

# **Investment Strategy**

## **Tyler Narborough Super Fund**

**Date of Ratification: 20 March 2019**

### **Background:**

The investment strategy, effective as at 20 March 2019, outlined below represents an expansion and clarification of the Investment Strategy agreed at the formation of Tyler Narborough Super Fund. This Investment Strategy replaces the Investment Strategy document dated 8 May 2015.

### **Objectives:**

The objective of the fund is to:

- Provide superannuation benefits to members and their dependants to meet their retirement needs.
- Ensure that appropriate mixes of investments are held by the fund to support these needs.
- Ensure the fund has sufficient liquidity at all times to meet all commitments.
- Maximise the tax effectiveness of fund investments thereby delivering the best result long term for members.

The investment objective of the trustees is to aim to achieve capital stability and medium term growth. In recognition of the approximate 10 to 20 year investment time frame of the members the fund will have the capital stable assets in the portfolio.

### **Investment Choice:**

The trustees have determined the fund's investment may include but not be limited to all or one of the following:

- Direct equities, stocks and derivatives and including the participation in dividend reinvestment program, right issues and the like.
- Property trusts and associated investments.

- Managed investments and associated products.
- Direct residential, industrial commercial property investment.
- Bank and other financial institution securities including Term Deposits, Debentures, Secured and Unsecured Notes and Bonds.
- Any other investment that the trustee may feel prudent to achieve the objective of the fund.

The trustees may from time to time decide to seek professional advice from Accountants, Solicitors or Financial Planners in the formulation of their investment strategy in the future.

In formulating this strategy the trustees have taken into consideration relevant features of the various investments in accordance with both the fund's objectives and appropriate legislation.

While drafting this investment strategy, the trustees have taken into account all of the circumstances of the fund, including:

- the risks involved in making each investment;
- the likely return from making each investment;
- the range and diversity of investments;
- any risks associated with limited diversification;
- the liquidity of the fund's investments;
- expected cash flow requirements; and
- the ability of the fund to meet its existing and prospective liabilities such as paying benefits to its members.

### **Policies:**

The policies adopted by the trustees in order to achieve these objectives are:

- Regular monitoring of the performance of the fund investment, to oversee the overall investment mix and the expected cash flow requirements of the fund.
- Balancing the fund's investment portfolio due to changes in market conditions, by further sale and purchase of investments.

A copy of the current investment strategy of the fund will be made available to the members of the fund.

### **Risk profile and risk tolerance:**

The fund has a relatively medium horizon. The members are prepared to endure a low level risk in expectation of achieving a combination of income and capital stable investments. The members have existing equity and property investments outside

superannuation and are familiar with the variability of both returns and capital values which are associated with such investments.

The members understand:

- the trade-off between investment risk and long term capital and income growth and have indicated that capital stability is a priority rather than growth.
- Investment risk is borne by the members, as fluctuation in investment returns will affect the level of the members' benefits.

### **Liquidity:**

The members of the Tyler Narborough Super Fund are aged 50 and 61 and have significant assets outside of superannuation. At the present time, one member has an account based pension and there is sufficient cash to meet the member's benefit payments. Cash in excess of anticipated liquidity needs, will be invested in accordance with the Fund's investment strategy.

### **Insurance:**

The trustees of the Tyler Narborough Super Fund have considered whether the Fund will hold a contract of insurance that provides insurance cover for its members.

After taking into account various factors including the age of the members, the member's personal circumstances and their financial positions, it is concluded that the members currently do not require any cover for insurance within the fund. This decision will be reviewed annually as part of the investment strategy.

### **Asset Allocation:**

The targeted asset allocation will recognise the need to have a diversified asset mix, however, given the medium term investment horizon of the members (of up to 25 years until life expectancy), the allocation will have a capital preservation asset bias and be focused on preserving capital/ensuring the capital stability.

The fund asset allocation is heavily weighted towards term deposit investments and Australian shares or stapled securities.

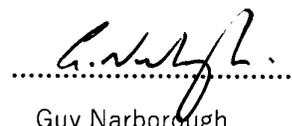
The final targeted asset allocation will be in the following ranges:

<u>Growth Assets</u>	<b>Range</b>
• Australian equities	0-100%
• International equities	0%
• Direct property	0%
• Other growth assets	0%

<u>Defensive assets</u>	
• Australian fixed interest	0-100%
• International fixed interest	0%
• Australian cash	0-100%
• Other defensive assets	0%
	100%

We, the Trustees and members of the Tyler Narborough Super Fund, acknowledge and agree with the documented investment strategy dated 20 March 2019.

Signatures of the Trustees:		Date
		
Debra Joy Tyler	Guy Narborough	13/6/2019