

Investment Strategy

SOUTH EASTERN CONSTRUCTION SUPERANNUATION FUND

Background:

The investment strategy outlined below represents an expansion and clarification of the Investment Strategy agreed at the formation of South Eastern Construction Superannuation Fund.

Objectives:

The objective of the fund is to:

- Provide superannuation benefits to its members 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 long term after tax return for its members

Investment Choice:

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

- Bank deposits;
- Financial institution securities;
- Property both for capital appreciation and rental return;
- Any other investment that the trustees may feel prudent to achieve the objective of the fund.

The directors of corporate trustee may from time to time decide to seek professional advice from Accountants or Financial Planners in the formulation or implementation of this or any future investment strategy.

In formulating this strategy the directors of corporate trustee 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 directors of corporate trustee 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 coming from limited diversification;
- the liquidity of the fund's investments;
- the ages and preferences of its members;
- 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 directors of corporate trustee in order to achieve these objectives are:

- Regular monitoring of the performance of the fund's 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.

The aim will always be to ensure that they follow the investment strategy, however, the directors of corporate trustee will at all times reserve the right to change the investment mix depending on the market situation and opportunities available to strengthen its Objectives.

A copy of the Investment Strategy of the fund will be available to its members of the fund on request.

Risk profile and risk tolerance:

The Fund has a medium to long time horizon. Further the members wish to have a conservative asset allocation thereby limiting volatility of returns. The members have existing equity investments outside superannuation and are familiar with the variability of both returns and capital values which are associated with such investments.

Members understand

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

Insurance:

The directors of corporate trustee have considered whether the Fund should hold a contract of insurance for its members and concluded that insurance is not necessary as the insurance is not available on a cost effective basis.

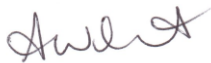
Liquidity:

Cash in excess of anticipated liquidity requirement will be invested in accordance with the Fund's investment strategy. Both members are still employed and their superannuation guarantee payments are made directly into this SMSF which enhances the liquidity of the fund.

Asset Allocation:

The targeted asset allocation will recognise the need to have a diversified asset mix, however, given the medium to long term investment horizon of the members and the significant assets outside of superannuation, the allocation will be focused on ensuring capital growth.

Signature of directors of corporate trustee



Annette Wilmot



David Wilmot