



# INVESTOR NEWS

DECEMBER 2011

## 2011 IN REVIEW AT ANGAS SECURITIES STEADY AS SHE GOES FOR ANOTHER YEAR

**ANGAS SECURITIES HAS PROVIDED INVESTORS WITH ANOTHER SOLID YEAR OF REGULAR FIXED INTEREST RETURNS ON LISTED DEBENTURE SECURITIES.**

It has been steady as she goes at Angas Securities. There have been no office openings or relocations to report. Staffing has been very stable. Standard & Poor's reaffirmed its rating of Angas Securities following the annual review. Investor funds have grown. The Balance Sheet has been strengthened. Angas Securities continued as usual to pay principal and interest to investors in full and on time. Interest rates have not changed for two years (despite recent cuts to the RBA cash rate). Deloitte Touche Tohmatsu conducted its annual audit of the Financial Statements. Once again, Angas Securities reported profitable trading and the audit report was unqualified. There have been operational and compliance changes and enhancements as well as new processes and products being developed. For our fixed interest investors, 2011 has been another year of solid and reliable performance. But Angas Securities has been far from idle as the contents of this edition of Investor News will attest.



PICTURED: JAMIE ANDERSON, IT MANAGER, KATE DERMODY, ADMINISTRATION MANAGER AND STEVE ASPINALL, SENIOR EXECUTIVE – SPECIAL PROJECTS

EARN

# 9.0%

P.A. FIXED  
FOR 3 YEARS

ANGAS SECURITIES LIMITED  
ACN 091 942 728  
AFS LIC NO 232 479

Most investors will be aware of a hybrid capital raising (“RPS1”) undertaken in April 2011 by which \$6.759million was raised in redeemable preference shares from retail investors. This was followed in October 2011 by a private placement of \$5million (“RPS2”). The two fund raisings being RPS1 and RPS2 were subordinate issues which means that they support the first ranking debentures which have first priority as to principal and interest. These hybrid funds will enable the directors to further develop the business of Angas Securities whilst providing a buffer for the first ranking debenture investors. Funds invested in debentures have continued to grow and passed the \$200 million mark for the first time in March 2011. The total Balance Sheet is now approximately a quarter of a billion dollars.

The key driver of the business remains first mortgage lending. No debenture funds can be advanced on second or subsequent mortgages. The demand for loans has remained high throughout 2011 as has the quality of the lending opportunities presented to Angas Securities. Another permitted investment for debenture funds is property. There were no significant changes to the property portfolio in 2011. A high quality residential development was completed in the eastern suburbs of Sydney NSW and the four executive homes are now ready for sale. Sub-division of a parcel of 3,224sqm of surplus land adjacent to Angas Commercial Property Trust’s Officeworks site in Acacia Ridge, QLD has been undertaken with title expected in the New Year. Property investments have

provided good capital returns for Angas Securities over the years but it is not the major component of the business. Only eight per cent of debenture funds are invested in property. Returns from property investments have produced good returns over the years.

A new face at Angas Securities is Kate Dermody who joined us in February 2011 as Administration Manager. She has been busy in her role but her approach has been “steady as she goes”. One project that has occupied Kate has been the review and enhancement of Information Technology which she has undertaken by way of a project group comprising Jamie Anderson, IT Manager and Steve Aspinall, Senior Executive – Special Projects (see page 1). Angas Securities conducts a prosperous business as a first mortgage lender. The directors recognize the importance of service and efficiency by maintaining investment in personnel, systems and facilities.

Some new projects have been pursued in 2011. All relate in one way or another to the core business of first mortgage lending. Whilst a few projects remain in the development phase, one new activity that was successfully launched this year is Angas Contributory Mortgage Fund (“Angas CMS”). Last year, ASIC licensed Angas Securities to be Responsible Entity for a Managed Investment Scheme. In 2011, ASIC varied this approval to include Angas CMS of which Steve Aspinall is Responsible Manager (in addition to two of the directors). The concept for Angas CMS is quite simple. It invests in



PICTURED: STEVE ASPINALL SENIOR EXECUTIVE – SPECIAL PROJECTS, KIMLEY LYONS, COMMITTEE CHAIRMAN, NICK CORBETT, INDEPENDENT MEMBER, EDWINA STARCK, NATIONAL COMPLIANCE OFFICER AND SCOTT ROSS, INDEPENDENT MEMBER.



**DEBENTURE RATE**  
P.A. FIXED FOR 1 YEAR

**8.0%**

mortgage loans with characteristics broadly similar to the debenture book. Angas Securities manages the loans but does not invest in them. No debenture funds are used. Instead, individual investors contribute funds to the individual loans (hence the description "Contributory Mortgage Scheme"). Angas expects that these contributory investors will do very well. Debenture investors like the traditional Angas Securities model where funds are pooled across a range of investments. This diversity provides a level of protection that debenture investors are comfortable with. There are other investors who prefer to be more "hands on". Angas CMS provides them with discrete proposals and these investors select which loans they wish to invest in. A group of investors contribute funds to the mortgage that they chose which is then managed by Angas CMS generating a new revenue line for Angas Securities. Some investors may wish to invest in both products and several have already done so.

In addition to driving further prosperity for Angas Securities (which is good for all investors) there are other benefits from Angas CMS. The most significant is by adding new lending features which increases flexibility and the range of loan products. Individual investors in Angas CMS may agree to loan terms or characteristics that Angas Securities would not otherwise underwrite. They do so on a fully informed basis but it is their choice and their risk. There are no debenture funds at risk. Steve Aspinall has had many years successfully operating a contributory mortgage scheme at Assist Finance prior to joining Angas Securities at the beginning of 2011. Angas CMS is a specific type of Managed Investment Scheme. It has its own Compliance Plan which Steve has developed in conjunction with Edwina Starck, Compliance Officer. The Compliance Plan was subject to extensive review by external lawyers before being approved by the Angas Securities board. The Corporations Act requires Angas CMS to have its own Compliance Committee which must have a majority of independent members. Director Kimley Lyons chairs the Angas CMS Compliance Committee. Nick Corbett a Chartered Accountant in private practice is one independent member. The other independent member is Scott Ross who is in charge of risk management at Bendigo and Adelaide Bank. Together, with assistance from Steve and Edwina, they comprise a talented team with suitable experience and qualifications to conduct their important function.

Angas Securities consciously promotes a strong compliance culture throughout the company. In July 2011, Accompli was engaged to conduct an independent compliance review. The results were satisfactory and the Compliance Officer has been provided with a short list of matters that Accompli has recommended that Angas

Securities should consider. A full report of this independent review of compliance will be provided in the next edition of Investor News.

Finally, investors are advised of a new opportunity. Angas Financial Services ("AFS") is the division which places housing loans with banks and financial institutions. Many of the staff of Angas Securities itself and their immediate families as well as seven hundred and fifty external borrowers have sourced their housing loans through AFS. Once again, no debenture funds are used in the loan portfolio of \$120 million originated by AFS. Details of a special offer appears below for readers who introduce a home loan transaction to AFS such as from a family member or a friend.

**CONTACT ANGAS SECURITIES ON  
1800 010 800 FOR MORE DETAILS ABOUT  
INVESTING IN FIXED INTEREST DEBENTURE  
OR IF YOU WOULD LIKE TO RECEIVE A  
PRODUCT DISCLOSURE STATEMENT FOR  
AN INVESTMENT IN ANGAS CMS OR IF  
YOU WOULD LIKE INFORMATION ABOUT**



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FINANCIAL SERVICES**

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and Experience...  
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have more than 20 years experience  
in financing home and investment  
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the opportunity to  
assist you, your  
friends or family.*

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# FIXED INTEREST DEBENTURE STOCK

YOU COULD BE EARNING

# 9.0%

P.A. FIXED FOR 3 YEARS

**INVESTOR SERVICE LINE 1800 010 800**

Interest paid Monthly or Reinvested

Listed on the National Stock Exchange of Australia

Investments only by the application form contained in our Prospectus.

This is not a bank deposit.

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Financial Statements for Full Year FY11 are posted at

[www.angassecurities.com](http://www.angassecurities.com)