

GPS Pooled Mortgages

Supplementary Product Disclosure Statement

Date: 1st January 2009

This is a Supplementary Product Disclosure Statement (“SPDS”) that supplements the Product Disclosure Statement (“PDS”) for the **La Trobe Australian Mortgage Fund** ARSN: 088 178 321 (“the Fund”) dated 11th December 2009.

This SPDS is to be read together with the PDS.

Responsible Entity: **La Trobe Capital & Mortgage Corporation Limited**

ABN: 27 007 332 363 AFSL No. 222213

Level 25, 333 Collins Street Melbourne VIC 3000

Security: Registered first mortgages over real property, personal guarantees and company charges (where relevant), and adequate property insurance

Interest Rate: **8.00%** p.a.* variable, paid monthly to your bank account

8.30% p.a.* effective compound interest rate if 8.00% p.a. is re-invested monthly for 12 months

Effective from 1st January 2009

GPS Pooled Mortgages is an investment option that forms part of the Fund. This option offers you a variable rate of return from a pool of first mortgages introduced to the Fund exclusively by GPS Managed Investments Pty Ltd ACN: 081 849 274 (“GPS”) and managed by La Trobe Capital & Mortgage Corporation Limited (“La Trobe”). The first mortgages that will form part of GPS Pooled Mortgages will meet the Mortgage Selection Guidelines set out in this SPDS. All properties over which mortgages are registered will be located in Queensland and NSW. Investors’ monies are ‘pooled’ and invested collectively in the selected mortgages, meaning that no individual Investor has a specific entitlement to any individual mortgage. This is the way most mortgage trusts operate.

Loans which form part of GPS Pooled Mortgages will generally have a 75% loan to valuation ratio (LVR) of the ‘As Is’ or ‘As if Complete’ value of the security property as certified by a valuer independent of La Trobe, but may on occasions, go to 80%. ‘As Is’ value is the value of the property as it currently exists as at the date of valuation. ‘As if Complete’ value is the anticipated value of the improved property, upon completion. Please refer to the Financing Structure section in the Mortgage Selection Guidelines contained later in this SPDS. All loans will be secured by a first mortgage registered on the title. The interest of an Investor in GPS Pooled Mortgages is as a tenant in common, in the same proportion as the amount the Investor has invested bears to the total amount invested by all Investors in GPS Pooled Mortgages.

If you choose GPS Pooled Mortgages, you do not need to make an assessment of the individual mortgages that form part of the GPS pool. La Trobe and GPS assess all loans which are to be secured by the mortgages and the mortgages must meet the Fund’s lending criteria for GPS Pooled Mortgages. See Mortgage Selection Guidelines contained in this SPDS.

Past performance is no guide to future performance, and neither La Trobe nor GPS guarantees either the performance of GPS Pooled Mortgages or the capital invested.

Pooled Option Tip: Choosing GPS Pooled Mortgages means you enjoy a substantially broader diversification of investment in mortgages and income risks when compared to individual Select Mortgages in the Fund.

GPS Pooled Mortgages Asset Allocation: It is intended that GPS Pooled Mortgages will be invested 100% in first mortgages, with the exception of a cash reserve held to meet cash requirements. First mortgages will be predominately related to multi-unit residential construction or redevelopment loans but can include completed or construction or redevelopment of commercial, retail, residential, industrial, hospitality and retirement property markets. There will be no rural properties held as security. Cash not invested in mortgages will be invested in the Cash & Mortgages Option of the Fund.

We aim to achieve the benchmark objectives over the long term, but this may vary on a day-to-day basis, depending on market conditions.

Interest Distributions: Returns from GPS Pooled Mortgages are variable monthly and are calculated daily. Interest distributions are paid monthly within fourteen (14) days after the end of each month by direct credit to the financial institution account nominated in your Fund Registration Form. Your initial investment in each new account in GPS Pooled Mortgages will be held in your Cash & Mortgages Option account earning you the prevailing interest rates for that Option until invested in GPS Pooled Mortgages. Your first GPS Pooled Mortgages and/or Cash & Mortgages interest distribution will be made within fourteen (14) days after the end of the month in which you initially invest.

The interest rate payable on GPS Pooled Mortgages is set at the end of each month and will be paid from interest generated by the GPS Pooled Mortgage assets. You can check with GPS on 1800 999 109 regarding the current interest rate.

If you direct us in writing, you may elect to reinvest any interest payable to you in GPS Pooled Mortgages. Please refer to the Application Form attached to this SPDS on how to reinvest your interest or have it paid to you monthly.

Access to Your Money: The minimum initial period for investment in GPS Pooled Mortgages is twelve (12) months ('the minimum initial period'). We will not be obliged to repay any part of those investments to you as an Investor until after the minimum initial period has expired on each investment made. At the expiration of the minimum initial period, the terms of your nominated investment will create the following cycle. Your complete investment is automatically rolled over into a further minimum period of twelve (12) months, unless you give at least twenty eight (28) days prior written notice to withdraw your investment at the end of the current period. If you want to withdraw funds at the expiry of the minimum period, you should complete and forward a written redemption request to GPS at any time at least twenty eight (28) days prior to the expiry date (this process needs to be repeated for multiple maturity dates if relevant). Your investment expiry date will be notified to you on receipt of each investment. To assist Investors, you may also request an Investment Maturity Certificate at any time detailing each investment made by you and the related initial investment period; a fee of \$15.00 will apply on each issuing occasion. If you don't notify GPS of your intention to withdraw from GPS Pooled Mortgages as required above i.e. at any time at least twenty eight (28) days prior to maturity, in writing, on that part of your total investments in GPS Pooled Mortgages, then that part of your investment will continue in GPS Pooled Mortgages for a further minimum investment period of twelve (12) months.

Maturity Redemption: Upon proper receipt by GPS of your written redemption request prior to the expiry date, La Trobe will, subject to the availability of cash in GPS Pooled Mortgages, repay the redemption amount within twenty one (21) days of the end of the month in which the redemption is due and interest will be calculated up until payment. The redemption amount will, if relevant, include any adjustment determined in accordance with the GPS Pooled Mortgages Capital Provisioning Policy as explained below.

Early Redemption: Whilst withdrawal during the minimum period is generally not permitted, La Trobe may also consider a written withdrawal request at its discretion. This will always require La Trobe to consider the interests and needs of other Investors. If a withdrawal within the minimum period is authorised, an authorised withdrawal in such an instance will be subject to an Early Withdrawal Fee. See page 16 of the PDS.

La Trobe may treat a withdrawal request that would leave a net investment of less than \$5,000 in an account as a request for a complete withdrawal.

Cash Management: La Trobe and GPS aim to maintain an appropriate cash level within GPS Pooled Mortgages. This policy balances the needs to meet reasonably foreseeable redemption requests, with the required investment of funds in fixed term mortgages in order to generate the income return levels sought by Investors on their total invested funds. Maintenance of the appropriate cash level is subject to inevitable short term fluctuations relating to investment and redemption activities. If at a month end, GPS has received redemption requests for amounts which exceed the available liquid capital funds such that an insufficient amount of cash is available to satisfy all requests received, then the requests will be satisfied proportionately in accordance with the following formula:

$$\begin{array}{r} \text{Amount of} \\ \text{money available} \end{array} \quad \times \quad \frac{\text{Amount an Investor has requested to withdraw}}{\text{Total of all amounts Investors have requested to withdraw}}$$

Wherever less than full redemptions are able to be forwarded, Investors will be notified of this. La Trobe has historically not paid less than full redemptions. Investors receiving proportionate redemptions according to the above formula will have the outstanding redemption balances redeemed in the month(s) thereafter, subject to cash constraints and again subject to the above formula if relevant. Redemption requests from any one (1) month will be met completely prior to satisfaction of requests received in subsequent months, gaining priority as a class according to the time of La Trobe receiving the Redemption Request.

Capital Provisioning Policy: The management of GPS Pooled Mortgages includes operating a provisioning policy relating to potential and actual losses of Investor capital in specific, individually identified GPS Pooled Mortgage investments. The primary aim of this policy is to effect an appropriately equitable distribution of any such capital losses amongst all relevant Investors in GPS Pooled Mortgages. As a result, redemptions of Investor funds will be adjusted, if applicable, to reflect an appropriate allocation of any provision balances (in proportion to the total capital in GPS Pooled Mortgages) existing at the time of redemption.

Commencement of Earnings: We will acknowledge receipt of your investment within five (5) business days of receipt. You will start earning interest immediately upon receipt (subject to satisfactory clearance). Your initial investment in each new account in GPS Pooled Mortgages will be held in your Cash & Mortgages Option account in the Fund earning you the prevailing interest rate for that Option until invested in GPS Pooled Mortgages.

Your first GPS Pooled Mortgages and/or Cash & Mortgages interest distribution will be made within fourteen (14) days after the end of the month in which you initially invest.

Interest Calculation: The interest rate for GPS Pooled Mortgages is variable monthly, calculated daily, and paid monthly in arrears within fourteen (14) days after the end of each month by direct credit. The interest rate is set at the end of each month and will be paid from interest generated by GPS Pooled Mortgages.

Interest Payments: You have the option to have interest paid directly to your nominated financial institution account or reinvested into the same GPS Pooled Mortgages account. There is no minimum investment amount or term applying in this case on reinvested interest.

Investment Term: Minimum initial period 12 months.

Minimum Initial Investment & Account Balance: \$5,000.

Minimum Additional Investment: \$1,000.

Maximum Investment: There is no maximum investment, although La Trobe and GPS reserve the right to decline an investment in our absolute discretion if we consider it appropriate to protect the interests of all Investors.

Capital Refunds: La Trobe reserves the right to return Investors' capital to them in part or full (including interest) at any time in its absolute discretion if it considers it appropriate to protect the interests of all Investors.

Entry Fee: Nil.

Exit Fee: Nil if investment held to maturity.

Withdrawals: Permitted after 12 months by giving at least twenty eight (28) days' prior written notice at the end of the current period.

Monthly Statement: Issued free of charge.

Annual Income Statement: Issued free of charge.

Portfolio Report: A Portfolio Report will be sent to all Investors twice a year which will provide a brief description of loans contained in the pool of mortgages at the time.

Interest Income Reserve: GPS Pooled Mortgages will also benefit from an Interest Income Reserve maintained by La Trobe within its own retained earnings. This reserve is available to be used, at La Trobe's discretion, in order to offset credit risk, as well as manage income risk. La Trobe aims to set aside and maintain from management income 0.30% of the investment balances of GPS Pooled Mortgages through the Reserve.

Commissions paid to third parties

The fees and other costs associated with the La Trobe Australian Mortgage Fund are set out in section 6 of the Fund's Product Disclosure Statement. In addition, the following commissions are paid to third parties in relation to GPS Pooled Mortgages:

Application Fee: An application fee, usually within the range of 1% – 2% of the loan amount, is paid by the borrower to La Trobe when the loan is approved as part of GPS Pooled Mortgages and is shared as follows:

Party	Share of the application fee
The referrer of the loan	0.10% - 0.25%
GPS Managed Investments Pty Ltd	0.70% - 1.75%
La Trobe Financial Services	0.25% - 0.75%

Loan Management Fee: An investment management fee, which is basically the difference between the interest amount paid by the borrower to the Fund and the investment return paid to investors as distributions from the Fund and which is usually in the range of 1% - 2% p.a. of the loan amount, is shared as follows:

Party	Share of the loan management fee
The referrer of the loan	0.00% - 0.50%
GPS Managed Investments Pty Ltd	0.50% - 1.50%
La Trobe Financial Services	0.50% - 1.00%

The application fee and the loan management fee described above are not additional amounts that you as an investor have to pay. They are paid out of monies received from the borrower.

Mortgage Selection Guidelines:

These Mortgage Selection Guidelines are to be read in conjunction with the Guidelines set out in the PDS.

The mortgages that comprise GPS Pooled Mortgages will meet the following guidelines:

1. **LVR:** Max 80% on ‘As If Complete’ and/or ‘As Is’ basis
2. **Term:** Up to 5 years
3. **Loan type:** Interest only, commercially-related and not regulated by the Uniform Consumer Credit Code
4. **Location of Real Estate Securities:** Queensland and New South Wales
5. **Security:** Registered first ranking mortgage, personal guarantees and company charges (where relevant), and adequate property insurance
6. **Maximum loan:** \$20 million AUD
7. **Maximum single borrower exposure:** \$20 million AUD
8. **Interest component:** The objective is to have interest pre-paid on the majority of GPS Pooled Mortgages
9. **Valuations:** All securities will be valued by an independent, licensed panel valuer appointed by and addressed to La Trobe. The valuation is to be no more than 3 months old at the first loan advance
10. **Compliance Procedures:** As are currently approved and used by La Trobe & GPS
11. **Financing Structure:** In the case of development loans, an external quantity surveyor, engineer, project manager or valuer appointed by La Trobe will be engaged to certify as to:
 - the amount of all draw downs by a borrower and all payments which are to be made to contractors; and
 - the costs to complete the project.
12. Sufficient funds will always be retained in order to complete each project based on an agreed budget.
13. 100% of net settlement proceeds will be used to repay each loan. No funds (except for statutory obligations and professional fees) will be available to other parties, including the borrower, until such time as each loan is repaid in full.

Construction Management: As is typical with all construction loans, management practices are implemented at the commencement of each construction loan and closely monitored throughout the loan term. This process includes:

1. verifying project documentation such as building contracts and construction plans
2. verifying the project budget including construction costs and associated expenses such as professional fees and statutory costs
3. verifying and monitoring the construction progress

Mortgage Terms and Conditions:

1. the mortgage will be registered in the name of La Trobe Capital & Mortgage Corporation Limited
2. the mortgage will be on La Trobe’s standard terms and conditions and the mortgage will not be subject to any prior security
3. the borrower is obliged to pay all interest payments under the mortgage and to repay the principal at the end of the term. The borrower must also keep the security property properly insured (provided the security property is not vacant land) and to pay all rates, taxes and other expenses relating to the security property

4. should the borrower not make the payments as they fall due, or there is some other default by the borrower under the mortgage, La Trobe may on behalf of the Investors in GPS Pooled Mortgages:
 - take possession of the security property;
 - receive the rents and other income of the security property;
 - sell the security property as mortgagee exercising power of sale and recover all moneys owing under the mortgage and all expenses incurred in selling the security property;
 - sue the mortgagor and the borrower (if they are different) for all money owing under the mortgage;
 - sue the guarantors (if any) for all money owing under the mortgage
 - pay any rates, taxes or other expenses owing in relation to the security property; and
 - keep the security property insured and maintained

Additional Conditions:

1. I/we acknowledge that the loan to valuation ratio of some loans in GPS Pooled Mortgages can be up to 80.0% of an 'As if Complete' or 'As Is' basis and that I/we have not relied upon any advice, representation, recommendation, endorsement or opinion by or on behalf of La Trobe or GPS whatsoever.
2. I/we acknowledge that some loans in GPS Pooled Mortgages can be for the completion of construction projects which will require subsequent advances as work proceeds. I/we further acknowledge that these subsequent advances have not been consented to by, nor the monies obtained from Investors at this time, and therefore there is the additional risk of project non-completion should the subsequent advances not be obtained. The additional risk may mean that in the event of default by the borrower, the re-sale value of the security property may be diminished.

PLEASE NOTE * The rates of return of GPS Pooled Mortgages are determined by future profits. Past performance is no guide to future performance. This is an indicative interest rate only and is subject to change at any time. Neither La Trobe nor GPS guarantees the performance of the investments of GPS Pooled Mortgages or the repayment of capital invested. GPS Pooled Mortgages is subject to investment and other risks. This could involve delays in repayment, loss of interest and capital, and means investment returns may fluctuate. Please refer to Section 8, 'Investment Risks' contained on page 21 of the PDS for more information in this regard.

How to Invest:

1. If you have not already done so, become a Member of the **La Trobe Australian Mortgage Fund** by filling in and signing the Fund Registration Form attached to the PDS
2. Fill in and sign the Application Form attached to this SPDS
3. All forms and cheques must be sent to **GPS Managed Investments** GPO Box 2252 Brisbane QLD 4001
4. New or established accounts - cheques must be made payable to **La Trobe Capital & Mortgage Corporation Limited**
5. Established accounts - funds can sent by Bpay to La Trobe **following notification to GPS** by post, phone, fax or email. **You must notify GPS when you Bpay funds**

APPLICATION FORM – New Investor

La Trobe Capital & Mortgage Corporation Limited ABN: 27 007 332 363 AFS Licence No. 222213

An amount of (New account minimum \$5,000)

for investment in the **GPS Pooled Mortgages** in the **La Trobe Australian Mortgage Fund** ARSN: 088 178 321

1. INVESTOR DETAILS

MR/MRS/MS/MESSRS/OTHER:

CONTACT PERSON	WORK PHONE	HOME PHONE
<input type="text"/>	<input type="text"/>	<input type="text"/>

2. ACCOUNT AND METHOD OF PAYMENT

NEW ACCOUNT ** (Min \$5,000) **BPAY (Notify GPS)**
 CHEQUE

** A completed La Trobe **PDS Fund Registration Form** must be enclosed to open a new account

3. PLEASE NOMINATE INTEREST PAYMENT OPTION

MONTHLY INTEREST TO BE PAID TO: **NOMINATED BANK ACCOUNT** **OR**
(as nominated in Fund Registration Form)
 REINVESTED IN THIS ACCOUNT
(Interest Authority required)

ACKNOWLEDGEMENTS

I/we acknowledge that I/we have received and read the Product Disclosure Statement dated 11th December 2009 and understand and accept its contents. I/We acknowledge that the communications that have taken place between me/us and La Trobe and GPS concerning my/our mortgage investment in GPS Pooled Mortgages contain factual information only. I/We acknowledge that La Trobe and GPS are not suggesting or implying a recommendation to hold a particular financial product and that La Trobe and GPS have recommended that I/we consider obtaining independent advice before making any financial decisions.

Execution (Companies should also affix their Common Seal):
Investor representatives must state capacity to execute and attach appropriate authority unless already provided.

.....
Signed

.....
Signed

.....
Print Name /...../.....

.....
Print Name /...../.....

.....
Capacity to Execute (if not investor)

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Capacity to Execute (if not investor)

IMPORTANT NOTES: La Trobe, its Authorised Representatives and GPS do not give financial product advice in relation to the Fund or GPS Pooled Mortgages. Before making an investment decision, you need to consider with or without the assistance of a financial adviser, whether your investment in the Fund and GPS Pooled Mortgages are appropriate in light of your particular investment needs, objectives and financial circumstances. La Trobe and GPS do not have a material interest in GPS Pooled Mortgages although they may earn commissions or brokerage on the mortgage investment.

We believe the factual information herein is accurate and reliable, but no warranty of accuracy or reliability is given. Neither La Trobe nor GPS guarantees the performance of GPS Pooled Mortgages or the repayment of capital invested. Mortgage investments are subject to investment and other risks. This could involve delays in repayment, or loss of income or principal. Please read the Product Disclosure Statement for a full description of the investment risks.

All cheques must be made payable to: *La Trobe Capital & Mortgage Corporation Ltd*

TO BPAY FOR NEW ACCOUNTS PLEASE CALL GPS ON 1800 999 109 FOR ASSISTANCE

TO BPAY FUNDS TO YOUR CASH & MORTGAGES OPTION FOR TRANSFER TO AN EXISTING GPS POOLED MORTGAGES ACCOUNT, PLEASE REFER TO YOUR LA TROBE STATEMENT. BPAY DETAILS ARE LOCATED IN THE BOX AT THE UPPER RIGHT HAND SIDE UNDER YOUR INVESTOR ACCOUNT NUMBER. **YOU MUST NOTIFY GPS WHEN YOU BPAY FUNDS**

