

Benchmarks for Unlisted Mortgage Schemes – Regulatory Guide 45

Australian Monthly Income Fund
ARSN 091 553 856

Wholesale Australian Monthly Income Fund*
ARSN 091 553 954

Generations Mortgage No.1 Trust**
ARSN 109 858 004

* The Wholesale Australian Monthly Income Fund invests predominantly (and at times fully) in the Australian Monthly Income Fund. At those times when the Fund is not fully invested in the Australian Monthly Income Fund it will directly hold cash. Unless otherwise stated disclosure outlined below is applicable to all of the above schemes.

** The Generations Mortgage No.1 Trust (also referred to as the AXA - Australian Monthly Income investment option through the Generations platform) invests predominantly (and at times fully) in the Australian Monthly Income Fund. At those times when the Fund is not fully invested in the Australian Monthly Income Fund it will directly hold cash. Unless otherwise stated disclosure outlined below is applicable to all of the above schemes.

The Australian Securities and Investments Commission has introduced Regulatory Guide 45: *Mortgage schemes – improving disclosure for retail investors*. The regulatory guide sets out benchmarks for improved disclosure to investors to help them better understand and assess certain financial products. The following table describes these benchmarks and explains to what extent National Mutual Funds Management Limited (“NMF”)”, as Responsible Entity of the Australian Monthly Income Fund, the Wholesale Australian Monthly Income Fund, and the Generations Mortgage No.1 Trust, satisfies them.

This disclosure is correct as at 31 December 2011.

ASIC Benchmark	Compliance	Disclosure
<p>Benchmark 1 – Liquidity RG 45.38</p> <p>a) The Responsible Entity should have cash flow estimates for the scheme for the next 3 months; and</p> <p>b) The Responsible Entity should ensure that at all times the scheme has cash or cash equivalents sufficient to meet its projected cash needs over the next 3 months</p>	<p>Satisfied</p>	<p>RG 45.38</p> <p>a) NMF maintains cashflows estimates for the scheme for the next three months.</p> <p>b) On 5 September 2011 NMF announced wind up of the schemes commencing 3 October 2011. The schemes have moved to a return of capital approach, paid quarterly, which commenced in December 2011.</p> <p>Clients’ access to their investments in the schemes since 18 December 2008 has been limited to any withdrawal offers made by NMF. Whereas, with the return of capital approach there are no further withdrawal offers and any outstanding withdrawal offer requests will not be processed.</p> <p>NMF intends to make capital repayments to investors every quarter subject to the schemes’ available cash, asset sales and the timing of mortgage maturities in the portfolios. The first capital repayment was made in December 2011 with the repayment process expected to complete by mid 2014.</p> <p>c) NMF has cash and cash equivalents to meet projected cash flows for the next three months. Please note that as the value of the investment in the schemes decrease following each capital repayment, income distributions will also decrease. Cash flows for the next three months include monthly distributions payable to investors and the scheme has sufficient cash and cash equivalents to meet this need.</p>
<p>RG 45.39</p> <p>The Responsible Entity should disclose their policy on balancing the maturity of assets and maturity of liabilities</p>		<p>RG 45.39</p> <p>NMF closely monitors balancing the maturity profile of assets, expected inflows and normal pattern of redemption requests.</p> <p>On 5 September 2011 NMF announced wind up of the schemes commencing 3 October 2011. The schemes have moved to a return of capital approach, paid quarterly, which commenced in December 2011.</p> <p>Clients’ access to their investments in the schemes since 18 December 2008 has been limited to any withdrawal offers made by NMF. Whereas, with the return of capital approach there are no further withdrawal offers and any outstanding withdrawal offer requests will not be processed.</p> <p>NMF intends to make capital repayments to investors every quarter subject to the schemes’</p>

		available cash, asset sales and the timing of mortgage maturities in the portfolios. The first capital repayment was made in December 2011 with the repayment process expected to complete by mid 2014.
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<p>Benchmark 2 – Scheme Borrowing RG 45.47 If the Responsible Entity has borrowed funds, it should disclose:</p> <ul style="list-style-type: none"> a) For each borrowing that will mature in 5 years or less, the amount owing and the maturity profile in increments of not more than 12 months b) For borrowings that mature in more than 5 years, the aggregate amount owing c) For each credit facility, the aggregate undrawn amount and the maturity profile in increments of no more than 12 months d) The fact that amounts owing to lenders and other creditors of the scheme rank before an investors interests in the scheme; and e) The purpose for which the funds have been borrowed, including whether they will be used to fund distributions or withdrawal amounts <p>RG45.48 If borrowings and credit facilities are due to mature within 12 months, the Responsible Entity should make appropriate disclosure about the prospects of refinancing or possible alternative actions. If the Responsible Entity has no reasonable grounds for commenting on the prospect of refinancing or possible alternative returns, they should state this and explain why to investors.</p>	<p>Satisfied</p>	<p>RG 45.47 – RG 45.50 The scheme does not currently borrow. The scheme’s constitution places no formal restrictions on amounts that may be borrowed or liabilities that may be incurred. If required, borrowings would be sought by the scheme only on a short term basis and only for the purposes of funding withdrawal of units and covering settlements.</p>
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ASIC Benchmark	Compliance	Disclosure
<p>RG 45.49 Responsible entities should explain any risks associated with borrowing and credit facility maturity profile, including whether borrowings have been hedged and if so, to what extent.</p> <p>RG 45.50 Responsible entities should also disclose any information about breaches of loan covenants that is reasonably required by investors and update investors about the status of any breaches through ongoing disclosure.</p>		
<p>Benchmark 3 – Portfolio Diversification</p> <p>RG 45.53 The Responsible Entity should disclose the current nature of the mortgage schemes investment portfolio, including the following:</p> <ul style="list-style-type: none"> a) By number and value, loans by class of activity (industry sector) b) By number and value, loans by geographic region c) By number and value, what proportion of loans are in default or arrears d) By number and value of loans, what is the nature of the security for loans made by the scheme (e.g. first or second ranking) e) What proportion of the total loan monies have been lent to the largest borrower and the largest 10 borrowers f) By number and value, loans that have been approved but have funds that have yet to be advanced and the funding arrangements in place for any undrawn loan commitments g) By number and value, the maturity profile of all loans in increments of not more than 12 months h) By number and value of loans, Loan to Valuation (LVR) for loans in percentage ranges i) By number and value of loans, interest rates on loans, in percentage ranges j) By number and value, loans where interest has been capitalised k) The use of derivatives (if any); and l) A description of the non-loan assets of the scheme, include the value of these assets 	<p>Satisfied</p>	<p>RG 45.53 Portfolio information required under RG 45.53 is displayed in Annexure A. This information is shown on a pro rata allocation on an individual borrower basis against the value of the properties that are security for the borrowers loans. The number of loans for industry and geographic sectors is not shown as a loan or borrower may have security in one or more geographic or industry sector locations. The disclosure shown provides an accurate reflection of the nature of security properties supporting the loan book.</p> <p><u>Example</u> One loan account. Total Loan \$10M. Security for the loan is mortgages over 2 properties – a commercial property in Victoria valued at \$10M and a retail property in NSW valued at \$10M. The allocation for industry sector would reflect Commercial/Office of \$5M and \$5M for retail. The allocation for geographic would reflect \$5M in Victoria and \$5M in NSW.</p> <p>Information disclosed in Annexure A reflects the position of the scheme's portfolio diversification as at 31 December 2011.</p> <p>NMFM has a policy in relation to ensuring the loan portfolio is diversified across geographic and industry sectors. The information disclosed in Annexure A is in compliance with this policy.</p> <ul style="list-style-type: none"> k) The scheme may invest in derivative instruments (i.e. financial products that derive their value from other assets or indicies), but they will not be used to gear the Fund. That is, the effective market exposure of the Fund will not exceed its market value. To manage both the nature and the level of interest rate risk, interest rate swaps, interest rate options and forward rate agreements may be used. l) Non loan assets of the scheme include fixed interest securities (including but not limited to bonds and listed income securities) and cash. <p>The scheme gains its exposure to cash by investing in the Wholesale Cash Fund ARSN 125 160 152. The investments of the Wholesale Cash Fund include, but are not limited to, cash at bank, floating rate notes, negotiable certificates, promissory notes, convertible notes and bank accepted bill.</p> <p>Further details are shown in Annexure A.</p>

ASIC Benchmark	Compliance	Disclosure
<p>RG 45.54 Disclose the policy on the above items and general lending principles including:</p> <ul style="list-style-type: none"> a) The maximum loan amount for any one borrower b) The method of assessing borrowers' capacity to service loans c) NMFMs policy on revaluing security properties when a loan is rolled over; and d) NMFMs approach to taking security on lending by the scheme (eg security type, if it must be income producing) 		<p>RG 45.54</p> <ul style="list-style-type: none"> a) NMFM has established a maximum exposure (aggregated loan limit) to any one borrower or group of borrower. The scheme's largest loans are shown in Annexure A. b) Each loan application is assessed in relation to the applicant's financial position and ability to service loan-related interest and principal repayments when they fall due. There is no requirement for the mortgaged property to be income producing, however the capability for servicing of total loan commitments is expected to be proven. c) At the date of drawdown (including rollovers) the valuation report can be no greater than three months old. At the discretion of NMFM and providing a full valuation report has been conducted within the past 12 months, a confirmation of value from the valuer who completed the report may be acceptable. d) Security for loans made by the scheme can include cash, bank guarantees issued by acceptable Australian banks and first registered mortgages over freehold and long term leasehold Australian property.
<p>RG 45.55 If the scheme invests in other unlisted mortgage schemes, the Responsible Entity should disclose their policy on investing in those schemes, including the extent to which the Responsible Entity requires the other scheme to satisfy these benchmarks.</p>		<p>RG 45.55 Australian Monthly Income Fund ARSN 091 553 856 does not invest in any other unlisted mortgage schemes</p> <p>Wholesale Australian Monthly Income Fund ARSN 091 553 954 invests in the Australian Monthly Income Fund ARSN 091 553 856.</p> <p>Generations Mortgage No.1 Trust ARSN 109 858 004 invests in the Australian Monthly Income Fund ARSN 091 553 856</p>
<p>Benchmark 4 – Related Party Transactions RG 45.61 Where the Responsible Entity transacts with related parties of the scheme (including lending or investing scheme funds with related parties) it should disclose its approach to these transactions, including</p> <ul style="list-style-type: none"> a) Details of loans, investments and transactions made to or with a related party b) Its policy on related party transactions including the assessment and approval process for related party lending and arrangements to manage conflicts of interest; and c) How the processes and arrangements are monitored to ensure they are followed 	<p>Satisfied</p>	<p>RG 45.61</p> <ul style="list-style-type: none"> a) <ul style="list-style-type: none"> i) The scheme does not provide any loans to any related parties ii) Related parties do hold units in the scheme, and the scheme does hold investments in other related parties. iii) The scheme gains its exposure to cash via an investment in the Wholesale Cash Fund ARSN 125 160 152. Wholesale Australian Monthly Income Fund ARSN 091 553 954 invests in the Australian Monthly Income Fund ARSN 091 553 856. Generations Mortgage No.1 Trust ARSN 109 858 004 invests in the Australian Monthly Income Fund ARSN 091 553 856 b) NMFM as the Responsible Entity is paid a management fee from the scheme and also receives application fees paid by borrowers for the assessment and establishment of loans. The scheme may invest in other funds or investment companies including those managed by us or associates. Where we are the responsible entity of that other fund, full management fees will not be received by us from both funds. Instead, adjustments will be made so that our management fees will be no greater than the fee we have elected to take under the Fund's constitution at the relevant time. c) Related party transactions are undertaken on an arms length basis and as permitted under the Corporations Act 2001. The scheme does not undertake or provide related party lending. Conflicts of interest are managed in accordance with the AXA Asia Pacific Holdings Limited's "Conflicts of Interest Policy". d) NMFM's Compliance Plan for the scheme outlines the controls in place around related party transactions. The Compliance Plan is audited externally on an annual basis.

ASIC Benchmark	Compliance	Disclosure
<p>Benchmark 5 – Valuation Policy RG 45.64 The Responsible Entity should take the following approach to valuations of properties over which it has taken security</p> <p>a) Properties should be valued on an ‘as is’ basis (and on an ‘if complete’ basis for development properties)</p> <p>b) The Responsible Entity should have a policy on how often it obtain valuations, including how recent a valuation has to be when it makes a new loan</p> <p>c) The Responsible Entity should establish a panel of valuers and ensure that no one valuer conducts more than 1/3 of our valuation work for the scheme, calculated by value of properties</p>	<p>Satisfied</p>	<p>RG 45.64</p> <p>a) Properties are valued on an ‘as is’ basis (and on an ‘if complete’ basis for development properties).</p> <p>b) NMFm has a policy in relation to valuations and valuers which includes:</p> <ul style="list-style-type: none"> • a panel of acceptable valuers, • valuation report to be addressed to the lender, be for mortgage purposes and comply with standing instructions, • ensuring valuations are current at the time of drawdown of loans, • security properties are to be revalued at least each three (3) years. • restrictions on any one valuer or valuation firm completing two (2) consecutive valuations on any property. <p>c) No one valuer conducts more than 1/3 of the responsible entity’s valuation work for the scheme.</p>
<p>RG 45.65 Disclose information about the valuation of a particular property where a loan secured against the property accounts for 5% or more of the total value of the scheme’s loan book.</p>		<p>RG 45.65 No individual property accounts for more than 5% of schemes loan book.</p>
<p>RG 45.66 The Responsible Entity should only use valuers who:</p> <p>a) Where possible, are registered under one of the state/territory valuer registration regimes or a relevant overseas registration regime; and</p> <p>b) Include a statement in their valuation reports on whether the valuation complies with all relevant industry standards and codes.</p>		<p>RG 45.66 The valuers used by NMFm satisfy the requirements of RG 45.66.</p>
<p>Benchmark 6 – Lending Principles RG 45.70 The Responsible Entity should maintain the following loan to valuation ratios for loans made by the scheme.</p> <p>a) Where the loan relates to development property – 70% on the basis of the latest ‘if complete’ valuation</p> <p>b) All other cases – 80% on the basis of the last market valuation</p>	<p>Satisfied</p>	<p>RG 45.70 Australian Monthly Income Fund ARSN 091 553 856, currently satisfies this Benchmark as follows:</p> <p>At time of approval, the level of funds made available under any loan is restricted to 70% of the value of the property held as security for the loan or 80% of total development costs for development loans (but still not more than 70% of the on-completion valuation).</p> <p>As at 31 December 2011, the scheme had no loans where the LVR on the loan exceeded 70% of the most recent valuation.</p>
<p>RG 45.71 Where the loan relates to property development, the Responsible Entity should ensure that the scheme only provides funds to the developer in stages, based on external evidence of the progress of the development</p>		<p>RG 45.71 NMFm satisfies the requirements of RG 45.71.</p>

ASIC Benchmark	Compliance	Disclosure
<p>Benchmark 7 – Distribution Practices RG 45.75</p> <p>If the scheme is making (or forecasts making) distributions to unitholders, the Responsible Entity should disclose:</p> <p>a) The source of the current distribution b) The source of any forecast distribution c) If the current or forecast distribution is not solely sourced from income received in the relevant distribution period, the reasons for making those distributions; and d) If the current distribution or forecast distribution is sourced other than from income, whether this is sustainable over the next 12 months</p>	<p>Satisfied</p>	<p>RG 45.75</p> <p>a) Distributions are paid solely from earnings of the scheme. b) It is intended that all future distributions will be solely from earnings of the scheme. Please note that as the value of the investment in the schemes decrease following each capital repayment as part of the winding up process, income distributions will also decrease. c) Not applicable refer a) and b) above. d) Not applicable refer a) and b) above.</p>
<p>RG 45.76</p> <p>If the scheme promotes a particular return on investments, the Responsible Entity should clearly disclose details of the circumstances in which a lower return may be payable, together with details of how that lower return will be determined.</p>		<p>RG 45.76</p> <p>Not applicable. The scheme does not promote a return on the investment.</p>
<p>Benchmark 8 – Withdrawal arrangements RG 45.81</p> <p>The Responsible Entity should provide details on whether investors will be able to withdraw from a scheme. The Responsible Entity should disclose:</p> <p>a) The maximum withdrawal period allowed under the constitution for the scheme b) Any significant risk factors or limitations that may affect the ability of investors to withdraw from the scheme (including risk factors that may prevent the Responsible Entity from meeting a promoted withdrawal period) c) The Responsible Entity's approach to rollovers, including whether the default is that investments in the scheme are automatically rolled over; and d) If withdrawals from the scheme are funded from an external liquidity facility, the material terms of this facility, including any rights the provider has to suspend or cancel the facility</p>	<p>Satisfied</p>	<p>RG 45.81</p> <p>a) i) Australian Monthly Income Fund ARSN 091 553 856 The maximum withdrawal period allowed under the constitution for the scheme is 6 months (Clause 7.4) or such longer period as detailed in Clause 7.5. Clause 7.5 of the constitution states "If the Responsible Entity has taken all reasonable steps to realise sufficient Assets to satisfy a redemption request and is unable to do so due to one or more circumstances outside its control such as restricted or suspended trading in the market for an Asset, the period allowed for satisfaction of the request may be extended by the number of days during which such circumstances apply".</p> <p>ii) Wholesale Australian Monthly Income ARSN 091 553 954 The maximum withdrawal period allowed under the constitution for the scheme is 12 months (Clause 7.4) or such longer period as detailed in Clause 7.5 (refer above).</p> <p>iii) Generations Mortgage No.1 Trust ARSN 109 858 004 The maximum withdrawal period allowed under the constitution for the scheme is 30 days (Clause 7.4) or such longer period as detailed in Clause 7.5 (refer above).iv) Following termination, no Units may be issued, redeemed or transferred. The Responsible Entity must realise the Assets within 180 days if practical and in any event as soon as possible after that (Clause 21.1)</p> <p>b) On 5 September 2011 NMFМ announced wind up of the schemes commencing 3 October 2011. The schemes have moved to a return of capital approach, paid quarterly, which commenced in December 2011.</p> <p>Clients' access to their investments in the schemes since 18 December 2008 has been limited to any withdrawal offers made by NMFМ. Whereas, with the return of capital approach there are no further withdrawal offers and any outstanding withdrawal offer requests will not be processed.</p> <p>NMFМ intends to make capital repayments to investors every quarter subject to the schemes' available cash, asset sales and the timing of mortgage maturities in the portfolios. The first capital repayment was made in December 2011 with the repayment process expected to complete by mid 2014.</p> <p>c) Investments in the scheme do not have fixed terms or maturity dates, as such rollovers do not apply.</p> <p>d) Not applicable – the scheme does not currently borrow as outlined in Benchmark 2.</p>

RG 45.82

If the scheme promotes a fixed unit price for investments, the Responsible Entity should clearly disclose the circumstances in which a lower amount may be payable, together with details of how that amount will be determined.

RG 45.82**Australian Monthly Income Fund ARSN 091 553 856**

The fund does not promote a fixed unit price for investments. However, the unit price for applications and withdrawals in this scheme has traditionally been \$1.00.

NMFM calculates the value of the Fund each Melbourne business day and based on the calculation methodology in the scheme's constitution, the unit price may deviate from \$1.00 as permitted by the NMFM's Unit Pricing Discretion Policy, available on axa.com.au

Wholesale Australian Monthly Income Fund ARSN 091 553 954

The scheme does not promote a fixed unit price.

Generations Mortgage No.1 Trust ARSN 109 858 004

The scheme does not promote a fixed unit price.

Benchmarks for Unlisted Mortgage Schemes – Regulatory Guide 45 – Annexure A

Benchmark 3 – Portfolio Diversification as at 31 December 2011

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Generations Mortgage No.1 Trust
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Introduction

No. of Loans	143
No. of Borrowers	80
Average Borrower	\$7,679,278

A borrower may have one or more loan accounts with the lender. Loans may be secured by more than one security property in different geographic and industry sectors hence disclosure below does not include number of loans unless specifically outlined.

RG 45.53

(a) Mortgage Investment – Class of Activity

Industry Sector	\$ Value	% of Loan Book
Industrial	161,148,603	26.25
Office	182,192,515	29.65
Retail	246,433,066	40.10
Hospitality	14,756,313	2.40
Development	0.00	0.00
Vacant Land	7,766,926	1.25
Residential	1,966,353	0.30
Specialised	78,456	0.05
Rural	0.00	0.00
Total	614,342,232	100.00

Sector balances relate to the value of loans secured against properties within the above industry sectors.

(b) Mortgage Investment - Geographical Spread

States	\$ Value	% of Loan Book
New South Wales (incl. ACT)	171,556,542	27.9
Victoria	125,739,121	20.5
Queensland	93,270,833	15.2
South Australia (incl. NT)	5,084,500	0.8
Western Australia	218,691,236	35.6
Tasmania	0.00	0.0
Total	614,342,232	100.00

Sector balances relate to the value of loans secured against properties within the above geographic sectors.

(c) **By number and value, proportion of loan in default or arrears**

Loans in Default / Interest Accrual to fund ceased				
	+30 days	+60 days	+ 90 days	Total
Number of Borrowers	0	0	0	0
Principal Balance Outstanding	0	0	0	0
Arrears: Capitalised Interest and Expenses	0	0	0	0

Loans shown as in Default are where the interest accrual to the fund has ceased. Any subsequent collection of interest following the realisation of security will be credited to the scheme if and when received. Arrears: Capitalised Interest and Expenses shown above are included in the Principal Balance Outstanding.

Interest Arrears (not included above - interest continues to be accrued)				
	+30 days	+60 days	+ 90 days	Total
Number of Borrowers	0	0	0	0
Balance Outstanding	0	0	0	0
Instalment	0	0	0	0

Expired loans – where interest continues to be paid (if interest has not been paid, loans are shown in one of the above tables)	
	+90 days
Number of Borrowers	0
Balance Outstanding	0

(d) **By number and value, what is the nature of the security for loans made by the scheme (e.g. first or second ranking)**

All loans are secured by 1st ranking mortgages over Australian property.

(e) **Proportion of the total loan monies lend to the largest borrower and 10 largest borrowers**

	Borrower Amount	% of FUM	No. of Security Properties
1	53,122,000	6.54	5
2	36,250,000	4.46	3
3	35,553,715	4.38	4
4	35,300,000	4.35	16
5	32,713,000	4.03	1
6	26,650,000	3.28	10
7	26,600,000	3.27	1
8	26,081,250	3.21	1
9	25,042,000	3.08	1
10	22,750,000	2.80	1
Funds under Management	812,402,336		

(f) **By number and value, loans that have been approved but have funds that have yet to be advanced and the funding arrangements in place for any of these undrawn loan commitments**

\$0.00

This is the undrawn balance of all loan commitments that are in place as at this date. This includes the undrawn balance of any development facilities and loans which have been approved but not yet settled.

The amount required to fund these commitments are able to be settled from cash assets of the fund.

(g) By number and value, the maturity profile of all increments of not more than 12 months

Maturity (Total Fund)			
Months	Principal	No. of Loans	% of loan book
0 – 6 mths	276,081,951	69	44.94
6 – 12 mths	259,524,294	48	42.24
1 – 2 yrs	78,448,000	25	12.77
2 – 3 yrs	287,987	1	0.05
3 – 4 yrs	0	0	0.00
4 – 5 yrs	0	0	0.00
5 + yrs	0	0	0.00
Total	614,342,232	143	100.00

(h) Number and value of loans, LVR for loans in percentage ranges

Loan to Value Ratio Distribution	Dollar Amount	Number of Loans	% of Dollar Amount
< = 50%	134,265,216	50	39.50
> 50 & < = 60%	115,275,019	36	57.40
> 60 & < = 70%	364,801,997	57	64.60
> 70%	-	0	0.00
Total	614,342,232	143	100.00

The average LVR is 57.78%.

(i) Number and value of loans, interest rates on loans, in percentage ranges

Interest Rate	\$ Value	No. of Loans	% of loan book
<= 5.00	31,034,149	5	5.05
5.00 – 5.49	32,624,500	3	5.31
5.50 – 5.99	43,572,466	12	7.09
6.00 – 6.49	109,545,717	31	17.83
6.50 – 6.99	48,539,211	6	7.90
7.00 – 7.49	56,231,250	13	9.15
7.50 – 7.99	159,341,926	40	25.94
8.00 – 8.49	115,250,513	19	18.76
8.50 – 8.99	12,672,500	11	2.06
9.00 – 9.49	5,530,000	3	0.90
9.50 – 9.99	0.00	0	0.00
Total	614,342,232	143	100.00

The above table reflects the interest rates that borrowers pay on the loans. It should be noted that NMFМ has a policy which sees that all fixed rate loans >\$1M (and more recently >\$500K) are hedged by the use of interest rates swaps to a variable interest rate linked to the movement in bank bill rates.

Summary of Fixed and Floating rate loans	\$ Value	% of Loan Book
Variable rate loans	368,010,525	59.90
Fixed rate loans with swaps attached	244,120,075	39.74
Fixed rate loans - No swaps	2,211,632	0.36
	614,342,232	100.00

(j) Number and value of loans where interest have been capitalised

Nil

(k) The use of derivatives (if any)

The scheme may invest in derivative instruments (i.e. financial products that derive their value from other assets or indicies), but they will not be used to gear the Fund. That is, the effective market exposure of the Fund will not exceed its market value. To manage both the nature and the level of interest rate risk, interest rate swaps, interest rate options and forward rate agreements may be used.

(l) A description of the non-loan assets of the scheme including the value of such assets

	\$ Value	% of Scheme
Mortgage Investments	614,342,232	75.62
Floating Rate Notes	73,310,885	9.02
Corporate Bonds	0.00	0.00
Perpetual Income Securities	7,036,242	0.87
Mortgage Backed Securities	652,787	0.08
Cash	117,060,190	14.41
Total Scheme Assets	812,402,336	100.00

The non loan assets of the scheme, excluding cash, forms the fixed interest portfolio which includes floating rate notes, corporate bonds, perpetual income securities and mortgaged backed securities. Each fixed interest security is, at the time of purchase, subject to a minimum credit rating of Investment Grade. Investment Grade is an industry term which refers to securities that are rated BBB- or better by Standard & Poor's or rated Baa3 or better by Moody's. The fixed interest securities are valued on a hold to maturity basis.