

# Investors Exchange Investment Fund

## Disclosure Guide

### Important Notice and Disclaimer

As responsible entity of the Investors Exchange Investment Fund ARSN 120 933 093 (**Fund or Trust**) relating to various loans and the corresponding class of units issued in relation to a specific loan (Class of Units or Units) made to Fund borrowers, Investors Exchange Limited ABN 70 116 48 9420 (**IEL**) is the issuer of this update disclosure guide (**Guide**) which should be read in conjunction with the product disclosure statement (part one or P1) issued by Investors Exchange Limited on the 1 July 2013 and various product disclosure statements (part two or P2) relating to the various Class of Units issued from time to time relating to a specific Class of Units relating to a particular loan and collectively referred to as the product disclosure statement (PDS). Each Class of Units (corresponding to a specific loan) has a fixed term of as outlined in the PDS commencing on the date Units were issued during which investors have no right to withdraw.

Information in this Guide is general information only and does not take into account your objectives, financial situation or needs. Therefore in deciding whether to acquire or continue to hold an investment you should consider the PDS and Guides to it carefully and assess, with or without your financial or taxation adviser, whether the product meets your objectives, financial situation or needs.

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## Scope of this Disclosure Guide for Unlisted Mortgage Schemes

The Australian Securities and Investments Commission (ASIC) issues regulatory guides (RGs) to assist regulated entities, of which IEL is one, by publishing practical guidance on ASIC's explanation on how they apply the law together with describing the principles under which ASIC approach to interpretation of the Corporations Act (2001) provisions and regulations. RG 45 was issued in September 2008 and updated it in May 2012. RG 45 sets out eight disclosure principles and eight benchmarks designed to provide improved disclosure to retail investors to help them compare risks and returns across investments in the unlisted property scheme sector.

Set out below are tables which lists each disclosure principle and benchmark and whether relevant information is included in this Guide and the Product Disclosure Statement (PDS)

Disclosure Principles	Guide Reference	PDS (P1) &(P2) reference
<b>1</b> Liquidity – the Fund is a contributory mortgage scheme and is not required to comply with this principle. However, IEL has systems in place to manage the Fund's cash flows and ensure that the Fund's short-term commitments are satisfied.	Section 3	Section 3.3(P1)
<b>2</b> Scheme borrowing - currently the Fund has not borrowed any monies and we do not intend to enter into any borrowing arrangements on behalf of the Fund.	Section 3	Section 3.4 (P1)
<b>3</b> Loan portfolio and diversification - Portfolio diversification measures the level of concentration risk in the portfolio of mortgages held by the fund. As a contributory mortgage scheme, the Fund is not required to disclose against this principle. In particular investors will only have beneficial interest in the Loan Investments in which they have elected to invest, not the Funds entire Loan Investment portfolio.	Section 3	Section 3.5 (P1)
<b>4</b> Related party transactions - this principle requires the responsible entity to disclose our approach to related party lending. We have lending policies and procedures for providing Loan Investments to related parties. All such loans must be assessed in the same way as loans to unrelated parties, and will be made on arm's length commercial terms and will be subject to compliance with our lending policies, including loan security. The board must approve all loans to related parties and is responsible for regularly monitoring the Fund's compliance with those procedures. Any loan to a related party will be prominently disclosed in the Part 2 for the Loan Investment corresponding to that loan.	Section 3	Section 3.6 (P1)
<b>5</b> Valuation policy – for a contributory mortgage scheme (such as the Fund) this disclosure principle requires responsible entity to provide investors with information about the valuation of a property securing a loan in which the investors has, or is being offered, and interest. The Part 2 relating to a particular Loan Investment will disclose information about the valuation of the property securing that Loan Investment or if not a real property then sufficient information about the valuation of a particular	Section 3	Section 3.7 (P1) & (P2)

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	asset being offered as security.		
6	Lending principles – loan to valuation ratio (LVR). The loan to valuation ratio is a measure of the amount of loan provided to borrowers against the latest valuation obtained in respect of the property. Each LVR for a specific Loan Investment made will be outlined in each Part 2.	Section 3	Section 3.8 (P1) & (P2)
7	Distribution practices – this disclosure principle requires us to explain how the Fund will fund distributions to Investors and to disclose any risk associated with current distribution practices. We anticipate that all Distributions will be sourced from interest paid by the borrower under each Loan Investment during the relevant Distribution period. All current and future Distribution income is sourced from interest paid by the borrower under each Loan Investment during each Distribution period. The key factors that would have the most material impact on achieving the Indicative Distribution rates for a Loan Investment and the risks to changes in these factors are if the borrower defaults and fails to meet interest payments or if fund expenses are higher than estimated then the Distribution rate paid to investors in a Loan Investment may be less than the applicable Indicative Distribution rate.	Section 3	Section 3.9 (P1)
8	Withdrawal arrangements – this disclosure principle requires responsible entity is to explain the Funds withdrawal policy and the ability of Investors to withdraw from the Fund. Apart from partial withdrawals due to a partial loan repayment by the borrower, or the early repayment of the loan, investors will generally not be permitted to withdraw their investment in any particular Loan Investment prior to the maturity date of that loan Investment.	Section 3	Section 3.10 (P1)

	<b>Benchmarks</b>	<b>Guide Reference</b>	<b>PDS reference</b>
1	Benchmark 1: Liquidity – N/A. The fund is a contributory mortgage scheme and is therefore not required to comply with this benchmark.	Section 3	Section 3.1 (P1)
2	Benchmark 2: Scheme borrowing- the Fund does not have any borrowings and we do not intend to enter into any borrowing arrangements on the half of the Fund	Section 3	Section 3.4 (P1)
3	Benchmark 3: Loan portfolio and diversification - N/A. The Fund is a contributory mortgage scheme. Investors have beneficial interests only in the Loan Investments in which they have elected to invest, not the Funds entire Loan Investment portfolio.	Section 3	Section 3.5 (P1)
4	Benchmark 4: Related party transactions – IEL maintains and complies with the written policy governing related party transactions. The Fund currently has no related party loans	Section 3	Section 3.6 (P1)
5	Benchmark 5: valuation policy – IEL maintains and complies with a written policy on valuations of real property assets. For loans secured by a charge or mortgage over assets other than Land	Section 3 & 4	Section 3.2 & 4 (P1)

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(such as a fixed and floating charge over a borrower's assets) we will implement procedures to assess the adequacy of the security provided, as it will generally not be possible for a valuation of those assets to be undertaken by a registered valuer.

<b>6</b>	Benchmark 6: lending principles – loan to valuation ratio (LVR) loans relating to either property investment or property development or receivables lending are outlined in each specific P2 relating to that particular investment opportunity	P2	Each LVR is outlined in each specific P2 relating to that investment
<b>7</b>	Benchmark 7: distribution practices-distributions will be sourced from loan investment payments made by borrowers not from scheme borrowings.	Section 3	Section 3.9 P1)
<b>8</b>	Benchmark 8: withdrawal arrangements- generally investors will only be entitled to withdraw their investment on the maturity date of the relevant Loan Investment which will be subject to the borrower having repaid their loan.	Section 3	Section 3.10 (P1)

IEL may update this document from time to time and it is recommended investors refer to our website [www.InvestorsExchange.com.au](http://www.InvestorsExchange.com.au) for these updates. A paper copy of this document or any update information will be given to you on request and without charge.

From time to time, IEL may become aware of information that is material to investors but not covered by disclosure principles. Any such material information will be provided to investor's continuous disclosure notices on the website [www.investorsexchange.com.au](http://www.investorsexchange.com.au)

Current information relating to each loan the Fund assets and liabilities are as follows:

	<b>2015</b>	<b>2014</b>
<b>Units on issue</b>	17,529,000	10,189,000
Number of loans	51	35
Number of loans in default	0	0
Total unit Holder's funds	\$17,490,460	\$10,165,780
Total distributions paid to unit holders	\$1,157,875	\$729,661