

Investment Strategy as at 1st July 2020

Background

The Trustees of the fund have devised this Investment strategy for the fund considering the objective of the fund and in line with the governing rules of the fund and superannuation law. Through this investment strategy the trustees are seeking to maximise the superannuation benefits for all its members of the fund having regard to risk and reward of each type of investment.

Among other things, the Trustees have considered and determined that the funds current asset mix of assets are appropriate for its members for the financial year. Trustees have given regard to the members age and their in-ability to withdraw from the fund their superannuation interests for retirement purposes in devising a strategy for the next financial year.

INVESTMENT OBJECTIVES

To maximise returns and minimise the risks of investment of the fund's assets in managing and providing superannuation benefits to members and their dependants in meeting their retirement needs. To ensure all investments are consistent with the governing rules of the fund and appropriate Superannuation Legislations and the fund 's investment strategy.

RISK & RETURN ON INVESTMENTS

Each investment decision will be made with due regard to the associated, risk and expected return. The Trustees will seek financial advice where necessary. To maximise overall returns of the fund 's investments and minimise the exposure of risk from any particular investment, the fund will try to maintain a diversified portfolio. However, considering the low returns on cash & money market and fixed interest investments, the Trustees have decided that they will not invest much of the fund in this asset class. Further, considering the current high share market locally in Australia and overseas, the Trustees have decided that they will not invest much of the fund in this asset class. After discussions with the members of the fund, the Trustees have determined that they will invest very little of the fund (less than 10) in direct & in-direct property (via trust structures).

RISK ASSOCIATED WITH LIMITED DIVERSIFICATION

The Trustees have given due consideration to the current objectives of the fund, the current market risks of losing capital and returns of investing & holding one asset or one asset class. After all considerations, the Trustees have come to the conclusion that the property purchased by the fund is of good quality and will hold and increase in value in the near future. The Trustee in deciding to hold most of the fund assets (Over 66%) in one property or one asset class also considered the age of all the current members of the fund, their wishes, current global investment climate and the funds cash requirements to meet its commitments current and next year's expenses. The Trustees (and members of the fund) are aware of risks associated with limited diversification of assets, but have decided that holding only one property and one asset class is an appropriate investment strategy for this and next financial year. The trustees understand that they have the right to make any investment that is permitted under the superannuation rules, the fund 's governing rules and may amend this investment strategy, in the future, to ensure that fund investments are consistent with the investment strategy of the fund and meet the investment objectives of the fund. Trustees will keep a close eye on the property market and the global share & interest earnings investment market and should there be opportunities available to the fund, reconsider to amend the current investment mix to meet the objectives of this fund.

ASSET CLASS

The funds asset classes allocated as at 1st July 2020 are as indicated below:

| Asset Class | | Allocation | | |
|----------------------------|---|------------|-------|----|
| | | min% | max % | |
| Cash & Money Market | 0 | to | 10 | |
| Australian Fixed Interest | | 0 | to | 0 |
| Australian Managed Funds | | 40 | to | 60 |
| International Manage Funds | | 0 | to | 0 |
| Direct & Indirect Property | | 20 | to | 40 |
| Australian Shares | | 20 | to | 40 |
| International Shares | | 0 | to | 0 |
| Cryptocurrency | | 0 | to | 0 |
| LRBA | | 0 | to | 0 |
| Gold Bullion & Silver | 0 | to | 0 | |
| Collectibles | | 0 | to | 0 |
| Other investments | | 0 | to | 0 |

LIQUIDITY OF FUNDS

Each investment decision will be made with due regard to the cash flow requirements of the fund. The trustee(s) will consider the liabilities (current and prospective) of the fund and ensure adequate cash is maintained by the fund to meet its liabilities as and when they fall due. The fund 's liquidity needs will be considered at the time of each investment and also during the regular review of the fund 's portfolio and investment strategy. The Trustees have considered and determined that the current investment provides the fund with all the necessary expenses of the fund for the next year. The Trustees are aware that once members reach pensionable age or are temporary or permanently disabled or they will need to withdraw from the fund due to compassionate or other grounds, the fund will need higher cash flows - under these circumstances - the Trustees have decided that they will revisit this investment strategy and amend this investment strategy to invest in more liquid asset class such as shares and cash.

BORROWINGS

The trustees may borrow to finance the acquisition of an investment as appropriate in accordance with the superannuation legislation. Trustees are aware of risks of borrowing under Limited Recourse Borrowing Arrangements. For example, if the borrowing is over one property or one asset class, the fund will be prone to negative growth if that asset class underperforms or it is possible that the property (or asset class) value may go below the loan amount. It is also possible that interest rates may go up in the future and there are no contributions or rental income to meet principal and interest repayments to the lender. Trustees have considered these risks and cash flow needs of the fund and decided to continue holding property as an asset class for another year as they have ensured that there is adequate cash flow (such as current lease agreements in place) to meet the funds borrowing cash flow requirements for another year. Trustees have determined, based on the quality of the property, the tenants and the location of the property, the investment held by the fund is of low risk of losing capital and the Trustees will be able to make loan repayments to the lender as and when fall due.

INSURANCE COVER

The Trustees will assess the need of insurance for all members and will seek financial insurance advice where necessary to ensure all members are adequately insured. Insurance policies may be held by the fund or by members personally. Trustees have considered insurance for all the assets of the fund against fire and other natural perils .

REVIEW

The investment strategy will be reviewed regularly and at least once a year at the end of financial year. The investment strategy may be revised as appropriate where the trustee(s) ' investment objectives change or to include a particular class or type of investment. The fund 's investment portfolio will be reviewed at least quarterly.

Signed as acceptance to the above investment strategy

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Robert Norman Thompson

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Anne Amelia Thompson

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date: 2nd July 2020