

Resolution of Kilby Consolidated Pty Ltd as Trustee of the KILBY RETIREMENT FUND made on the 1st July 2018, by all the Trustees.

INVESTMENT STRATEGY
KILBY RETIREMENT FUND
for
Financial Year ended June 2019

INVESTMENT OBJECTIVE

The short-term investment objective of the fund Trustees, is to provide the members with investment returns, which will at least be equivalent to the annual rate of inflation. The Trustees long term investment objective is to provide a return to the members, which outperforms the annual rate of inflation, and which ultimately provides the fund members with an acceptable level of return, consummate to the long term performance of the investments held by the fund. The Trustee is looking to provide a minimum return of CPI + 5% over a rolling three year period.

INVESTMENT ASSET SELECTION

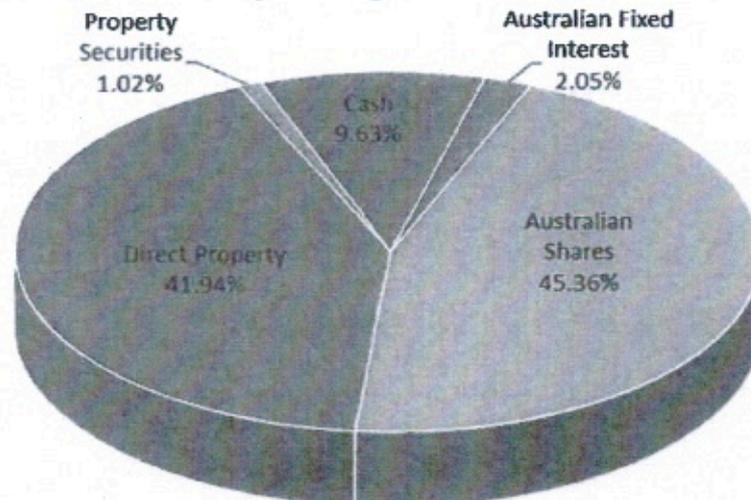
In order to provide the members of the KILBY RETIREMENT FUND with acceptable returns, the Trustee has agreed to the following investment objectives: -

- 1./ In order to meet the management costs and expenses of the fund, we have elected to maintain a cash reserve within the fund as outlined in the range below. Investment within this sector will be through the working account of the fund, the Macquarie Cash Management Account, and where necessary, additional investment in short term deposits when acceptable. This will ensure a specific level of solvency in the fund, and will enable the fund to meet its liabilities as they fall due.
- 2./ At this time, we intend to hold a component of Australian fixed interest within the fund, and any investment into this sector will be through shorter term, Term Deposits.
- 3./ Because of the current valuations within property sector, we have elected to invest into this market via a direct property held by the Yidney Rocks Trust. The Trustee, believes that at current valuations there are excellent opportunities for capital growth moving forward from this property. In addition, we also see substantial benefits in the regular income stream produced by this investment. As with all property investment, we view the funds investment into this asset as longer term, and as such, are comfortable in both the growth and income prospects of this investment moving forward.
- 4./ Because of the long-term outlook of the members of the fund, we continue to maintain a high exposure to the Australian share market which is in line with the members investment objectives. Exposure to this asset class will be predominately through investment in direct shares. The underlying assets will be reviewed on a regular basis to ensure they continue to meet the funds investment objectives.
- 5./ At this time we have elected to keep our exposure in International fixed interest to a minimum, and will review this strategy as required.

6./ Given the current trends in international equities at this time, we have elected not to have any exposure to this sector. Over time, the fund may invest internationally but we will continue to assess our exposure to this asset class.

The Trustee, intends to invest the fund assets within the following strategic ranges for each asset classes to the prescribed minimum and maximum levels set out below.

ASSET CLASS	RANGES	ACTUAL
Cash	0 - 100%	9.63%
Australian Fixed Interest	0 - 30%	2.05%
International Fixed Interest	0 - 10%	0.00%
Australian Shares	0 - 60%	45.36%
International Shares	0 - 40%	0.00%
Property Securities	0 - 20%	1.02%
Direct Property	0 - 80%	41.94%
Other	0 - 10%	0.00%



PORTFOLIO RISK PROFILE

All investment decisions relating to the investment of fund assets have been undertaken on the assumption that the members of the fund are 100% Growth Investors. As such, they have both the ability to wait out downward movements in the market, and are aware of the stance taken towards the investment of the funds assets.

As such, the KILBY RETIREMENT FUND will look to invest approximate 100% of the fund assets into growth assets, namely shares and property.

This type of portfolio would be expected to generate returns in excess of inflation and have high long-term growth potential. The Trustee fully understands that the value of the investments selected can fluctuate significantly, therefore as a guide we have invested for the long term with a minimum investment time horizon of 5 to 7 years. We understand that the likelihood of a negative return adopting this strategy is 1 in every 4 years.

HISTORICAL RETURNS

The following table, prepared by van Eyk Research, is based on historical returns for the period January 2005 to May 2018, using a 100% Growth portfolio with a 100% growth and 0.00% defensive asset balance.

	100% Growth Portfolio
Mean Historical Return	8.38%
Average Real Return	5.88%
Worst Return over any 12 months	-33.67%
Best return over any 12 months	34.67%
Historical incidence of negative return	1 in every 4.05 years
Probability of negative return	24.67%

RISK

Historically, risk is largely minimised over the long term in all asset classes. While investment into shares provides a higher level of risk in the short term, historically this risk diminishes with time. Further, we understand that in the shorter term we may experience some volatility of the capital in order to gain the higher returns.

The trustee, further understands that with the exposure to both Australian and International shares we may experience some volatility of the capital in order to gain the higher returns.

The following historical returns clearly illustrate that our strategy suits the funds risk profile and that of our individual members. The trustee, further understands that the exposure to both Australian and International shares have produced negative returns in the short-term, however, we intend to maintain our exposure to both asset classes.

van Eyk Research has prepared the following table, which shows the Historical Returns for the various investment sectors for the period January 2005 to May 2018.

Period 31 Jan 2005 to 31 May 2018

Asset Class	Australian Equities	International Equities	Emerging Markets
(All Data Gross of CPI)			
Average Historical Return	8.56%	7.79%	9.60%
Average Real Return	6.06%	5.29%	7.09%
Worst return over any 12 months	-40.45%	-24.92%	-41.23%
Best return over any 12 months	45.06%	48.03%	67.02%
Likelihood of a Negative Return (1 year in every ... years)	4.05	3.33	3.95
Probability of a Negative Return over any 12 months	24.67%	30.00%	25.33%

Asset Class	Domestic REITs	Global REITs	Direct Property	Listed Infrastructure
(All Data Gross of CPI)				
Average Historical Return	6.86%	9.88%	9.28%	11.15%
Average Real Return	4.36%	7.36%	6.77%	8.63%
Worst return over any 12 months	-58.24%	-58.27%	-13.56%	-35.70%
Best return over any 12 months	42.60%	75.59%	21.34%	36.47%
Likelihood of a Negative Return (1 year in every ... years)	4.17	4.69	8.33	7.14
Probability of a Negative Return over any 12 months	24.00%	21.33%	12.00%	14.00%

Asset Class Cont.	Australian Fixed Interest	Global Fixed Interest	Australian Floating Rate Credit	Cash	Domestic CPI
(All Data Gross of CPI)					
Average Historical Return	5.78%	6.82%	4.83%	4.18%	2.46%
Average Real Return	3.30%	4.32%	2.35%	1.70%	0.00%
Worst return over any 12 months	-0.75%	0.14%	1.77%	1.73%	1.02%
Best return over any 12 months	15.16%	13.41%	8.94%	7.80%	4.98%
Likelihood of a Negative Return (1 year in every ... years)	50	-	-	-	-
Probability of a Negative Return over any 12 months	2.00%	0.00%	0.00%	0.00%	0.00%

These statistics clearly illustrate the fact that Equities, both in Australia and Internationally, outperform the other major asset classes over the long term.

MEMBER RISK PROFILESAndrew Warwick Kilby

D.O.B. 17/07/1958

Andrew considers himself to be a Growth Investor, and as such is prepared to accept a higher exposure to growth investments and understands that this will also bring a higher volatility. In line with his investment profile, and his age, he also understands that he has the ability to wait out downturns in the investment market.

Jennifer Louise Kilby

D.O.B. 19/03/1958

Jenny considers herself to be a Growth Investor, and as such is prepared to accept a higher exposure to growth investments and understands that this will also bring a higher volatility. In line with her investment profile, and her age, she also understands that she has the ability to wait out downturns in the investment market.

TIME HORIZON OF THE FUND

Presently, there are 2 members in the fund. As at the 1st July 2018, these members had attained the following ages :-

Andrew Warwick Kilby	59 years of age
Jennifer Louise Kilby	60 years of age

These members are accumulating assets prior to retirement. Both members intend to remain within the fund following their retirement, and intend to draw down on their accumulated benefits in the form of a pension each year. Both members wish to continue to see their investments grow and understand that due to their long average life expectancy that they should expect their investments to grow in value.

Taking this into account, the Trustee of the fund consider that all investments can be longer term in nature, and as such, the trustee believes there will not be a prospective liability to pay benefits out of the fund for some time. At this time, the trustee has calculated that the average life expectancy of the fund members to be:-

Andrew Warwick Kilby	23.48 years.
Jennifer Louise Kilby	26.00 years.

These figures are based on the Life Expectancy Tables 2005 -2007, and prepared by the Australian Government Actuary.

Therefore, the Trustee is of the opinion, that the investment strategy is structured in a manner to ensure the fund is sufficiently liquid to discharge its current, and future, liabilities.

INSURANCES

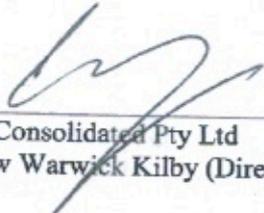
The Trustee, having reviewed the ages of the current members together with their personal situations, has elected not to include any insurance cover for the members of the fund. Given the members current situation this has been deemed an unnecessary expense.

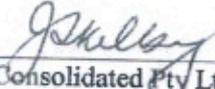
ONGOING MONITORING AND REVIEW

The Trustee, having set, reviewed and implemented the investment strategy to achieve the stated objectives of the KILBY RETIREMENT FUND, understands that it will be necessary to monitor the progress of the strategy, together with the various investments held by the fund. By reviewing this investment strategy we will be able to gauge the extent that both the investment strategy as a whole, and the individual investments within the fund, are continuing to met the funds objectives.

It is intended to review the stated objectives of the investment strategy every 3 months. In addition, the Trustee intends to review the performance of each investment on an ongoing basis to determine their ongoing suitability in meeting the objectives of the fund.

Made on the 1st July 2018 by all the Trustees


Kilby Consolidated Pty Ltd
Andrew Warwick Kilby (Director)


Kilby Consolidated Pty Ltd
Jennifer Louise Kilby (Director)