

To improve the disclosure of information about mortgage operators in Australia, ASIC requires operators to provide information about specific operating benchmarks. Information about these benchmarks is outlined below. This information is updated as required on La Trobe Financial's website at [latrobefinancial.com.au](http://latrobefinancial.com.au).

ASIC has also issued an independent guide for investors about unlisted mortgage funds called 'Investing in mortgage funds?', which can be obtained from ASIC's website [fido.gov.au](http://fido.gov.au).

La Trobe Financial complies with the National Regulatory benchmarks and intends to comply with them in the future. Our compliance with these benchmarks will be updated at our website in the Fund Portfolio and Metrics Update document.

## Benchmark 1 – Liquidity

### Description

This benchmark addresses the Fund's ability to satisfy withdrawal requests and other short-term operational commitments.

The liquidity of a mortgage fund is key to its ability to meet its representations about the ability of investors to withdraw from the Fund and its other ongoing commitments.

### La Trobe Financial's response

We comply with this benchmark. In relation to the Cash & Mortgages Option and the Pooled Mortgages Option of the Fund, we maintain cash flow estimates for the next three (3) months, and ensure that at all times these Options have cash or cash equivalents sufficient to meet the projected cash needs over the next three (3) months. In relation to the Direct Mortgages Option and the High Yield Mortgages Option, liquidity is dependent on the borrower repaying the loan on the due date, and investors are only entitled to withdraw from the Fund once the loan has been repaid by the borrower.

We have a policy of ensuring that sufficient assets are held in readily realisable investments in order to meet expected future withdrawal requests.

We monitor historical rolling 12 months' inflows and outflows and regularly revise our cash flow estimates based on this historical data as material assumptions underlying our cash flow which we periodically stress test against relevant scenarios.

## Benchmark 2 – Fund borrowings

### Description

This benchmark addresses the Fund's policy on borrowing. Some mortgage funds borrow against the assets of their fund to pay for distributions, redemption requests or scheme operations generally.

### La Trobe Financial's response

We comply with this benchmark. As at the date of the PDS, the Fund does not have any borrowings.

## Benchmark 3 – Portfolio diversification

### Description

This benchmark addresses the Fund's lending practices and portfolio risk. The criteria the responsible entity of a mortgage fund uses to decide what loans to make are variable and prone to risk especially where:

- loan-to-valuation ratios are often higher than for traditional lending; and
- the loans made may be highly concentrated to particular types of commercial activities, locations or borrowers.

ASIC has prescribed the information that we are required to disclose about the Fund's investment portfolios.

### La Trobe Financial's response

We comply with this benchmark, which applies only to the Cash & Mortgages Option and the Pooled Mortgages Option of the Fund.

## Benchmark 4 – Related party transactions

### Description

This benchmark addresses the risks associated with related party lending, investments and transactions. Some funds lend or invest fund monies and/or transact with associated companies or businesses.

### La Trobe Financial's response

We comply with this benchmark. Our Fund does not make any loans to La Trobe Financial or to any associated companies or businesses.

The Fund does not invest fund assets in La Trobe Financial or any associated companies or businesses.

The Fund, through La Trobe Financial as the Responsible Entity, has retained an associated company, La Trobe Financial Services Pty Limited as the Investment Manager and as Sub-custodian for the Fund on arm's length, commercial terms. La Trobe Financial pays the Investment Manager and as the Sub-custodian out of the fees that it receives from the Fund as its Responsible Entity. The Board of La Trobe Financial has a policy on related party transactions, including arrangements to manage conflicts of interest, and it monitors these at its Board meetings.

La Trobe Financial, as the Responsible Entity of the Fund, invests in the Fund from time to time on terms equal to other Investors.

## Benchmark 5 – Valuation policy

### Description

This benchmark addresses the Fund's policy in relation to obtaining valuations on the properties over which mortgages are registered. The valuations relied on are carried out on a variety of bases, with differing assumptions and instructions.

### La Trobe Financial's response

We comply with this benchmark. All properties that are used as security for loans made from the Fund are valued on an 'as is' basis and for construction and development property, also on an 'as if complete' basis.

We have a clear policy on how often we obtain valuations and we have a panel of valuers, none of whom conducts more than 1/3 of the valuation work for the Fund.

All valuers must be appropriately registered and they include in their valuation reports a warranty that their reports comply with all relevant industry standards and codes.

## Benchmark 6 – Lending principles: loan-to-valuation policies

### Description

This benchmark addresses the Fund's property-related lending practices.

### La Trobe Financial's response

We comply with this benchmark. We maintain the following maximum loan-to-valuation ratios for loans made by the Fund:

- where the loan relates to property development – 70% maximum on the basis of the latest 'as if complete' valuation; and
- in all other cases – 80% maximum on the basis of the latest market valuation.

A loan made in the High Yield Mortgages Option may exceed these ratios, but this is disclosed in the Supplementary Product Disclosure Statement relating to that loan signed by the investor.

Where the loan relates to property development, we always ensure that the Fund only provides funds to the developer in stages, that is, on a 'cost to complete' basis, based on external evidence of the progress of the development.

## Benchmark 7 – Distribution practices

### Description

This benchmark addresses the transparency of the Fund's distribution practices. Some funds pay distributions out of sources other than income.

### La Trobe Financial's response

We comply with this benchmark. In general, we only make distributions from income made from the Fund's investments, and this has been our practice since the commencement of the Fund. We do not expect to change our practice in this regard.

The Pooled Mortgages Option also enjoys the benefit of an Interest Income Reserve that may be used to manage income risks.

In certain instances relating to the Direct and High Yield Mortgage Options, La Trobe Financial and/or the Investment Manager may temporarily fund distributions on the basis of reimbursement (at no cost) from future distributions (if any).

## Benchmark 8 – Withdrawal arrangements

### Description

This benchmark addresses the transparency of a mortgage fund's approach to withdrawals of investments. Some mortgage funds promote short withdrawal periods to attract investors, although the maximum period allowed in the fund's constitution is much longer.

### La Trobe Financial's response

We comply with this benchmark. We have set out in the Fund's Constitution and the PDS how Investors can access their money.

The maximum time allowed for withdrawals from the Cash & Mortgages Option and the Pooled Mortgages Option is 12 months. However, we aim to process your withdrawal request from the Cash & Mortgages Option within 2 business days of receipt of your signed written withdrawal notice, and from the Pooled Mortgages Option subject to Maturity Date of investment within 21 days of the end of the month in which your investment matures. In relation to the Pooled Mortgages Option, your funds are automatically rolled over for a new term of 12 months unless you give us the required notice to withdraw.