$200M.

Angas holds AFSL numbered 232 479, issued by ASIC, to act as the Responsible Entity of the Fund for the purposes of the Corporations Act.

## AFSL

As an AFSL holder, it is a legislative requirement that Angas meet certain reporting and financial requirements including the following:

- Is always liquid and holds sufficient funds to meet cash flow requirements;
- Maintains a minimum level of Surplus Liquid Funds ('SLF');
- Maintains a minimum level of Net Tangible Assets ('NTA');
- Maintains total assets in excess of total liabilities.

These and other compliance requirements are reported to Board monthly and the independent Compliance Committee quarterly in accordance with Angas' AFSL Base Level Requirements and as amended by ASIC through the issue of Class Orders from time to time.

## CONSTITUTION

The Constitution is the primary document governing the relationship between the Members and Angas as the Responsible Entity.

The Constitution contains extensive provisions about the legal obligations of the parties and the rights and powers of each.

The Constitution can be amended by Angas where the change does not adversely affect the rights of the Members. Otherwise, a special resolution must be passed by Members at a properly called meeting.

The Constitution deals with a number of important matters, including:

- the powers of the Responsible Entity;
- liability of Members;

- retirement and removal of the Responsible Entity;
- complaints handling procedures;
- rights of Members to receive income and capital from the Fund; and
- the fees payable and the expenses for which the Responsible Entity is entitled to be reimbursed.

Please refer to page 22 for further information.

## COMPLIANCE PLAN

The Compliance Plan is the document which outlines the principles and procedures that Angas will invoke to ensure that it complies in all respects with the provisions of the Corporations Act, ASIC policies and guidelines and the Constitution.

Please refer to page 22 for further information.

## WHAT IS OUR ROLE?

Angas's role is to identify, assess, approve, issue, hold and manage Mortgage Investments.

Angas's responsibilities, powers and duties are set out in the Fund Constitution and the Compliance Plan.

Both documents have been lodged with ASIC, and copies are available for inspection from ASIC or by calling Angas on **1800 010 800**.

## GENERAL

Like any investment the Angas Contributory Mortgage Fund, while conservative, has an element of risk. Before making an investment in the Fund an investor should consider their:

- specific risk assessment by investing in the Fund;
- other investments compared with the risks of the Fund;
- personal risk tolerance;
- personal investment objectives and expected return and outcome from this investment.

The ASIC Benchmarks are a helpful resource, but it is also important to note that not all risk can be foreseen; therefore it is not possible for Angas to protect the value of an investment from all risks.

Angas applies a **security based lending** approach to mortgage securities as an investment. Angas assumes that in a worst case scenario the security property in a Mortgage Investment can be realised to repay the debt with interest. This is the premise of the security property valuation and assessment and setting of LVR parameters. Risk generally increases as the LVR rises. The LVR is lowered to reflect any perceived higher risk following a review of the valuation report.

There is **no pooling** of Mortgage Investments; the Fund is made up of the CMO and individual Mortgage Investment Sub-Schemes.

In a pooled fund the manager selects a range of securities and sets the loan to valuation ratio for each security without any input from an investor. A loss arising from any mortgage security is shared by all investors.

In the Fund each Sub-Scheme's Security Property stands alone, specifically approved by the Investor for their investment criteria and operate independently and separately from any other mortgage security.

There is no pooling of mortgage securities permitted between Investors. If an Investor sustains a loss on one mortgage security they cannot seek indemnity or offset their loss from any other mortgage security held by other Investors.

Investors may manage their exposure risk by a spread of Sub-Schemes with different security categories and risk exposure.

## MORTGAGE SECURITY

Angas directors, staff and officers combine experience, qualifications, knowledge and skills to apply the credit policy, approval process and checklist to all mortgage applications. Borrowers are required to provide a serviceability declaration and substantiate their ability to service a mortgage. Angas also obtains credit history checks and security property assessment and valuation.

The Security Property is independently valued for suitability and market value. The Credit Committee, which contains at least one Angas executive director, must approve the Security Property as being acceptable for a Mortgage Investment.

Mortgage documents are prepared and reviewed by a dedicated legal team experienced in mortgage finance, verification and validation requirements, and attend to settlement of the mortgage.

The Security Property is also reviewed by the Angas Investment Manager, when preparing the Syndicate PDS for the Sub-Scheme to be submitted to Members, along with the valuation report. The Members approve the Security Property and the Mortgage before their contributions can be allocated to a Sub-Scheme.

No Security Property or mortgagor is alike, and Angas subjectively considers each Security Property and Borrower for risk of default and may impose conditions to reflect risks specific to the security to reduce risk of default or loss, which may include a lower LVR or requiring additional security.

The Borrower is required to keep the Security Property insured at all times with the interest of the Fund recorded on the policy. Angas takes out Mortgage Protection Insurance for Investors in a Mortgage Investment when the Borrower fails to provide insurance. Angas does not require Lenders Mortgage Insurance on loans made through the Fund.

## VALUATION RISK

All Security Property is valued by a panel valuer under instructions from Angas. An Angas panel valuer has to qualify with necessary experience, be a member of a professional valuer body or association, and have professional indemnity insurance.

The market valuation is required to be conservative and valuers are required to comply with specific written guidelines from Angas relating to valuation and independence. Valuations will generally provide two or three valuation methods.

For building developments a quantity surveyor is engaged to certify payments and update costs to complete as the project proceeds.

## MARKET RISK

The Fund offers Mortgage Investments secured by real estate so market risk is confined to factors that affect the property market. Property market risk is the risk that the whole property market declines in line with various trends in the Australian or overseas markets due to various factors, such as over supply of real estate, interest rate movements, economic conditions or market sentiment.

Property market risk is inherent in the real estate securing the Fund's Mortgage Investments. A general downturn in the property market can potentially cause a reduction in the value of property held by Sub-Schemes as security for a mortgage.

The ability to fully recover the amount owing under a Mortgage (where a Borrower defaults) may be affected by a fall in property values. Members will only lose money if the Borrower defaults and the Security Property sells for less than the outstanding loan amount (plus costs of the sale and interest) and the Borrower (and any guarantor) cannot then repay the remaining debt.

The return on investment in the CMO is directly affected by changes to the official cash rate, determined by the Reserve Bank of Australia, having regards for a number of factors. These may include Australian and overseas interest rates, market liquidity, exchange rates, monetary policy and other economic, social and political factors.

## CAPITAL RISK

Capital risk is failure or delay by the Borrower to repay the capital advance on the repayment date.

This risk is managed by setting a conservative lending policy and LVR, due diligence, legal enquiries, credit checks and evaluation of the Borrower and the Security Property.

Angas does not guarantee the performance of the Fund, or any Sub-Scheme or the repayment of capital invested. The risk to capital is primarily determined by the ability of Borrowers to repay mortgages.

During the term of a Mortgage, factors outside the control of Angas such as economic cycles, property market conditions, government policy, inflation and general business confidence can affect property values.

This can inadvertently cause the emergence of a situation whereby a Security Property is required to be sold to repay a mortgage, and may not be fully repaid if the sale fails to realise sufficient funds to satisfy the loan balance, any capitalised interest, fees, costs, and prior ranking liabilities.

Capital relating to mortgages or investments held in other Sub-Schemes in the Fund is not available to make up any such losses.

While Angas believes the CMO has a very low risk of capital loss, the repayment of capital from the CMO is not guaranteed. This means an Investor could lose some or all of an investment if the fund was wound up.

## INCOME RISK

Income risk arises primarily from a failure of the Borrower to make agreed interest payments each month. The Angas credit management program, which includes collections and interest payment monitoring, is designed to reduce this risk. The Borrower pays interest at a higher rate for late payments.

Failure of the Borrower to pay interest on time is a risk to the income of Investors in a Sub-Scheme. Angas does not underwrite the payment of interest to Investors during the term of a Sub-Scheme. However, if the Borrower defaults in the payment of interest under a Mortgage, Angas reserves the right to continue to pay interest to Investors from its own resources and, if so, Angas will be entitled to retain any additional or default interest paid by the Borrower as a consequence of the default.

Any form of lending has an element of risk to the lender. The Angas Credit Committee assesses non performing loans and implements appropriate and measured responses to suit the situation. Borrowers with significant equity in their security are expected to speedily resolve default. Angas has legal service providers to implement collection procedures and realise on the Security Property.

## OPERATIONAL RISK

Angas has credit, investment and finance divisions who use the Fund mortgage management system to monitor all mortgage securities, review security values, monitor the securities for insurance compliance, process collection and distribution of payments, provide maturity notices to borrowers and investors. The system is computerised and backed up each day, and maintained through updates, upgrades and functionality enhancements to improve processes.

Angas has experienced personnel and service providers, policy and procedural documentation and succession plans for staff and officers. Angas has written agreements with service providers, which include procedures for regular review of performance.

Changes to government policies, regulations and taxation laws may negatively impact on the operations of Angas. Angas cannot predict future policy changes but monitors updates from ASIC and participates in industry forums to anticipate and keep ahead of changes on the horizon.

Your investment in the CMO may be at risk of fraud, negligence or other wrong doing by an authorised operator who is permitted to have access to your investment.

Please refer to the Disclosure Update – November 2015 on page 33.



## MORTGAGE INVESTMENT

Each Mortgage Investment is a loan to a Borrower secured by a registered mortgage over real estate property in the Commonwealth of Australia.

For a proposed Mortgage Investment, Angas will have received a loan application from the Borrower or their broker or representative. The loan application will be assessed in accordance with Angas Credit Policy guidelines, which are constantly monitored, reviewed and amended by Angas from time to time.

The general profile of a loan application would be a combination of:

- Borrower – business entities, self employed individuals or property developers and investors;
- Loan terms – between 3 months and 24 months;
- Loan purpose – for commercial business investment use.

This is a broad definition which effectively encompasses many possible lending situations, but it is intended that, on the basis of good management policy, the Fund overall will offer a broad range of Borrowers and loan terms.

Diversification enables the Fund to avoid a concentration of Borrowers and mortgages sharing similar risk profiles. Investing in a specific Mortgage Investment does not in itself provide diversification, but can be achieved through investing in a number of Mortgage Investments.

## MORTGAGE ASSESSMENT

To determine the maximum loan advance to a Borrower Angas must ascertain the value of Security Property offered for a Mortgage Investment. Angas instructs a member of its approved panel of Valuers to inspect the proposed Security Property and determine its market value for mortgage purposes.

Property offered as security must meet the Angas Credit Policy and Valuation Policy guidelines as provided in the Fund's Compliance Plan.

When assessing a loan application to be funded by a Mortgage Investment Angas considers the following factors:

- A credit check of the Borrower and any loan guarantor;
- An ASIC company search for any corporate Borrower;
- A completed statement of the Borrower's assets and liabilities;
- Financial information and/or a statement of income supporting serviceability;
- A market value assessment of the security property by a Valuer to Angas specific instructions;
- The LVR which will generally not exceed 70%, but per the Fund's Constitution, may on occasion go to 80%.

Angas expects that all loans provided by the Fund will be for commercial, business or investment purposes, and as such not subject to the National Consumer Credit Protection legislation.

Once Angas has confirmed the loan application is compliant with the Credit Policy guidelines, and is approved by the Credit Committee, a Syndicate PDS is prepared for prospective investors for the Mortgage Investment.

## INVESTING IN THE FUND

To become a Member of the Fund, an investor needs to complete the Registration Form attached to the back of this PDS.

Upon registration an investor can either:

- Provide funds to be invested in the CMO, pending investment in mortgages;
- Provide funds to be held in the Angas Trust Account for no longer than 3 months, pending investment in mortgages;

Angas must receive a properly completed Registration Form, fully compliant with AML Act requirements, and accepted by Angas before an investment will be established.

Funds will be invested in the nominated account and the Member will be sent a confirmatory receipt detailing the amount held and the current earning rate.

Angas will not pay interest on funds held in the Angas Trust Account; any interest earned will be retained by Angas.

## INVESTING IN A MORTGAGE

As a Member of the Fund, Angas will send one or more Syndicate PDS that provides information about a potential Mortgage Investment for consideration.

Mortgage Investments offer the Members a fixed rate of return, subject to certain factors set out in the Syndicate PDS, and Members may select the mortgages in which to invest.

A Syndicate PDS is prepared specifically for each Mortgage Investment and details:

- Borrower information;
- Loan information;
- Security information;
- Valuation report;
- Interest Rates and Member income;
- Fees paid by Member and Borrower to Angas;
- Fees approved by Member or Borrower payable to third parties.

The Syndicate PDS includes an Application Form for Members to complete and sign to accept investment in the Mortgage Investment.

Applications to invest in a Mortgage Investment are treated on a 'first come, first served' basis until sufficient applications have been received and accepted by Angas to fund the proposed mortgage.

## MORTGAGE SETTLEMENT

Investment in a Sub-Scheme is made only by completing and signing the Application Form in the Syndicate PDS for the Mortgage Investment.

Upon receiving sufficient Applications to fund a Sub-Scheme Angas will:

- Check the Applications for completion and verify the Members have been identified as prescribed by the AML Act before proceeding;
- Enter the details into Angas's system including any management fees to be paid to Angas or a third party authorised by the Member;
- Arrange settlement of the Mortgage in liaison with the external legal service provider appointed by Angas.

Settlement of the Mortgage can only occur if:

- Angas has certified the Minimum Application Amount has been achieved; and
- The legal service provider has certified the mortgage documents have been correctly executed and due diligence searches of the Security Property have been completed; and
- All requirements of the Credit Committee have been achieved; and
- A member of the Credit Committee has authorised settlement to proceed.

When there is more than one Member in a Sub-Scheme the proportion of each Member is calculated as the amount of their contribution against the total amount of the Sub-Scheme. This proportion is used to calculate each Member's interest in a mortgage or Sub-Scheme and the proportionate entitlements to income and benefits created from an early or overdue repayment of a mortgage.

Upon settlement of each Mortgage Investment a Member's Mortgage Contribution ('MMC') report is sent to each Investor in the Sub-Scheme setting out details of the Mortgage Investment, and includes:

- The Sub-Scheme number for use in future correspondence;
- A short description of the security property details and loan to valuation ratio;
- The contribution amount by the Member (and that of others when there is more than one Investor in a Sub-Scheme);
- The total amount of the contributions making up the loan amount;
- The interest rate, income amount and frequency of payment;
- Method of interest payment and the bank account details;
- The Maturity Date of the Sub-Scheme;
- Any other documents Angas identify to be provided to the Sub-Scheme Investors.

## INVESTMENT INCOME

Angas records the relationship of each Borrower and each contributing Member for each specific Mortgage Investment, and the terms and conditions of the loan agreement, including the interest payment amounts, and diarises due dates for receipt of income.

Angas calculates for each individual Sub-Scheme:

- Interest payments due from the Borrower;
- Any payment to be made to a third party approved by the Borrower;
- The management fee payment to be deducted from the interest collected for the Sub-Scheme;
- The interest to be paid to each Investor proportionate to their contribution to the Sub-Scheme;
- Any payment to be made to a third party approved by Members;
- Any overdue interest payment to be paid by the Borrower as a consequence of an event of default for non payment of interest or some other breach under the Mortgage.

All interest payments by Borrowers are received in the Trust Account, receipted and allocated for income distribution to Sub-Scheme Members. Generally Angas holds nominated bank account details for Members for investment income distributions.

## INVESTMENT MATURITY

A Sub-Scheme will mature when the Mortgage in the Sub-Scheme is due to be repaid. At that time each Member in the Sub-Scheme may elect to:

- Reinvest part or all of their contribution in the Sub-Scheme on further terms and conditions outlined in a Syndicate PDS if the Mortgage is to be provided for a further term; or
- Invest in another Mortgage Investment on the terms and conditions applying to that Sub-Scheme as set out in a Syndicate PDS; or
- Invest in the CMO; or
- Withdraw funds from the Fund.

In the absence of an election funds will be invested in the CMO.

Angas will receive principal payments from Borrowers and distribute contributions to the Sub-Schemes Investors.

No Mortgage Investment automatically rolls over or extends for a further term. Angas notifies the Borrower not less than forty-five (45) days before the Maturity Date of the Mortgage that Angas will not automatically rollover or provide an extension of the Mortgage for a further term.

The Borrower in a Mortgage Investment which is due to mature must confirm in writing that the Mortgage will be repaid and discharged and request a mortgage payout figure, or apply in writing to Angas not less than thirty (30) days before the Maturity Date for:

- An extension of the Mortgage over the same Security Property for the same amount as the current mortgage for a further term; or
- An extension of the Mortgage over the same Security Property for an increased amount for a further term; or
- An extension of the Mortgage over the same Security Property for a reduced amount for a further term.

A request received from a Borrower for an extension of a Mortgage over the same Security Property in a Mortgage Investment will be assessed by Angas, and may entail a request for updated information from the Borrower, due diligence checks, and revaluation of the Security Property. If approved, Angas will issue the Sub-Scheme Investors with a Syndicate PDS for the extension of the Sub-Scheme and obtain signed Application Forms.

## MORTGAGE MANAGEMENT

Angas monitors Borrower repayments for the following events:

- Overdue payment of interest by Borrower;
- Overdue repayment of principal by Borrower;
- Overdue production of Insurance Certificate for Security Property.

Angas communicates with any Borrower that has an overdue interest payment, setting a deadline for arrears rectification, confirming the applicable interest rate based on the Terms & Conditions of the loan agreement and Mortgage.

If the Borrower does not pay the interest by the date agreed Angas will prepare and serve a Default Notice. If the interest payment is not paid by the Borrower in accordance with the Default Notice the matter is referred to the legal service provider to instigate proceedings for possession of the security property for recovery of the amount secured.

Angas reviews overdue principal, and in liaison with Sub-Scheme Investors provides directions and time frames on:

- Extending the timeframe to repay capital on terms that will not prejudice the Sub-Scheme Investors where reasonable circumstances exist;
- Directing legal action to commence upon expiration of the Default Notice for repossession and realisation of Security Property.

Angas may allow the Borrower to remain in possession of the Security Property if the Borrower cannot remedy the default on a condition their continued occupation enhances the property and will not prejudice the Sub-Scheme Investors. Angas may offer the Borrower another option that would remedy the default within a reasonable timeframe without risk of loss to the Investors in a non-performing Sub-Scheme.

If Angas is unable to obtain an insurance Certificate of Currency from the Borrower the matter is referred to the legal service provider to issue notice of breach for non payment of insurance of the Security Property. Angas will automatically pay the insurance cover if the insurance premium remains unpaid for more than twenty-eight (28) days. If the insurer declines to accept the premium from Angas then Angas will apply for Mortgage Protection Insurance from its insurance broker.

## CASH MANAGEMENT OPTION

An Investor can nominate to establish a CMO account when lodging the Registration Form enclosed in this PDS.

The CMO is a deposit account with a nominated Bank under the title of Angas as trustee for the Member.

Investors in the CMO earn interest on funds held in the CMO, which is accumulated or direct credited to their nominated bank account.

Funds can be deposited to the CMO at any time, and can be used to hold funds pending application to a Mortgage Investment.

An Investor can request to redeem part or all of their investment in the CMO by providing 48 hours prior written notice.

### CONSUMER ADVISORY WARNING

The Warning shown below is required by law. This section also outlines the fees and other costs associated with investing in the Fund.

#### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

#### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, **the Australian Securities and Investments Commission (ASIC)** website ([www.moneySMART.gov.au](http://www.moneySMART.gov.au)) has a managed investment fee calculator to help you check out different fee options.

### FEES PAYABLE BY INVESTORS

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your investment or from the returns on your investment. You should read all the information about fees and costs because it is important to understand their impact on your investment.



TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>FEES WHEN YOUR MONEY MOVES IN AND OUT OF THE FUND</b>		
<b>ESTABLISHMENT FEE</b> For a Member to set up an initial investment in the Fund	Nil	Not Applicable
<b>CONTRIBUTION FEE</b> On each amount contributed by a Member to their investment	Nil	Not Applicable
<b>WITHDRAWAL FEE</b> On each amount a Member takes from their investment (other than early redemption)	Nil	Not Applicable
<b>TERMINATION FEE</b> When a Member closes out their investment in the Fund	Nil	Not Applicable
<b>EARLY REDEMPTION FEE</b> When a Member elects to redeem funds invested in a Sub-Scheme prior to its Maturity Date (subject to approval by Angas)	Up to a maximum of 1.10% (including GST) of the amount redeemed (with a minimum of \$110.00)	Deducted from the principal redeemed at the time of early redemption
<b>MANAGEMENT FEES</b>		
<b>CMO MANAGEMENT FEE</b> On funds invested in the CMO	Up to a maximum of 2.20%pa (including GST) of the amount invested in the CMO	Monthly in arrears or such other period determined by Angas and deducted from the interest as and when received from the Bank, or out of the redemption price upon the redemption of investment in the CMO
<b>MORTGAGE MANAGEMENT FEE</b> On funds invested in a Mortgage Investment	Varies depending on the Sub-Scheme and is advised in the Syndicate PDS. Constitution allows up to a maximum of 3.30%pa (including GST) of the amount invested in the Sub-Scheme	Deducted from the Interest as and when received from the Borrower in accordance with the Syndicate PDS
<b>DEFAULTING MORTGAGE MANAGEMENT FEE</b> On funds invested in a Mortgage Investment that is in arrears and the Default Interest Rate has been applied	Varies depending on the Sub-Scheme and is advised in the Syndicate PDS. Constitution allows up to a maximum of 6.60%pa (including GST) of the amount invested in the Sub-Scheme	Deducted from the Default Interest as and when received from the Borrower in accordance with the Syndicate PDS

## ADDITIONAL EXPLANATION OF FEES AND COSTS

The following tables provide examples of how fees and costs in the CMO and Mortgage Investments can affect an Investors' investment over a one year period. Investors should use these tables to compare this investment with other managed investment products.

<b>EXAMPLE - CMO</b>			<b>BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR</b>
Contribution Fee	Nil	No Contribution Fee charged	
<b>PLUS</b> Management Costs	At a maximum of 2.20%pa (inc GST)	For every \$50,000 you have in the CMO you will be charged a maximum of \$1,100 each year	
<b>EQUALS</b> Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 at the end of the year you would be charged up to a maximum of: <b>\$1,100</b> <b>What it costs you will depend on the amount invested and the CMO Management rate being charged by Angas</b>	

EXAMPLE - MORTGAGE INVESTMENT		BALANCE OF \$50,000 FOR THE YEAR
Establishment Fee	Nil	No Establishment Fee charged
<b>PLUS</b> Management Costs	At a maximum of 3.30%pa (inc GST)	For every \$50,000 you have in the Mortgage Investment you will be charged a maximum of \$1,650 each year
<b>EQUALS</b> Cost of Fund		If you had an investment of \$50,000 at the beginning of the year you would be charged up to a maximum of:  <b>\$1,650*</b>  <b>What it costs you will depend on the amount invested and the Mortgage Management rate being charged by Angas</b>

\* Additional fees may apply:

**Defaulting Mortgage Management Fee** of up to 6.60%pa (inc GST) where a Mortgage Investment is in arrears and the Default Interest Rate has been applied (between \$0 and \$3,300 per annum for every \$50,000 invested).

**And**, if you leave the Mortgage Investment early (subject to Angas approval) you may also be charged an **Early Redemption Fee** of up to 1.10% (inc GST) of the amount withdrawn (between \$0 and \$550 for every \$50,000 withdrawn).

### MANAGEMENTS COSTS

Management costs for amounts held in the CMO are deducted from the interest payments received by Angas from the Bank before net interest is paid to the Investor's nominated bank account. This fee can be varied upon Angas giving thirty (30) days' prior written notice to Members. However, pursuant to the Constitution, this fee cannot exceed 2.20%pa (including GST) of the total amount held in the CMO.

Management costs for investments in a Mortgage Investment are paid from the margin between the interest rate charged to a Borrower for an individual mortgage loan and the interest rate offered to Investors in that mortgage. The interest rate charged to individual borrowers varies according to a number of factors. This margin pays for all administration, staff and general office expenses, marketing and advertising, government and bank charges, the cost of licensing, preparation of Disclosure Documents and compliance with regulatory requirements.

The management fee charged by Angas for investments in a Mortgage Investment, pursuant to the Constitution, cannot exceed 3.30%pa (including GST) of the total amount held in a Mortgage Investment. The actual management fee varies between Mortgage Investments and is outlined in the Syndicate PDS, and will not vary for the term of the Mortgage Investment.

**EXAMPLE:** For a \$50,000.00 Mortgage Investment over a 12 month period, and the mortgage is in default, where the Borrower is paying the higher rate of 17.00%pa, and Angas is applying a 4.00%pa Default Mortgage Management Fee, the Investor is therefore receiving 13.00%pa:

- Borrower pays the Fund \$708.33 Interest per month (being \$50,000.00 at 17.00%pa for \$8,500.00 divided by 12 months); and
- Angas receives a Mortgage Management Fee of \$166.67 per month (being \$50,000.00 at 4.00%pa for \$2,000.00 divided by 12 months); and
- Investor receives income of \$541.66 per month (being \$50,000.00 at 13.00%pa for \$6,500.00 divided by 12 months).

Each loan is structured so that the Borrower agrees to pay a higher Interest rate on a mortgage, but when the Borrower complies with the conditions of that mortgage a lower Interest rate applies. If the mortgage is in default, the Borrower must pay Interest at the higher rate. If a payment is not received from the Borrower by the due date, or an allowed grace period of up to 5 business days thereafter, the Borrower may be charged a higher 'default rate' for the month in which the payment is late.

If in this instance Angas has chosen to cover and remit the interest income to the Investor, and the return to the Investor is therefore unaffected by the defaulting payment, Angas will be entitled to receive payments subsequently paid by the Borrower before the normal rate of return on the defaulting loan is reinstated (i.e. Angas will retain the higher interest rate (default rate) as compensation for continuing payments to the Investor).

If Angas does not cover and remit the interest income to the Investor, and the return to the Investor is therefore affected by the defaulting payment, the Investor is entitled to receive the higher interest rate (default rate) less the Defaulting Mortgage Management Fee.

The higher and lower Interest rates to be applied to a mortgage, and the Mortgage Management Fee and Defaulting Mortgage Management Fee are advised in the Syndicate PDS for each Sub-Scheme.

**EXAMPLE:** For a \$50,000.00 Mortgage Investment over a 12 month period, where the Borrower is paying 12.00%pa, and Angas is applying a 2.00%pa Mortgage Management Fee, the Investor is therefore receiving 10.00%pa:

- Borrower pays the Fund \$500.00 Interest per month (being \$50,000.00 at 12.00%pa for \$6,000.00 divided by 12 months); and
- Angas receives a Mortgage Management Fee of \$83.33 per month (being \$50,000.00 at 2.00%pa for \$1,000.00 divided by 12 months); and
- Investor receives income of \$416.67 per month (being \$50,000.00 at 10.00%pa for \$5,000.00 divided by 12 months).

## FEES AND COMMISSIONS PAYABLE TO THIRD PARTIES

The fees due for work commissioned by Angas in preparing and settling a mortgage, such as valuers and legal service providers, are paid for by the Borrower at the cost charged by the service provider, and have no impact on Investor returns.

Angas may choose to pay authorised intermediaries' commissions for referring Borrowers to the Fund. These commissions are paid at Angas's sole discretion from the Loan Establishment Fees or Angas's own resources and have no impact on Investor returns.

Borrowers may nominate to pay additional interest on their mortgage to cover trailing commissions to their finance broker or advisor. In accordance with Angas policy, the maximum interest rate margin to be applied to a mortgage for trailing commission is 1.00%. This will be negotiated between the Borrower and their adviser and be added to the mortgage interest rate paid by the Borrower and collected and paid by Angas for the term of the loan. The nominated Trailing Commission is advised in the Syndicate PDS for each Sub-Scheme, and has no impact on Investor returns.

**EXAMPLE:** For a \$50,000.00 Mortgage Investment over a 12 month period, where the Borrower is paying 12.50%pa, and 0.50% is paid to their Broker, and Angas is applying a 2.00%pa Mortgage Management Fee, the Investor is therefore receiving 10.00%pa:

- Borrower pays the Fund \$520.83 Interest per month (being \$50,000.00 at 12.50%pa for \$6,250.00 divided by 12 months); and
- Broker receives a Mortgage Management Fee of \$20.83 per month (being \$50,000.00 at 0.50%pa for \$250.00 divided by 12 months); and
- Angas receives a Mortgage Management Fee of \$83.33 per month (being \$50,000.00 at 2.00%pa for \$1,000.00 divided by 12 months); and
- Investor receives income of \$416.67 per month (being \$50,000.00 at 10.00%pa for \$5,000.00 divided by 12 months).

No commissions are paid by Angas to financial planners; however an Investor may nominate to pay a portion of the interest income from their mortgage investment to their financial planner or investment advisor. This will be negotiated between the Investor and their adviser and be deducted from the mortgage interest income due to the Investor and paid by Angas for the term of the loan. The nominated payments are advised in the Members Mortgage Contribution report provided at the time of settlement of the mortgage, and the Members Mortgage Summary report issued periodically to the Investor.

**NOTE:** This nomination does not represent the Investor appointing another person or entity (including their Financial Adviser) with legal capacity to contract as their authorised representative to operate their mortgage investments.

**EXAMPLE:** For a \$50,000.00 Mortgage Investment over a 12 month period, where the Borrower is paying 12.00%pa, and Angas is applying a 2.00%pa Mortgage Management Fee, the Investor is therefore receiving 10.00%pa, but 0.50% is paid their Financial Planner:

- Borrower pays the Fund \$500.00 Interest per month (being \$50,000.00 at 12.00%pa for \$6,000.00 divided by 12 months); and
- Angas receives a Mortgage Management Fee of \$83.33 per month (being \$50,000.00 at 2.00%pa for \$1,000.00 divided by 12 months); and
- Investor receives income of \$395.84 per month (being \$50,000.00 at 9.50%pa for \$4,750.00 divided by 12 months); and
- Financial Planner receives a Mortgage Management Fee of \$20.83 per month (being \$50,000.00 at 0.50%pa for \$250.00 divided by 12 months).

## OPERATING EXPENSES

The Constitution of the Fund allows for ongoing operating expenses (such as registry, audit, taxation advice and offer documents) to be paid directly from the Fund. Until further notice, Angas will pay such amounts from its management fees, except where the expense relates to custody, audit or a specific transaction.

## FEES PAYABLE BY BORROWERS

Angas also receive fees and charges from Borrowers for providing lending services. These fees have no impact on the investors or returns generated from the Fund, and may be shared with the introducers of the loans to Angas. The Borrowers' fees include:

**LOAN ESTABLISHMENT** fees which are negotiable depending on the complexity and competitiveness of the loan with the minimum fee being the greater of \$1,000 or 1.00% (plus GST) of the loan amount with no maximum fee set. This fee covers the cost of servicing the loan sourcing network, data collection, loan application, loan assessment and the approval process, instructing valuers, and instructing solicitors to provide documentation, settle the loan and register the mortgage. These fees may also be used to meet general administration costs such as salaries, insurance, rent, telephone and advertising costs etc.

**LOAN EXTENSION** fees when a loan matures and is continued for another term, which may also include an increase in the amount borrowed. Fees are calculated on the loan amount borrowed and commence from a minimum fee of \$1,000 or 1.00% (plus GST) of the loan amount with no maximum fee set. This fee covers the cost of reviewing the loan file, the payment record of the Borrower and may include updating information held such as the valuation, credit checks, statement of position and serviceability. It will also cover the cost of any documentation required to renew/extend the loan and communicating with the investors involved in the loan in respect to the renewal or otherwise of their mortgage investment.

**EARLY REPAYMENT** fee can be charged for a loan repaid in full prior to the contracted Maturity Date, being an amount equal to two (2) months interest on the original loan amount at the rate of interest specified in the loan agreement.

### THE CONSTITUTION

The Constitution of the Fund is dated 23 June 2011, and is a legal contract between Angas and Members. Together with the Corporations Act, the Constitution governs the relationship between Angas and Members, the duties of Angas as the Responsible Entity and the way it must operate the Fund.

The Constitution deals with a wide range of issues including, but not limited to:

- Members' rights, duties and obligations;
- Angas's rights, duties and obligations;
- Angas's powers to invest, borrow, and to recover all expenses associated with operating the Fund from the Fund assets;
- to the extent permitted by law, the limitation of the liability of Members to the amount of their Investment;
- Angas's right to be indemnified by the Fund against any claim, action, damage, loss, liability, costs, expense or payment which it incurs or is liable for, provided that, it does not arise from fraud, negligence or wilful default of Angas or its employees; and
- the process by which Angas may retire or be removed as the Responsible Entity of the Fund. Angas may be removed by Members and a new Responsible Entity may be appointed by an extraordinary resolution passed at a meeting of Investors.

This PDS contains only a summary of some of the provisions of the Constitution. Angas may change the Constitution in accordance with the Corporations Act. However, any change that may adversely affect Members' rights must be approved by special resolution of the Members.

### THE COMPLIANCE PLAN

Angas has prepared a Compliance Plan for the Fund which has been lodged with ASIC. The Compliance Plan outlines the principles and procedures Angas will follow to ensure it complies with its AFSL, the Corporations Act, the Fund Constitution, and ASIC regulations.

The Compliance Plan deals with a wide range of issues including, but not limited to:

- the establishment of an independent Compliance Committee;

- the appointment of an Auditor for the Fund to audit the Fund on behalf of Members;
- the appointment of an Auditor for the Compliance Plan; and
- having a documented dispute resolution process in place, including being a member of an external dispute resolution service approved by ASIC.

### THE COMPLIANCE COMMITTEE

Angas has appointed a Compliance Committee with a majority of members being independent of the Board. The Compliance Committee's role is to monitor the performance of Angas to ensure that investor funds are monitored in accordance with the Compliance Plan, this PDS, any subsequent PDS or Disclosure Document.

### AML ACT

Angas is a reporting entity pursuant to the AML Act and as such must meet the identification and verification requirements set by AUSTRAC. This includes the identification of investors and borrowers and adopting certain risk protocols to prevent money laundering or terrorism financing activities affecting the Fund and its Members. The performance of that requirement is reviewed annually by the Compliance Auditor

### TAXATION

Angas recommends investors obtain their own advice regarding tax and social security laws which are both complex and subject to change. Angas notes that the acquiring, holding and disposing of interests in managed investment schemes can have taxation and social security implications for investors.

The Fund is not liable for income tax as all income is distributed to Members.

Australian resident investors will need to include in their taxable income for the year any taxable income distributed to them by the Fund. This remains the case where distributions are reinvested or payment is not actually received in that financial year.

For non-residents of Australia, Angas will deduct the appropriate withholding tax.

GST is not payable on the issue, withdrawal or transfer of interests in the Fund as these are input-taxed financial supplies for GST purposes.

Investors do not need to be registered for GST to invest in the Fund.

Fees and expenses in respect of the management of the Fund are subject to GST. In certain circumstances the Fund may be entitled to reduced input tax credits of 75% of GST paid which effectively reduces the GST payable from 10% to 2.5%.

Members may choose to provide Angas with their tax file number (TFN), TFN exemption or ABN (if applicable) by completing the tax file number or ABN notification section of the Registration Form accompanying this PDS. It is not compulsory for investors to quote their TFN, exemption or ABN, but if not quoted, Angas is required to deduct tax from any income distributions payable to you at the maximum personal rate, plus Medicare levy, together with any other applicable government charges. Angas is authorised to collect TFN, exemption or ABN by law and may only use it for the purposes permitted by law.

## TRANSACTION DOCUMENTS

The type and details in any Transaction Documents will vary between Mortgage Investments.

Copies of Transaction Documents for a Mortgage Investment are available to Investors who invest in that mortgage Investment free of charge by contacting Angas.

## RIGHTS & LIABILITY

The rights of the investor are set out in this PDS, the Constitution, the Corporations Act, and other relevant laws. Each investor has a beneficial interest in the mortgage security identified by the specific investment for their Sub-Scheme. However the investor does not have any entitlement to any other mortgage security or asset of the Fund. The rights of the investor can be varied by changes to the Constitution, the Corporations Act and any related laws.

An investor by investing in the Fund agrees to indemnify Angas against any losses they may suffer from their investment in Angas.

The Constitution provides that Angas may claim indemnity from the Fund. Angas is not entitled to be indemnified by the Fund unless it acts in good faith and without fraud or negligence. The extent of the indemnity is limited to the value of the fund assets.

## COMPLAINTS

The Constitution provides a mechanism for Members to make any complaints known to Angas. Complaints should be made to:

### COMPLAINTS OFFICER ACMF

GPO Box 2948  
Adelaide SA 5001  
Phone: 1800 010 800  
Fax: (08) 8410 4355  
Email: [contact@angassecurities.com](mailto:contact@angassecurities.com)

The Complaints Officer has a maximum of forty-five (45) days from the date of the complaint being first received by Angas in which to satisfactorily resolve the complaint.

If the response to the complaint by Angas is not satisfactory, Members may refer the matter to the independent complaints resolution service Credit & Investments Ombudsman.

### CREDIT & INVESTMENTS OMBUDSMAN

PO Box A252  
Sydney South NSW 1235  
Phone: 1800 138 422  
Fax: (02) 9273 8440  
Website: [www.cio.org.au](http://www.cio.org.au)



STEP	PROCESS	WHO
1	Read this PDS and consider whether investment in the Fund is suitable to you	YOU
2	To become a Member of the Fund, complete the Registration Form attached to this PDS and provide it to Angas	YOU
3	Angas receives the Registration Form and sources Mortgage Investments potentially suitable to Members of the Fund	ANGAS
4	Angas receives finance proposals and, if deemed acceptable, undertakes appropriate Borrower checks, Security Property valuations, credit and risk assessment	ANGAS
5	Angas reviews and assesses the information gathered and provides the Borrower with a finance offer approved by the Credit Committee as suitable for a Mortgage Investment Sub-Scheme	ANGAS
6	Angas proposes a Sub-Scheme by issuing a Syndicate PDS to selected Members of the Fund outlining Borrower, Security and transaction details of the Mortgage Investment	ANGAS
7	The selected Members consider the Syndicate PDS, and if wishing to invest in the Sub-Scheme, completes the Application Form within the Syndicate PDS and provides it to Angas	ANGAS
8	Once the Syndicate PDS is accepted, and the Minimum Application Amount achieved, Angas instructs the preparation of the Loan Agreement, Mortgage(s) and any other Transaction Documents required	YOU
9	Angas arranges execution of the Transaction Documents with the Borrower and coordinates a settlement date for the Mortgage Investment	ANGAS
10	Investor(s) provide their Investor Contribution to the Sub-Scheme to be deposited into the Angas Trust Account in readiness for settlement	YOU
11	Angas provides the Investor(s) with a receipt their Investor Contribution deposited into the Angas Trust Account	ANGAS
12	Angas arranges settlement of the Sub-Scheme and lodgement of the Mortgage and other Transaction Documents for registration and disburses funds as requested by the Borrower	ANGAS
13	Angas issues the Sub-Scheme Investors with a Members Mortgage Contribution report as confirmation of settlement of the Mortgage Investment	ANGAS
14	Upon receipt of registration and new certificate of Title, Angas issues the Sub-Scheme Investors with copies of the Loan Agreement, Mortgage and Certificate of Title for the Security Property	ANGAS
15	Angas collects interest and remits the Net Income of the Sub-Scheme to the Investors in accordance with the Mortgage Investment	ANGAS
16	Angas monitors Borrowers adherence to the terms and conditions of the Mortgage and actions any defaults accordingly on behalf of the Investors	ANGAS
17	Angas advises the Sub-Scheme Investors of the impending maturity of a Mortgage Investment Sub-Scheme	ANGAS
18	Investor(s) advise Angas of their intentions regarding their investment in the Mortgage Investment Sub-Scheme upon Maturity	YOU
19	Upon Maturity of the Sub-Scheme, Angas will, in accordance with the Loan Agreement, collect the principal and any other amounts owing under the Mortgage and disburse funds as instructed by the Sub-Scheme Investors	ANGAS

**AFSL** means Australian Financial Services Licence.

**AML Act** means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).

**Angas** means Angas Securities Limited ACN 091 942 728.

**Application Form** means any form which Angas permits a person to use for acquiring an interest in a Mortgage Investment Sub-Scheme.

**ASIC** means the Australian Securities and Investments Commission or any regulatory body which replaces it or performs its functions.

**ASIC Policy** means a policy issued by ASIC, including any consolidations, amendments, re-enactments or replacements of policy.

**ASIC Relief** means a class order or other instrument issued by ASIC which provides relief to a Sub Scheme.

**Borrower** means any person who Angas approves to borrow Members' funds through a Sub-Scheme.

**CMO** the Cash Management Option which is a Sub-Scheme of the Fund.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Defaulting Mortgage** means a Mortgage under which Mortgagor is in default for more than thirty (30) consecutive days, in accordance with its terms and conditions.

**Disclosure Document** means a PDS (including supplementary or replacement PDS), Syndicate PDS and any other documents (in writing, electronic or otherwise) circulated or distributed by Angas under which an interest in a Sub-Scheme may be offered.

**Fund** means the Angas Contributory Mortgage Fund ARSN 151 979 645.

**Fund Assets** means:

- a Mortgage;
- cash held up to 3 months in a Trust Account;
- funds received from Members within the previous six (6) months held in a Trust Account;
- any property or chose in action which from time to time may be classified as a Special Custody Asset under ASIC Policy, ASIC Relief or Angas AFSL.

**Investor** means any person who has applied for an interest in a Sub-Scheme.

**Investor Contribution** means the consideration from an Investor in respect of interests acquired in a Sub-Scheme.

**LVR** means Loan to Valuation Ratio calculated by the loan amount divided by the security property valuation and expressed as a percentage.

**Maturity Date** means the day on which scheduled principal and interest of a Mortgage falls due for payment as specified in the Syndicate PDS for a Sub-Scheme.

**Member** means a person registered on the Register in respect of the Fund.

**Minimum Application Amount** means the amount set by Angas as the minimum amount to be received from contributing Members for each Mortgage Investment which will equate to the loan amount to be provided under the Mortgage Investment.

**Mortgage** means:

- any instrument registered or registrable as a legal mortgage in respect of land and improvements thereon, securing a primary obligation of any person to pay any sum or sums;
- the making of a loan upon the security (whether by way of a mortgage or otherwise) of a Real Property, where written confirmation from a solicitor is available to the Responsible Entity which certifies that the title is in order, the mortgage (if any) is registered or will be registered and that the buildings on the property are insured;
- the purchase of any mortgage security complying with the requirements of the second paragraph of this definition where a valuation of the mortgage security is given within 6 months prior to the date of acquisition of that mortgage security and where the right title and interest of the mortgagee in the loan, the security and the insurance contracts or policies relating thereto are assigned or transferred by the mortgagee to Angas;
- any instrument or documents of title held under a mortgage where:
  - particular Members have a specific beneficial or legal interest in the mortgage
  - the mortgage was acquired after disclosure in writing to the relevant Members (at the time of acquisition) of all information that would have been required to be in a product disclosure statement if an offer of interests in the Sub-Scheme conferring rights in connection with the mortgage had been made immediately prior to the mortgage;
  - either:
    1. the mortgage was acquired on the specific direction of the relevant Members (at the time of acquisition of the interest); or
    2. Members are able to withdraw from that mortgage for a period of fourteen (14) days commencing on the date of disclosure under paragraph (d)ii; and
  - The Sub-Scheme does not involve the mortgage being sold prior to its discharge; and
- any instrument or documents of title held under a mortgage that comes within the meaning of a mortgage asset under ASIC Policy, ASIC Relief or Angas' AFSL.

**Mortgage Investment** means a Sub-Scheme that begins on a date to be determined by Angas but no later than the Mortgage Settlement date and expires on its Maturity Date as set out in the Syndicate PDS.

**Net Income of a Sub-Scheme** means all of the income collected by Angas less all amounts which Angas is authorised to deduct from the income of the Sub-Scheme pursuant to the Constitution.

**PDS** means Product Disclosure Statement.

**Privacy Act** means the Privacy Act 1988 (Cth).

**Real Property** means land (including tenements and hereditaments corporeal and incorporeal and every estate and interest whether vested or contingent freehold or leasehold and whether at law or in equity) wheresoever situated. Without limitation, this includes any equity of redemption, and fixtures to land and any property to be used in association with any land or fixtures that Angas may from time to time consider to be calculated to enhance the value of or render profitable any land or fixtures.

**Register** means a register established by the Responsible Entity recording Members and the holders of interests in each Sub-Scheme.

**Registration Form** means the form for registering as a Member of the Fund contained in or accompanying a current product disclosure document.

**Responsible Entity** means Angas or any subsequent Responsible Entity of the Fund from time to time.

**Security Property** means Real Property mortgaged as security for a loan made in relation to a Mortgage Investment.

**Sub-Scheme** means a managed investment scheme established under the Constitution, including the CMO and each Mortgage Investment.

**Syndicate PDS** means a document that supplements this PDS and relates to a specific Mortgage Investment proposed to be issued by Angas in such form and containing such information as Angas determines appropriate.

**Transaction Document** means

- the loan agreement;
- any document creating a Mortgage;
- any agreement relating to the priority of a Mortgage;
- any agreement or instrument agreed to, contemplated or delivered pursuant to a Mortgage.

**Trust Account** means an account with an Australian ADI styled as a trust account that is audited at least once every six months by a registered company auditor where the auditor's report states that in the auditor's opinion the account has been operated in accordance with the trust:

- pending payments to Members;
- to meet expected expenses (not including investments) over a three (3) month period; or
- pending application in acquiring a Mortgage and paying any fees and costs incidental to the acquisition.

## APPLICANTS MAY BE ONE OR MORE INDIVIDUALS, PARTNERSHIPS, COMPANIES, TRUSTS OR SUPERANNUATION FUNDS.

### INDIVIDUALS

PROVIDE GIVEN NAMES IN FULL, NOT INITIALS.

EXAMPLE: Michael John Smith

INCORRECT: M J Smith; Mick Smith

- ✓ Signature of Investor required
- ✓ Identification of Investor required
- ✓ TFN of Investor required

### JOINT INVESTORS

PROVIDE GIVEN NAMES IN FULL, NOT INITIALS.

EXAMPLE: Michael John Smith and Sara Jane Smith

INCORRECT: M J Smith and S J Smith

- ✓ Signature of both Investors required
- ✓ Identification of both Investors required
- ✓ TFN of both Investors required
- Agree to hold the interests as joint tenants
- Agree all liability shall be both joint and several
- State whether one or both signatures are required for written withdrawal requests and applications

### PARTNERSHIPS

PROVIDE THE PARTNERS' PERSONAL NAMES IN FULL, NOT THE PARTNERSHIP.

EXAMPLE: Michael John Smith and Robert Jones

INCORRECT: Smith & Jones

- ✓ Signature of both partners required
- ✓ Identification of both partners required
- ✓ TFN of the partnership required
- Agree all liability shall be both joint and several
- Acknowledge you are a partner in the partnership and are investing on behalf of the partnership
- Acknowledge you have the authority to bind the partnership
- State whether one or both signatures are required for written withdrawal requests and applications

### COMPANIES

PROVIDE THE FULL COMPANY NAME, NOT ABBREVIATIONS.

EXAMPLE: MNO Pty Ltd

INCORRECT: MNO; MNO Co, MNO P/L

- ✓ Signature of two directors, or director and Company secretary, or sole director

- ✓ Copy of Certificate of Incorporation required
- ✓ ASIC company search to be performed by Angas
- ✓ TFN of the Company required
- Acknowledge you are the officer(s) of the company
- Acknowledge you have the authority to bind the company
- State whether one or more signatures are required for written withdrawal requests and applications

### TRUSTEES & SUPER FUNDS

PROVIDE THE FULL NAME OF TRUSTEE(S) OR CORPORATE TRUSTEE, AND OF THE SUPERANNUATION FUND OR TRUST, NO ABBREVIATIONS.

EXAMPLE: Michael John Smith as trustee for Smith Superannuation Fund; MNO Pty Ltd as trustee for Smith Superannuation Fund

INCORRECT: MJ Smith ATF Smith Super Fund; MNO ATF Smith Super Fund

- ✓ Signature of the trustee(s), or signature of two directors, or director and company secretary, or sole director for a corporate trustee.
- ✓ Copy of Trust Deed required
- ✓ Identification of individual trustees required
- ✓ ASIC company search to be performed by Angas for corporate trustees
- ✓ TFN of the Superannuation Fund or Trust required
- Acknowledge that investing in the Fund is an authorised investment of the trust
- If joint trustees or company state whether one or more signatures are required for written withdrawal requests and additional applications

### POWER OF ATTORNEY

PROVIDE GIVEN NAMES IN FULL OF INVESTOR AND ATTORNEY, NOT INITIALS.

EXAMPLE: Michael John Smith as power of attorney for Betty Mary Smith

INCORRECT: B M Smith

- ✓ Signature of attorney required
- ✓ Certified copy of Power of Attorney required
- ✓ Identification of Investor and attorney required
- ✓ TFN of Investor required

## COMMUNICATION

- All communications from Angas will be sent to the nominated address on the Registration Form.
- For joint applicants only one address is required, unless otherwise stipulated.
- Business telephone, facsimile, home and mobile telephone, and e-mail address details to be provided for all applicants.

## CONTRIBUTIONS

- Nominate whether you:
  - require Angas to create a CMO for investment monies to be invested pending placement in a Mortgage Investment;
  - require Angas to hold investment monies in its Trust Account pending placement in a Mortgage Investment;
  - will hold your investment monies pending application for investing in a Sub-Scheme upon being issued a Syndicate PDS for a Mortgage Investment.
- Contributions can be provided to Angas with the lodgement of the Registration Form and held as nominated by you.
- Contributions can be made by:
  - Bank Cheque made payable to Angas Contributory Mortgage Fund and crossed "not negotiable";
  - Direct Deposit to the Trust Account.
- Further investment contributions can be made at any time after registration by:
  - investing in the CMO pending placement in a Mortgage Investment;
  - depositing into the Trust Account pending placement in a Mortgage Investment;
  - applying to invest in a Sub-Scheme upon being issued a Syndicate PDS and accepting a Mortgage Investment.

## MATURITIES

- For investment monies to be returned to you through a withdrawal or from a maturing Sub-Scheme, you need to provide the bank and branch, BSB and account number, and the full name of a bank account Angas can direct deposit to by electronic funds transfer.
- At the time you can nominate whether you want Angas to:
  - Invest monies in the CMO pending placement in a Mortgage Investment;
  - hold monies in the Trust Account pending placement in a Mortgage Investment;
  - direct deposit monies to your nominated bank account by electronic funds transfer.

## INCOME

For investment income to be distributed from CMO or Mortgage Investments, you need to provide the Bank and Branch, BSB and Account Number, and the full name of a bank account Angas can direct deposit to by electronic funds transfer.

## REGISTRATION

The Corporations Act prohibits any person from passing onto another person the Registration Form which was attached to this PDS unless the Registration Form is attached to or accompanying a complete and unaltered copy of the PDS.

By completing the Registration Form attached to this PDS you are registering an interest in becoming an Investor in the Fund. Monies will only be accepted when a Registration Form and Application Form is completed and lodged with Angas.

Angas has the right to accept or reject any registration.

## ATTORNEY

By completing and lodging this Registration Form each Member irrevocably appoints Angas as their respective attorney in accordance with the Fund Constitution.

Each attorney may at any time do any acts contemplated by the Constitution including complete the schedule to the Loan Agreement and any security documents as identified in a Syndicate PDS and:

- sign any instrument on behalf of;
- do any act of behalf of; and
- use the name of,

the Member or Investor to give effect to any document relating to the registration, discharge and enforcement of the Loan Agreement or Mortgage.

The attorney may delegate its powers to any person for any period, and may revoke the delegation.

## DECLARATION

By completing and lodging this Registration Form you:

- declare you have read and understood this PDS;
- acknowledge and agree to be bound by the provisions of the Constitution and the conditions of the offer set out in this PDS to the extent required by law.

## LODGEMENT

All Registration Forms are to be lodged with Angas:

- **IN PERSON AT:**  
Angas Securities Limited  
Level 14, 26 Flinders Street, ADELAIDE SA 5000  
Suite 12, 448 Roberts Road, SUBIACO WA 6008
- **BY MAIL TO:**  
Angas Securities Limited  
GPO Box 2948, ADELAIDE SA 5001





# REGISTRATION FORM

PAGE 1

## INVESTOR DETAILS

### TRUST OR SUPERANNUATION FUND

Name		
TFN	ABN	
Address		

### COMPANY (in its own right and/or as a trustee for the above)

Name		
TFN	ABN	
Address		
Phone	Email	

### INDIVIDUALS (in their own right or as a trustee or director/secretary for the above)

Single     Joint     Partnership     Trustee     Director/Secretary

1. Name

TFN	ABN	
Address		
DOB	Mobile	
Phone	Email	

Single     Joint     Partnership     Trustee     Director/Secretary

2. Name

TFN	ABN	
Address		
DOB	Mobile	
Phone	Email	

Single     Joint     Partnership     Trustee     Director/Secretary

3. Name

TFN	ABN	
Address		
DOB	Mobile	
Phone	Email	



# REGISTRATION FORM

PAGE 2

## CONTACT DETAILS

### ALL COMMUNICATIONS TO BE SENT TO:

Address			
Phone		Email	
Name		Fax	

## ACCOUNT DETAILS

### ALL CONTRIBUTION FUNDS TO BE DEPOSITED TO:

Name			
Bank		Branch	
BSB		ACCT No	

### ALL DISTRIBUTION FUNDS TO BE DEPOSITED TO:

Name			
Bank		Branch	
BSB		ACCT No	

## INVESTMENT DETAILS

### PLEASE PROVIDE INVESTMENT PREFERENCES

Potential Funds available to invest			
Maximum amount in one Sub-Scheme			
Preferred mortgage terms	<input type="checkbox"/> 3 to 6 months	<input type="checkbox"/> 6 to 12 months	<input type="checkbox"/> 12 months or more
Preferred mortgage security	<b>RESIDENTIAL</b>		
	<input type="checkbox"/> Established	<input type="checkbox"/> Vacant land	<input type="checkbox"/> Development
	<b>NON-METROPOLITAN</b>		
<input type="checkbox"/> Established	<input type="checkbox"/> Vacant land	<input type="checkbox"/> Development	
<b>COMMERCIAL/INDUSTRIAL</b>			
<input type="checkbox"/> Established	<input type="checkbox"/> Vacant land	<input type="checkbox"/> Development	
<input type="checkbox"/> Angas to open a Cash Management Option for Investment Contribution Funds to be deposited			
<input type="checkbox"/> Angas to hold Investment Contribution Funds in its Trust Account pending placement (max 3 months)			
<input type="checkbox"/> Angas to return all Contribution Funds to nominated bank account upon maturity of a Sub-Scheme			



# REGISTRATION FORM PAGE 3

## SIGNATURE DETAILS

**This Registration Form must be read in conjunction with the Product Disclosure Statement dated 4 December 2015 issued by Angas Securities Limited ACN 091 942 728, under AFSL No 232 479, for the Angas Contributory Mortgage Fund ARSN 151 979 645, and must not be issued to any person unless they have received a copy of the Product Disclosure Statement.**

I / we hereby apply for registration in the Angas Contributory Mortgage Fund, and in doing so acknowledge, agree and understand that:

- I / we declare that the details given in this form are true and correct.
- I / we have legal authority to invest in accordance with this Registration.
- I / we agree to be bound by the terms of the Fund's Constitution.
- I / we acknowledge that we have received and read a copy of the Product Disclosure Statement and agree to its terms
- I / we acknowledge and accept that Angas Securities Limited may send us at its discretion from time-to-time one or more Syndicate PDS in respect of mortgage investment opportunities.
- I / we authorise Angas Securities Limited to deduct its management fee on a monthly basis from my distributions.
- I/we agree that we will not disclose any information contained in any Syndicate PDS provided to us to any other person except to its professional advisers for the sole purpose of determining whether to invest in a particular Mortgage Investment.
- I / we acknowledge that Angas Securities Limited may accept or reject any application.
- I / we acknowledge that Angas Securities Limited, as Manager and the Custodian, does not guarantee the performance of the Fund or the repayment of capital or any particular rate of return or any distribution.
- I / we understand that Angas Securities Limited cannot provide me / us with advice and that if I / we require advice
- I / we should consult a licensed financial adviser.
- I / we understand and acknowledge that Angas Securities Limited is authorised to collect tax File Numbers (TFN) by law, and whilst you are not required to provide your TFN, if you do not, or do not provide exemption details, Angas Securities Limited is required to withhold tax from income distributions at the highest marginal tax rate plus the medicare levy
- I / we understand that Angas Securities Limited may disclose my / our information (or parts of it) to government agencies that may lawfully request information from time-to-time, or in other circumstances where required by law to do so.
- I / we understand that Angas Securities Limited may disclose my / our information (or parts of it) to its service providers to enable the printing, distribution and administration of documentation related to services
- I / we understand that Angas Securities Limited may use my / our information on occasions, to inform you about other services or products offered.
- I / We hereby irrevocably appoint Angas Securities Limited ACN091 942 728 and any Director, agent, attorney or substitute nominated by it to be my / our attorney for the purposes of performing the duties of provided under the Constitution of the Fund and the applicable loan agreement and mortgage security documents in relation to any investment in a Sub-Scheme or Mortgage Investment in which I / we invest.

### SIGNATURES REQUIRED FOR INVESTMENT APPLICATIONS AND REDEMPTIONS

<input type="checkbox"/> Single	<input type="checkbox"/> Joint - one to sign	<input type="checkbox"/> Joint - both to sign	<input type="checkbox"/> Other	
				_____
1. Signature	_____	Date	_____	_____
2. Signature	_____	Date	_____	_____
3. Signature	_____	Date	_____	_____

NOTE: IF SIGNING UNDER A POWER OF ATTORNEY, YOU MUST PROVIDE THE APPROPRIATE IDENTIFICATION AND A CERTIFIED COPY OF THE POWER OF ATTORNEY INCLUDING THE APPROPRIATE SIGNATURES, AND ARE VERIFYING THAT AT THE TIME OF SIGNING YOU HAVE NOT RECEIVED NOTICE OF REVOCATION OF THAT POWER.



# REGISTRATION FORM

PAGE 4

**IN ACCORDANCE WITH THE AMLACT, PRIOR TO ACCEPTING A REGISTRATION FORM, ANGAS SECURITIES IS REQUIRED TO OBTAIN THE FOLLOWING IDENTIFICATION AND VERIFICATION INFORMATION FOR INVESTORS.**

## TRUST OR SUPERANNUATION FUND

- A certified copy of the Trust Deed (including any variations)

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- Identification of the Trustees, either as Individuals or Company per below...

## COMPANY (IN ITS OWN RIGHT AND/OR AS TRUSTEE FOR ABOVE)

- A certified copy of the Certificate of Registration

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- Identification of the Directors as Individuals per below...

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- A company search conducted on the ASIC database (performed by Angas Securities)

## INDIVIDUALS (IN THEIR OWN RIGHT OR AS A TRUSTEE OR DIRECTOR/SECRETARY FOR ABOVE)

- A certified copy of a current Drivers Licence OR Passport issued in Australia or overseas that contains a photograph and signature

**IF UNABLE TO PROVIDE A CERTIFIED COPY OF A DRIVERS LICENCE OR PASSPORT, THEN BOTH ONE PART A DOCUMENT AND ONE PART B DOCUMENT ARE REQUIRED:**

### PART A

- A certified copy of a Birth Certificate issued by an Australian State or Territory or an overseas government, the United Nations or an agency of the United Nations

OR

- A certified copy of an Australian Citizen Certificate or a citizen certificate issued by a foreign government

OR

- A certified copy of a Centrelink Pension Card or Health Card

### PART B

- A notice that was issued by the Commonwealth or an Australian State or territory within the preceding 12 months that contains the name of the individual and current address, and records the provision of financial benefits to the individual (eg a Centrelink letter confirming entitlement to assistance payments).

OR

- A notice that was issued by a local government or utilities provider within the preceding 3 months that contains the name of the individual and current address, and records the provision of services by that body to that individual and /or to their address (eg an electricity bill or rates notice).

OR

- For a person under the age of 18, a notice that was issued by a school principal within the preceding 3 months that contains the name of the individual and current address, and records the period of time that the individual attended the school.

## ANGAS SECURITIES LIMITED: DISCLOSURE UPDATE NOVEMBER 2015

ANGAS CONTRIBUTORY MORTGAGE FUND  
(ARSN 151 979 645) (ACMF)

**The purpose of this disclosure is to provide investors in ACMF with updated information on Angas' debenture run-off proposal and the current financial position of Angas.**

### ANGAS SECURITIES LIMITED DEBENTURE RUN-OFF PROPOSAL

Angas Securities Limited (Angas) is currently undertaking a program to exit its debenture business through an orderly realisation of its assets and repayment of amounts owed to holders of Angas debentures (Run-off Proposal). The Run-off Proposal was approved by debenture holders and is anticipated to have all debenture investments repaid in full by the end of 2016. Throughout the Run-Off Proposal (and following it being finalized) Angas will continue to operate its core business as a fund manager. By approving the Run-off Proposal, debenture holders resolved for Angas' business to remain under the control of the Angas board and management.

**The Run-off Proposal does not directly affect investors in ACMF and does not involve the realisation of the assets of ACMF as those assets are the property of ACMF investors and remain legally and operationally separate from the assets of Angas.**

If currently unforeseen circumstances occur and the Run-off Proposal fails to be implemented in the manner approved by the debenture holders, Angas will go through a process to review the Run-off Proposal and consider alternative next steps that may be taken. That process would likely involve a number of stakeholders including the Loans Realisation Committee<sup>1</sup>, debenture holders, the Federal Court and trustee in respect of the debentures (Trust Company). In such circumstances, potential outcomes may include amendments to the Run-Off Proposal, a further application to the Federal Court, the appointment of an external administrator to Angas or some other action. ACMF investors should be aware that, if this were to occur, Angas and investors will need to assess the impact, if any, on the continued management of ACMF by Angas and may at that time need to consider taking action in relation to ACMF which, by way of example only, may include appointment of a new responsible entity, a fund restructure or other action.

**Angas is currently implementing the Run-Off Proposal in the manner approved by the debenture holders and, based on current information, does not consider that the Run-Off Proposal will have any effect on ACMF or on the ability of Angas to continue to manage ACMF.**

### FINANCIAL POSITION

On 1 October 2015, Angas lodged with ASIC a copy of its annual report for the financial year ended 30 June 2015. That annual

report included an unqualified audit opinion from Deloitte Touche Tohmatsu (Deloitte) that the financial report of Angas:

- (a) is in accordance with the *Corporations Act 2001*;
- (b) gives a true and fair view of the financial position of Angas as at 30 June 2015 and of its performance for the year ended on that date;
- (c) complies with Australian Accounting Standards and the *Corporations Regulations 2001* and with International Financial Reporting Standards.

Deloitte observed that Angas and its consolidated entities incurred a loss of \$15,030,738 and had negative operating cash flows of \$5,423,626 for the year ended 30 June 2015 and as of that date had a net asset deficiency of \$5,495,825. Deloitte noted that these conditions indicated the existence of a material uncertainty that may cast significant doubt about ability of Angas to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

The net deficiency of assets constituted a breach of a condition of Angas' Australian Financial Services Licence (AFSL). This breach was reported by both Angas and Deloitte to ASIC. The breach was remedied by Angas on 29 October 2015 and from that date, Angas has had positive net assets.

### ANGAS' REQUIRED LEVEL OF 'NET TANGIBLE ASSETS' AS HOLDER OF AN AFSL

As a holder of an AFSL, Angas is subject to certain financial requirements, including a requirement that it hold a minimum level of net tangible assets (NTA). A consequence of the Run-Off Proposal is that Angas has experienced fluctuations from time-to-time in its NTA position, in part because of revaluation of its assets agreed with its auditors which were implemented in the 30 June 2015 accounts. The NTA position of Angas will continue to change during the implementation of the Run-Off Proposal.

As the Run-Off Proposal impacts on its NTA position (in line with forecasts), Angas may temporarily breach the minimum NTA requirement that applies to Angas as the holder of an AFSL. Angas was in breach of the NTA requirement as at 30 June 2015. This breach was reported to ASIC and has since been remedied.

**It is the view of Angas that its breach of NTA requirements was temporary and will have no impact on the ability of Angas to operate ACMF and does not give rise to a risk of loss or damage to investors in ACMF.**

Angas is in a state of transition as it moves towards solely becoming a Funds Manager. During that transitional period, the revenue streams, gross asset and net asset position of Angas will continue to change. Following implementation of the Run-Off Proposal, Angas expects its gross revenues and NTA position to be stable and reflective of Angas' core business as a fund manager.

<sup>1</sup> The Loans Realisation Committee is a committee appointed by the Federal Court to oversee the debenture funded asset realisation programme under the control of Angas. The committee is comprised of Angas independent director Clive Guthrie, John Powell (an independent person appointed by the Federal Court) and Christopher Green of Trust Company.



## **OFFICES**

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## **COMPLIANCE AUDITOR**

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## **MANAGED INVESTMENT SCHEME**

Angas Contributory Mortgage Fund  
ARSN 151 979 645

## **RESPONSIBLE ENTITY & CUSTODIAN**

Angas Securities Limited  
ABN 50 091 942 728  
AFSL 232 479

**INVESTOR SERVICE LINE 1800 010 800**  
**WWW.ANGASSECURITIES.COM**

## SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT (ACMF)

This is a Supplementary Product Disclosure Statement (SPDS), issued by Angas Securities Limited, ACN 091 942 728 AFSL 232 479. This SPDS supplements the Angas Contributory Mortgage Fund Product Disclosure Statement dated 4 December 2015 (the PDS) and must be read together with the PDS and any other SPDS that we may give you for your PDS.

The purpose of this disclosure is to provide investors in Angas Contributory Mortgage Fund (ACMF) with updated information on Angas' debenture run-off proposal, a proposed funds management business restructure and the current Net Tangible Assets (NTA) position of Angas.

### Angas Securities Limited Debenture Run-Off Proposal

Angas Securities Limited (**Angas**) is currently undertaking a program to exit its debenture business through an orderly realisation of its assets and repayment of amounts owed to holders of Angas debentures (**Run-Off Proposal**). The Run-Off Proposal was approved by debenture holders and is anticipated to have all debenture investments redeemed by 30 June 2017 or such other date, being no later than 30 September 2017, as is approved by the Loans Realisation Committee.<sup>1</sup> Throughout the Run-Off Proposal (and following it being finalised) Angas intends to continue to operate its core business as a fund manager. By approving the Run-Off Proposal, debenture holders resolved for Angas' business to remain under the control of the Angas board and management.

**Other than as set out under the heading "Restructure of Funds Management Business" below, the Run-Off Proposal does not directly affect investors in ACMF and does not involve the realisation of the assets of ACMF as those assets are the property of ACMF investors and remain legally and operationally separate from the assets of Angas.**

If currently unforeseen circumstances occur and the Run-Off Proposal fails to be implemented in the manner approved by the debenture holders, Angas will go through a process to review the Run-Off Proposal and consider alternative next steps that may be taken. That process would likely involve a number of parties including the Loans Realisation Committee, debenture holders, the Federal Court and trustee in respect of the

debentures. In such circumstances, potential outcomes may include amendments to the Run-Off Proposal, a further application to the Federal Court, the appointment of an external administrator to Angas or some other action. ACMF investors should be aware that, if this were to occur, Angas and investors will need to assess the impact, if any, on the continued management of ACMF by Angas and may at that time need to consider taking action in relation to ACMF which, by way of example only, may include appointment of a new responsible entity, a fund restructure or other action.

**Angas is currently implementing the Run-Off Proposal in the manner approved by the debenture holders and, based on current information, does not consider that the Run-Off Proposal will have any effect on ACMF or on the ability of Angas to continue to manage ACMF.**

### Restructure of Funds Management Business

As part of the Run-Off Proposal, Angas announced that it intended to implement a restructure of Angas' fund management business (**Restructure**). The Restructure primarily involves Angas retiring as responsible entity of ACMF and being replaced by its wholly owned subsidiary, Angas Mortgage Management Limited ACN 615 541 378 (**AMML**).

Angas is in the process of taking steps to implement the Restructure. Importantly, the Restructure is subject to various consents being granted, including consents from the Australian Securities and Investments Commission (**ASIC**). Angas has sought those consents from ASIC, which is in the process of assessing Angas' applications. There is no guarantee that ASIC will provide the requested consents. If those consents are not provided, Angas will be unable to complete the intended Restructure.

If the consents are provided, Angas will at that time write to investors to provide further information on the proposed Restructure. Investors may have the opportunity at that time to vote in relation to the proposed change of responsible entity of ACMF (if sufficient number of investors so request).

### Angas' Required Level of 'Net Tangible Assets' as Holder of an Australian Financial Services Licence

As the holder of an Australian financial services licence (**AFSL**), Angas is subject to certain financial requirements, including a requirement that it hold a minimum level of

<sup>1</sup> The Loans Realisation Committee is a committee appointed by the Federal Court to oversee the debenture funded asset realisation programme under the control of Angas. The committee is comprised of Angas Independent director Clive Guthrie, John Powell (an independent person appointed by the Federal Court) and Christopher Green of Trust Company.



NTA. A consequence of the Run-Off Proposal is that Angas has experienced fluctuations from time-to-time in its NTA position, in part because of revaluation of its assets agreed with its auditors (including those implemented in the 30 June 2016 accounts). The NTA position of Angas will continue to change during the implementation of the Run-Off Proposal.

As the Run-Off Proposal impacts on its NTA position (in line with forecasts), Angas may temporarily breach the minimum NTA requirement that applies to Angas as the holder of an AFSL. On 12 October 2016, Angas issued its Financial Statements for the financial year ended 30 June 2016 (**Balance Date**). Angas' Financial Statements disclosed a breach of the NTA as at Balance Date which was reported to ASIC.

As a result of the events of 19th August 2016 when the Federal Court of Australia approved a variation to the terms of the Run-Off Proposal (**Variation**), the criteria to revalue the debentures in accordance with AASB 139 Financial Instruments: Recognition and Measurement (**AASB 139**) had been met. Angas engaged a leading Valuation firm to prepare a report on the fair value of debentures. As a result of applying the change in fair value to the Accounts in accordance with AASB 139, the breach of the NTA was rectified effective 19th August 2016.

Angas is in a state of transition as it moves towards becoming a Funds Manager. During that transitional period, the revenue streams, gross asset and net asset position of Angas will continue to change. Following full implementation of the Run-Off Proposal, Angas expects its gross revenues and NTA position to be stable and reflective of Angas' core business as a fund manager.

Dated 21 November 2016



