

THE KARL CHAPPELL SUPERANNUATION FUND

(Investment Strategy)

Name: Karl Brian Chappell

Objective

This investment strategy (reviewed and amended annually or more often depending on changes to members' needs) is created in compliance with the Superannuation Industry (Supervision) Act 1993.

The Fund:

1. accepts employer and member contributions and contributions from other persons as the laws allow
2. transfers from other Superannuation funds and from a spouse as the laws allow
3. provides benefits to members upon retirement and as the rules allow
4. provides other activities as allowed by the laws and regulations from time to time
5. allows access to any unrestricted non-preserved benefits (as/when permitted by the laws and regulations)
6. provides for the payment of pension benefits at a rate as determined in the future from time to time.

The fund complies with the current laws and regulations and the rules in the trust deed. It has the following investment objectives:

Risk and Return

It is recognised that timing (when you get into the investment) and time in the investment (how long you are in the investment) affects returns. Different assets have different returns and volatility. The Trustee (from time to time) of the fund strongly emphasises preserving the fund's capital. However, many sound investments are not capital guaranteed. Security of capital has to be tempered with the need to achieve the desired rate of return. Therefore, assets that show volatility may be of benefit to the fund.

The Trustee is ever vigilant in balancing these two objectives:

- protecting the capital and
- growing the value of the fund by obtaining an acceptable rate of return.

Position on Diversification

From time-to-time fund investments may be diversified across asset classes but at other times may be concentrated in only a few or one. The Trustee will invest according to market conditions and the availability of the fund's assets. A fund's assets may be predominantly invested in residential or commercial (or other types) real estate should the trustee see fit to do so.

Required Rate of Return

The Trustee seeks an overall investment return for the fund in the 7–10-year term (medium term) of 3-5% above the average rate of inflation over that period.

Trustee's Obligations

The Trustee ensures that the fund meets the legislated standard minimums to continue to obtain concessional taxation status on the income. It is also incumbent on the Trustee to consider the tax consequences of all investments. Tax-advantaged products may reduce the fund's taxation burden. Tax is one of the Trustee's relevant concerns. The Trustee acknowledges that members' benefits are a liability of the fund. The Trustee considers the level of benefit required to be paid to the member. However, while no terminations or benefits are expected to be paid out in the short to medium term, the Trustee is at liberty to examine investments that are medium term. However, the time horizon may be far shorter when the member is in the pension phase.

Paying Debts

The Trustee is obliged to pay tax, expenses, and benefits. It will do so within 31 days. The Trustee ensures that it holds sufficient cash to meet such obligations.

Cost of Investing

The Trustee strives to reduce the costs of investing. However, at times upfront investment costs are payable to obtain the best investment products that fit into this investment strategy. Exit costs and penalties may also be part of the cost of carrying out this investment strategy.

Gearing

Borrowing to invest is permissible by the fund in accordance with the rules and laws at the time.

Investments (all investments may be held within the following range 0-100%)

Cash

Money can be held in kind in banks, building societies, lending institutions and cash management accounts.

Australian Shares

After research and due diligence, these include listed and unlisted securities, including shares, warrants, derivatives, derivatives securities, and managed funds.

Fixed Interest

These include deposits in Australian and overseas banks, building societies, lending institutions, cash management accounts, government and non-government bonds, bank bills, debentures, corporate notes, and specialist fixed interest funds.

International Shares

After research and due diligence, these include investments directly or indirectly in listed and unlisted shares from around the world, including listed and unlisted securities, shares, warrants, derivatives, derivatives securities, and managed funds.

Property

This includes direct residential and commercial real estate, direct and indirect investments in listed and unlisted property trusts and property securities funds.

Derivatives

Derivatives are financial contracts or financial instruments whose prices are derived from the price of something else (known as the underlying). The underlying price on which a derivative is based can be that of an asset (e.g., commodities, equities (stocks), residential mortgages, commercial real estate, loans, bonds), an index (e.g., interest rates, exchange rates, stock market indices, consumer price index (CPI), inflation derivatives, or other items).

Structured Products

This includes products that cover a diverse set of investment categories outside traditional bonds and shares and can be considered as having a typically higher risk/ return profile or other features that provide some complexity to the investment. These products are derived from and/or based on a single security or securities, a basket of stocks, an index, a commodity, debt issuance and/or a foreign currency, among other things and include index and equity-linked notes, term notes and units generally consisting of a contract to purchase equity and/or debt securities at a specific time.

Cryptocurrency

This includes established coins listed on recognised exchanges, ICOs and NFTs. The investments may be held on an exchange directly or stored in a secure cold wallet.

Insurance

The trustee has reviewed the need to hold contract insurance for members of the fund. It has been determined that contract insurance is not necessary in compliance with the directives contained within SIS Act 1994 Regulation 4.09 (2)(e).

Review

The Trustee will review this strategy continually and regularly revisit the fund's objectives and strategies consistent with the members' needs. At a minimum, the fund's investment strategy will be reviewed annually.

DATE: 10/01/2022

Signature:



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For and on behalf of KARL CHAPPELL PTY LTD ATF, THE KARL CHAPPELL
SUPERANNUATION FUND.