

MINUTES OF A MEETING OF THE MEMBERS OF McGrath Super Fund

HELD AT: Level 5 / 850 Ann Street, Fortitude Valley QLD 4006

ON: 11/10/2023

PRESENT: Adam and Bettina McGrath

ADOPTION OF INVESTMENT STRATEGY: The Trustees have formulated investment objectives for the Fund and an investment strategy to achieve those objectives, (the investment objectives and investment strategy together to be referred to as the "Investment Strategy") having regard to the whole of the circumstances of the Fund, including:

1. The risk involved in making, holding and realising, and the likely return from, the Fund's investments having regard to its objectives and its expected cash flow requirements;
2. The composition of the Fund's investments as a whole including the extent to which the investments are diverse or involve the Fund in being exposed to risk from inadequate diversification;
3. The liquidity of the fund's investments having regard to its expected cash flow requirements;
4. The ability of the Fund to discharge its existing and prospective liabilities;
5. The Fund profile;
6. Anticipated future contributions;
7. Past investment performance, and
8. The current investment portfolio and asset mix,

which objectives and strategy are set out in the Investment Strategy Report annexed to this resolution.

RESOLVED: To adopt the investment objectives of the Fund and adopt and implement the investment strategy to achieve the objectives as set out in the Investment Strategy Report of the Fund.

CLOSURE OF
MEETING: There being no further business, the meeting ended.

Signed as a correct record

DocuSigned by:
Adam McGrath
54C5DF32FEAA47C
Name: Adam McGrath

DocuSigned by:
Bettina McGrath
54C5DF32FEAA47C
Name: Bettina McGrath

Directors of Badzmac Pty Ltd

Date: 12 October 2023

Date: 12 October 2023

McGrath Super Fund

Investment Strategy Report

Trustee: Badzmac Pty Ltd

Date Prepared: 29 September 2023

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McGrath Super Fund

Compliance

The Fund is a complying superannuation fund under Part IX of the Income Tax Assessment Act 1936 and Section 45 of the Superannuation Industry (Supervision) Act 1993.

Objectives

Specific Objectives

- ❑ To achieve a long term rate of return in excess of the CPI. It is expected that year-on-year returns will vary widely and that there will be years when returns are negative.

General Objectives

- ❑ To ensure that sufficient assets will be available to meet benefit payments when those payments are due to be paid (solvency).
- ❑ To ensure that sufficient liquid assets will be available to meet benefit payments as and when those payments are due to be paid (liquidity).
- ❑ The Fund has a relatively long time horizon. The members are likely to be relying on the fund to provide retirement benefits for their remaining life expectancy.
- ❑ The fund is paying an Account Based Pension. Sufficient capital should be retained in capital secure assets to cover benefit payments for approximately 3 years. The balance should be in higher risk assets in order to provide the prospect of achieving the long term return objective, with the view to prolonging the duration and/or increasing the size of the pension payments.

Fund Profile

Fund benefit design:	Accumulation Fund
Fund structure:	Self Managed Superannuation Fund
Current size of the Fund:	Approx \$1,776,000
Annual contributions this financial year:	To be reviewed annually

McGrath Super Fund

Risk profile

Risk Tolerance:

- ☐ The Fund has a relatively long time horizon. The members are prepared to endure a reasonable level of volatility of returns in expectation of long term growth.
- ☐ The Fund is paying an Account Based pension. Investments should be split between capital secure assets to provide short term liquidity and growth investments to generate capital appreciation and a growing income stream to prolong the duration of the pension payments.

Statement on Risk:

- ☐ Investment risk is borne by the members, as fluctuation in investment returns will affect the level of the members' benefits on withdrawal.

Liquidity

Number of existing members:	2
Time horizon of Fund:	21.72 years

- ☐ All anticipated benefit payments are in the form of Account Based Pension payments. It is anticipated the pensioner members will at least draw the minimum payments. No other benefit payments are anticipated.

Age distribution of members:

Age	Number of Members
Less than 40 years	0
41-49 years	0
50-59 years	0
60-64 years	2
65-69 years	0
70 years and over	0

McGrath Super Fund

Membership growth:

- ☐ No membership growth is expected.

Statement on Liquidity

- ☐ Pension payments are made at least annually. The Trustee will monitor the liquidity position to ensure that there will be sufficient liquid assets to meet the benefit payments as and when they fall due.
- ☐ Lump sum benefit payments may be made. The Trustee will monitor the liquidity position to ensure that there will be sufficient liquid assets to meet the benefit payments as and when they fall due.

Diversification

- ☐ Diversification is achieved through a mix of Australian investments across a range of asset classes. The Trustee recognises that diversification can result in significant reduction to return volatility while maintaining the level of anticipated return.
- ☐ A large proportion of the funds are primarily invested in Australian equities. The Trustee recognises the higher risk in investing predominantly in only one asset class and the volatility associated with shares. The volatility will be compensated by the prospect of achieving higher return and growth in the longer term as well as tax effective income. The shares are invested in different industries and sectors, which will spread risk to a satisfactory level.
- ☐ The Trustee recognises the need to maintain a buffer in non-volatile defensive assets (mainly cash, Bank Bills and Term Deposits) in order to meet short term liquidity needs of the fund. It is envisaged that other assets held by the fund will be volatile in nature. The holding in defensive assets is designed to ensure that the Trustee will not be obliged to sell-down volatile assets (property and shares), in the shorter term, to meet payment obligations of the fund.
- ☐ The Fund is invested in a Unit Trust and the underlying assets of the Trust are primarily invested in shares. The Trustee recognises that the Fund is subject to higher risk associated with investing predominantly in one asset class and the volatility associated with shares. The Trustee considers that the higher risk will be compensated by the prospect of achieving higher return and growth in the longer term. The shares are invested in different industries and sectors, which will spread risk to a satisfactory level.

McGrath Super Fund

Ability of Fund to discharge existing and prospective liabilities

- ❑ Sufficient cash flow will be maintained to discharge administration expenses and other outgoings. The Fund is a defined contribution fund and the members are entitled to the accumulation of contributions and earnings in the members' account on withdrawal. The Fund will be able to meet its obligations to the members at all times.

Indicative asset mix and asset class strategic ranges formulated

Asset Class	Target Allocation ¹ %	Strategic Ranges	
		From %	To %
Australian Shares	53%	20%	80%
International Shares	20%	10%	50%
Listed Property	7%	0%	20%
Direct Property	0%	0%	20%
Global Infrastructure	5%	0%	20%
Australian Fixed Interest (incl Deposits 12 months & over)	5%	1%	30%
International Bonds (incl Deposits 12 months & over)	5%	0%	30%
Cash (CMT, Deposits < 12 months, A/c balances)	5%	1%	100%
In-house Assets	0%	0%	5%
Collectibles	0%	0%	5%
Other	0%	0%	5%

Reserves Management Strategy

- ❑ The fund does operate reserves.

¹ The Target Allocation is the long term asset mix that the Trustees will aim for. However, the Trustees may vary the investment of the fund within the Strategic Ranges without the requirement to alter the investment strategy.

McGrath Super Fund

Implementation of Investment Strategy

- ❑ The Trustees have agreed to appoint EP Financial Services Pty Ltd as investment advisers to the fund, in order to assist with the implementation and review of the Investment Strategy.
- ❑ The cash holdings of the fund will be invested in Cash Management Trusts, Bank Bills and Term Deposits.
- ❑ The fixed interest allocation will be invested in a range of approved fixed interest investments, including but not limited to Bonds, Corporate Debt Securities, Mortgage Securities and listed Hybrid Securities. This may also include listed or unlisted trusts that invest in these securities.
- ❑ The Property allocation of the fund will be invested into a share of Property Trusts which are listed on the Australian Stock Exchange. The trusts selected will be predominantly from the ASX 100 index.
- ❑ The Australian Share allocation will be invested into listed shares which are traded on the Australian Stock Exchange. The shares selected will come predominantly from the ASX 100 index. The equity exposure will be diversified across approximately 20 to 35 holdings and no more than 5% of the fund's assets will be invested in a single investment.
- ❑ The International Equity allocation will be selected from listed investment companies, international managed funds and listed exchanged traded funds. These investments will be selected to provide adequate exposure to international equity markets.
- ❑ The Global Infrastructure allocation will be selected from international managed funds, listed exchanged traded funds or listed infrastructure companies. The selection will provide exposure to international infrastructure providing a regular and secure income and the possibility of capital growth.

McGrath Super Fund

Insurance Assessment

1. General Objectives

The SMSF is required to assess the insurance requirements of the SMSF for members of the fund.

To ensure that the Trustees' duties and powers are performed and exercises in the best interests of the beneficiaries, the following general objectives have been formulated:

The trustees will:

- (a) Consider the category of member insurability according to age;
- (b) Offer members the opportunity to implement insurance cover via the SMSF; and
- (c) If insurance is implemented by a member, they will ensure the premium is paid in accordance with the member's and Fund's objectives:
 - a. The default position is to allocate insurance premiums to the specific members account,
 - b. Pay from another member account or Reserve account where there is a specific policy and documented Estate Planning strategy.

2. Insurance Category

The Trustees have assessed the following specific insurance position of the fund:

- Members are of an insurable age and have indicated to the trustee on the "Member Insurance Notice" that they do not wish to implement cover or they have adequate cover and therefore will not implement increased/new insurance via the SMSF.

3. Review

The trustees will review the insurance assessment annually and seek instructions from each member at the time of the review.

This annual request will continue until such time as the trustee assesses or the member declares that they will not require insurance at any future date for reasons such as cost, un-insurability due to age, or no requirement due to suitable member asset holdings.

McGrath Super Fund

Member Insurance Note

SMSF Name: McGrath Super Fund

Member Name: Adam McGrath

Member Date of Birth: 29/08/1962

Dear Trustees,

I declare that I have considered my need for insurance (Life, Disability, Salary Continuance Cover):



I have decided that given my age and/or financial position, I do not require any insurance.

As the member, I have considered my own financial requirements and the possible negative consequences of being under insured and there appropriate I have sought independent financial advice.

DocuSigned by:
Adam McGrath
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Name: Adam McGrath

Dated: 17 October 2023

McGrath Super Fund

Member Insurance Note

SMSF Name: McGrath Super Fund

Member Name: Bettina McGrath

Member Date of Birth: 18/03/1961

Dear Trustees,

I declare that I have considered my need for insurance (Life, Disability, Salary Continuance Cover):



I have decided that given my age and/or financial position, I do not require any insurance.

As the member, I have considered my own financial requirements and the possible negative consequences of being under insured and there appropriate I have sought independent financial advice.

DocuSigned by:

Bettina McGrath

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Name: Bettina McGrath

Dated: 12 October 2023

McGrath Super Fund

Acceptance by Trustees

As Directors of Badzmac Pty Ltd ("The Trustee") we hereby acknowledge that the above document represents the full Investment Strategy of the McGrath Super Fund. This strategy replaces any previous Investment Strategies.

DocuSigned by:
Adam McGrath
54C5DF32FEAA47C...
Adam McGrath
Director

12 october 2023

Date

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Bettina McGrath
54C5DF32FEAA47C...
Bettina McGrath
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Date