

John Loney & Lynne Loney ATF Loney Family Super Fund

SMSF Investment Strategy

1. Background

This is the Investment Strategy for **John Loney & Lynne Loney ATF Loney Family Super Fund (Fund)**.

Unless otherwise indicated, capitalised terms in this document have the same meaning as in the trust deed for the Fund.

A copy of this Investment Strategy has been provided to the Members and is available to the Members at any time upon request.

The Trustee intends to follow the Investment Strategy set out in this document at all times, however, it may be necessary from time to time for the mix of investments to be amended in order to achieve the best outcome for the Fund having regard to changes in the market conditions. If any such change in the investment arises, the Trustee will update this Investment Strategy in line with the new mix of investments as soon as possible.

2. Objectives

2.1 The objectives of the Fund are to:

- a. to provide benefits for the Members and Dependants;
- b. ensure that appropriate mixes of investments are made by the Fund to enable the payment of benefits to Members and their Dependants;
- c. ensure the Fund meets the requirements of the Relevant Law relating to diversification and liquidity of assets;
- d. consider the appropriateness of holding Life Insurance for the Members within the Fund;
- e. ensure the SMSF has sufficient liquid assets on hand at all times to extinguish all liabilities of the Fund as and when they fall due (including but not limited to sufficient liquid assets to pay any Taxes, Fund Expenses, benefits or any other amounts or disbursements payable by the Fund); and
- f. achieve a target return on investments of 3% pa or more above CPI after taxes and costs.

3. Trustee considerations

- 3.1 The Members anticipate an investment time horizon of at least 7 years. On this basis, the Trustee has determined that the Investment Strategy of the Fund will include a combination of the following investments:

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- Highly secure investments with a low investment return; such as cash and term deposits (**Low Risk Assets**);
- Investments with higher return potential than cash and varying degrees of investment risk; such as Australian Government and State Government Bonds and highly rated corporate bonds and debentures (**Moderate Risk Assets**); and
- Investments with a higher return but higher degree of risk; such as equities (Australian and international), direct real property, commodities, foreign exchange and derivative products (**Risk Assets**).

3.2 The Trustee considers that the following are 'relevant factors' in determining the Fund's investments, having regard to the Fund's objectives and the Relevant Law:

- (a) the risks and likely return associated with each investment;
- (b) the diversity of investments held by the Fund;
- (c) the risks of having a limited diversification of assets;
- (d) the liquidity of the Fund's investments;
- (e) the age of the Members and the anticipated period over which the Fund is likely to be in pension phase – note that at present one member is in Pension phase with the other member in Pension and Accumulation phase;
- (f) the expected level of contributions to be made by the Members in Accumulation phase; and
- (g) the expected cash flow requirements of the Fund (including but not limited to sufficient liquid assets to pay any Taxes, Fund Expenses, benefits or any other amounts or disbursements payable by the Fund).

4. Trustee's strategy to achieve the Fund's objectives

In order to achieve the Fund's objectives, the Trustee has adopted the following strategies.

- (a) The Trustee will undertake regular monitoring of the investments. In doing so, the Trustee will consider the performance of the existing investments of the Fund, the overall mix of the existing investments of the Fund and the expected cash flow requirements of the Fund (including but not limited to sufficient liquid assets to pay any Taxes, Fund Expenses, benefits or any other amounts or disbursements payable by the Fund).
- (b) The Trustee will re-balance the investments of the Fund as necessary in line with changes to market conditions.

5. Consideration of risk

- 5.1 The Members understand that investment risk is borne by the Members, as fluctuation in investment returns will affect the level of benefits available to Members.
- 5.2 Further, the Members understand that there is a trade-off between investment risk and expected returns.
- 5.3 Having regard to the fact that the majority of the Fund's assets are in pension phase with a portion of assets in Accumulation phase, the Members have indicated that income and asset growth are both important priorities.

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6. Liquidity

The Trustee will hold sufficient liquid assets to meet all cash flow requirements of the Fund (including but not limited to sufficient liquid assets to pay any Taxes, Fund Expenses, benefits or any other amounts or disbursements payable by the Fund).

6. Asset allocation

- 8.1 The Trustee has determined a 'Target Asset Allocation Range' over the long term, however, the Trustee may vary the investment allocation within the 'Target Asset Allocation Range' without having to update this Investment Strategy.
- 8.2 The Trustee recognises that in the short to medium term, changes in market conditions may on occasion cause the allocation of particular assets to temporarily exceed or be less than the 'Target Asset Allocation Range'.

Asset	Target Asset Allocation Range
Australian Shares	0% to 55%
International Shares	0% to 35%
Property	0% to 20%
Australian Fixed Interest	0% to 35%
International Fixed Interest	0% to 35%
Cash & Term Deposits	0% to 100%
Alternative investments	0% to 20%

7. Insurance

The Trustees has considered whether the Fund should hold a contract of insurance for its members and concluded that:

(Select as appropriate)

- ☐ Additional insurance is not appropriate as the members have pre-existing medical conditions that mean that insurance is not available on a cost-effective basis
- ☐ Additional insurance is not appropriate as the members are of an age that means that insurance is not available on a cost-effective basis
- ☐ The Fund already has appropriate insurance for its members
- ☒ The members have a strong overall asset base and are confident that this accumulated asset base can cover any unforeseen event.

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- ☐ The members have appropriate insurance outside the Fund through:
- ☐ an account with an industry superannuation fund/retail superannuation fund (that will continue to be held alongside this self-managed superannuation fund); or
 - ☐ an appropriate and cost-effective insurance policy directly held by the members
- ☐ The Trustee recognises the need for additional insurance and will take the following actions (provide details) _____
- _____
- _____

Signed:

John Loney
John Loney (Trustee)

20/11/2019
Date

Lynne Loney
Lynne Loney (Trustee)

20/11/2019
Date

By John Loney & Lynne Loney ATF Loney Family Super Fund in accordance with
Section 127 of the Corporations Act.

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