



INVESTMENT STRATEGY Guidance Statement

MARSHALL SUPERANNUATION FUND

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Marshall Superannuation Fund ('The Fund')

Investment Strategy

The Commissioner's Guidelines on Investment Strategies for SMSF Trustees

1. What needs to be included in my SMSF's Investment Strategy?

Your SMSF investment strategy should be in writing. It should also be tailored and specific to the relevant circumstances of your fund rather than a repeat of legislation.

Relevant circumstances may include (but are not limited to) personal circumstances of the members such as their age, employment status and retirement needs, all of which influence investment risk. Strong investment strategies should explain how the investments will meet each member's retirement objectives.

In particular, under the super laws your strategy must consider the following specific factors in regard to the circumstances of the fund:

- a) Risks involved in making, holding and realising assets, and the likely return from your fund's investments regarding its objectives and cash flow requirements.
- b) Composition of your fund's investments including the extent to which they are diverse (such as investing in a range of assets and asset classes) and the risks of inadequate diversification.
- c) Liquidity of the fund's assets (how easily they can be converted to cash to meet fund expenses such as the cost of managing the fund and income tax expenses).
- d) The fund's ability to pay benefits (such as when members retire and require a lump sum payment or regular pension payments) and other costs it incurs.
- e) Whether to hold insurance cover (such as life, permanent or temporary incapacity insurance) for each member of the SMSF.

When formulating an investment strategy, it is not a valid approach to merely specify investment ranges of 0 to 100% for each class of investment. You also need to articulate how you plan to invest your super or why you require broad ranges to achieve your investment goals to satisfy the investment strategy requirements.

The percentage or dollar allocation of the fund's assets invested in each class of investment should support and reflect your articulated investment approach towards achieving your retirement goals. If you choose not to use allocated portions or percentages in your investment strategy, you should ensure material assets are listed in your investment strategy. You should also include the reasons why investing in those assets will achieve your retirement goals.

2. Are there any restrictions under the super laws with respect to my SMSF Investments?

You are free to choose what type of assets you may invest in, providing those investments:

- a) are permitted by your fund's trust deed;
- b) are not prohibited by the super laws; and
- c) meet the sole purpose test.

For instance, you need to be aware of the in-house asset rules and acquisitions from related party rules. You also need to be aware of the non-arm's length income rules for income tax purposes.

Where your investments breach the Superannuation Laws, we can take compliance action against you. Depending on the severity of the breach, we may apply penalties and potentially disqualify you as trustee.

3. What does diversification mean and can I invest all my retirement savings in one asset or asset class?

While a trustee can choose to invest all their retirement savings in one asset or asset class, certain risks such as return, volatility and liquidity risks can be minimised if a trustee chooses to invest in a variety of assets. This is called a diversification, leading to a culmination of assets in a diversified portfolio which ultimately spreads out investment risk.

Investing the predominant share of your retirement savings in one asset or asset class can lead to concentration risk. In this situation, your investment strategy should document that you have considered the risks associated with a lack of diversification. It should include how you still believe the investment will meet your fund's investment objectives including your fund's return objectives and cash flow requirements.

Asset concentration risk is heightened in highly leveraged funds, such as where the trustee has used a limited recourse borrowing arrangement to acquire the asset. This can expose members to a loss in the value of their retirement savings should the asset decline in value. It could also trigger a forced asset sale if loan covenants (for example, the loan to valuation ratio) are breached.

Superannuation Laws also require trustees to invest in accordance with the best interest of all members. You need to be aware of any legal risks that may arise from investing in one asset class only.

4. What does giving effect to my Investment Strategy mean?

The Superannuation Laws require that you as trustee must formulate and regularly review your fund's investment strategy. You must also give effect to an investment strategy that has regard to the whole of the fund's circumstances.

This includes ensuring all your fund's investments are in accordance with your investment strategy so that the fund is on track to meet your retirement goals. To help meet this requirement, you could consider specifying appropriate allocations or percentage or dollar ranges for each class of investment ranges that you have chosen for your strategy. These allocations or ranges typically allow some flexibility for market fluctuations.

However, broad investment ranges between 0 to 100% in a broad range of assets do not reflect proper consideration in satisfying the investment strategy requirements. Your strategy must articulate how you plan to invest your super in order to meet your retirement goals.

We don't consider that short term variations to your articulated investment approach, including to specified asset allocations, constitute a variation from the investment strategy.

5. How often do I need to review my SMSF's Investment Strategy?

Your investment strategy should not be a 'set and forget' document. You should review your strategy regularly to ensure it continues to meet the current and future needs of your members depending on their personal circumstances.

Certain significant events should also prompt you to review your strategy, such as:

- a) A market correction.
- b) When a new member joins or departs the fund.
- c) When a member commences receiving a pension- this is to ensure the fund has sufficient liquid assets and cash flow to meet minimum pension payments prior to 30 June each year.

You should also review your strategy at least annually and document that you have undertaken this review and any decisions made arising from the review. For example, you could do this as part of the annual trustee meeting minutes. You should then provide these minutes or other evidence of a review to your auditor. This will show that you've met the requirement to review regularly and, where necessary, revised your investment strategy.

6. What is my auditor's role in relation to my SMSF Investment Strategy?

When conducting the annual audit on your fund, your auditor will check whether your fund has met the investment strategy requirements under the super laws for the relevant financial year. This means they will check that:

- a) Your SMSF had an investment strategy in place for the relevant financial year that considered the factors outlined above.
- b) Your fund's investments during the relevant financial year were in accordance with that strategy.

- c) Your strategy had been reviewed at some stage during the relevant financial year.

Where you don't comply with the investment strategy requirements, your auditor may need to notify us about this by lodging an auditor contravention report (ACR).

7. What happens if my SMSF Investment Strategy is not compliant?

If your auditor identifies that you have breached the investment strategy requirements, the breach must be ratified immediately. If your strategy failed to adequately address some of the factors mentioned above, such as the risk of inadequate diversification, you can fix this by attaching a signed and dated 'addendum to the strategy' or a 'trustee minute' which adequately addresses the requirements. You should then present this to your auditor prior to finalisation of the audit.

If you failed to invest in accordance with your strategy, you should revise your strategy to ensure it reflects your fund's investments and how those new investments will meet your retirement objectives. You should then ensure you adhere to the new strategy in the future.

Your auditor will only need to lodge an ACR notifying us of the breach if it meets the ACR reporting criteria. For most funds, the criteria will be met if either:

- a) the auditor has identified the same breach in a previous income year and it has been repeated in the current income year; or
- b) it is a breach from a previous year that remains unrectified at the time of audit.

However, the criteria may also be met if the fund is less than 15 months old and the value of any single breach exceeds \$2,000.

8. What action will the ATO take if my auditor lodges an ACR in relation to my SMSF's Investment Strategy?

If your auditor is required to lodge an ACR and the breach has not been rectified, we will ask you to rectify the breach.

A penalty of \$4,200 (as indexed each 1 July) can be applied on each individual trustee or the corporate trustee for a breach of the investment strategy requirements. The directors of a corporate trustee are jointly and severally liable to pay this penalty.

9. Who can help me prepare, update or review my Investment Strategy?

This document was prepared from a master template provided by Abbott & Mourly lawyers. Abbott & Mourly do not assist with the preparation of your investment strategy or financial advice. Please speak to your accountant or adviser in this respect.

If you require assistance with the preparation of an investment strategy, you should consider seeking advice from your usual SMSF adviser or a licensed financial adviser.

Note that your usual SMSF adviser may not be a licensed financial adviser and legally capable of assisting you. They may be able to guide you on where to obtain resources such as an investment strategy template. It is advised that you take due care when obtaining standard investment strategy templates as these may not satisfy the Superannuation Laws. They must be appropriately tailored to your fund's particular circumstances as discussed above and reviewed regularly as required under law.

Trustee Meeting Acceptance of the Funds Investment Strategy

Date:

Name of Fund: MARSHALL SUPERANNUATION FUND

Current Income Year Ending: 30 June 2022

Attended by the Trustee:

MARSHALL WEALTH PTY LTD ACN 634 361 630

Held at: 18 EVERGREEN VIEW ROBINA QLD 4226

Chairperson: DANIEL MAJOR MARSHALL

Trustee: Adoption of Investments Strategy

The Trustee has reviewed the Fund's proposed investment strategy – attached in this minute and has considered the adoption of the investment strategy for the Fund. The purpose of the Investment Strategy is to maximise the Fund's members retirement benefits, including income streams and lump sums, as well as maximising any death benefits if the members superannuation benefits are not being used for pension purposes. Further the Trustee has reviewed the Investment Strategy for its adherence to the SIS Act and Regulations.

Trustee Resolutions:

It was resolved by the Trustee:

1. To cease the Fund's former investment strategy (if any); and
2. Adopt the current investment strategy – as detailed in this document to take effect from the date of execution of this Investment Strategy meeting until it is revoked or amended;
3. The Trustee shall keep this current Investment Strategy on file for the benefit of Members of the Fund.

SIGNED BY THE TRUSTEE:

MARSHALL WEALTH PTY LTD ACN 634 361 630 by being signed by the persons authorised to sign for the company pursuant to section 127 of the Corporations Act 2001:

.....
Daniel Major Marshall
Director/Secretary

.....
Date



DEED OF RECTIFICATION
AND RATIFICATION OF THE
INVESTMENT STRATEGY OF
MARSHALL
SUPERANNUATION FUND
FOR THE YEAR ENDED 30
JUNE 2021

Deed of Rectification and Ratification for the Investment Strategy of Marshall Superannuation Fund

This Deed is Dated: 24 June 2019

Parties:

1. Trustee:

MARSHALL WEALTH PTY LTD ACN 634 361 630 OF 18 EVERGREEN VIEW, ROBINA QLD 4226

(the 'Trustee').

Recitals:

1. Marshall Superannuation Fund (**'the Fund'**) was established by Deed dated 24 June 2019.
2. Marshall Wealth PTY LTD ACN 634 361 630 the current Trustee and Member of the Fund.
3. The Trustee of the Fund has previously created an investment strategy, pursuant to the provisions of SIS Regulation 4.09 for the following income years:
 - a) Year ending 30 June 2021
4. An updated and rectified investment strategy, as prepared by the Trustee is attached to this Deed as the Fund's formal and hereby rectified and ratified investment strategy for the income years as noted in this Deed.
5. By this Deed the Trustee wishes to rectify the former investment strategy as well as ratify that strategy as the correct investment strategy for the periods as noted above.
6. The rectified and ratified investment strategy is to form part of the Fund's Governing Rules for the income years as noted in this Deed.

Provisions:

1. **Rectification of the Investment for the Income Year ending 30 June 2021:**
The Trustee hereby rectifies the former Fund investment strategy for the year ending 30 June 2021 and hereby attests that the attached investment strategy represents the Fund's investment strategy for the income year as noted.
2. **Ratification of the Investment Strategy:** The Trustee hereby ratifies that the pre-rectification investment strategies used by the Trustee are to be replaced by the Investment Strategy attached to this Deed and the Trustees further ratify that this Investment Strategy is the Fund's investment strategy as required under the Fund's governing rules and also the SISR 4.09.
3. **No Resettlement at Law:** Any amendment to the Rules of the Deed effected by this Deed does not result in a resettlement of the Trust at law, equity or under other Law.

Executed as a Deed by:

MARSHALL WEALTH PTY LTD ACN 634 361 630 by being signed by the persons authorised to sign for the company pursuant to section 127 of the Corporations Act 2001:

.....
Daniel Major Marshall
Director/Secretary

.....
Date



INVESTMENT STRATEGY

Fund objectives, investment strategy and benchmark allocations

MARSHALL SUPERANNUATION FUND

Investment Objective

The Funds investment objective is:

“The Trustee via its investment strategy seeks to maximise the Fund’s member’s retirement benefits, including income streams and lump sums, as well as maximising any death benefits if the member’s superannuation benefits are not being used for pension purposes.”

1. Member Name and Superannuation Interests

- a) Daniel Major Marshall age 37

Employment: Self Employed

Retirement Objective: The member's retirement objective which includes superannuation is to provide the funds for the maximum lifestyle he desires including travel, covering all health care and living expenses easily plus looking after the family.

Pension: No

Insurance Policy: The Trustee of the fund has considered insurance for the member and following discussions around the member's age and circumstances has decided not to insure the member.

2. Investment Strategy

2.1 Background

The Funds investment strategy is consistent with its objective and seeks to formulate, review regularly and give effect to the investment strategy that has regard to the whole of the circumstances of the fund including, but not limited to, the following:

- a) the risk involved in making, holding and realising, and the likely return from, the funds investments, having regard to its objectives and its expected cash flow requirements;
- b) the composition of the funds investments as a whole including the extent to which the investments are diverse or involve the fund in being exposed to risks from inadequate diversification;

- c) the liquidity of the funds investments, having regard to its expected cash flow requirements;
- d) the ability of the fund to discharge its existing and prospective liabilities;

In addition, if there are any reserves for the fund—to formulate, review regularly and give effect to a strategy for their prudential management, consistent with the funds investment strategy and its capacity to discharge its liabilities (whether actual or contingent) as and when they fall due.

2.2 Investment Strategy – Asset Allocation

The Trustee is to ensure the funds portfolio has the right mix of assets to suit all Members' circumstances and where separate investment strategies are applied to a specific Member or a superannuation interest of the Member then the Trustee, on the advice of the Member should determine appropriate investment aims and attitude to risk.

2.3 The Issue of Risk

As an integral part of the construction process of an investment strategy, a Trustee is required by law to consider the risk in making, holding and disposing of any fund investments. All investments entail different levels and types of risk. If required, the Trustee may engage the services of an investment or portfolio specialist. This would foster a relationship in which the Trustee and the portfolio specialist can work together to decide an asset allocation that offers the fund or specific member the best chance of achieving the investment objective within the requisite level of risk tolerance.

The Trustee of the Fund holds 0 - 100% of its portfolio in crypto and has considered and is aware the risks involved in holding a significant proportion of its portfolio in one asset class. At this time, the Trustee accepts the risks of poor returns and a depletion of capital but will monitor its position regularly and if need be, diversify to other asset classes. Further, the Trustee acknowledges that cryptocurrency investments are considered to be high risk. The trustee accepts the higher level of risk in exchange for potential high capital gains.

2.4 Borrowing to Invest into Fund Assets

At this time the Trustee of the Fund has decided not to borrow.

2.5 Diversification to Mitigate Risk

Investment strategy laws require the Trustee of the fund to consider the utilisation of diversification to reduce or mitigate risk in relation to holding specific asset classes and any underlying investments corresponding to that asset class.

Diversification is best seen by the spread of a fund's portfolio across a broad mix of assets. An example of a non-diversified portfolio can be shown where a fund applies an asset allocation to 90%-100% property with 0%-10% cash which is exemplified by a single property. This example portfolio attracts inherent risk if the property drops in value, cannot be tenanted, is impacted by a natural or man made disaster or more importantly if one member dies, gets divorced or is retired and needs a lump sum. Such risks can result in significant losses to current members of the fund.

Importantly the Trustee understands that investment markets move in different cycles, reflecting the underlying strength of the economy, industry trends and investor sentiment. Individual assets also move differently according to external factors. Diversifying your portfolio can help mitigate market fluctuations: so returns from better performing assets help to offset those that aren't performing so well.

2.6 Cash Requirements

The Trustee has assessed and monitored its cash flow requirements and has chosen to invest in assets as well as has cash at hand to meet any liabilities including on-going costs such as accounting and audit liabilities.

2.7 Balancing Risk vs Returns

The Trustee is aware that the concept of risk/return suggests that low levels of investment risk will result in potentially lower returns, while high levels of risk will generate potentially higher returns. Of course, this does not come without risk. While increased risk offers the possibility of higher returns, it also can lead to larger losses.

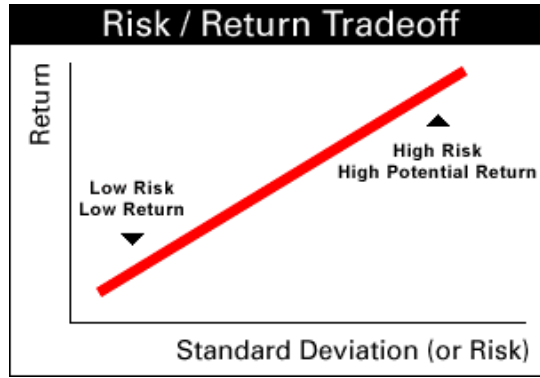


IMAGE: The risk/return trade-off principle

2.8 The Major Asset Classes for a SMSF Investment and an Asset Allocation for the Fund

ASSET CLASS	KEY CHARACTERISTICS	TRUSTEE TIME FRAME	BENCHMARK ALLOCATION
Cash			
Domestic Cash	Invested via bank accounts, bank bills and other similar securities. Provides income via interest. May be suitable for short-term needs.	Short-term (up to three years).	0 - 75%
International Cash	Invested via international bank accounts, term deposits, bank bills and other similar securities. International cash investments May have currency risk exposure if not hedged. Provides	Short-term (up to three years).	0 - 20%

	<p>income via interest. May be suitable for short-term needs.</p>		
Fixed Interest			
<p>Domestic Fixed Interest</p>	<p>Can provide a steady and reliable income stream with potential for capital growth and usually offers a higher interest rate, or yield, than cash. Includes Australian government bonds, Australian company bonds plus Australian special infrastructure bonds.</p>	<p>Short, medium or long- term.</p>	<p>0 - 25%</p>
<p>International Fixed Interest</p>	<p>Can provide a steady and reliable income stream with potential for capital growth and usually offers a higher interest rate, or yield, than cash. Includes International government bonds, International company bonds plus International special infrastructure bonds. May have currency risk</p>	<p>Short, medium or long- term.</p>	<p>0 - 10%</p>

	exposure if not hedged.		
Equities			
Domestic Equities	<p>Potential for capital growth, and may offer income through the payment of dividends with imputation credits. The Trustee may choose to invest in Australian companies either directly or using managed funds or listed companies.</p>	Short, medium or long- term.	0 - 75%
International Equities	<p>Potential for capital growth, and may offer income through the payment of dividends with foreign tax credits. The Trustee may choose to invest in International companies either directly or using managed funds or listed companies. May have currency risk exposure if not hedged.</p>	Short, medium or long- term.	0 - 75%

Property			
Domestic Property	<p>Provides the benefits of diversification through access to Australian properties in residential, retail, office, industrial, tourism and infrastructure sectors.</p> <p>You can invest in Australian property directly or via managed funds or syndicates.</p>	Medium-to-long term (five years plus).	0 - 50%
International Property	<p>Provides the benefits of diversification through access to International properties in retail, office, industrial, tourism and infrastructure sectors.</p> <p>You can invest in International property directly or via managed funds or syndicates.</p> <p>May have currency risk exposure if not hedged.</p>	Medium-to-long term (five years plus).	0 - 10%
Alternative			
Alternative	An investment in an	Short, medium or	0 - 50%

	asset that does not fall within the traditional asset classes noted above. They include hedge funds, private equity, art and antiques, futures, derivatives, commodities, credit, equity crowdfunding, etc.	long- term.	
Borrowing			
Borrowing	The Trustee may elect to acquire investments such as property or shares using a limited recourse borrowing arrangement or self funding instalment warrants.	Short, medium or long- term.	N/A
Crypto			
Crypto	Invested via cryptocurrency exchanges or other similar applications or platforms. Highly volatile and risky due to limited regulation. Low diversification.	Long- term	0 - 100%

2.9 Investment Strategy Review and Monitoring

The Trustees will monitor and review the funds investment activities on a regular basis and to communicate with the members should they feel that any change in strategy is necessary in order to achieve the funds objective.