

# **Neary Superannuation Fund**

## **Projected Investment Strategy**

For the year ended 30 June 2021

---

### **Background**

The Trustees of the Neary Superannuation Fund ('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 Fund's 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.

There are four members in the Fund.

- Douglas Neary is 73 years of age and has retired. His member balance as at 30 June 2020 was \$850,302.78.
- Mavis Neary is 68 years of age and has retired. Her member balance as at 30 June 2020 was \$810,984.65.
- Mark Neary is 48 years of age and is eligible for retirement in 12 years. His member balance as at 30 June 2020 was \$357,231.43.
- Debra Cushing is 45 years of age and is eligible for retirement in 15 years. Her member balance as at 30 June 2020 was \$177,080.92

### **Investment Objective**

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.

The Fund has invested in commercial property at 33 Dulwich Street, Loganholme in order to earn regular rental income from property. The Trustees note that they have entered into a contract to sell the property, with settlement due to occur on 26 October 2020.

The Fund has also invested in Australian listed securities and term deposits in order to earn dividend and interest income.

### **Risk & Return on Investments**

Each investment decision will be made with due regard to the associated, risk and expected return. With this in mind, the Trustees will, from time to time, seek professional investment advice in order to assist in the process of determining what investments are suitable for the Fund and also taking into account the concerns of the members.

The overall strategy is to maximise the 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.

In making a decision on the types of investments made by the Fund, the Trustees have consulted with the members in this regard. They have taken into account the members overall risk profile and their concerns about various investment opportunities.

After discussions with the members of the Fund, the Trustees have determined that once the property has been sold in October 2020, they will invest most of the Fund in Australian listed securities and term deposits and keep some cash for unforeseen circumstances and future investment opportunities.

#### **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 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.

#### **Liquidity of Fund's Assets**

Each investment decision will be made with due regard to the cash flow requirements of the Fund. The Trustees 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 Mark and Debra reach pension age, are temporarily 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.

The Trustees are aware that Doug and Mavis have retired and currently have account-based pensions. In the current economic environment, income from the assets are sufficient to meet the minimum pension requirement.

#### Asset Class

The Fund's asset classes as at the beginning of the year (1st July 2019) and as close of the year (30th June 2020) are as below with the Trustees asset allocation for the following year:

Asset Class	Assets 1/07/2019 \$	Assets 30/06/2020 \$	Target Range (% of Total Fund Assets)			
Australian Shares	25,667	64,623	0	% -	20	%
International Shares				% -		%
Cash	27,190	544,880	20	% -	90	%
Australian Fixed Interest	0	500,000	0	% -	40	%
International Fixed Interest				% -		%
Mortgages				% -		%
Direct Property	900,000	1,100,000	0	% -	50	%
Listed Property				% -		%
Other	1,150,000	0	0	% -	10	%

#### Insurance Cover

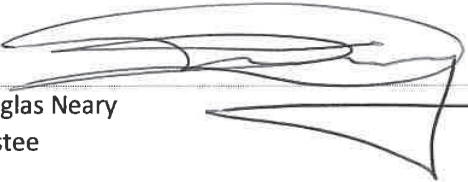
The Trustees will assess the need of insurance for all members and will seek financial insurance advice where necessary to ensure all members are adequately insured. Insurance policies may be held by the Fund or by members personally. Mark and Debra Neary have life insurance cover in the Fund. The policies have been reviewed and the Trustees have decided to continue with both policies.

Trustees have considered insurance for all the assets of the Fund against fire and other natural perils.

**Review**

This Fund's strategy will be reviewed regularly and updated if any modifications are required.

Approved at meeting of Trustees dated: 22 / 10 / 2020

X   
Douglas Neary  
Trustee

X   
Mavis Neary  
Trustee

X   
Mark Neary  
Trustee

X   
Debra Cushing  
Trustee

# Neary Superannuation Fund

## Projected Investment Strategy – Memorandum of Resolution

For the year ended 30 June 2021

---

**ADOPTION OF  
INVESTMENT  
STRATEGY:**

The investment strategy for the financial year 2020 - 21, formulated by the Trustees of the Fund to achieve investment objectives of the Fund having regard to the whole of the circumstances of the Fund was tabled. The following was discussed:

**1. Risk & Return on Investments**

Have Trustees considered the risk involved in making, holding and realising a single asset class with risk to likely return of the Fund, having regard to its objectives and its expected cash flow requirements for the next financial year.

**2. Risk Associated with limited diversification**

Have Trustees considered lack of diversification in this investment strategy, all associated risks due to inadequate diversification and considered the following:

- Current volatility and investment climate in local and international share market - loss of capital;
- Low interest rates offered by deposit taking entities & Banks;
- Age of members, members wishes etc;
- Quality of the current property investment, rental return.

**3. Liquidity of the Fund's Assets**

Have Trustees considered the liquidity of the Fund's investments having regard to its expected cash flow requirements in the next two years and considered the following;

- Ability of the Fund to discharge its existing and future liabilities;
- Ability of the Fund to make any LRBA loan repayments considering anticipated contributions from members;
- Cash inflow and Fund expenses from past investment performance of the Fund.

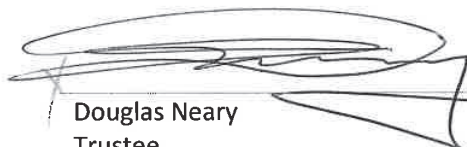
**RESOLUTION:**

It was resolved to adopt the Investment Strategy as set out in the attached document and implement the strategy for the following year.

**CLOSURE:**

Signed as a true record –

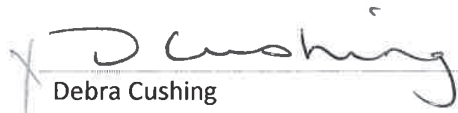
Date: 22 / 10 / 2020

  
Douglas Neary  
Trustee

  
Mavis Neary  
Trustee



Mark Neary  
Trustee



Debra Cushing  
Trustee