

# Investment Strategy

For

**FINLAYSON SUPER FUND**

*As at*

7 / 6 / 2011

## **Members and Trustees**

Trustee 1	-	Finlayson Super Pty Ltd
Director	-	Gerald Finlayson (Date of Birth: 16/05/1943; Age: 68)
Director	-	Sonia Finlayson (Date of Birth: 14/07/1944; Age: 66)

## **Fund Objectives**

The primary objective of the Fund is the provision of benefits for each member of the Fund on or after retirement. The Trustees have a responsibility to balance the needs of all members. Those needs will be dependent on time to retirement, value of funds invested, assets held outside the fund and personal liabilities.

The Fund will ensure all investments are made in accordance with the Trust Deed and relevant legislation.

The Fund will aim to secure member benefits through prudent investments, having regard to the whole of the circumstances of the Fund.

The Fund will consider the time frame of 20 years for investing in accordance with members' retirement. The fund will pursue an investment strategy appropriate to this time frame.

## **Investment objectives**

The trustees of the Finlayson Superannuation Fund have formulated the following investment objectives and strategy, in accordance with section 52(2)(f) of the Superannuation Industry (Supervision) Act 1993 (SISA) and SIS regulation 4.09 (SISR).

### **Short term (2 years or less)**

To ensure the fund preserves its capital base.

To ensure the fund has sufficient liquidity to meet operating expenses, taxation liabilities and cash benefit payments, as and when they fall due.

### **Medium term (2-5 years)**

To enhance the value of the members superannuation savings before retirement via additional contributions and effective asset allocation.

To maximise tax effective returns by the use of imputation credits from a range of Australian based equities.

To achieve long-term capital growth of at least 5% per annum compounded over rolling 5-year periods.

To achieve a rate of income of no less than 3% per annum from an aggressive portfolio.

### **Long term (>5 years)**

To ensure the fund provides positive returns in at least 5 out of every 7 rolling tax years.

To ensure the fund has accumulated sufficient assets to fund an account-based pension that will provide a combined family income of at least \$36,000 per annum (net) indexed annually to CPI.

The whole of the fund's circumstances have been considered in formulating these investment objectives such as membership profile (e.g., member's age, aversion to risk and investment expectations), benefit design, tax position, fund size, liquidity and likelihood of future contributions.

### Investment strategy

The investment strategy is the method chosen by the trustees in order to achieve these investment objectives.

The investment strategy of the fund comprises of the following asset allocations:

Portfolio	Range	Benchmark %
Cash/Fixed Interest	5 - 20	10
Property (direct or indirect)	5 - 20	5
Domestic Shares	40 - 95	85
International Shares	10 - 40	0

These ranges are purely indicative and the trustees may vary the allocations at any time if satisfied that the current market conditions or the fund's circumstances warrant such a change. If the trustees wish to invest outside these parameters, the investment strategy of the fund must be revised in writing and all decisions minuted.

Caution: It is noted that any breaches of the fund's investment strategy may result in the trustees being fined or sued for loss or damages. The fund could also lose its complying fund status.

In arriving at this investment strategy, the trustees considered:

- The risk and return of the investments;
- Diversification of investments;
- Liquidity and cash-flow requirements; and
- Ability of the fund to discharge its liabilities.

### Investment Policies

No investments in venture capital or private companies or other specialised assets with limited markets.

The Trustees may invest in any of the following:-

- Cash
- Australian Equities listed on the ASX
- Fixed Term Deposits
- Listed (ASX) Property Trusts
- Other Listed (ASX) Trusts
- Direct Property (Residential &/or Commercial)
- Listed (ASX) Managed Funds
- Fixed Interest Securities
- Derivatives including warrants, foreign exchange, options, hedge funds, commodities, CFD's etc
- Other investments as approved by the relevant legislation for Superannuation Funds and for Allocated pension Funds, not otherwise excluded in this strategy

### On-going review

The trustees of the Finlayson Superannuation Fund will continue to monitor the investment performance of the fund's assets, which will be measured by individual asset classes against suitable indicators, such as the ASX Ordinary Accumulation Index for shares (see list below).

The review of the performance is to be carried out at least annually. The review will consider in particular the rolling 3 and 5 year results.

If the performance of the investments has failed in meeting the investment objectives over a reporting period, then the investment strategy of the fund needs to be reviewed by the trustees of the Finlayson Superannuation Fund as soon as practical.

### Benchmarks

Fund Investments	Benchmark
Australian Shares	All Ordinaries Index, S&P/ASX200
Australian Fixed Interest	SBC All Maturities Index Commonwealth Bank All Maturities Bond Index
International Shares	FT World Index (Financial Times) MSCI (Morgan Stanley Capital Index)
US Shares	S&P 500 Index (Standard & Poor's)
Direct Property	Sedgwick Noble Lowndes Property Index
Listed Property Trusts	ASX Property Trust Index
Unlisted Property Trusts	BOMA Indices

**Minutes of the meeting of Finlayson Super Pty Ltd**

**as trustee for the Finlayson Superannuation Fund**

**held at Villa 1, 12-14 Cider Gum Drive, Blackmans Bay Tasmania on 7 / 6 / 2011**

**Present:**

Finlayson Super Pty Ltd (Chairperson)

**General Business:**

The investment strategy for the Finlayson Superannuation Fund dated 7 / 6 / 2011 was tabled and discussed.

The trustees indicated that the investment strategy was appropriate, taking into account risk, return, diversification, liquidity and the ability of the fund to discharge its liabilities.

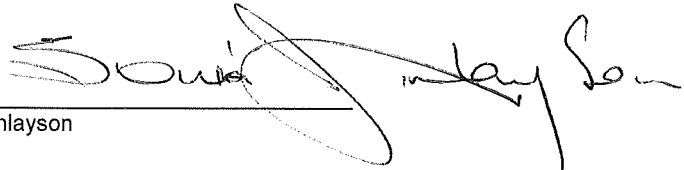
This view was supported by their financial planner.

**Resolution:** trustees resolved that the investment strategy be adopted.

**Declaration:** hereby declare that these minutes are a true and correct record.

**Closure:** being no further business the meeting closed.

  
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Gerald Finlayson

  
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Sonia Finlayson