

# ASIC benchmarks

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## ASIC benchmarks for improved disclosure to retail investors

ASIC has developed 8 benchmarks for unlisted mortgage schemes for Scheme Members and prospective retail or wholesale investors to better understand and assess the risks, rewards and suitability of this form of investment.

Australian Securities explains how our Fund ASIF deals with each benchmark in the ASIC Benchmark Overview (see opposite page).

References to the Product Disclosure Statement | PDS | provide more information on each benchmark.

## Investment Ratings

Investment ratings are an opinion by a ratings agency about the likely performance of an investment or its relative performance compared to other similar investments.

Neither Australian Securities nor Australian Securities Income Fund can be rated by a ratings agency as it is impractical and commercially unviable to rate each sub scheme in the short time frame that ASL receives, processes and allocates investors to each mortgage security.

Australian Securities is a member of the Financial Services Council | FSC | which is a non profit organisation and its members comply with the FSC Standards and Guidance Notes to ensure the promotion of industry best practice.

## Need to know more about ASIC benchmarks?

Download from the ASIC website RG45 Investing in Mortgage Funds – Independent guide for investors about unlisted mortgage funds.

[www.asic.gov.au](http://www.asic.gov.au) Investment Warning – ASL recommends you obtain independent financial advice before any investment.

## ASIC Benchmark Overview

#	Benchmark	Overview	ASIF	Product Disclosure Statement Reference
1	Liquidity [pooled mortgage schemes only]	Addresses the schemes ability to satisfy withdrawal requests and other operational commitments	<b>This benchmark does not apply</b> , as Australian Securities Income Fund (ASIF) is not a pooled mortgage scheme.	Page 16 Individual sub-schemes – no pooling of investment
2	Scheme Borrowing	Addresses the Scheme's policy on borrowing	<b>This benchmark does not apply</b> , as borrowing is prohibited by the Australian Securities Income Fund (ASIF) Constitution	Page 13 Interest Advance Facility
3	Portfolio Diversification [pooled mortgage scheme only]	Addresses the scheme's lending practices and portfolio risk	<b>This benchmark does not apply</b> , as Australian Securities Income Fund (ASIF) is not a pooled mortgage scheme.	Page 16 Individual Sub Schemes – No Pooling of Investments
4	Related Party Transactions	Addresses the risks associated with related party lending, investments and transaction	<b>ASIF does comply with this benchmark.</b> ASIF constitution prohibits related party borrowings. Related parties may contribute as an investor to any mortgage sub scheme in accordance with the ASIF Constitution and PDS.	Page 2 Related Information
5	Valuation Policy	Addresses the scheme's property related valuation practices	<b>ASIF does comply with this benchmark.</b> Licensed valuers value each property in accordance with valuation standards. Properties are valued "as is". Properties to be developed include "cost to complete" and "completed value". Valuations must be less than 3 months old before funds are advanced. Independent valuations are obtained when a loan is renewed after 3 years or within two months of a likelihood that the security property valuation decrease may have caused a material breach of a loan covenant, unless exempted by the investors in the sub-scheme. Valuer certifies their valuation complies with current valuation standards.	Page 16 Valuation Risk
6	Lending Principles (loan to valuation ratios)	Addresses the scheme's property related lending practices	<b>ASIF does comply with this benchmark</b> Loan to valuation ratios are limited to a maximum of 66.66% "as is" value. Property Development Loans: ASIF always holds the "cost to complete" and progressively pays for completed building works certified by valuer or quantity surveyor. Lower Loan to Valuation ratios may apply to reflect higher risk for a specific security.	Page 17 Capital Risk
7	Distribution Practices	Addresses the transparency of the schemes distribution practices	<b>ASIF does comply with this benchmark</b> Failure by the borrower to pay interest on time is a risk to the income of investors in a sub-scheme. ASL does not guarantee interest payments. The Interest Advance Facility assures investors of regular income. Fixed income or variable income [tied to the cash target rate set by the RBA] and paid monthly to investors for the specific mortgage security. Failure of delay by the borrower to repay the capital advance on the repayment date. ASL does not guarantee the repayment to an investor of their monetary contribution invested in a mortgage security. Capital investment is repaid to the investor when the mortgage is repaid or an investor funds are replaced by an incoming investor. ASL management fees as set out in the PDS are deducted from the monthly interest payment.	Page 10 Fees  Page 17 Income Risk Capital Risk
8	Withdrawal arrangements	Addresses the transparency of the responsible entity's approach to withdrawals of investments	<b>ASIF does comply with this benchmark</b> ASIF is not a pooled fund. Investors hold their interest in the mortgage security independent of any other mortgage sub scheme. ASIF Constitution prohibits early redemption or withdrawal of funds. ASIF Constitution permits redemption if special circumstances exist and another investor is willing to assume the investment and outgoing investor pays early redemption costs for any loss sustained by ASL and interest shortfall to incoming investor. Investments are rolled over with details of any changes in the investment disclosed in the Rollover Notice to the investor Supplementary PDS will disclose if the borrower has the right to repay part or all of the loan at any time before the repayment date.	Page 5 Rollovers  Page 7 Withdrawals



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