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# INVESTOR NEWS

OCTOBER 2011

## 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.

**IMPORTANT NOTICE**

This newsletter does not contain investment advice. You should carefully consider the content of our Prospectus and seek advice from your own qualified financial adviser. This newsletter contains general information only and does not take into account your individual objectives, financial situation or needs.



VISIT ANGAS SECURITIES ON THE WEB  
Financial Statements for Full Year FY11 are posted at  
[www.angassecurities.com](http://www.angassecurities.com)

## HAS THE AUSTRALIAN LOVE AFFAIR WITH THE SHARE MARKET FINALLY FADED?

HOW OFTEN HAVE YOU READ ARTICLES IN THE FINANCIAL PRESS RECENTLY. BEWAILING THE END OF THE "LOVE AFFAIR" BETWEEN AUSTRALIANS AND THE SHARE MARKET?

This year certainly has not been kind to the share investors with falls across major share indices. Who can guess whether this presents buying opportunities for canny investors? The experts have canvassed the various factors that have driven growth in share prices over many years leading up to the period of volatility that commenced with the Global Financial Crisis in the period of 2007 to 2008. Will the share market rise or fall? Will volatility continue to be the order of the day? What about the price of the Australian dollar? What factors will emerge to once again drive and maintain share prices in a steady pattern? When will the good times return?

It is not difficult to pose these questions. Investors and pundits seem to be wrestling with them everyday in the press. Coming up with answers to these questions is more difficult. Angas Securities welcomes the return of a buoyant equities market. Wealth generation and prosperity is good for everyone. In fact, Angas Securities is in the prosperity business. Our debenture investors recognise this by choosing to place their funds with our fixed interest securities. Angas Securities has always promoted fixed interest debentures as an integral part of a balanced investment portfolio. One dollar invested in debentures today will still be worth one dollar in a year's time. What will one dollar invested in the share market be worth in a year's time?

Past performance is no guarantee of future performance it must be stated. But a real life example is worth considering all the same. Angas Securities recently finalised an account involving \$300,000.00 that had been invested on 5th January 2001 and was repaid in full in July 2011. Interest was paid quarterly in the early days and thereafter monthly. The investment was rolled each year on maturity. Angas Securities paid interest of \$255,827.81 in respect of this investment. That is the business that Angas Securities specialises in – fixed interest. Last financial year Angas Securities paid a total of \$15,964,495.59 to investors. There is a graph on page 2 showing the payments made on a month by month basis. Angas Securities has never missed or delayed a payment of principal or interest to any investor. Every dollar due has been paid in full and on time. Contact Angas Securities Investor Relations staff for details of our fixed interest debentures.



**FINANCIAL STATEMENTS FY11 NOW AVAILABLE ON THE ANGAS SECURITIES WEBSITE**

PICTURED:  
ANTHONY APOSTOLAKOS, COMMERCIAL LENDING MANAGER  
ESTHER YONG, ASSISTANT LENDING MANAGER  
CHRIS VENUS, SENIOR LENDING MANAGER

Earn **9.0%** p.a. fixed for 3 years

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

# ASIC REPORT CRITICISES DUAL PRICING

## HAVE YOU WONDERED WHY BANKS ADVERTISE THEIR "HEAD LINE" RATES FOR ODD TERMS SUCH AS FOUR MONTHS OR FIVE MONTHS?

The Australian Securities and Investments Commission (ASIC) has identified a practice which it calls "dual pricing". This is where there is a large difference between the initial investment rate and the new rate if a deposit is simply rolled over for the same term. The deposit taking institution (such as a bank) promotes one or two highly attractive term deposit rates which default to less competitive rates upon expiry of the original term. Alert investors can track better terms and rates offered by the same institution. Dual pricing can have an impact on those investors who may be away on holiday when the term matures or are too slow to select their new terms and rates on roll-over.

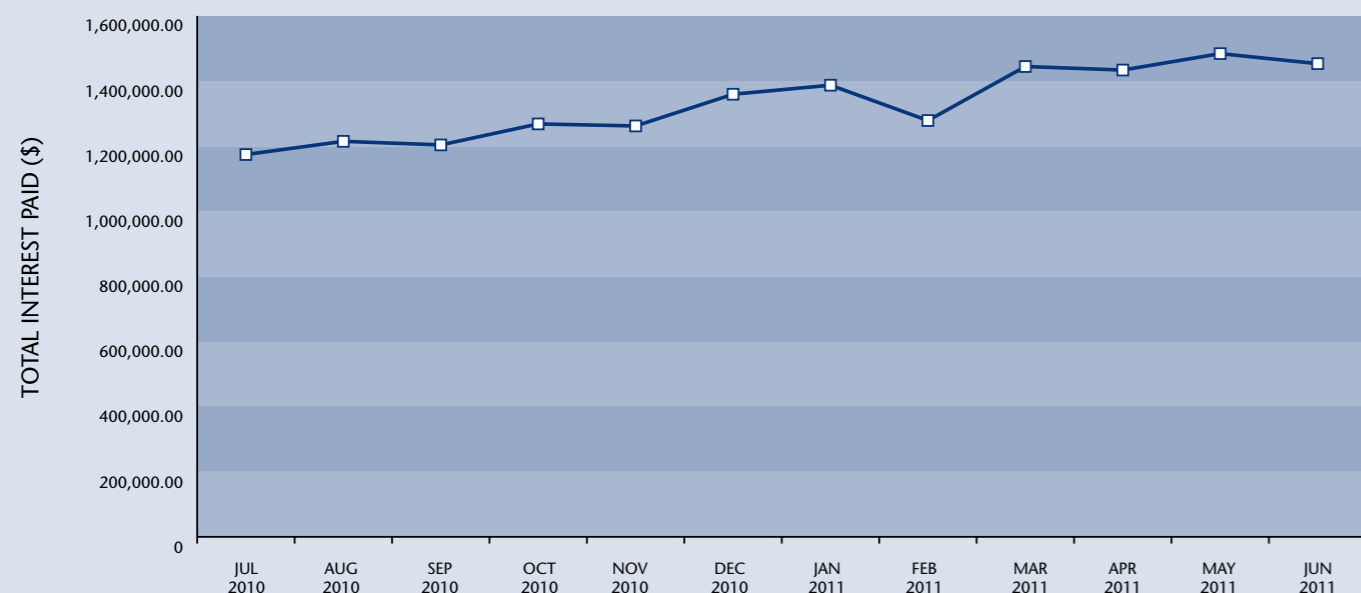
Are the dual pricing differences significant? ASIC reviewed eight institutions last year. It found that seven of the eight institutions it surveyed had dual pricing. Typically, between two and four of the terms being offered had high rates and the rest of the terms were offered with low rates. The low rates were 42 per cent lower with banks and 18 per cent lower for mutuals such as credit unions. On average, the low rates were also 37 per cent lower than at-call interest rates for banks and 8 per cent lower for mutuals. For the seven institutions with dual pricing, ASIC found almost all the new term deposits opened were at high interest rates. But almost half the money rolled over at the end of the term went by default into low interest rate deposits – although that percentage varied widely between institutions.

The ASIC report shows the importance of shopping around when a term deposit matures, rather than electing an automatic roll over.

ASIC found that the institutions surveyed typically structure their term deposits so that, unless otherwise instructed by the investor, a maturing term deposit rolls over into a new term deposit for the same term at the prevailing interest rate. Most institutions will contact you when your deposit matures (or is coming up to maturity) but ASIC found only one of the eight institutions mentioned the new interest rate that would be paid in its pre-maturity letter while another phoned investors before maturity to discuss the interest rates available. Others included a current interest rate schedule with their letter. Most institutions also offer a "grace period" where you can opt out of the new term.

Angas Securities has been aware of the dual pricing phenomenon for some time. It has not been uncommon for our Investor Relations staff to field calls from aggrieved clients of other institutions who have found themselves rolled over into fixed term products that pay an interest rate that may even be below the at-call rate offered by the same institution. Angas Securities does not engage in dual pricing. We always notify investors well ahead of their impending maturity date and set out what the roll-over rate will be. For twelve month investments that are rolled over, this includes a premium of 0.25% to the prevailing twelve month rate.

## DEBENTURE INTEREST PAID FY11 \$15, 954,495.59



## ASIC ISSUES CREDIT LICENSING SCORECARD

WHEN ASIC COMPLETED THE FIRST STAGE OF LICENSING UNDER THE NATIONAL CONSUMER CREDIT PROTECTION REGIME, IT RECEIVED 14,000 REGISTRATIONS FROM LENDERS, BROKERS AND OTHER CREDIT PROVIDERS.

ASIC has reported that at completion of the licensing process, on June 30 2011, it had issued 6081 licences. Angas Securities received our Credit Licence under a streamlined process due to our status as the holder of licences under preceding regimes.

As industry participants have become aware of their obligations under the national customer credit law, the majority have opted for credit representative status, operating under the supervision of a licensee. ASIC said there were more than 24,000 credit representatives in the system. Some in the industry have seen this as evidence that many brokers and other industry participants are not prepared to take on the responsibility of training, compliance and

membership of dispute resolution services and all the other responsibilities required under the new system. But, it seems that ASIC is taking a positive view. ASIC's senior executive leader, deposit takers, credit and insurers, Greg Kirk, said the regulator was satisfied that the licensing process was leading to better systems, training and compliance in the industry, and better outcomes for customers. Kirk said: "There has been a significant filtering process".

ASIC reported that it formally refused a small number of licence applications and imposed additional compliance conditions on several others. It declined 400 applications that were incomplete or inadequate and 637 applicants withdrew their applications before finalisation. Since July 1, 2010, ASIC has received 2500 complaints in relation to credit matters. Kirk said this was consistent with the level of complaints received by state regulators under the old regime. It has commenced 105 investigations, permanently banned three individuals from engaging in credit activities, cancelled or suspended five credit registrations and issued one infringement notice.

DEBENTURE RATE

8.0%

p.a. fixed for 1 year

THE FIXED INTEREST SPECIALIST  
INVESTOR SERVICE LINE 1800 010 800

