

MASSEE FAMILY SUPERANNUATION FUND

INVESTMENT STRATEGY

Prepared by:

Roy and Christine Masee

(Directors of the Trustee Company Masee Super Investment Pty Ltd)

On

Updated 29 October 2018

Investment Strategy

Massee Family Superannuation Fund

Preamble:

The Directors of the trustee company recognise that all superannuation funds are required to have an investment strategy, which complies with the covenants and investment standards under the *Superannuation Industry (Supervision) Act, 1993 (SIS Act)*.

This investment strategy below represents an expansion and clarification of the Investment Strategy agreed at the formation of W&C Drumm Superannuation Fund.

Objectives:

Specific Objective

The Investment objective of the Directors of the trustee company is to aim to achieve long-term growth for the members which is to:

- Achieve a return of CPI + 4.% for the benefit of the members.

General 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 long term after tax return for members.

Directors of the trustee company understand the relationship between risk and return and that to increase the chance of higher returns for an investment portfolio, it will unusually be necessary to increase the level of volatility associated with the portfolio. An increased level of risk is here understood to mean an increase in the likelihood of a loss of invested capital over any investment time horizon including the short, medium and long-term as well as increased variation in returns over consecutive periods.

Investment Choice:

The Trustees have adopted an Investment Strategy aimed at accumulating assets in the Fund over the long term. The Trustees can invest within Australia or overseas in the following asset classes:

- Shares and related investments including Listed Property Trusts, options, futures, Exchange Traded Options, ETF's, warrants and CFDs
- Managed Investments, Unit Trusts, Separately Managed Accounts and related investments
- Foreign exchange
- Physical Metals and Commodities
- Bank operating accounts, cash, bonds, debentures, instalment warrants, fixed term deposits and term deposits
- Residential and commercial property, with or without borrowing
- Collectibles and Art
- Other assets considered appropriate by the Trustees and permitted by the Trust Deed and Superannuation Law

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

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

- the risks and likely return associated with each investment;
- the range and diversity of investments held by the fund;
- 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 Trustees in order to achieve these objectives are:

- Regular monitoring of the performance of the fund's investments, the overall investment mix and the expected cash flow requirements of the fund.
- Re-balancing the fund's investment portfolio due to changes in market conditions through asset sales and new investments as appropriate.

The Trustees will aim to follow the investment strategy, however, they will at all times reserve the right to change the investment mix depending on the market situation and opportunities available to better meet the objectives of the fund.

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

Risk profile and risk tolerance:

The Fund has a long time horizon. Furthermore, the members are prepared to endure a reasonable level of volatility of returns in expectation of long term growth. The members have existing property 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 asset growth is a priority; and
- Investment risk is borne by the members, as fluctuations in investment returns will affect the level of benefits available to members.

Liquidity:

In relation to the current investments of the fund, the Trustees have determined that the fund has the ability to pay benefits as well as other costs as and when they become due and payable. Cash in excess of anticipated liquidity requirement will be invested in accordance with the Fund's investment strategy.

Asset Allocation:

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

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

Growth Assets	Long term range	Current target
• Australian listed equities	10% - 50%	8.4%
• International listed equities	24% - 64%	7.8%
• Direct property	0% - 100%	70.1%
• Domestic Property	0% - 10%	7%
• International Property	0% - 10%	0%
• Alternative	0% - 10%	0%
Defensive assets		
• Australian & International Fixed Interest	0% - 29%	4.9%
• Cash	0% - 100%	8.8%
		100%

Insurance

The Directors of the Trustee Company recognise the advantages of members holding insurance through their superannuation fund. When insurance cover is requested for a member by a member or a member's agent, the Trustee will arrange insurance cover for the member, as requests.

- Insurance cover provided can include(but is not limited to):
- Life
- Disability(total or temporary)
- Trauma
- Accident
- Income protection

Reserves Strategy:

The Directors of the Trustee Company have determined that any reserves held by the fund, being miscellaneous, investment or forfeiture reserves, be utilised and invested in accordance with the current investment strategy of the Fund.

Implementation of Investment Strategy:

The Trustees monitor and review the fund's investment activities on at least an annual basis and communicate with the members should a change in the strategy be required to better achieve the fund's objective.

Directors of Massee Super Investments Pty Ltd

Roy Massee

Date:

Christene Massee

Date: