RESOLUTION OF SJNJ GROUP PTY LTD
AS TRUSTEE OF REALTY PARTNERS SUPERANNUATION FUND

Investment Strategy A proposed Investment Strategy was tabled.

It was resolved to adopt the tabled Investment Strategy.

Signed as a true and correct record

Dated: 17/11/2021.

John Karmas
Director

Mandy Karmas
Director

INVESTMENT STRATEGY
REALTY PARTNERS SUPERANNUATION FUND (THE "FUND")

The attached appendix sets out a range of matters considered by the trustee in formulating the Fund's investment strategy. The strategy itself has been summarized below.

Background

At the time of writing this investment strategy, the members of the Fund were as follows:

Member	Gender	Date of Birth
John Karmas Personal Situation: • not undertaking paid work • no longer making contributions • currently receiving a pension • will supplement income in retirement with income from the Fund • modest risk tolerance	Male	07/08/1947
Mandy Karmas Personal Situation: • not undertaking paid work • no longer making contributions • currently receiving a pension • will supplement income in retirement with income from the Fund • modest risk tolerance	Female	06/09/1955

Given this information about the Fund's membership, the following have been taken into account in formulating the investment strategy:

- the Fund cannot rely on predictable cash flows from contributions in order to meet general administrative costs, income tax or the Fund's investment costs
- the Fund's investment income and cash reserves will need to be sufficient to meet pension payments as and when these fall due
- while unexpected lump sum payments may arise (for example on the death of a member), these can be paid by way of in specie asset transfers if necessary and the Trustee is not necessarily required to hold assets that can be readily sold (or large cash reserves) to pay them

New members may be added over time and existing members may leave. This will not necessarily result in a change to the investment strategy.

Investment Objective

Taking into account the risk tolerance and retirement objective(s) of the member(s), the trustee will seek to achieve investment returns that exceed inflation by at least 3% pa before taxes and expenses over rolling 5 year periods.

Target Asset Allocation

The Fund's target asset allocation ranges to achieve its investment objective and liquidity needs are:

Asset Class	Range
Cash	30% - 40%
Direct property	50% - 80%

Unless resolved otherwise, the Fund does not offer member investment choice and does not offer separate pools of investments for members.

Insurance Strategy

The Trustee has considered holding policies of insurance for one or more members and has resolved not to do so at this stage because:

- given their ages and financial position, the members have advised that no insurance is required

Dated: 17/11/2021

John Karmas
Director

Mandy Karmas
Director

APPENDIX

Background

The Superannuation Industry (Supervision) Act & Regulations (the "superannuation law") requires self managed super fund (SMSF) trustees to formulate, regularly review and give effect to an investment strategy for their fund.

In preparing that strategy, trustees are required to take into account the whole of the circumstances of the fund and consider six key factors:

- the risk involved in making, holding and realising the fund's investments, taking into account the trustee's objectives and expected cash flow requirements,
- the likely return from the fund's investments taking into account the trustee's objectives and expected cash flow requirements,
- the composition of the investments as a whole, including the extent to which they are diversified or involve the fund being exposed to risks from inadequate diversification,
- the liquidity of the investments taking into account the fund's expected cash flow requirements,
- the ability of the fund to meet its existing and prospective liabilities, and
- whether the trustees should hold insurance that provides cover for one or more members of the fund.

The superannuation law allows SMSF trustees to be directed by members to purchase specific investments on behalf of members (referred to as "member investment choice" in this document) provided the investments purchased are in accordance with the fund's investment strategy. SMSF trustees are also permitted to offer separate pools of investments for members based on factors such as their age, risk profile or pension status.

In addition to the investment strategy requirement, the superannuation law also has rules which:

- dictate how trustees must approach investing overall,
- limit the parties from whom funds may acquire assets,
- place limits on funds holding particular assets that might be considered risky or difficult to police (either because of the nature of the asset or how it is controlled),
- control how assets are held and managed while owned by an SMSF, and
- dictate how and when funds can lend or borrow money.

An SMSF's governing rules may also impose restrictions on a fund's investments.

It is the Trustee's responsibility to formulate an investment strategy for the Fund. The Trustee is also required to implement the strategy, taking into account the requirements of both the superannuation law and the Fund's governing rules, and then regularly review it. This document sets out the steps taken by the Trustee to meet these responsibilities. These steps are:

1. Review the Fund's circumstances
2. Develop an investment objective for the Fund
3. Decide on a strategy for how the Fund will invest to achieve that investment objective
4. Develop an insurance strategy for the Fund
5. Document those decisions in an investment & insurance strategy (this document)
6. Implement the strategy
7. Regularly review the strategy

Step 1 – Review of Fund Circumstances

The Trustee has reviewed and considered the whole of the Fund's circumstances including:

- in respect of the Fund members: their age, their attitude to risk, the size of their balances (including amounts to yet be transferred from other funds), the likely amount and frequency of contributions, the likely amount and timing of any benefit payments such as pensions, and their willingness (and that of their beneficiaries) to receive lump sum benefits in specie rather than in cash.
- in respect of the Fund's assets and liabilities: their current or anticipated value, their composition by asset class, and the extent to which cash flow or asset sales will support the payment of anticipated costs and benefits.
- any external factors which may impact the Fund: the current economic climate, its outlook and constraints imposed by superannuation and tax law.

Step 2 – Fund's Investment Objective

The next step is to decide upon the Fund's investment objective. In setting the investment objective, the Trustee considered the following issues:

Purpose of Fund

The purpose of the Fund is to provide superannuation benefits to members on their retirement, or for their dependants, in the case of members who die before their retirement (and any other ancillary benefits allowed by the superannuation law) at a level which meets the long-term expectations of the Fund members taking into account their risk profile.

Risk/Return

In reviewing the risk involved and the likely return from investments, the Trustee considered:

- The Fund's investment returns have a direct impact on members' benefits. This means the risks and the rewards associated with Fund investments are borne by the members.
- Often, investments which promise higher returns over the long term also present greater risk of losses over shorter periods.
- Investment returns are generally influenced by economic, environmental and financial factors which are unpredictable. This means investments in any form will entail a degree of risk impacting on that investment's future returns.

- Investments in any form may generate a negative return in any given period, although that risk can be minimised with higher exposure to defensive assets (eg cash, term deposits) rather than growth assets (eg equities, property).
- Investment risk can often be reduced through diversification.
- International investments are exposed to risk from currency movements.
- Gearing can result in additional risk. SMSFs can be exposed to gearing directly (via limited recourse borrowing arrangements) or indirectly (via trust or company structures).

Diversification

In reviewing the extent to which the Fund's investments will be diversified or will involve the Fund being exposed to risks from low levels of diversification, the Trustee considered:

- Diversification can be achieved in various ways, including:
  - investing in a range of different asset classes or investments within that class
  - investing in different industries, sectors or countries
  - gradually building up an exposure to any investment instead of making one large investment, and
  - using more than one investment manager.
- In some situations, the Fund's investments may lack diversification (eg by investing in a single asset or asset class) but this decision should only be made after considering the likely return from the investment and the risks of inadequate diversification.
- In taking into account the extent to which the Fund may be exposed to risk from inadequate diversification, the Trustee may choose to take into account the asset allocation of the members outside the Fund.

Liquidity/Liabilities

In reviewing the liquidity of the Fund and its expected cash flow requirements, the Trustee considered:

- In periods when the Fund is providing pensions to members, the Fund's assets will need to be sufficiently liquid to allow for payment of at least the required minimum annual pension amount.
- The Trustee may decide to pay lump sum benefits (including death benefits) in-specie rather than making a payment in cash (ie by transferring all or part of a Fund asset to the beneficiary).
- The Fund may only borrow in very limited circumstances. Where borrowings are to be undertaken, this decision should only be made after developing a plan for how the borrowing will be repaid and how the Fund's liquidity requirements will be met.

- If the Fund invests solely in assets which provide little or no income return (ie they are held predominately for capital growth), the Fund may be unable to meet its liabilities as and when required.

After consideration of the above factors, the Trustee has decided to adopt the investment objective set out earlier.

Step 3 – Strategy for how Fund will invest to achieve Investment Objective

The Trustee must develop a strategy for how the Fund will invest in a way which will achieve the investment objective established in step 2.

The Trustee's strategy will be to invest in a mix of different assets within the ranges of the target asset allocations set out earlier.

The Trustee may deviate from these ranges, on a short-term or long-term basis, if and when particular investment opportunities or market conditions suggest it would be prudent to do so.

Step 4 – Fund's Insurance Strategy

In reviewing whether the Fund should hold insurance cover for one or more members, the Trustee considered:

- The superannuation law allows funds to hold certain types of insurance cover in respect of fund members. The aim of such cover is generally to provide financial support to members (or their dependants) in the event of the member's death, injury or illness.
- The personal circumstances of individual members will be relevant in determining whether or not insurance cover is necessary, and whether it is appropriate to hold that cover via a superannuation fund. This will be influenced by factors such as the different tax treatment and cash flows to pay premiums.

After consideration of the above factors, the Trustee has decided to adopt the insurance strategy set out earlier.

Step 5 – Document the Strategy

To allow the Fund's auditor and the Australian Taxation Office to review the Trustee's compliance with the investment strategy requirements of the superannuation law, the Fund's investment strategy has been incorporated into this document.

Step 6 – Implement the Strategy

The Trustee is required to implement the investment strategy. That is, the Trustee must invest the Fund's assets in accordance with the strategy.

The Trustee may use various advisers and investment vehicles to implement its strategy. The choice of investment vehicles will be made at the discretion of the Trustee (subject to the requirements of the Fund's governing rules and the superannuation law). These investment vehicles may include managed funds, exchange traded funds, direct investments or any other investment vehicle the Trustee believes will assist it to meet its investment objective.

The Trustee will ensure all Fund money and assets are properly recorded in the name of the Trustee for the Fund and kept separate from any assets owned by the Trustee in any other capacity.

If the Trustee chooses to appoint an investment manager, they will do so in writing.

Unless resolved otherwise, the Trustee has no specific policy on labour standards or environmental, social or ethical issues when it comes to selecting, retaining or realising investments, although it may take these issues into consideration at its discretion.

Step 7 – Regularly Review

The Trustee will review this investment strategy regularly, including:
- annually, when the Fund's financial statements are completed, and
- when there are significant changes to the Fund's circumstances.

This review will assist the Trustee in determining whether any changes to the strategy are necessary to accommodate changes in the Fund's circumstances or the superannuation/tax law.