

INVESTMENT STRATEGY

for

MONTANA DOWNS SUPERANNUATION FUND

In accordance with the Superannuation Industry (supervision) Legislation, we have prepared the following investment strategy for our Superannuation Fund. We have taken advice from Grant Hodgins of Advantage One Financial Services (Investment Adviser) where his expertise and knowledge would be helpful.

We have prepared this strategy in February 2019 which will be regularly reviewed with assistance from our Advisers.

PURPOSE OF THE PLAN:

The Montana Downs Superannuation Fund was established to provide retirement benefits for Members. The Trustees can determine who can be members of the Fund.

All benefits will be provided by an accumulation of Employer contributions and/or Member contributions. The Members of the Fund and their dates of birth are as follows;

- Timothy Fisher 17/03/1951
- Terri Scheer 27/10/1960

Upon retirement, death or disability, the Trustees will pay a pension benefit to the member or dependents of the member. A member can elect to commute the benefit to a lump sum. Therefore, the Fund is essentially an accumulation of roll-over and Member contributions together with investment returns to provide a lump sum benefit at retirement age or death.

INVESTMENT OBJECTIVES:

It is the Trustees desire to seek the highest possible returns from a diversified portfolio of investments with the lowest possible risk. The Trustees acknowledge risk factors associated with each class of investment, in particular growth based investments such as shares.

The investment risk for each class of investment is identified in the following table;

Asset Class		Long-term	Risk of a Negative Return				
		Historic Real Return % p.a.	1 Year	3 Year	5 Year	10 Year	20 Year
Cash	Domestic	0 – 1	n/a	n/a	n/a	n/a	n/a
Fixed Interest	Domestic	0-3	0.5	0	0	0	0
	International	1-2	0.4	0	0	0	0
Property Securities	Domestic	3-5	12.4	2.3	0.5	0	0
Shares	Domestic	5-8	22.3	9.3	4.4	0.8	0
	International	5-9	22.1	9.1	4.3	0.8	0

However, the intention is to provide benefits on retirement which represents a long term commitment. We accept the short term volatility of investments in long term growth based assets.

We have taken initial advice from Grant Hodgins Authorised Representative No. 223015 of Matrix Planning Solutions. We will seek advice on a 6 monthly basis to ensure we maintain an understanding of the investment risk and current investment markets.

With this in mind, we need to structure our investments in a manner which enables the conversion to cash in order to make benefit payments and the expenses associated with conducting the Fund. In this regard, we believe it is essential to retain sufficient cash based investments to cover the cost of administration, investment advice and insurance costs at all times.

The Fund commenced paying a Retirement Pension with effect from 1st July 2011 to Tim. The Fund is not expected to commence paying a Pension to Terri for at least the next 2 years, possibly longer.

The Fund will adopt and maintain a diversified investment portfolio designed to achieve investment returns of 3.50% above inflation over a 10 year period in respect to those funds not required to meet pension and capital requirements.

INVESTMENT STRATEGY:

The Trustees long term objective is to diversify the asset allocation with a view of reducing the investment risk and maximising returns.

Our approach is to:

- Diversify invested funds between asset types and asset classes to reduce investment risk.
- Provide the fund with franking credits from exposure to Australian Equities to reduce contribution tax on investment returns.

In accordance with the above-mentioned objective, we have set the following target asset allocation for the Fund. We have also established a range in which to manage the asset allocation according to current economic and investment cycles.

	Target %	Range %
Cash	5%	0 – 15%
Domestic Fixed Interest	25%	15 - 35%
Domestic Shares	30%	20 – 40%
International Shares	25%	15 – 35%
Property	10%	0 – 20%
Alternatives	5%	0 - 15%

These target allocations may be varied from time to time in accordance with advice from our Advisers.

The Trustees will retain sufficient capital together with anticipated cash earnings to fund pension payments for minimum period of 3 years.

The implementation of this strategy will be predominantly achieved by investing in major asset classes via a Managed Discretionary Account Service, ASX Listed investments and Cash/Term Deposits. As a guideline it is anticipated that no more than 10% of Fund Assets or \$350,000 (whichever is the lesser) will be invested with any one underlying asset or security at any one time.

CONCLUSION:

The Trustees believe the above to be an appropriate investment strategy for the current period. The Trustees will undertake to review this strategy on a regular basis not more than 12 monthly.

REVIEW OF MEMBER'S INSURANCE NEEDS:

The Trustees have reviewed the need for insurance by the members and believe there is no need for additional insurance at this time.



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Timothy Fisher
Trustee of
Montana Downs Super Fund



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Terri Scheer
Trustee of
Montana Downs Super Fund

12/31/19