

SECTION 52B(2)(F)
Investment Strategy

Prepared by
Michael J Pankhurst & Jennifer L Pankhurst

As Trustees for
Matdreka Super Fund

ABN: 78 793 515 790

Prepared on the 20 May 2019

Introduction

The purpose of this document is to record the investment objectives and strategy formulated by the Trustees of The Matdreka Super Fund ("the Fund") in relation to the investment of the assets of the Fund.

Section 52B(2)(F) of the Superannuation Industry Supervision Act 1993 (SISA) requires Trustees of superannuation funds to:

Formulate and give effect to an investment strategy that has regard to the whole of the circumstances of the entity, including, but not limited to, the following:

- The risk involved in making, holding and realising and the likely return from the entity's investments having regard to its objectives and its cash flow requirements.
- The composition of the entity's investments, including the extent to which the investments are diverse or involve the entity in being exposed to risks from inadequate diversification.
- The liquidity of the entity's investments having regard to its expected cash flow requirements.
- The ability of the entity to discharge its liabilities.

The Trust Deed of the Fund provides the Trustees with broad authority to investment of the Fund's assets.

Prohibited investments (which are explicitly spelt out in the Trust Deed or are deemed to apply because of legislation) are as follows:

- Loans to members
- Assets acquired from related parties, including members and their associates (limited exceptions apply); and
- In house assets exceeding 5% of the value of the Fund's total assets.

Fund profile

The Matdreka Super Fund is established to provide a lump sum and pension retirement benefits for members, as well as death/disablement protection for members and the dependents of members. Membership of the Fund is voluntary and upon joining members are required to provide certain minimum information to the Trustees. The Fund is maintained as a Self-Managed Superannuation Fund under section 17(A) the Superannuation Industry (Supervision) Act 1993 ("SISA").

The membership profile as at 20 May 2019 is as follows:

Personal Details	Michael J Pankhurst	Jennifer L Pankhurst
Date of Birth	21/01/1960	01/08/1962
Current age	59	56
Health	Good	Good
Risk profile	Balanced Growth	Balanced Growth
Employment status	Earthworks Business Owner	Office Manager

Investment objectives of the Fund

The objective of this document is to formulate and give effect to an investment strategy that has regard to the whole circumstances of the Fund including but not limited to those specified in Section 52(2)(F) of the SISA. The Trustee will at all times act prudently to pursue the maximum rate of return possible, subject to acceptable risk parameters, and the maintenance of whatever diversification that can be achieved with modest assets.

The Trustee will ensure that all investments are authorised under the Trust Deed, are made for the sole purpose of providing benefits to members and the dependants of members and are made in accordance with the legislative requirements applicable to complying superannuation funds.

The Trustee will invest to ensure sufficient liquidity is retained within the Fund to meet benefit payments due and will adjust its specific objectives where it believes the investment objectives of the Fund have changed.

Investment objectives

The Trustee/s of The Matdreka Super Fund have the following specific objectives for the short/medium term:

Short Term (1-5 years)

The Fund's objective is to:

- maximise the member benefits within the defined risk profile and asset allocations; and
- provide retirement benefits to the members of the Fund or benefits to their dependants in the event of the death of a member

Medium Term (5-8 years)

The Fund's objective is to:

- maximise the member benefits within the defined risk profile and asset allocations; and
- provide retirement benefits to the members of the Fund or benefits to their dependants in the event of the death of a member

Long Term (8+ years)

The Fund's objective is to:

- maximise the member benefits within the defined risk profile and asset allocations; and
- provide retirement benefits to the members of the Fund or benefits to their dependants in the event of the death of a member

In consideration of the short, medium- and long-term objectives of the Fund, the Trustee/s has the following investment objectives:

- To achieve an investment return (net of tax) that exceeds CPI + 3.00%, when measured over a 5-year rolling period.

Cash flow and liquidity

Adequate funds will be held in cash/fixed interest to enable the Fund to meet its short-term liabilities including pension payments (where relevant), tax liabilities, accounting, audit and advice fees and any other operating expenses of the Fund. Trustees will decide from time to time on what is an appropriate amount of cash for the Fund to hold taking into consideration:

- Pension payments to be made
- Fees, taxes and expenses required to be paid
- Investment asset running costs

Generally, the Trustees will endeavour to retain at least \$50,000 in cash or cash owed where the Fund is in pension phase. Cash funds above these amounts will be invested in other asset classes per the Fund's investment strategy, often using dollar-cost averaging for the investment of large sums.

In handling the money and assets of the SMSF, the Trustees need to ensure that the money and other assets of the Fund are kept separate from any funds or assets held for purposes other than the Fund. The Trustees are to operate through a bank account established for the SMSF, and no bank account(s) set in the name of fund member(s). The Trustees also need to record assets of the SMSF in the capacity of the SMSF trustee, and not in one or more member(s)' name(s) personally.

The Trustees need to ensure that a statement of financial position and an operating statement is prepared for the Fund in respect of each financial year.

Investment Strategy

The Fund operates a pooled investment strategy, meaning it combines all the member's needs in investing the money in the Fund.

The Trustee reserves the right to implement more than one asset allocation range as it sees fit, and to offer separate asset allocation ranges to members. The Trustee reserves the right to implement separate and a different action plans in the acquisition and disposal of assets according to this strategy.

Investment risk will be mitigated by investing in a broad range of asset classes and, where appropriate, funds will be financed via professional fund managers. A proportion of the Fund's assets will be invested in cash with some of this provisioned to meet benefit payments and fund expenses. This position will be kept under review.

In relation to liquidity, the Trustees have appropriately considered the age of the members and the likelihood that assets may need to be redeemed. The Trustees have also considered what proportion, if any, of the Fund's assets need to be held in highly liquid assets.

The Fund's assets will be exposed to the following asset classes in the following ranges:

Asset Class	Range (%)	Target (%)
Defensive asset sub-classes		
Australian Cash	0 – 50	5
Australian Fixed Interest	0 – 40	30
International Fixed Interest	0 – 30	5
Growth asset sub-classes		
Australian Shares	0 – 30	40
International Shares	0 – 40	20
Property / Infrastructure	0 – 10	0
Alternatives / Other*	0 – 25	0

* 'Other' includes alternative assets which refer to any non-traditional assets that would not generally be found in a standard investment portfolio. Due to the unconventional nature of some of these investments, they tend to be less liquid than traditional investments. Examples of alternative assets include hedge funds, private equity, infrastructure and 'real' assets such as commodities and agribusiness schemes.

Asset Management

Direct Property

Before acquiring or disposing of any direct property investment, the Trustee will consult a suitably qualified professional to ensure that the price of the property reflects the actual market value and constitutes a prudent investment/disposal on an arm's length basis.

In obtaining a tenant (if any) for a property, the Trustees will only enter into a lease with a Fund member, employer sponsor or their Part 7 Associates under SIS if it meets legislative requirements.

If this occurs, a written lease agreement will be made, and the transaction will consist of an arm's length nature.

In determining the proportion of the Fund assets to be invested directly in property, the Trustee shall consider the liability profile and liquidity requirements of the Fund.

Direct Shares

Before acquiring (or disposing of) any shares in companies, the Trustee will consider the diversification of shareholdings across different market sectors/industries and the liquidity requirements of the Fund.

The Trustee may also seek professional advice concerning expected capital growth and dividend income.

Fixed Interest considerations

Before investing in any fixed interest investments, the Trustees will consider the period of investment, and the security offered, the accessibility of funds, the return, and the impact of any interest rate changes.

Cash considerations

Before making any cash investments, the Trustees will consider the rate of return, and security of such investment against the expected rate of return offered by alternative investments.

Managed investments considerations

Before acquiring (or disposing of) any managed funds, the Trustee/s will consider the diversification of assets across different asset sectors (cash, fixed interest, property, shares) and the liquidity requirements of the Fund.

The Trustee may also seek professional advice concerning expected capital growth and income.

Borrowing

The Trustees do not permit the Fund to borrow for investment purposes.

Minimum holding periods

The volatility in the returns of growth assets means that it is ideal that they are held for a minimum of 5 - 7 years, whereas fixed interest investments generally need only be held for at least 2 - 3 years and cash investments can be redeemed at any time.

The Trustee/s will consider this before redeeming any investments to ensure any short-term fluctuations do not detrimentally affect the anticipated long-term returns of the Fund.

Tax resulting from asset disposals

Capital gains tax (CGT) is likely to be payable on the disposal of any investments that have increased in value since they were acquired.

Before deciding to purchase or redeem any investments, the Trustee/s may seek advice regarding the taxation implications of any proposed transactions.

Review of investments

To monitor the success of the investment policy in achieving the investment objectives, the Trustees will take the following action:

- Compare investment returns against investment objectives on an annual basis.
- Compare investment returns against cash rates available over 12 months; and
- Periodically compare the investment performance of the underlying assets against similar assets elsewhere in the market.

Insurance cover

The Trustees are aware of the obligation to consider holding insurance cover and have considered whether insurance cover is owned by the Fund for some or all members of the Fund.


Cover will not be held – Following consideration of the individual circumstances of each fund member, the Trustee/s have determined that insurance cover is not required.

Investment strategy review

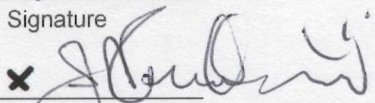
The investment objectives and insurance needs of the Fund will be reviewed at each Trustee meeting or, at minimum, once per each financial year and at such other times as a significant event occurs which affects the Fund.

Adopted by the Trustee/s on 20 May 2019

Trustee, **Michael J Pankhurst**

x 
Signature

Trustee, **Jennifer L Pankhurst**

x 
Signature

Minutes of the meeting for the Trustees of The Matdreka Super Fund

Held at: 4 Lyons Place, Dubbo NSW 2830
On: 20 May 2019
Present: Mr Michael J Pankhurst, Mrs Jennifer L Pankhurst

General Business

The investment strategy for the Fund was tabled and discussed on the above date.


The Trustee/s indicated that the investment strategy was appropriate, considering risk, return, diversification, liquidity and the ability of the Fund to discharge its liabilities as well as the insurance requirements of the members.

Resolution: The Trustee/s resolved that the investment strategy be adopted.

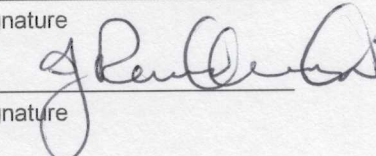
Declaration: We now declare that these minutes are a true and correct record.

Closure: There being no further business, the meeting was closed.

Trustee, Mr Michael J Pankhurst

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Signature

Trustee, Mrs Jennifer L Pankhurst

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Signature