

# The Australian mortgage fund sector

Slowly rebuilding

INVESTMENTS



**Tele-conference (October 2010)**

Hosted by:

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# Your questions answered

- Of the questions we received:
  - 33% asked about ‘unfreezing’ mortgage funds
  - 29% asked about the future of mortgage funds
  
- Firstly, Australian Unity’s mortgage funds are **not** frozen. Our Mortgage Income Trust and High Yield Mortgage Trust:
  - both have different withdrawal arrangements in place
  - both pay regular income, and
  - both have increased investor returns during 2010.
  
- Secondly, Australian Unity believes mortgage funds have a strong future and that they will play an important role in meeting the needs of investors requiring regular income.

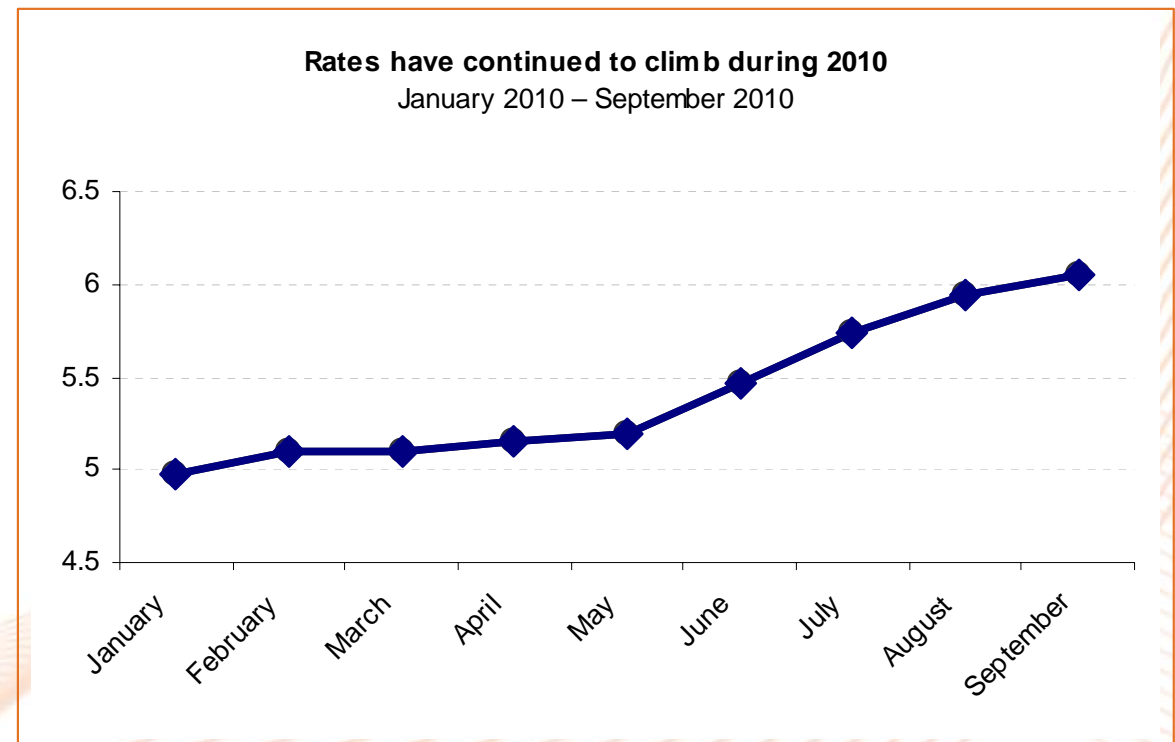
- Prudent and conservative arrears management is critical in the short to medium term
- Current level of arrears (at 30 September 2010):
  - Mortgage Income Trust (MIT) – 1.26% of FUM
  - High Yield Mortgage Trust (HYMT) – 16.61% of FUM
- Loan loss provisions act as a safety net

# Mortgage Income Trust (as at 30 September 2010)

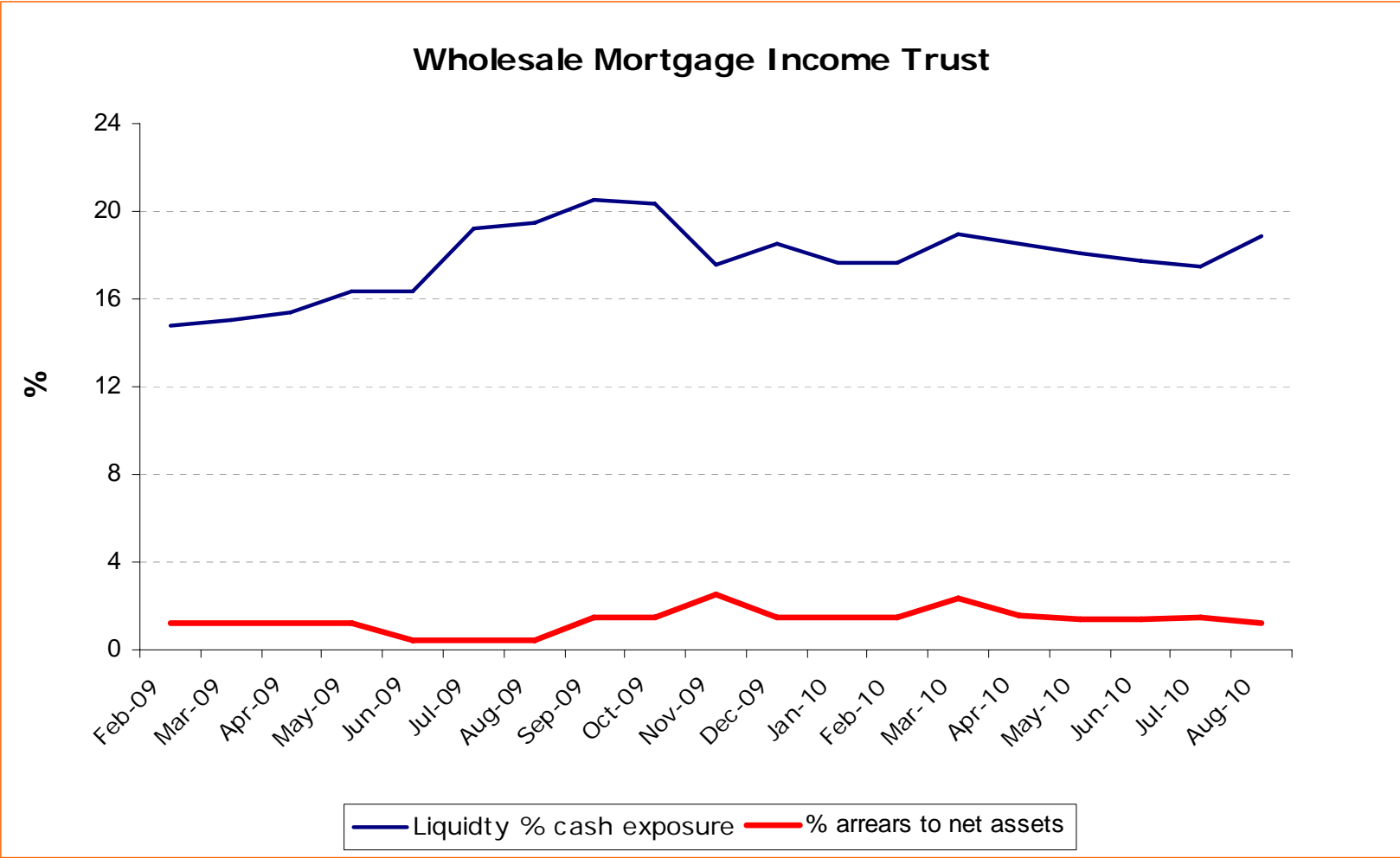


- 219 loan accounts (180 mortgagors)
- 5 loan accounts in arrears by >30 days (1.26% of net asset value)
- 4 are in default and we have taken possession of the security properties

Retail rate	Wholesale rate
Annualised returns at 30 September 2010	
5.50%	6.05%



# Liquidity and arrears for MIT

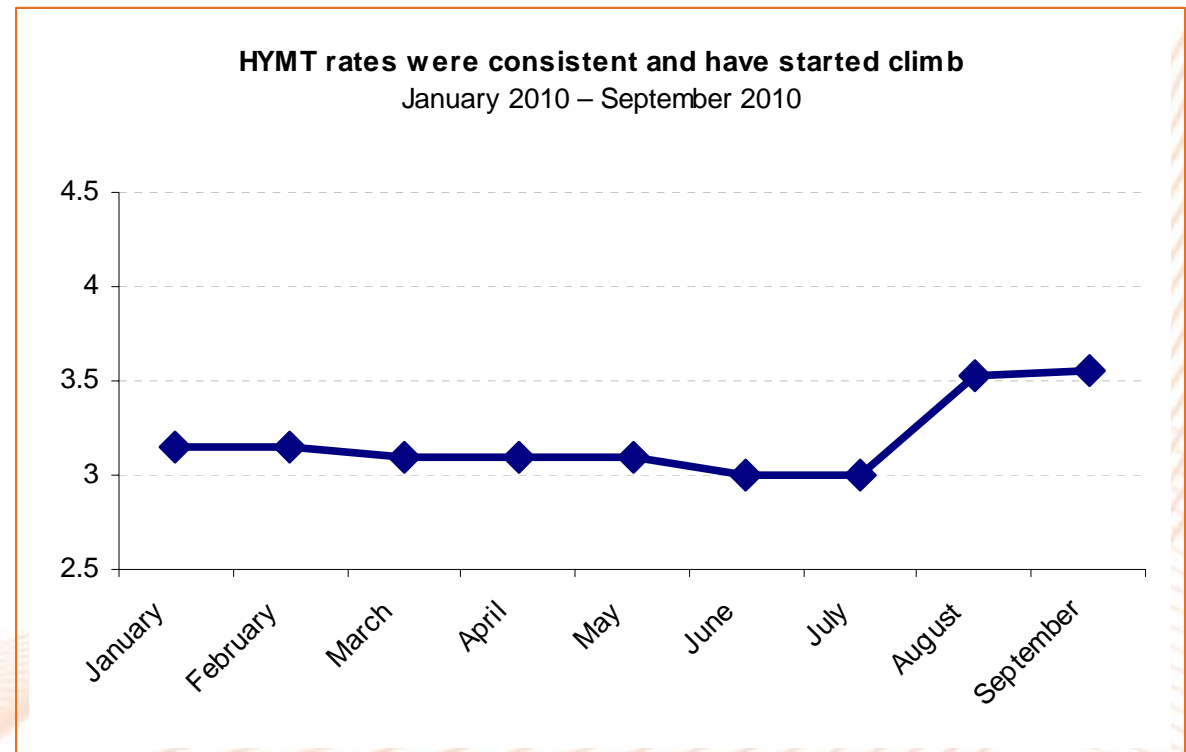


# High Yield Mortgage Trust (as at 30 September 2010)

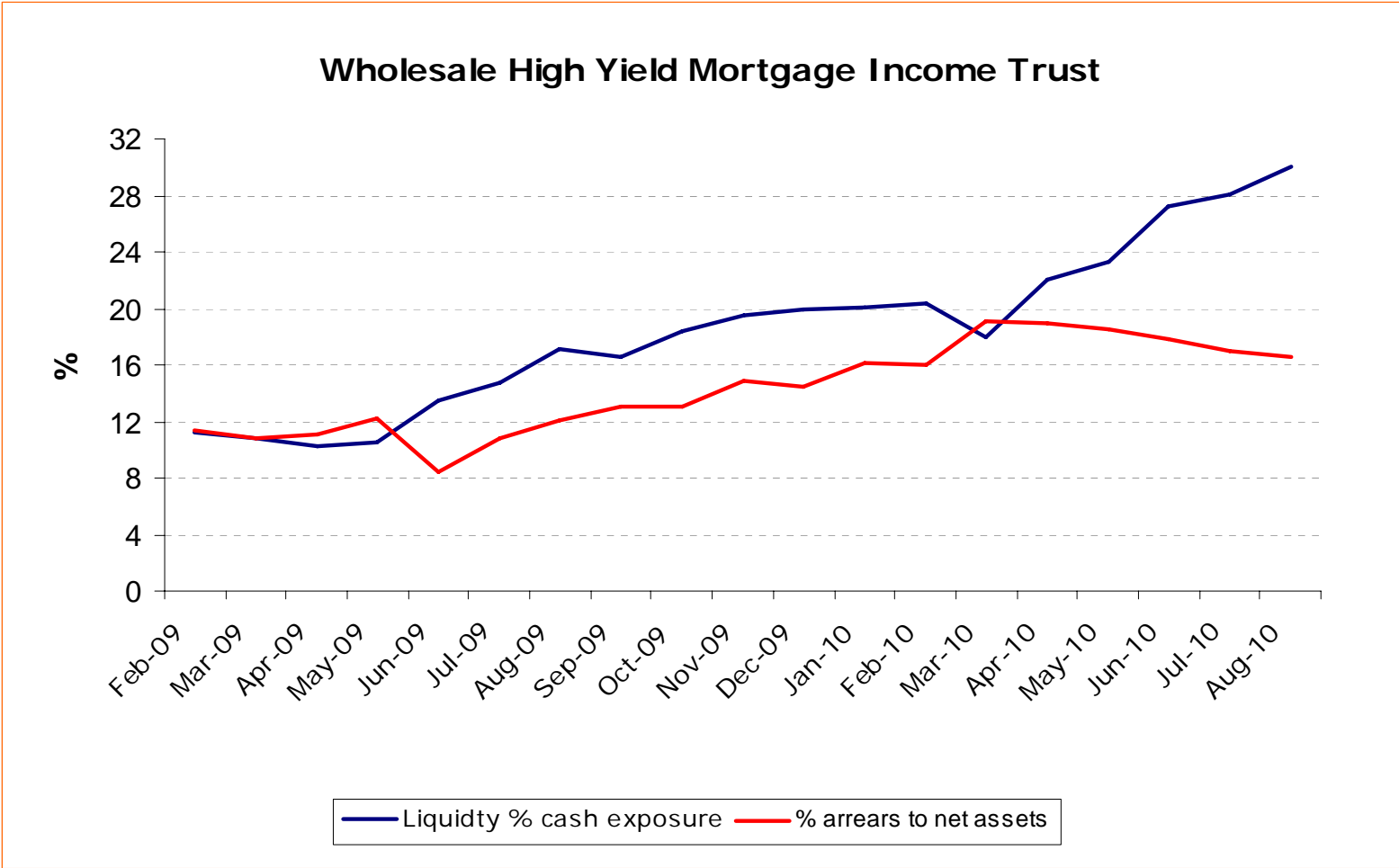


- 128 loan accounts (118 mortgagors)
- 23 loan accounts in arrears by >30 days (16.61% of net asset value)
- All 23 are in default and we have taken possession of the security properties
- Aim have arrears at 8 – 10% by end 2010

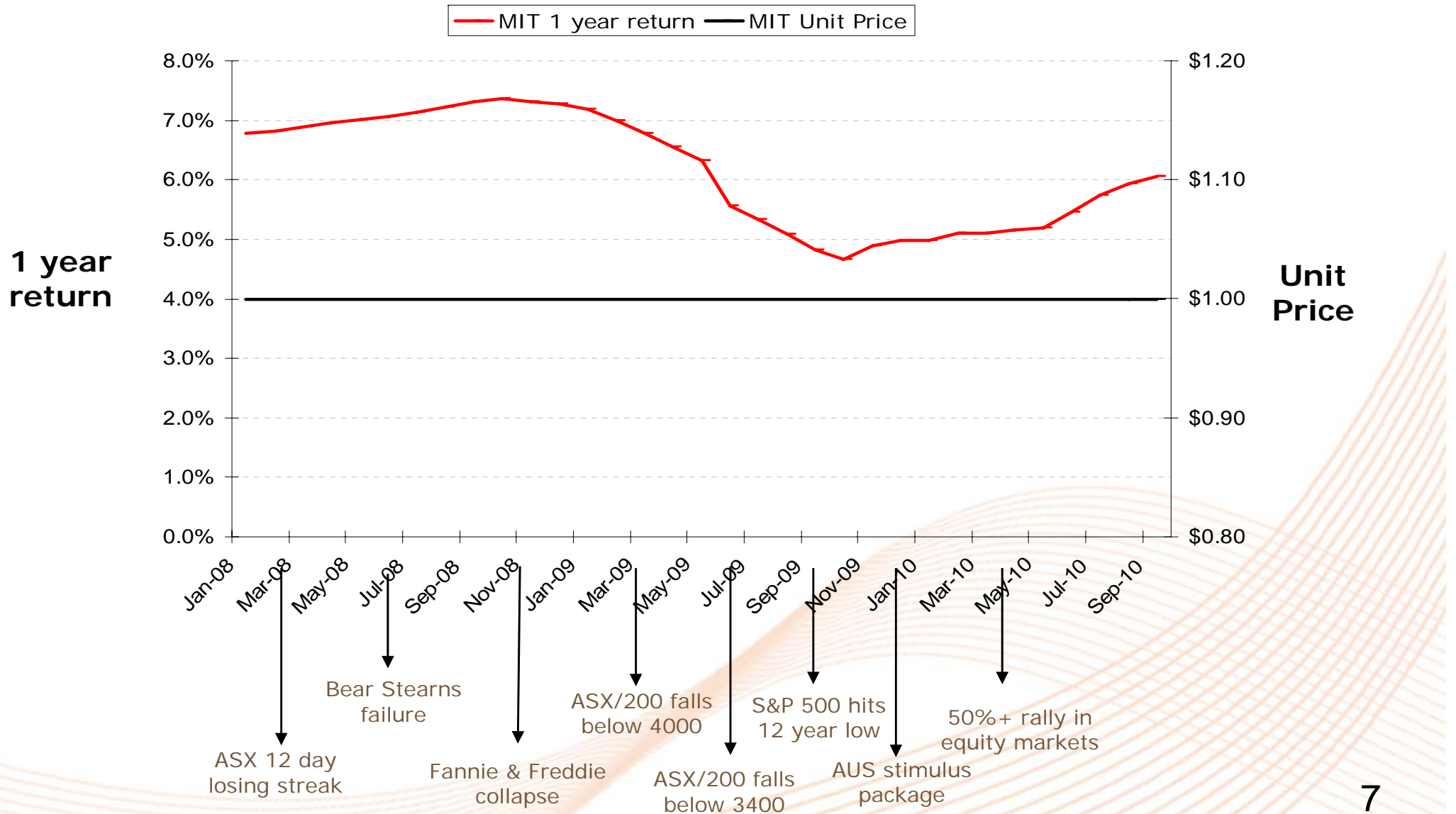
Retail rate	Wholesale rate
Annualised returns at 30 September 2010	
3.05%	3.55%



# Liquidity and arrears for HYMT



# Volatility ... what volatility?



# Important information

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- Applications for investments into any of these products may only proceed on the respective application attached to or accompanying the current Product Disclosure Statement (PDS). A PDS containing full details should be obtained before making any investment decision, and is available at [www.australianunityinvestments.com.au](http://www.australianunityinvestments.com.au) or by calling us on 1800 649 033. You should consider the PDS in deciding whether to acquire, or continue to hold the product.
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