



# COMBINED FINANCIAL SERVICES GUIDE AND PRODUCT DISCLOSURE STATEMENT

15 February 2016



Issued By  
**Australian Mortgage Fund Ltd**  
**ACN 160 969 120**  
on 15 February 2016

**AUSTRALIAN MORTGAGE FUND LTD.**

Ph: 1800 AMF AMF (263 263)  
info@amfl.com.au  
Fax: 1800 220 412  
www.amfl.com.au



**PRODUCT DISCLOSURE STATEMENT - THE AMF MORTGAGE INCOME SCHEME**

# CONTENTS

	<b>PAGE</b>
<b>1. INTRODUCTION</b>	<b>6</b>
1.1 The Scheme	6
1.2 Sub-Schemes	6
1.3 Disclosure Documents	7
1.4 Latest PDS	7
1.5 Specific Authority	7
1.6 General Authority	8
<b>2. INVESTMENT OVERVIEW</b>	<b>9</b>
<b>3. ORGANISATIONAL STRUCTURE</b>	<b>10</b>
3.1 Directors	10
3.2 Constitution	13
3.3 Compliance Plan	13
3.4 Compliance Committee	13
3.5 Lending Committee	14
3.6 Audits	14
3.7 Fund Financial Information	14
3.8 Net Tangible Assets	14
3.9 Insurance	14
<b>4. KEY TERMS USED</b>	<b>15</b>
<b>5. BENCHMARK DISCLOSURE</b>	<b>17</b>
5.1 Liquidity	17
5.2 Scheme borrowing	17
5.3 Portfolio Diversification	17
5.4 Related Party Transactions	17
5.5 Australian Mortgage Fund Ltd Valuation policy	18
5.6 Loan to valuation ratios	19
5.7 Distribution practices	19
5.8 Withdrawal arrangements	20
<b>6. FEES AND OTHER COSTS</b>	<b>21</b>
6.1 Consumer advisory warning	21
6.2 Prescribed fee schedule	21
6.3 Additional explanation of fees and costs	22

	<b>PAGE</b>
<b>7. INVESTMENTS</b>	<b>25</b>
7.1 Returns offered	25
7.2 Minimum investment	25
7.3 Investment term	25
7.4 Cooling-off	25
<b>8. HOW THE SCHEME WORKS</b>	<b>26</b>
8.1 Choosing a Sub-Scheme to invest in	26
8.2 Assignment of your monies to the Sub-Scheme	26
8.3 Security documents	26
8.4 Drawdown on standard loans	26
8.5 Drawdown on development loans	27
8.6 Tranches for development loans	27
8.7 Prepaid interest on standard loans	27
8.8 Interest on development loans	27
8.9 Interest on standard loans	27
8.10 Distributions	27
8.11 Discharge	28
8.12 Defaulting loans	28
8.13 Withdrawal from the Scheme	29
8.14 Power of Attorney in relation to Mortgage Investment	29
<b>9. THE AUSTRALIAN MORTGAGE FUND LTD INVESTMENT APPROACH</b>	<b>30</b>
9.1 Loan assessment criteria	30
9.2 Geographic location and property type	30
9.3 Priority of mortgages	30
9.4 Loan extensions	30
<b>10. BENEFITS AND RISKS OF THE SCHEME</b>	<b>31</b>
10.1 Benefits	31
10.2 Debtor risk	31
10.3 Valuation risk	31
10.4 Tenant risk	31
10.5 Property market risk	32
10.6 Sector risk	32
10.7 Developer risk	32
10.8 Priority risk	32

	<b>PAGE</b>
<b>11. TAXATION</b>	<b>34</b>
11.1 General	34
11.2 Superannuation funds	34
11.3 Tax file numbers and Australian Business Numbers	34
11.4 Non-residents	34
11.5 Goods and Services Tax (GST)	34
<b>12. ADDITIONAL INFORMATION</b>	<b>35</b>
12.1 Unit pricing policy	35
12.2 Consents of named parties	35
12.3 Complaints	35
12.4 Disclosure of interests	35
12.5 Social Ethical and other considerations	35
12.6 Currency	36
12.7 Electronic disclosure	36
12.8 Communications	36
12.9 Updated information	36
12.10 Warnings	37
12.11 Privacy	37
12.12 Non-residents	38
<b>13. FINANCIAL SERVICES GUIDE</b>	<b>39</b>
13.1 What is a financial services guide?	39
13.2 AFSL	39
13.3 What financial services are we licensed to provide?	39
13.4 What other documents may you receive from us?	39
13.5 What are the fees, charges and commissions	39
13.6 Compensation arrangements	40
13.7 What should you do if you have a concern or complaint?	40
13.8 Contact details	40
<b>14. APPLICATION FORM GUIDE</b>	<b>41</b>
14.1 Investment Amount	41
14.2 Personal details	41
14.3 Tax File Number	41
14.4 Financial institution details	41

# 1. INTRODUCTION

This document is a Combined Financial Services Guide ("FSG") and Product Disclosure Statement ("this PDS").

The date of issue of this PDS is 15 February 2016.

The issuer of this PDS is Australian Mortgage Fund Ltd.

The Australian Securities and Investment Commission ('ASIC') takes no responsibility for the contents of this PDS or the merits of this investment.

## 1.1 The Scheme

Australian Mortgage Fund Ltd is the Responsible Entity for the AMF Mortgage Income Scheme ('the Scheme').

The Scheme is a regulated Managed Investment Scheme.

The Australian Mortgage Fund Ltd AFSL number is 434533.

The product being disclosed in this PDS is the Scheme.

The Scheme derives its income by investing in mortgages. This means it loans money to borrowers ('Borrowers') and the obligations of those Borrowers are secured by first registered mortgage over real property ('Security Property') which are provided by either the Borrowers or guarantors of the loan ('Guarantors').

## 1.2 Sub-Schemes

The Scheme is comprised of multiple Sub-Schemes ('Sub-Schemes'). Members of the Scheme ('Members') invest in individual Sub-Schemes. Members do not invest in the Scheme as a whole.

This PDS discloses *generic* information about all Sub-Schemes.

*Specific* information, relating to each individual Sub-Scheme, is disclosed in Sub-Scheme Product Disclosure Statements for each Sub-Scheme ('SPDS').

Each Sub-Scheme derives its income by investing in a particular mortgage investment ('Mortgage Investment').

Investor's contributions to a particular Mortgage Investment are quarantined within Sub-Schemes so that investors in each Sub-Scheme do not have recourse to the property held in other Sub-Schemes.

A particular Mortgage Investment involves a single loan to a specific borrower (or group of co-borrowers) secured over real property. Thus, when Members invest in a Sub-Scheme, they are investing in a Mortgage Investment and a SPDS discloses information specific to that Mortgage Investment.

Australian Mortgage Fund Ltd is the issuer of the Units in the Sub-Schemes ('Units') which are offered under this PDS and the relevant SPDS.

Australian Mortgage Fund Ltd can (and usually does) accept multiple investors into each Sub-Scheme. As each investor contributes to the total sum invested into each Mortgage Investment, ASIC refers to the Scheme as a 'Contributory Mortgage Scheme'. (Regulatory Guides 45 and 118).

An investor in a Sub-Scheme is known as a 'Unitholder'.

Unitholders derive income from the capital they invest in the Sub-Schemes through the payment of Distributions ('Distributions') which are funded from interest payments made by the Borrower, or in the case of default by the Borrower, from the proceeds of sale of the Security Property belonging to that Sub-Scheme.



## 1.3 Disclosure Documents

In making the decision to invest in a Sub-Scheme you should not rely on any information given to you unless it is:

- (1) contained, or referred to, in this PDS; or
- (2) contained in a SPDS.

For your protection you should disregard any assurances relating to the Scheme, or a Sub-Scheme, which are given to you over the telephone, by email, by letter, or otherwise, by officers or employees of Australian Mortgage Fund Ltd, by brokers, by financial planners, or by anyone else, unless confirmed in one of the above.

## 1.4 Latest PDS

The Scheme only has one PDS. However from time to time the PDS needs to be amended. It is important that you are relying on the current version of the PDS every time you invest in a Sub-Scheme. This is because we may have changed the PDS since the previous time you invested, in a way that you perceive is disadvantageous to you.

In order to make it easy for you to determine whether you have the latest PDS we:

- (1) put the name of the latest version of the PDS in large typeface on the front page of every SPDS; and
- (2) describe versions by reference to the month and year in which they were issued.

If we are raising funds the most recent PDS will always be available for download from [www.amfl.com.au](http://www.amfl.com.au).

We will, upon request, email to current or former Members previous versions of the PDS applicable to Sub-Schemes which they have invested in.

## 1.5 Specific Authority

If you wish to choose the Sub-Schemes into which your money is placed, you must nominate those Sub-Schemes by giving Australian Mortgage Fund Ltd a specific authority. This is done as follows:

- (1) carefully read this PDS in its entirety; then
- (2) complete and return the application form at the back of this PDS (the 'Scheme Application Form'), thereby becoming a member of the Scheme; then
- (3) read the SPDS which relates to the specific Sub-Scheme you wish to invest in; then to proceed
- (4) respond to the email in which you received the SPDS and we will send you a deposit code; and
- (5) send the money electronically or by direct deposit that you wish to invest in the Sub-Scheme (if not already held by the Scheme), to Australian Mortgage Fund Ltd, using the deposit code thereby becoming a member of the Sub-Scheme.

## 1.6 General Authority

If, instead, you wish Australian Mortgage Fund Ltd to allocate your money into Sub-Schemes on your behalf, you must give Australian Mortgage Fund Ltd a general authority (the 'General Authority') to do so. The procedure is as follows:

- (1) carefully read this PDS in its entirety; then
- (2) complete and return the Scheme Application Form, thereby becoming a member of the Scheme; and
- (3) complete and return the General Authority form at the back of this PDS and choose your risk/reward profile. This authorises Australian Mortgage Fund Ltd to place your funds into Sub-Schemes that match your risk/reward profile as they become available. We will then send you a deposit code; and
- (4) send the money by electronic transfer or direct deposit using your deposit code that you wish to invest to Australian Mortgage Fund Ltd; then
- (5) wait for Australian Mortgage Fund Ltd to send you an SPDS which relates to a specific Sub-Scheme into which Australian Mortgage Fund Ltd has placed your funds pursuant to the General Authority. You must then decide whether you wish to veto this placement. If you do nothing then, after 14 days (from the date Australian Mortgage Fund Ltd emailed the SPDS to you), your funds will be deemed committed to that Sub-Scheme. If you wish to veto you should inform Australian Mortgage Fund Ltd in writing and obtain a written receipt; and
- (6) if you have given Australian Mortgage Fund Ltd a General Authority, you will be deemed to have authorised your capital to be re-invested in a subsequent Sub-Scheme in accordance with (5) above when it is returned from an earlier investment. This will only occur if your earlier investment has been unimpaired (you received all capital and distributions owing).



## 2. INVESTMENT OVERVIEW

	Summary	Section
Investment Strategy	The Scheme seeks to provide Members with regular returns secured primarily by first registered mortgages over real property.	9.1 – 9.3
Scheme Structure	Contributory mortgage scheme whereby Members' contributions to a particular Mortgage Investment are quarantined within Sub-Schemes so that Unitholders in each Sub-Schemes do not have recourse to the property held in other Sub-Schemes.	1.1 – 1.4 8.1 – 8.3
Issue Price	\$1.00 per Unit in each Sub-Scheme.	12.1
Minimum Investment	\$10,000.00	7.2
Distribution Rates	These depend on the particular Sub-Scheme (particular mortgage) invested in. They are disclosed in the relevant SPDS.	8.10
Distribution Frequency	Monthly, subject to the Borrower paying interest on time. Except where otherwise disclosed in the SPDS.	8.10
Liquidity of your Investment	You cannot liquidate your investment prior to the Borrower repaying the loan into which your money has been invested.	5.8
Risk Factors	Risks factors include the Borrower defaulting and the Security Property not selling for sufficient to repay the debt.	10.2 – 10.8
Complaints	Australian Mortgage Fund Ltd has established a dispute resolution process for Members.	12.3
Investor Communications	You will be entitled to receive: 1. confirmation of your investment and redemptions; 2. annual taxation statement of your investments in the Scheme; and 3. the annual financial statements of the Scheme.	12.8 – 12.9
Australian Taxation	The Scheme will not pay tax, but will fully distribute net income to Members. Offshore Members may be subject to withholding tax.	11.1
Cooling Off	There are limited cooling off rights available.	7.4

### 3. ORGANISATIONAL STRUCTURE

Australian Mortgage Fund Ltd is an unlisted public company that was incorporated in 2012. The Directors of Australian Mortgage Fund Ltd have been lending on mortgages since 2002 and the directors are extremely experienced in mortgage lending.

We have an experienced management team with a proven track record in the mortgage lending industry and we are committed to striving to:

- (1) identify prudent mortgage investment opportunities;
- (2) preserving investor capital; and
- (3) delivering attractive risk-adjusted returns.

#### 3.1 Directors



##### **WARREN LEE**

##### **Chairman**

Warren Lee holds a Bachelor of Laws and Bachelor of Arts (Economics) from the University of Sydney. He was admitted to the New South Wales Bar Association in 1976. Warren was then admitted to the Supreme Court of New South Wales, the Supreme Court of Queensland and the High Court of Australia in 1989. Warren has also completed the Queensland Law Society Practice Management Course.

Warren practiced as a barrister and later as a solicitor until 2001 during which time he founded his own firm Lee, Munro and Smith, a firm which focused predominantly on industrial relations and finance law.

In 2002, Warren put his legal and finance experience into practice when he founded Crown and Gleeson Business Finance in Queensland in response to the growing need for business bridging finance. As Crown and Gleeson grew, Warren franchised the company and has since expanded to be Australia wide.

Warren successfully steered Crown and Gleeson through the global financial crisis at a time when many other lenders failed. Warren's role includes the assessment and approval of loan applications. His decades of legal, finance and mortgage experience have helped the expansion and success of the company.

Warren is the Chairman of Australian Mortgage Fund as well as a Member of the Lending Committee and a Responsible Manager for the AMF Mortgage Income Scheme.

**KASEY LEE****Managing Director/In-house Solicitor**

Kasey Lee holds a Bachelor of Laws, Graduate Diploma in Legal Practice and Masters of Law from the Queensland University of Technology. Kasey has also completed the Queensland Law Society Practice Management Course. She was admitted to the Supreme Court of Queensland in 2007 and holds a current corporate practicing certificate.

Working in the finance industry for Crown and Gleeson since 2004, originally in the role of a loan consultant has given Kasey a broad knowledge of banking and finance law.

In 2007 Kasey became the in-house Solicitor for the company practicing exclusively in the field of finance and mortgage law. Her role includes the preparation of loan documentation, coordinating settlements, dispute resolution and client negotiations and all aspects of loan/mortgage enforcement including Supreme Court litigation.

Kasey continues to have an active role in the assessment and approval of loan applications and assists in funds management.

Kasey is the Managing Director and the In-house Solicitor of Australian Mortgage Fund as well as the Compliance Officer, Member of the Compliance Committee and a Responsible Manager for the AMF Mortgage Income Scheme. Her roles involves the day to day running of the company as well as establishing and overseeing a culture of compliance within Australian Mortgage Fund and the Scheme.

Kasey is the first point of contact for both existing and new Members and she provides a personal service to all AMF Members.

**JONATHAN LEE****Executive Director**

Jonathan Lee holds a Bachelor of Laws from the Queensland University of Technology, a Diploma of Financial Services (Finance/Mortgage Broking Management) and a Diploma of Business (Franchising).

Jonathan has worked in the finance industry for Crown and Gleeson since 2003. During this time Jonathan has become an expert in the finance and mortgage industry.

His role involves the day to day management of Crown and Gleeson as well as the assessment and approval of loan applications, funds management, dispute resolution and client negotiations.

Jonathan is an Executive Director of Australian Mortgage Fund as well as the Financial Controller, a Member of the Lending Committee and a Responsible Manager for the AMF Mortgage Income Scheme.

Jonathan handles all financial responsibilities of AMF and the Scheme and in doing so ensures that Members are paid distributions in accordance with the PDS and the Compliance Plan.



### **KYNAN NAHRUNG**

#### **Executive Director**

Kynan holds a Juris Doctor with Honours from Bond University, Bachelor of Commerce (Finance), Bachelor of Science, Diploma in Financial Planning and Graduate Diploma in Legal Practice.

Kynan is a Lawyer, admitted to the Supreme Court of Queensland in 2015. He has a broad knowledge base from various professional fields, and specialises in launching start-up businesses by incorporating fresh ideas with his extensive knowledge of corporate finance and marketing.

As a lawyer with vast business experience, particularly in the lending and finance field, Kynan has the necessary requirements to add a dynamic and highly educated view to AMF decisions and direction.

His corporate involvement has exposed him to, and allows him to understand the needs and perspectives of AMF Members and Borrowers, which is necessary to ensure the continuation of AMF as a successful contributory mortgage scheme.



### **CAMERON GARNHAM**

#### **Executive Director**

Cameron has worked in the mortgage industry since 2006. He brings to the board a wealth of "hands on" expertise in loan assessment and enforcement. He has personally handled thousands of loans and thousands of borrowers.

Cameron has helped borrowers through difficulties and consequently maximised the returns to lenders. His unique experience helps AMF achieve the goal of maximising investor returns through intelligent lending and efficient collection of loan funds.

Cameron completes the unique Board experiences of the AMF Board, bringing together legal expertise, business leadership, innovation, responsibility, and direct lending and borrower expertise.

Cameron is an Executive Director of Australian Mortgage Fund and a Member of the Lending Committee for the AMF Mortgage Income Scheme. Cameron handles all loan applications and completes the initial research process which provides the Lending Committee with all required information to make an informed decision when approving or declining an application for finance.

## 3.2 Constitution

The Scheme is governed by its constitution (the 'Constitution'). The Scheme Constitution amounts to a declaration of trust for the benefit of the Members by Australian Mortgage Fund Ltd in relation to all property which Australian Mortgage Fund Ltd holds on trust for the Members ('Scheme Property'). It also amounts to a binding contract between Australian Mortgage Fund Ltd and all Members.

Australian Mortgage Fund Ltd is able to make changes to the Constitution where those changes do not adversely affect the rights of the Members. If a change affecting the rights of Members needs to be made, then a special resolution must be passed by the Members at a properly called meeting.

The Scheme Constitution contains extensive provisions about the legal obligations and rights of the parties. Amongst other things, the Constitution deals with the following important matters:

- (1) The segregation of property belonging to each Sub-Scheme;
- (2) Acquisition of interests in the Scheme;
- (3) Declaration of Trust;
- (4) The powers of Australian Mortgage Fund Ltd to deal with Sub-Scheme property;
- (5) The rights of Australian Mortgage Fund Ltd to be paid fees;
- (6) The rights of Australian Mortgage Fund Ltd to be indemnified;
- (7) The power of Australian Mortgage Fund Ltd to borrow and raise money;
- (8) The method by which complaints by Members are to be dealt with;
- (9) The retirement and removal of Australian Mortgage Fund Ltd as manager of the Scheme; and
- (10) The winding-up of the Scheme.

## 3.3 Compliance Plan

The Compliance Plan ('Compliance Plan') is a document which outlines the procedures that Australian Mortgage Fund Ltd uses to ensure that it complies with:

- (1) The provisions of the Corporations Act;
- (2) Corporations Regulations 2001 Cth ('Corporations Regulations');
- (3) ASIC policies, as set out in its Regulatory Guides;
- (4) The Constitution;
- (5) Australian Mortgage Fund Ltd's AFSL; and
- (6) Applicable Product Disclosure Statements.

The Compliance Plan has been lodged with ASIC.

## 3.4 Compliance Committee

As well as an internal compliance officer ('Compliance Officer') Australian Mortgage Fund Ltd maintains a Compliance Committee ('Compliance Committee') which consists of two external and one internal members.

The Compliance Committee is responsible for monitoring the Australian Mortgage Fund Ltd compliance program to ensure Australian Mortgage Fund Ltd adheres to the Compliance Plan.



### 3.5 Lending Committee

Australian Mortgage Fund Ltd maintains a lending committee ('Lending Committee') which consists of at least two of the Directors or one Director and a lending manager.

This committee is responsible for evaluating loans in accordance with the loan criteria set out in this PDS, the Compliance Plan and the Australian Mortgage Fund Ltd Procedures Manual.

### 3.6 Audits

External audits of the accounts of Australian Mortgage Fund Ltd, the Scheme's accounts and the Compliance Plan, are performed annually.

### 3.7 Fund Financial Information

Audited Financial Reports relating to the Fund for the previous Financial Year can be obtained by contacting our office. A full copy of the audited Financial Reports has been lodged with ASIC.

### 3.8 Net Tangible Assets

Australian Mortgage Fund Ltd is required by its AFSL to possess a minimum Net Tangible Assets.

### 3.9 Insurance

Australian Mortgage Fund Ltd has in place a comprehensive insurance policy which insures Australian Mortgage Fund Ltd, and its directors and officers, against liability for negligent or criminal defaults.



## 4. KEY TERMS USED

AFSL	Australian Financial Services Licence.
ASIC	Australian Securities and Investment Commission.
Borrowers	People or companies that Australian Mortgage Fund Ltd loans to on the primary security of first mortgages over real property.
Compliance Committee	A committee responsible for monitoring the Australian Mortgage Fund Ltd compliance program to ensure Australian Mortgage Fund Ltd adheres to the Compliance Plan, see 2.5
Compliance Officer	The person employed by Australian Mortgage Fund Ltd who is a party to the Compliance Committee.
Compliance Plan	The document outlining the principles and procedures that Australian Mortgage Fund Ltd uses to ensure that it complies with all of its obligations.
Corporations Act	<i>Corporations Act</i> (Cth) 2001.
Corporations Regulations	<i>Corporations Regulations</i> (Cth) 2001.
Cost to Complete	The funds required to complete a development project.
Distribution Rates	The rate at which Distributions are made as an annual percentage of the capital invested.
Distributions	Payments to Unitholders by Australian Mortgage Fund Ltd through which Unitholders derive income from the capital they invest in Sub-Schemes.
General Authority	The authority given by the Member to Australian Mortgage Fund Ltd if the Member wishes for Australian Mortgage Fund Ltd to allocate the Member's investment on the Member's behalf - see 1.6
Impairment	A shortfall on the payment of Distributions or the return of Unitholder's capital.
Lending Committee	A committee responsible for evaluating loans in accordance with the loan criteria set out in this PDS, the Compliance Plan and the Australian Mortgage Fund Ltd Procedures Manual.
LVR	Loan to value ratio.
Members	Members of the Scheme.
Mortgage Investment	The loan, primarily secured by a first mortgage, into which a Sub-Scheme's capital is invested.
PDS	This product disclosure statement.
Prepaid Interest	A portion of the loan principal retained by Australian Mortgage Fund Ltd (in the Scheme Trust Account) and used to meet the Borrower's interest obligations.

Scheme	The AMF Mortgage Income Scheme.
Scheme Application Form	The application form at the back of this PDS used to apply to become a member of the Scheme.
Scheme Constitution	A declaration of trust for the benefit of the Members by Australian Mortgage Fund Ltd in relation to all property which Australian Mortgage Fund Ltd holds on trust for the Members - see 3.2
Scheme Property	All property held by Australian Mortgage Fund Ltd on trust for the benefit of the Members.
Australian Mortgage Fund Ltd	Australian Mortgage Fund Ltd.
Security Property	First mortgage over real property, provided as primary security for Mortgage Investments.
SPDS	Sub-Scheme Product Disclosure Statement detailing the specific information, relating to each individual Sub-Scheme.
Specific Authority	The authority given by the Member to Australian Mortgage Fund Ltd by which the Member's chooses to invest in a specific Sub-Scheme - see 1.5.
Sub-Schemes	A particular Mortgage Investment into which Members can invest, which is quarantined from other investments in the Scheme.
Unitholder	An investor in a Sub-Scheme.
Units	A subdivision of the beneficial ownership of the assets in a Sub-Scheme.

## 5. BENCHMARK DISCLOSURE

ASIC publishes *Regulatory Guide 45 – Mortgage schemes: Improving disclosure for retail investors*. Fund managers are required to state whether they comply with the benchmarks, and if not, explain why not.

### 5.1 Liquidity

For a pooled mortgage scheme, the responsible entity has cash flow estimates for the scheme that:

- a) demonstrate the scheme's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months;
- b) are updated at least every three months and reflect any material changes; and
- c) are approved by the directors of the responsible entity at least every three months

#### **Australian Mortgage Fund Ltd response**

Not applicable as the scheme is a contributory mortgage scheme not a pooled mortgage scheme. However, Australian Mortgage Fund Ltd complies with this benchmark.

### 5.2 Scheme borrowing

The responsible entity does not have current borrowings and does not intend to borrow on behalf of the scheme.

#### **Australian Mortgage Fund Ltd response**

Australian Mortgage Fund complies with this benchmark.

### 5.3 Portfolio Diversification

For a pooled mortgage scheme:

- a) the scheme holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region;
- b) the scheme has no single asset in the scheme portfolio that exceeds 5% of the total scheme assets;
- c) the scheme has no single borrower who exceeds 5% of the scheme assets; and
- d) all loans made by the scheme are secured by first mortgages over real property (including registered leasehold title).

#### **Australian Mortgage Fund Ltd response**

Not applicable as the scheme is a contributory mortgage scheme not a pooled mortgage scheme.

### 5.4 Related Party Transactions

The responsible entity does not lend to related parties of the responsible entity or to the scheme's investment manager.

#### **Australian Mortgage Fund Ltd response**

Australian Mortgage Fund Ltd complies.

However Australian Mortgage Fund Ltd, and its related parties, have in the past and may in the future;

- a) loaned money to Sub-Schemes;
- b) loaned money to the Borrower;
- c) invested in Sub-Schemes alongside other Unitholders (on identical terms).

The law states that where a trustee (Australian Mortgage Fund Ltd) makes a profit from activities related to its trust (the Scheme), it can only do so if the beneficiaries (the Members) give their informed consent. By completing the Scheme Application Form you will be deemed to have given your informed consent to Australian Mortgage Fund Ltd and its related parties profiting from the above activities.

Australian Mortgage Fund Ltd does not consider that there is a conflict of interest (and therefore no special action by Australian Mortgage Fund Ltd is required) if Australian Mortgage Fund Ltd, or a related party, invests alongside Unitholders in a Sub-Scheme (on identical terms), or assumes a first loss position behind a Sub-Scheme (by providing subsequent priority loans to the Borrower).

However where Australian Mortgage Fund Ltd, or a related party, loans money to a Sub-Scheme, or to the Borrower, in priority to the Sub-Scheme, then Australian Mortgage Fund Ltd must:

- a) Only permit this if it reasonably believes it is in the interest of the Unitholders in the Sub-Scheme; and
- b) Only do so (without the express consent of the Unitholders in the relevant Sub-Scheme) if the interest rates charged under the loan are no higher than those charged under the Sub-Scheme's loan to the Borrower.

## 5.5 Valuation policy

In relation to valuations for the scheme's mortgage assets the board of the responsible entity requires:

- a) a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located;
- b) a valuer to be independent;
- c) procedures to be followed for dealing with any conflict of interest;
- d) the rotation and diversity of valuers;
- e) in relation to security property for a loan, an independent valuation to be obtained:
  - i) before the issue of a loan and on renewal:
    - A) for development property, on both an 'as is' and 'as if complete' basis;
    - B) for all other property, on an 'as is' basis; and
  - ii) within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.

### Australian Mortgage Fund Ltd response

Australian Mortgage Fund Ltd does not meet the benchmark because Australian Mortgage Fund believes that a rotation of valuers may not best serve the interests of the Members and that "tried and tested" valuers should instead be relied upon.

Further, where the most recent valuation of a Mortgaged Property was conducted more than 12 months ago; and it is a defaulting loan; or an extension of the term of the loan longer than 3 months is sought; or an increase in the loan amount is sought, Australian Mortgage Fund may not order a fresh valuation. Instead, the Board must consider whether a fresh valuation needs to be obtained and if it determines that it is unnecessary reasons must be minuted and put on the file.

Australian Mortgage Fund also can exercise its discretion in determining whether a fresh valuation is required where a decrease in the value of security property may have occurred. However, Australian Mortgage Fund has an overriding obligation to ensuring that the Mortgaged Property is valued at regular intervals appropriate to the nature of the property.

## 5.6 Loan to valuation ratios

If the scheme directly holds mortgage assets:

- (a) where the loan relates to property development—funds are provided to the borrower in stages based on independent evidence of the progress of the development;
- (b) where the loan relates to property development—the scheme does not lend more than 70% on the basis of the latest 'as if complete' valuation of property over which security is provided; and
- (c) in all other cases—the scheme does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.

### Australian Mortgage Fund Ltd response

Australian Mortgage Fund Ltd does not comply as it will consider an LVR of up to 80% in cases other than property development. The LVR will be expressly provided for in a SPDS.

It must be appreciated that these figures relate to the situation when the loan is entered into. It may be that a prolonged default or fluctuations in the market alter the LVR in an adverse manner. Australian Mortgage Fund Ltd makes no warranty that this will not occur. If it does happen, then additional funds may be required in order to ensure the capital already invested can be recovered. If this is the case, it will be clearly disclosed in the SPDS when the additional funds are raised.

## 5.7 Distribution practices

The responsible entity will not pay current distributions from scheme borrowings.

### Australian Mortgage Fund Ltd response

Australian Mortgage Fund Ltd complies. Distributions are paid to Unitholders from the following sources<sup>1</sup>:

- (1) prepaid interest (see 8.7);
- (2) interest payments made by the Borrowers (see 8.8 and 8.9);
- (3) the sale of Security Property; and
- (4) the pursuit of Guarantors and Borrowers.

If, from all viable sources, there are insufficient funds to:

- (1) pay any prior ranking charge (for example a higher ranking mortgage or Land Tax);
- (2) pay all the Management Costs and Disbursements (see Section 6.3); and
- (3) pay Unitholders all their Interest and Capital Distributions;

then the available monies will be applied in the above order (first 1, then 2, then 3). This entails the danger that Unitholders will suffer an Impairment. The following is a summary of the major factors that could have the most material impact on forecast distributions. See also section 10 – *Benefits and Risks of the Scheme*.

<sup>1</sup> Distributions are not the only monies paid from these sources, Management Costs and Disbursements are also paid, in priority from these sources.

FACTOR	RISK	SENSITIVITY ANALYSIS
If the borrower defaults on interest payment obligations.	Loans will not be entered into by Australian Mortgage Fund Ltd unless the risk that the borrower will default is assessed by the Lending Committee as being acceptable.  However, it must be understood that the primary consideration when entering into a loan is always the ability, in the final resort, to recover all outstanding monies through the sale of the Security Property.	If the borrower does not pay interest then no distributions will be made until the Security Property can be sold and settled.
If the tenant does not renew, becomes insolvent, or stops paying rent.	This is really a variant of the above risk. Sometimes the borrower will be relying on the rent paid by a tenant of the Security Property to pay the interest.	If the tenant stops paying, the Borrower may have other resources from which to pay interest or the Borrower may find a new tenant.
Development delay.	If the Sub-Scheme relates to a development loan, and the facility relies upon prepaid interest in order to fund distributions, then a delay in the construction progress which causes the development to overrun the facility term will result in interest distributions ceasing.	If the development is delayed, it will almost certainly result in distributions ceasing. This is because Developers, by the nature of their business, do not have cashflow other than from selling completed developments.

## 5.8 Withdrawal arrangements

For contributory mortgage schemes, the benchmark would generally be inapplicable if operators have disclosed that investors have no ability to withdraw from the scheme until the loan to which the mortgage relates has been repaid.

### Australian Mortgage Fund Ltd response

Australian Mortgage Fund Ltd complies. Unless you find a substitute investor, it is not possible to withdraw your investment during the term of a Mortgage Investment. If the loan is not repaid upon maturity then your investment will not be repaid upon expiry of its nominal term. Investments in a Sub-Scheme last as long as it takes to recover the investment from the Borrower and/or the sale of the Security Property.

If a loan goes into default and the Security Property has to be realised there may be significant delay before the capital available to repay investors. For example, in the case of a development loan, if the builder goes into insolvency another builder may have to be found and this process will often significantly delay completion and sale of the development.

Where monies have not yet been committed to a Sub-Scheme Members may withdraw all, or part, of their monies, provided that each withdrawal request is for \$5,000 or more. Australian Mortgage Fund Ltd requires 48 hours emailed notice to process withdrawal requests.



## 6. FEES AND OTHER COSTS

### 6.1 Consumer advisory warning

The warning below is required by law. The fees and other costs associated with investing in the Scheme are described in this section.

Small differences in both investment performance and fees and costs can have a substantial impact of 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 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 advisor.

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.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

### 6.2 Prescribed fee schedule

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment, or from the Sub-Scheme Assets as a whole. Taxes are set out in another part of this document.

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 or out of the Scheme</b>		
<i>Establishment fee</i> The fee to open your investment	Nil	N/A
<i>Contribution fee</i> The fee on each amount contributed to your investment - either by you or your employer	Nil	N/A
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	1% of the amount withdrawn in the case of early withdrawal (\$100 per \$10,000 invested).	Deducted from the Member's investment balance at the time of withdrawal.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<i>Termination fee</i> The fee to close your investment	Nil	N/A
<b>Management costs</b>		
The fees and costs for managing your investment	For the year 1 July 2014 to 30 June 2015 these fees and costs averaged 4.68% of the total average net assets of the Scheme.	Management Costs are deducted from Sub-Scheme Assets <sup>2</sup> or collected from the borrower as they paid or as funds become available.
<b>Service fees</b>		
<i>Investment switching fee</i> The fee for changing investment options	Nil	N/A

All fees and costs are non-negotiable.

## 6.3 Additional explanation of fees and costs

### Management costs

Management Costs are amounts deducted from the income and assets of a Sub-Scheme by Australian Mortgage Fund Ltd. The importance of the level of Management Costs to your investment depends upon the ultimate outcome of the Sub-Scheme:

- (1) If the Borrower does not default (pays all interest, fees due and repays the principal on time) then the amount of the Management Costs will not effect your investment. You will receive the return of your capital, plus the Distribution rate specified in the SPDS;
- (2) If the Borrower defaults, and after the Security Property is sold, and all other avenues for recovery have been exhausted<sup>3</sup>, there remains insufficient funds to:
  - (a) pay Unitholders in the Sub-Scheme the Distributions they are owed;
  - (b) return the Unitholders capital to them; and
  - (c) pay all the Management Costs and Disbursements;

then the Unitholders will only receive a pro-rata portion of the funds remaining *after* Management Costs and Disbursements have been paid.

The components of the Management Costs are:

(1) a **Management Fee**, calculated on the money invested, equal to the difference between the interest rate to be charged to the Borrower (on the one hand) and the Distribution rate to be paid to the Unitholder (on the other hand). Thus if the interest rate, upon prompt payment, charged to the Borrower is 11.0%, and the Distribution rate is 9.0%, then the Management Fee will be 2.0 % per annum (\$20.00 per \$1,000 invested) \*. **For the year 1 July 2014 to 30 June 2015 these fees and costs averaged 1.66% of the total average net assets of the Scheme;**

<sup>2</sup> Sub-Scheme Assets consist of the Security Property, money deposited in the Scheme Trust Account on behalf of the Sub-Scheme, plus rights against property, Borrowers, Guarantors, and others.

<sup>3</sup> Or Australian Mortgage Fund Ltd considers them uneconomic.

\* This fee is recoverable from the Sub-Scheme Assets by Australian Mortgage Fund Ltd regardless of the performance of the Borrower or value of the Security Property.

(2) a **Loan Establishment Fee**, of up to 5% of the proposed loan amount (up to \$50 per \$1,000 of the loan amount)<sup>\*</sup>, charged to Borrowers upon the acceptance of a loan offer, this fee is intended to compensate Australian Mortgage Fund Ltd for due diligence on the loan proposal and may be wholly or partly paid from drawdown funds.

**For the year 1 July 2014 to 30 June 2015 the Loan Establishment Fee charged averaged 2.05%;** and

(3) a **Mortgage Documentation Fee** of up to 2% of the loan amount (\$20 per \$1,000 of the loan amount) or \$2,500.00 whichever is higher<sup>\*</sup>. The Mortgage Documentation Fee may be wholly or partly paid from drawdown funds.

**For the year 1 July 2014 to 30 June 2015 the Mortgage Documentation Fee charged averaged 0.97%;** and

#### ***Fees Paid By the Borrower***

The following fees are charged to and paid by the borrower. If the fees are not recovered from the Borrower, we do not charge them.

(1) a **Loan Default Fee** equal to the difference between the lower and higher rates (normal and default rates) of interest payable by the Borrower. Thus if the lower rate was 10% and the higher rate was 15% then the fee would be 5% (or \$50 per \$1,000 invested). The Loan Default Fee is shared 50/50 between Australian Mortgage Fund and the Members. This fee is deducted only where the higher rate is recovered from the Borrower;

(2) a **Loan Extension Fee** of up to 2% of the loan amount (up to \$20 per \$1,000 of the loan amount). This will only be charged if paid by the borrower; and

(3) a **Performance Bond** – an amount equal to one month's interest at the lower interest rate. This will only be charged if paid by the Borrower.

#### ***Other Fees***

(4) the **Accrued Interest** on investors' monies held in the Scheme Trust Account;

(5) GST refunds received by the Scheme; and

(6) all other **Incidental Fees** charged to the Borrower (such as title production fees, drawdown fees, registration fees and settlement fees).

#### ***GST And stamp duty***

All fees stated in this PDS exclude (if applicable):

- (1) GST less any reduced input tax credits; and
- (2) stamp duty.

#### ***Adviser or referral fees***

If you are referred to Australian Mortgage Fund Ltd by another party, Australian Mortgage Fund Ltd may, from its own funds, pay that party a referral fee, subject to the requirements of the law.

The payment may be in the form of an upfront payment or an ongoing brokerage fee based on the amount invested. This fee will be disclosed in the SPDS for the Sub-Scheme.

#### ***Disbursements***

Management Costs do not include what the Corporations Regulations describe as 'costs (related to a specific asset or activity to produce income) that an investor would incur if he or she invested directly in the asset'.

<sup>\*</sup> This fee is recoverable from the Sub-Scheme Assets by Australian Mortgage Fund Ltd regardless of the performance of the Borrower or value of the Security Property.

## PRODUCT DISCLOSURE STATEMENT - THE AMF MORTGAGE INCOME SCHEME

These are monies that Australian Mortgage Fund Ltd pays from a Sub-Scheme's assets to preserve or enhance the Security Property of the Sub-Scheme, or pursue avenues of recovery of money on behalf of the Sub-Scheme.

They include interest and fees on loans, fees paid to accountants, lawyers, engineers, builders, contractors, government, the cost of building material and works, and any other payment, to any other party, that is not Australian Mortgage Fund Ltd or a subsidiary of Australian Mortgage Fund Ltd.

Where a loan is in default, these amounts can be as significant, if not more significant, than Management Costs in determining the money the Unitholder will recover.

### Example of annual fees and costs

EXAMPLE		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
<b>PLUS</b> Management Costs	4.68% •	<b>And</b> , for every \$50,000 you have in the Scheme you will be charged \$2,340.00 each year.
<b>EQUALS</b> Cost of Scheme		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$2,340.00.  <b>What it costs you will depend on the investment option you choose and the fees you negotiate with your Scheme or financial adviser.</b>

**Please note:** The above table is mandated by the Corporations Regulations but must be treated with caution.

The level of Management Costs is based on the Scheme's averaged fees across the whole Scheme. Accordingly it has limited prognostic value. A far more important consideration for prospective investors, in determining both anticipated fees and the overall return on your investment, is the quality of the particular Mortgage Investment disclosed in the relevant SPDS.

The value of the Security Property, the amount of the loan, and the credit-worthiness of the borrower will give the best indication of how high the Management Costs are likely to be and, more importantly (from your point of view), whether all your capital will be returned to you and all Distributions paid to you.

• These figures have been calculated on figures based on a % of overall Fees as to the average Fund balance for the year ended 30 June 2015.

## 7. INVESTMENTS

### 7.1 Returns offered

The nominal returns offered, Distribution rates depend on the particular Sub-Scheme (and therefore particular mortgage) invested in. They are disclosed in the relevant SPDS. **For the year 1 July 2014 to 30 June 2015 the Distribution rates to members ranged from 8% p.a. to 17.14% p.a.**

### 7.2 Minimum investment

The minimum investment is \$10,000.00.

### 7.3 Investment term

The term of an investment in a Sub-Scheme is disclosed in the SPDS. Most loans are contracted for a term of 6 - 12 months. However, the duration of the loan can be much shorter (if the Borrower discharges the loan early) or much longer (if the Borrower defaults by failing to repay on time) than the term disclosed in the SPDS.

As not all loans are repaid on the due date Australian Mortgage Fund Ltd strongly advises Members against committing their funds elsewhere until the funds have actually been returned.

Where the Mortgage Investment is a development loan the principal may be recovered progressively as apartments or lots in the development are progressively sold. Where this occurs Australian Mortgage Fund Ltd will either:

- (1) return the repaid capital to the Unitholders *pro rata* according to the amount they invested; or
- (2) redeem Units in Sub-Scheme other than pro-rata provided that the redemption of the remaining Units is covered by pre-sales and/or an LVR less than 55%.

### 7.4 Cooling-off

Under a specific authority there is no cooling off (see 1.5).

Under a general authority there is a 14 day cooling off period (see 1.6).

## 8. HOW THE SCHEME WORKS

### 8.1 Choosing a Sub-Scheme to invest in

You can either choose the Sub-Schemes you invest in or elect to complete a General Authority (attached to the back of this PDS) requesting Australian Mortgage Fund Ltd to allocate your money to Sub-Schemes on your behalf (see 1.5 and 1.6).

Australian Mortgage Fund Ltd does not guarantee a Sub-Scheme offered will remain available for any length of time. An SPDS is provided to Members which contains information specific to that the proposed Sub-Scheme, namely:

- (1) details of the address and type of the Security Property;
- (2) details of the estimated value of the Security Property;
- (3) the total amount to be lent to the Borrower and the LVR;
- (4) details of the Borrower;
- (5) the Borrower's strategy for repaying the loan;
- (6) the term of the loan;
- (7) the Distribution rate;
- (8) payment dates for Distributions;
- (9) the interest rate payable by the Borrower;
- (10) details of any other prior borrowings on the Security Property; and
- (11) any other information which Australian Mortgage Fund Ltd considers should be provided to you to help you assess the risk involved.

### 8.2 Assignment of your monies to the Sub-Scheme

When you forward monies to Australian Mortgage Fund Ltd, then, prior to it being assigned to the Sub-Scheme, it will be deposited into the Scheme Trust Account. If your money has not been committed to a Sub-Scheme within 3 months Australian Mortgage Fund Ltd will return it to you.

### 8.3 Security documents

Before any loan is advanced to a Borrower, the Borrower (and Guarantors) are required to execute security documents including, a Letter of Offer, a Mortgage, a Deed of Loan, and in some circumstances a Deed of Guarantee and General Security Deed. Other security documents may be obtained where deemed necessary.

These documents regulate the terms and conditions of the Mortgage Investment as between Australian Mortgage Fund Ltd (your trustee) and the Borrower.

### 8.4 Drawdown on standard loans

Once Australian Mortgage Fund Ltd is satisfied that all conditions precedent have been fulfilled, Australian Mortgage Fund Ltd will arrange for the loan funds to be transferred to the Borrower.



## 8.5 Drawdown on development loans

Where the loan involves funding a property development the funds are not advanced at one time. Instead they are advanced progressively, as required to fund the construction.

The first advance usually funds the purchase of, or refinances, the development site. The subsequent advances are progress payments. Australian Mortgage Fund Ltd only makes a progress payment if its quantity surveyor<sup>4</sup> certifies that the required progress has been made.

See also 10.8.

## 8.6 Tranches for development loans

Australian Mortgage Fund Ltd raises the funds for development loans progressively, in tranches. When money is needed to meet progress payments an updated SPDS is distributed seeking additional contributions. This means that some Unitholders join the Sub-Scheme from the beginning, while others join part of the way through. Nevertheless all investors receive the same Distribution rate, and are otherwise treated the same.

**Warning** There *are* circumstances when the Unitholders in different tranches are treated differently - see 10.8.

## 8.7 Prepaid interest on standard loans

Some Sub-Schemes involve pre-paid interest ('Prepaid Interest'). This means that a portion of the loan principal is retained by Australian Mortgage Fund Ltd (in the Scheme Trust Account) and used to meet the Borrower's interest obligations.

This money is used to pay Distributions to Unitholders. The residue, and the interest earned, is retained by Australian Mortgage Fund Ltd to meet Management Costs.

Where interest on the loan is pre-paid this will be disclosed in the SPDS.

## 8.8 Interest on development loans

Development loans nearly always involve Prepaid Interest. Australian Mortgage Fund Ltd funds the Prepaid Interest progressively (as Tranches are raised) based on the projected building drawdown program and loan term, and Cost to Complete.

## 8.9 Interest on standard loans

If the loan does not involve Prepaid Interest then its terms will require the payment of regular interest payments by the Borrower.

This money is banked into the Scheme Trust Account and used to pay Distributions to Unitholders each month. The residue, and the interest earned, is retained by Australian Mortgage Fund Ltd to meet Management Costs.

## 8.10 Distributions

The Distribution Rates payable depend on the particular Sub-Scheme invested in and is disclosed in the SPDS.

Distributions are paid (subject to money being available) monthly in arrears, within 30 days after the due date for payment of interest by the Borrower. Payment are made by electronic transfer, into the bank account you nominated on your Scheme Application Form. Distributions cannot be paid by cash or cheque.

<sup>4</sup> Or Panel Valuer/Civil Engineer/Authorised Representative of the Company who has inspected the works.

## 8.11 Discharge

Australian Mortgage Fund Ltd will discharge the Borrower, guarantors and Security Property upon repayment of all monies owing under the loan<sup>5</sup>. All monies received will be banked into the Scheme Trust Account. From there it will then be used to pay Management Costs, return Unitholders capital, and pay Distributions.

## 8.12 Defaulting loans

If a Borrower defaults on their loan then Australian Mortgage Fund Ltd will act commercially to recover monies owing under the loan. This may involve:

### *Recovery from the property*

- (1) taking possession of the Security Property;
- (2) initiating legal proceedings to obtain possession of the Security Property;
- (3) conducting building and improvement works on the Security Property; and
- (4) selling the Security Property.

### *Recovery from Borrowers and Guarantors*

Australian Mortgage Fund Ltd will generally seek judgment against Borrowers and/or Guarantors if it is necessary to commence proceedings for possession. However Borrowers and Guarantors are generally only bankrupted if we regard it as commercially viable to do so. Australian Mortgage Fund Ltd will assign the Australian Mortgage Fund Ltd legal right to recovery of the Unitholder's investment to the Unitholder so the Unitholder can pursue the Borrowers and Guarantors if requested to do so.

### *Recovery from third parties*

If there are good prospects of success Australian Mortgage Fund Ltd may, commence proceedings against valuers, quantity surveyors, brokers or any other culpable party. This will only be done at the cost of consenting Unitholders, non-consenting Unitholders will be deemed to have assigned their rights to recovery *pro rata* to those Unitholders wishing to run (and finance such proceedings).

### *Distribution where there is a shortfall*

For Distribution practices in the event of default see 5.7.

### *Default due to non-payment of principal at the expiration of the term of the loan*

Where the loan is in default due to non-payment of principal at the expiration of the term of the loan, provided the Borrower continues to meet their interest payments, the Manager will work with the Borrower to ensure that the loan is repaid within a reasonable time.

<sup>5</sup> Australian Mortgage Fund Ltd may deem it in the best interests of Unitholders to release Guarantors, Borrowers or Security Properties prior to full repayment.

### Loans in Default as at 30 June 2015

	Principal (\$) in Default	Number of loans in Default
60 – 90 days	Nil	Nil
90 – 120 days	Nil	Nil
120 days and over	Nil	Nil

## 8.13 Withdrawal from the Scheme

Unitholders have no right to be refunded their investment in a Sub-Scheme by Australian Mortgage Fund. Once money has been committed to a Sub-Scheme, unless a substitute investor is found by the Unitholder, Unitholders are committed to the Mortgage Investment for its term. The investment will last as long as it takes to recover the investment from the Borrower and/or the sale of the Underlying Security.

If unhappy with the performance of Australian Mortgage Fund Ltd, the Scheme Constitution provides that Unitholders in a Sub-Scheme may withdraw from the Scheme. This involves converting their investment from a managed investment into a contributory mortgage managed by them alone. For Sub-Scheme withdrawal to take place:

- (1) the Mortgage Investment must be in default;
- (2) all outstanding Management Costs and Disbursements (up to the date of Sub-Scheme withdrawal) must be paid;
- (3) The Australian Mortgage Fund Ltd legal costs associated with the Sub-Scheme withdrawal must be paid; and
- (4) the decision to withdraw the Sub-Scheme must be unanimous.

In order to obtain unanimity a Unitholder must accept the offer of another Unitholder to buy their Units if the full redemption value (as defined by the Scheme Constitution) is offered. In the case of conflicting offers the offer first notified to Australian Mortgage Fund Ltd will prevail.

When Unitholders in a Sub-Scheme withdraw from the Scheme Australian Mortgage Fund Ltd will transfer the mortgage into the name of the Unitholders' nominated solicitor or accountant (as trustee of the Unitholders) or into the Unitholders names (as contributory mortgagees), and register the transfer on the appropriate Land Titles Register.

## 8.14 Power of Attorney in relation to Mortgage Investment

Each Member of the Sub-Scheme, for the convenience of management and administration, gives to each of the Manager, and any director, officer, attorney or substitute nominated by the Manager (each severally an "Attorney") an irrevocable power of attorney to execute on behalf of the member of the Scheme from time to time documents relating to the registration, discharge and enforcement of the Mortgage Investment and any other dealing the Attorney reasonably considers necessary, including the granting of any consent.

The power of attorney granted by each Member of the Sub-Scheme includes the grant of a power to the Attorney to:

- (1) do everything which in the opinion of the Attorney, reasonably held, is necessary or expedient to enable the exercise of any power or right of the Member of the Scheme in relation to the Mortgage Investment;
- (2) complete any mortgage and any other security document provided by the Borrower;
- (3) execute any mortgage and all other documents required to be executed by the Member of the Scheme as mortgagee; and
- (4) if there is an event of default by the Borrower in relation to the Mortgage Investment, exercise any power of sale or other remedies of the Member of the Scheme pursuant to any mortgage and any other security document provided by the Borrower.

Each Member indemnifies and must keep the Attorney indemnified against any liability, loss, cost, expense or damage arising from the lawful exercise of any right by the Attorney under the power of attorney granted by that Member.

## 9. THE AUSTRALIAN MORTGAGE FUND LTD INVESTMENT APPROACH

### 9.1 Loan assessment criteria

Australian Mortgage Fund Ltd applies the following assessment criteria to all Mortgage Investments:

- (1) All loans must be supported by, as primary security for the loan, a first registered mortgage over real property ('Security Property');
- (2) All loans in excess of \$1,500,000 must be approved by the Board;
- (3) Where the loan relates to property development, Australian Mortgage Fund Ltd will aim to maintain Cost to Complete within the facility (see 8.5);
- (4) Improvements on the Security Property must be adequately insured by the borrower;
- (5) the proposed arrangements to repay the loan must be credible; and
- (6) the valuation must accord with the Australian Mortgage Fund Ltd valuation policy (see 5.5).

### 9.2 Geographic location and property type

The Scheme invests in mortgages over commercial, residential and industrial properties located in all Australian States. The SPDS will contain details of the address of the Security Property and property type.

### 9.3 Priority of mortgages

All Sub-Schemes involve, as primary security for the loan, a first registered mortgage.

This means that if the Security Property is sold the full proceeds (after statutory deductions) are paid in satisfaction of the debt to the Sub-Scheme, rather than to any other creditor.

### 9.4 Loan extensions

Where a Borrower requests that the loan term be extended, and/or Australian Mortgage Fund Ltd is of the view that it is appropriate, Australian Mortgage Fund Ltd may grant an extension for a period of up to 4 months.

Unitholders in the Sub-Scheme will be informed of this decision after the event. In the event that an extension is sought for a longer period, then Unitholders will be given the option of agreeing. This will be done by the issuance of a SPDS.

Where an investor does not wish to participate in the further extension, Australian Mortgage Fund Ltd will attempt to replace the investor. However, if no replacement can be found the loan extension will not be granted.

## 10. BENEFITS AND RISKS OF THE SCHEME

### 10.1 Benefits

There are several possible benefits to the Scheme:

- (1) a Mortgage Investment is an easily understandable investment as most people have had a mortgage themselves;
- (2) you will receive a fixed monthly Distribution payment deposited into your nominated bank account (if the Borrower pays its interest on time);
- (3) your funds will be invested for a relatively short term (generally 6-12 months) (subject to the Borrower repaying on time);
- (4) if a Borrower is unable to repay the loan the Security Property can be sold;
- (5) you can have the final say on which Mortgage Investments your money is invested into and you can spread your risk across multiple Sub-Schemes;
- (6) all costs associated with the establishment of the investment are paid by the Borrower; and
- (7) once you have invested in a Sub-Scheme the interest rate payable by the Borrower and your income Distribution (assuming the Borrower does not default) is fixed.

### 10.2 Debtor risk

If the Borrower:

- (1) is an individual and becomes bankrupt, or dies; or
- (2) is a company, and becomes insolvent or under external administration, then the loan will go into default.

If the loan goes into default the payment of Distributions will cease and the recoverability of Distributions will depend upon the money that can be realised from selling the Security Property and pursuing the Borrower and any Guarantors.

### 10.3 Valuation risk

Although Australian Mortgage Fund Ltd takes precautions to ensure that all valuations it relies on are accurate there is a risk that the valuation will be fundamentally flawed. This can occur if the wrong methodology is used, if the comparable properties are not comparable, if assumptions and data about the property (including data from quantity surveyors) are false.

If the valuation is wrong then part or all of the loan may be effectively unsecured. This means that in the event of default (which will be more likely if the valuation is wrong), and the property has to be sold, there may be an Impairment or total loss of your investment (in the case of a second mortgage).

### 10.4 Tenant risk

The value of commercial properties is underpinned by their tenants. If a major tenant does not renew its lease, or becomes insolvent, it can reduce the market value of the property. Even the value of residential property, particularly units, can be significantly affected by failure to obtain tenants at rent levels upon which the valuation was based.

If the value of the Security Property drops then, in the event of default (which will be more likely if the Security Property suffers tenancy vacancies), and the property has to be sold, there may be an Impairment your investment.



## 10.5 Property market risk

Changes in taxation, interest rates and the economic outlook can have serious dampening effects on the property market. The Global Financial Crisis has recently demonstrated how extreme such drops can be. Such drops can lead to Impairment in five ways:

- (1) through reduced sale prices attainable;
- (2) through delays in selling (caused by flooded markets and low demand);
- (3) through reduced ability of borrowers and buyers to obtain finance;
- (4) through increased risk of default as pre-sales fall away and sales projections make the project less viable for the developer; and
- (5) through purchasers who have bought "off the plan" failing to complete.

## 10.6 Sector risk

The biggest apparent area of risk is the mining sector. The health of the economy as a whole, is being fuelled by the resources boom.

The resources boom is being fuelled by China's seemingly insatiable demand for coal, iron and other Australian resources.

Were the boom to end, the resulting unemployment and drops in the Australian dollar and overall contraction, could presumably cause contractions in the property market (see 10.5).

## 10.7 Developer risk

If the loan in question is a development loan then much depends upon the Developer remaining solvent and completing the development. If the Developer cuts corners (leading to the need for extensive rectification works before the property can be sold), or becomes insolvent, then Australian Mortgage Fund Ltd may step in and sell or complete the project or otherwise protect Unitholders' interests.

There are usually delays associated with this and very often the site is shut down while negotiations with council, the builder and contractors take place. This causes extra expense which must be recovered from the sale of the Security Property. It also causes delay which increases holding costs, including interest and Distributions. These extra costs erode the money that is finally recovered from the sale of the Security Property and this can cause Impairment.

## 10.8 Priority risk

Australian Mortgage Fund Ltd raises the funds for development loans progressively, in tranches. If there has been some issue arise that adversely impacts the attractiveness of the Mortgage Investment, or there have been negative developments in the property market, then Australian Mortgage Fund Ltd may not be able to raise the additional money in later tranches on the same terms and priority as the earlier tranche/s. This may mean that in order to complete the development Australian Mortgage Fund Ltd may need to:

- (1) offer a higher Distribution rate to Unitholders in subsequent tranches;
- (2) offer priority to Unitholders in subsequent tranches over Unitholders in earlier tranches;
- (3) both (1) and (2);
- (4) borrow against the Security Property in priority to the Sub-Scheme's interest; or
- (5) all of the above.



This means the interest of the Unitholders in earlier tranches will be converted from a 1st ranking to a 2nd or even lesser ranking mortgage. This entails the risk that if the Security Property is ultimately sold for less than is required to payout:

- (1) the Unitholders in the latter tranche/es; and
- (2) any borrowings that have priority; and
- (3) the Unitholders in the earlier tranche/es; and
- (4) Management Costs and Disbursements.

Then the Unitholders in the earlier tranche/es will suffer Impairment.

Even if the proceeds from the sale of the Security Property are sufficient to repay the debt under the loan, they may still be insufficient to repay (1), (2), (3) and (4).

## 11. TAXATION

### 11.1 General

The Scheme is a conventional unit trust that Australian Mortgage Fund Ltd believes will allow for a flow through of tax benefits to Members. This means that each Member will be taxed upon their proportional share of the net income of the Scheme derived through the Sub-Scheme into which their funds are allocated.

Australian Mortgage Fund Ltd is of the view that the Scheme will not be taxed as a company pursuant to the provisions of Division 6C of the Income Tax Assessment Act (Cth) 1936 provided the Scheme limits the nature of its transactions to those outlined in this PDS.

Members are advised to seek their own advice in relation to an investment in the Scheme, as taxation treatments may differ according to individual circumstances and may change from time to time.

### 11.2 Superannuation funds

As any borrowings will be in the name of Australian Mortgage Fund Ltd, Unitholders are not deemed to be borrowing in their own name. This means, under current law, that an investment in the Scheme is an eligible investment for superannuation funds, subject to the terms of the superannuation fund's constitution and the rules applying to superannuation funds in general.

### 11.3 Tax File Numbers and Australian Business Numbers

The Scheme Application Form requests that Unitholders supply their Tax File Number ('TFN'). If a TFN is not supplied, or appropriate TFN exemption information is not provided, tax will be deducted from Distributions at the highest marginal rate plus the Medicare levy.

In the case of an investor applying for Units in the course of carrying on an enterprise, it may be appropriate to quote an Australian Business Number ('ABN') instead of a TFN. You should seek expert advice if you think this situation applies to you.

### 11.4 Non-residents

An investor who quotes an overseas address will be treated by the Scheme as a non-resident for Australian tax purposes. Non-resident Unitholders are subject to withholding tax and non-resident income tax deductions in proportion to any Distributions made. It is recommended that non-resident Unitholders seek their own tax advice in relation to their taxation position.

### 11.5 Goods and Services Tax (GST)

No GST is payable on any Application for Units or on the sale of Units.

## 12. ADDITIONAL INFORMATION

### 12.1 Unit pricing policy

Australian Mortgage Fund Ltd has implemented a Unit pricing policy which provides that investments will be valued at cost. Thus every Unit in a Sub-Scheme will be valued at \$1.00 and every dollar invested will buy 1 Unit.

### 12.2 Consents of Named parties

Each of the parties listed below consents to being named in this PDS in the capacity stated and in the form and context in which it appears in the PDS and has not withdrawn that consent prior to the date of this PDS. None of the parties named are responsible for any statements made in the PDS nor are they aware of any statements made in the PDS being attributed to them. The parties named below expressly disclaim and take no responsibility for the content of this PDS to the maximum extent possible by law other than the references to them by name and the statements set out below:

Thomas Noble & Russell	Auditing
Bart & Co	Accountants
Bransgroves Lawyers	Lawyers
Malcolm Chalmers	External Compliance Committee
Sidney Super	External Compliance Committee

### 12.3 Complaints

Australian Mortgage Fund has adopted a complaints handling resolution policy developed in accordance with Australian Standard AS ISO 10002-2006 – Complaints Handling. Members may request a copy of the policy.

If you are not happy with how the complaint has been handled you may contact the Financial Ombudsman Service Limited, of which Australian Mortgage Fund Ltd is a member. This is an independent body approved by ASIC to consider complaints. Financial Ombudsman Service Limited contact details are as follows:

Address: GPO Box 3 Melbourne VIC 3001  
 Phone: 1300 78 08 08  
 Facsimile: (03) 9613 6399  
 Email: [info@fos.org.au](mailto:info@fos.org.au)

### 12.4 Disclosure of interests

Each of the Directors has an interest in Australian Mortgage Fund Ltd.

### 12.5 Social Ethical and other considerations

Labour standards, environmental, social or ethical considerations are not taken into account by Australian Mortgage Fund Ltd when making investment decisions.

## 12.6 Currency

All financial amounts shown in this PDS, and in any SPDS are expressed in Australian dollars, unless otherwise stated.

## 12.7 Electronic disclosure

This PDS is available for download from [www.amfl.com.au](http://www.amfl.com.au). Persons who receive, or download, an electronic version of this PDS should ensure they download and read the entire PDS.

Every SPDS is produced in electronic form. These may be emailed to Unitholders, or printed out and sent in hardcopy, or sent by facsimile.

## 12.8 Communications

Unitholders must provide an email address. Unitholders will be deemed to have requested all communications be sent electronically to that email address.

## 12.9 Updated information

Information relating to the Scheme that changes and is materially adverse information will be disclosed pursuant to the Australian Mortgage Fund Ltd continuous disclosure obligations.

If the information relates to the Scheme as a whole it will be disclosed on the Australian Mortgage Fund Ltd website [www.amfl.com.au](http://www.amfl.com.au) or in a replacement PDS. If it relates to a particular Sub-Scheme then Australian Mortgage Fund Ltd will write to all investors in that Sub-Scheme.

You should check the Australian Mortgage Fund Ltd website to ensure this PDS is current. The latest PDS for the Scheme is always posted on the Australian Mortgage Fund Ltd website.

To the extent that the change in information is not materially adverse to Unitholders, it will not be disclosed.

If information changes (or becomes known to Australian Mortgage Fund Ltd) which relates to the Scheme as a whole, and which, if known, could be materially adverse to a prospective investors decision to invest in the Scheme, then Australian Mortgage Fund Ltd will either:

- (1) issue a new PDS to replace this PDS; or
- (2) issue a SPDS which has the effect of amending this PDS and post the replacement (in PDF format) on its website.

If information changes (or becomes known to Australian Mortgage Fund Ltd) which relates to a Sub-Scheme, and which, if known, could be materially adverse to a prospective investor's decision to invest in the Sub-Scheme, then Australian Mortgage Fund Ltd will:

- (1) issue a replacement SPDS (if further monies are being raised under that Sub-Scheme); and
- (2) write to investors in the Sub-Scheme informing them of the information.

To the extent that the change in information is not materially adverse to Unitholders, it will not be disclosed.

## 12.10 Warnings

This PDS should be carefully read in its entirety, before you:

- (1) complete the Scheme Application Form; or
- (2) read an SPDS; or
- (3) apply to join a Sub-Scheme; or
- (4) send Australian Mortgage Fund Ltd any investment monies.

The SPDS which relates to the specific Sub-Scheme (and the particular Mortgage Investment) you are investing in should be carefully read in its entirety, before you:

- (1) complete the Sub-Scheme Application Form; or
- (2) send Australian Mortgage Fund Ltd any investment monies.

The assumptions underlying the information provided in this PDS, and in any SPDS, and the risk factors that could affect the financial performance of the Scheme, or a particular Sub-Scheme should be:

- (1) critically examined; and
- (2) considered carefully in light of your own personal circumstances; and
- (3) considered carefully in light of your financial and taxation goals.

You should seek professional advice from your financial adviser, accountant, stockbroker or lawyer before deciding to invest.

This PDS does not take into account your:

- (1) personal objectives; or
- (2) financial situation; or
- (3) particular needs.

## 12.11 Privacy

We are committed to the Privacy Act 1988 (Cth) and relevant privacy principles and codes. We may collect, hold and use various personal information about you, including your name, address, telephone/fax number, tax file number and bank account details. We collect, hold and use that information for the purposes of assessing your application, managing your investment, providing facilities and services, to undertake appropriate administration and to comply with legal and regulatory requirements.

We may also use your personal information to provide you with information about our products and services and other investment opportunities. You can request to opt-out of these communications.

We may also disclose your personal information to third parties who assist us with our business (such as technology service providers) or as otherwise required by law. We are not likely to disclose your personal information overseas.

If the personal information you provide is incomplete or inaccurate, we may not be able to provide you with the services that you are seeking.

More detailed information about the way we use, disclose and secure your personal information, how you can access that information, as well as how to make a complaint about a breach of the Privacy Act, can be found in our privacy policy, available by contacting us or by visiting our website.



## 12.12 Non-residents

The offer is available to Australian residents. This PDS does not constitute an offer or invitation in any jurisdiction where 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.



## 13. FINANCIAL SERVICES GUIDE

Australian Mortgage Fund Ltd ACN 160 969 120 AFSL 434533

### 13.1 What is a financial services guide?

A Financial Services Guide provides you with information about:

- (1) the financial services we provide;
- (2) how we are remunerated from those financial services;
- (3) documents you may receive from us;
- (4) how your personal information is dealt with; and
- (5) how complaints are dealt with.

### 13.2 AFSL

Australian Mortgage Fund Ltd holds Australian Financial Services Licence no. 434533.

### 13.3 What financial services are we licensed to provide?

Our AFSL authorises us to:

- (1) operate the Scheme; and
- (2) provide financial product advice in relation to the Scheme.

When providing financial product advice, we will only provide you with general information in relation to the Scheme.

You will need to determine if the Scheme is suitable to your personal objectives, financial situation and needs.

A financial adviser can assist you in this assessment. If you do not have a financial adviser, you can contact the Financial Planning Association of Australia for a list of qualified advisers.

The provision of financial product advice by us or our employees does not create any legal relationship between us and you.

### 13.4 What other documents may you receive from us?

You will receive a PDS and SPDS.

### 13.5 What are the fees, charges and commissions

We do not charge investors any fees in relation to the provision of financial product advice. We may pay commissions or other benefits to financial advisers who recommend that their clients invest in the Scheme. If we do this will be disclosed to the investor.

We are paid fees and other amounts from the Scheme's assets in connection with the performance of our duties as responsible entity of the Scheme as detailed in the PDS.

## 13.6 Compensation arrangements

We hold an insurance policy covering professional indemnity and fraud by officers that satisfies the requirements of section 912B of the Corporations Act 2001 (Cth). The policy covers the financial services we are authorised to provide under our AFSL, and includes coverage for the conduct of our current and former employees.

We are also a member of the Financial Ombudsman Service.

## 13.7 What should you do if you have a concern or complaint?

Australian Mortgage Fund has adopted a complaints handling resolution policy developed in accordance with Australian Standard AS ISO 10002-2006 – Complaints Handling. Members may request a full copy of the policy.

A Member should make a complaint by completing the web-based “Complaints” form found on Australian Mortgage Fund Ltd’s website ([www.amfl.com.au](http://www.amfl.com.au)). Australian Mortgage Fund will nevertheless accept complaints by:

- (a) Letter addressed to “The Complaints Manager” Australian Mortgage Fund - PO Box 8316, Gold Coast MC QLD 9726;
- (b) Telephone by calling 1800 AMF AMF (263 263);
- (c) Email to [complaints@amfl.com.au](mailto:complaints@amfl.com.au); or
- (d) In person.

Australian Mortgage Fund Ltd is a member. This is an independent body approved by ASIC to consider complaints. Financial Ombudsman Service Limited contact details are as follows:

Address: GPO Box 3 Melbourne VIC 3001  
 Phone: 1300 78 08 08  
 Facsimile: (03) 9613 6399  
 Email: [info@fos.org.au](mailto:info@fos.org.au)

## 13.8 Contact details

If you have any queries or would like further information, you can contact us on:

Australian Mortgage Fund Ltd  
 Unit 1, Level 1, 36 Upton Street, BUNDALL Queensland 4217

AFSL No: 434533  
 Phone: 1800 263 263  
 Fax: 1800 220 412  
 Email: [info@amfl.com.au](mailto:info@amfl.com.au)  
 Website: [www.amfl.com.au](http://www.amfl.com.au)



## 14. APPLICATION FORM GUIDE

### 14.1 Personal details

Please complete this section with your personal details.

Trusts/Superannuation Funds - You will need to give full details of the trustees and the name of the Trust/Superannuation Fund.

Company - you will need to give full details of the directors/persons authorised to sign on behalf of the company.

### 14.2 Tax File Number

Please provide your Tax File Number (TFN) or your Australian Business Number (ABN). If you are claiming an exemption from providing your TFN or ABN, please advise what exemption you are claiming.

The collection of Tax File Numbers is strictly regulated by tax laws and the Privacy Act. It is not an offence if you do not provide a TFN but if you do not quote a TFN or ABN or claim an exemption, we must deduct tax at the highest marginal rate.

### 14.3 Financial institution details

Please complete this section to assist us to arrange prompt payment of returns to your nominated bank/building society account.

### 14.4 Declaration and signatures

Please read the statements outlined in this section. An Application Form cannot be accepted unless it has the signatures of all Applicants.

If you are signing on behalf of another person, you must provide a certified copy of either of the following:

- (1) Power of Attorney; or
- (2) Letters of Administration showing Legal Guardianship.

PLEASE EMAIL YOUR COMPLETED APPLICATION FORM:

Email: [info@amfl.com.au](mailto:info@amfl.com.au)

## 1. Member Details

Member 1

Surname

[illegible]

--	--	--	--

## Surname

[illegible][illegible][illegible]

## 2. Contact Details

[illegible]

--	--	--	--

--	--

--	--	--	--	--	--	--	--

--	--	--	--

--	--	--	--	--	--

[illegible]

### 3. Interest Distribution

Bank/Financial Institution/Credit Union

[illegible]

Branch Name

[illegible]

Account Name

[illegible]

BSB No.

--	--	--

Account No.

--	--	--

--	--	--	--	--	--	--	--	--

#### 4. Declaration and Signature

I/we have read and understood the PDS to which this Application is attached and agree to be bound by the provisions of the Fund Constitution and the conditions of this offer set out in the PDS.

I/we agree and understand the terms used in the Application have the same meaning as in the Constitution.

If signed under Power of Attorney I/we have no knowledge of the revocation of that Power of Attorney.

Signature of Member 1/Company Representative Company Seal

Sign Here

Date \_\_\_\_\_

Signature of Member 2

Sign Here

Date \_\_\_\_\_



## GENERAL AUTHORITY FORM

### Amount of Investment

Minimum initial amount \$10,000.00.

\$   ,     .  0  0

These risk categories are for guidance only. Your Independent Financial Adviser may have chosen different ways of categorising risk.

- Different people have different attitudes to risk.
- You need to be clear about the degree of risk you are willing to accept.
- Each investment presents its own unique risks and the interest rate reflects these risks.
- Generally the higher the LVR, the higher the risk and the higher the interest rate the borrower will pay.
- This is a difficult area as everyone views risk differently.
- Risk can also be in terms of how you invest. Investors wishing to minimise risk should consider a broader investment spread as opposed to investment in a specialist area.
- We only give members general advice about the Scheme and its features. We are not authorised to give you any advice that would require us to take into account your personal needs, objectives or circumstances.

### You may choose to invest by making an election below

Maximum amount to be invested in any one particular mortgage investment (minimum \$10,000)

\$   ,     .  0  0

Security	Maximum LVR	Indicate your preference ✓ You may choose more than 1 option
1 <sup>st</sup> Mortgage Security	Equal to or less than 60.0%	<input type="checkbox"/>
1 <sup>st</sup> Mortgage Security	Equal to or less than 70.0%	<input type="checkbox"/>
1 <sup>st</sup> Mortgage Security	Equal to or less than 80.0%	<input type="checkbox"/>

I/we agree and understand that until this authority is varied or cancelled any uninvested funds held by Australian Mortgage Fund Ltd may be invested in line with these instructions.

Signature of Member 1/Company Representative Company Seal

Date

Sign Here

Signature of Member 2

Date

Sign Here



**PRODUCT DISCLOSURE STATEMENT - THE AMF MORTGAGE INCOME SCHEME**

This page has been left blank intentionally.



**PRODUCT DISCLOSURE STATEMENT - THE AMF MORTGAGE INCOME SCHEME**

This page has been left blank intentionally.

