

**MINUTES OF MEETING OF DIRECTORS OF
TRENGOVE FAMILY SUPERANNUATION FUND PTY LTD ACN 617 861 739
AS TRUSTEE FOR
TRENGOVE FAMILY SUPER FUND**

HELD AT: 18 REDFERN STREET, COWRA, NSW 2794

ON: 30 June 2023

PRESENT: David Robert Trengove and Karen Louise Trengove

CHAIRPERSON: It was resolved to elect David Robert Trengove as Chairperson of the meeting.

Noted:

That the Company acts as trustee of the Trengove Family Super Fund ("**Fund**").

ADOPTION OF INVESTMENT POLICY STATEMENT, OBJECTIVES AND STRATEGY

The investment objectives for the Fund and an investment strategy to achieve those objectives, (the investment objectives and investment strategy together as attached) have been determined having regard to the whole of the circumstances of the Fund, including:

- (i) risks involved in making, holding and realising, and the likely return from the fund's investments regarding its objectives and cash flow requirements
- (ii) composition of the fund's investments including the extent to which they are diverse (such as investing in a range of assets and asset classes) and the risks of inadequate diversification
- (iii) liquidity of the fund's assets (how easily they can be converted to cash to meet fund expenses such as the cost of managing the fund and income tax expenses)
- (iv) the fund's ability to pay benefits (such as when members retire and require a lump sum payment or regular pension payments) and other costs it incurs
- (v) whether to hold insurance cover (such as life, permanent or temporary incapacity insurance) for each member.

Resolved:

To adopt the investment objectives of the Fund being "The objective of the Trustees is to achieve real growth in the medium and long term after considering the risks associated with investment classes." and adopt and implement the investment strategy as set out in the document entitled "INVESTMENT STRATEGY" attached, signed or initialled by the Trustees for identification purposes.

The Chairperson

Signed by David Robert Trengove:



David Robert Trengove
Chairperson



**TRENGOVE FAMILY SUPER FUND
2022-2023 FINANCIAL YEAR**

INVESTMENT STRATEGY

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1 Introduction

A crucial area of responsibility for Trustees of a Self-Managed Superannuation Fund (“SMSFs”) is the investment management of the Fund. Under the *Superannuation Industry (Supervision) Act 1993* (Cth) and its regulations (“SISA”) the Trustees of every SMSF are required to set an investment objective and prepare and implement an investment strategy for the SMSF.

The Trustees must, under the SISA, formulate, review regularly and give effect to an investment strategy that has regard to the whole of the circumstances of the SMSF.

An appropriate investment strategy should set out the investment objectives of the SMSF and detail the investment methods the Trustees may use to achieve those objectives. The Trustees must ensure all investment decisions are made in accordance with the investment strategy and that they are in writing. The investment strategy must be implemented and regularly reviewed.

While Trustees are not prevented from engaging or authorising other persons to act on or to do certain things on their behalf (e.g. engaging the services of an investment or financial adviser), they are bound to retain control over the SMSF. Ultimately the Trustees have responsibility and accountability for prudently administering the SMSF.

For more information go to the Australian Taxation Office (ATO) website.

2 Investment Strategy Guideline – The Commissioner’s View

The ATO has on its website important guidelines in relation to investment objectives and investment strategies for SMSF Trustees and their advisers. The investment strategy should explain how the investments may meet each member’s retirement objectives. Relevant circumstances of the members which may influence the risk appetite include (but are not limited to) their age; employment status; retirement needs and whether a member is likely to make future contributions to the SMSF.

Under the super laws, the investment strategy should consider the following specific factors regarding the whole circumstances of your Fund:

- risks involved in making, holding and realising, and the likely return from the Fund’s investments regarding its objectives and cash flow requirements;
- composition of the Fund’s investments including the extent to which they are diverse (such as investing in a range of assets and asset classes) and the risks of inadequate diversification;
- liquidity of the Fund’s assets (how easily they can be converted to cash to meet Fund expenses such as the cost of managing the Fund and income tax expenses);
- the Fund’s ability to pay benefits (such as when members retire and require a lump sum payment or regular pension payments) and other costs it incurs;
- whether to hold insurance cover (such as life, permanent or temporary incapacity insurance) for each member.

The percentage or dollar allocation of the Fund’s assets invested in each asset class should support and reflect the Trustees’ articulated investment approach towards achieving retirement goals.

WHY AN INVESTMENT STRATEGY IS IMPORTANT

The Trustees are aware of the ATO publication QC 23300 "Self-managed super funds" which is available on the ATO website and will have regard to the matters covered by that publication.

If the Fund does not have an investment strategy the Trustees may be liable to a penalty or other sanction. The monetary penalty for a breach may be substantial. It is important for Trustees to document their considerations and approaches to investment decisions. The investment strategy should be reviewed at least annually.

3 Investment Restrictions for SMSF trustees

SMSFs are restricted in the investments they can make. These restrictions aim to protect superannuation Fund members from being overly exposed to risk and aim to ensure that the assets of the Fund may be available to provide retirement income rather than providing current-day support. In accordance with SISA the Trustees may not:

- Lend money or give other financial assistance to a member or their relatives. The use of superannuation assets by a member or member's relative for no cost or on a guarantee to secure a personal loan would be in breach of the investment restrictions [SISA S65(1)].
- Intentionally acquire an asset from a member or a relative of a member of the Fund (related party) unless: [SISA S66]
 - The asset is business real property, or listed security; and is acquired at market value; or
 - The asset is an "in-house asset" which, after being acquired by the Trustees would not result in the level of "in-house assets" of the Fund exceeding more than 5% of the superannuation Fund assets.
- Borrow any funds, other than to overcome cash flow problems in the payment of benefits or surcharge liabilities or permitted under sections 67A or 67B SISA. The former borrowings may be restricted to a period not exceeding 90 days and may not exceed 10% of the market value of the Fund's total assets. [SISA section 67]. The trustees of the Fund may borrow pursuant to a limited recourse borrowing arrangement under sections 67A and 67B SISA to acquire a single acquirable asset that is allowed to be acquired by the Trustees of the Fund.
- Acquire any Fund assets other than on an arm's length basis . Investments must be made and maintained on a strictly commercial basis. The purchase and sale price of assets and the income from the assets should reflect the market rate [SISA section 109].

Trustees should consider the costs associated with the asset (i.e.insurance costs particularly where there is an SMSF Borrowing). If a Fund acquires an asset that is utilised by the member at no cost, a breach of the Sole Purpose Test may have occurred.

4 The Fund's Investment Guidelines

Trustees of SMSFs are responsible for determining investment strategies and selecting investments for each strategy consistent with the Fund's investment objectives and more importantly the Fund's purpose. The Trustees are responsible for monitoring on an ongoing basis whether investments remain consistent with investment strategies and remain appropriate for the Fund. The Trustees are also responsible for periodically informing members of the Fund's investment strategies and objectives. The Trustees may also make and maintain an investment strategy for a single member of the Fund or a specific superannuation interest in the Fund such as a member's pension.

Most governing rules of the Fund allow the Trustees to invest in a broad range of assets however the governing rules of the Fund Deed should be checked before investing. These may include:

Cash Management Trusts

Prior to investing in any cash management trust, the Trustees should consider the rate of return and security of such investment against the expected rate of return offered by alternative investments to cash.

Debenture/Mortgage Funds

Prior to investing in any debenture/first or even second mortgage, the Trustees may consider the period of investment, the security offered, the accessibility of funds, the return, and likely interest rate movements. As there have been some failed debenture and Mortgage Funds in the past, the Trustees should seek professional financial advice before investing in this type of asset class.

Unit Trusts

Prior to acquiring or disposing of any units in an unlisted unit trust, the Trustees may:

- Obtain appropriate advice on whether the investment would constitute an impermissible in-house asset of the Fund under SISA; and
- Obtain and consider valuations of all real and other property held by the unit trust to ensure the price of the units reflect true market value.

The Trustees may also ascertain the intentions of the trustees of the unit trust in relation to borrowings (if any) and the use of the property as security. There are limitations in the SISA if the unit trust has borrowings and professional advice should be sought by the Trustees before investing in any related unit trust.

Shares – Public Company

Prior to acquiring (or disposing of) any shares in public companies, the Trustee may consider the portfolio profile of the Fund and the diversification of shareholding across different market sectors (industrial, retail, banking, mining and other sectors) to attempt to obtain a reasonable diversification within the available assets. The Trustees may also consider advice in relation to expected capital growth and dividend income from the shareholding.

Shares – Private Company

Prior to acquiring or disposing of any shares in non-associated proprietary companies, the Trustees should obtain a valuation to be satisfied that the price of the shares reflects market value and constitutes a prudent investment/disposal.

Agribusiness Investment

Prior to investing in Agribusiness, the Trustees should consider the profile of the Fund and seek expert advice on the appropriateness of the investment. The Trustees should consider the protection, performance, risk and return (capital growth, liquidity and potential income) before acquiring investments in agribusiness. The Trustees should also consider the costs associated with the asset such as ongoing rent and maintenance and insurance costs.

Derivatives

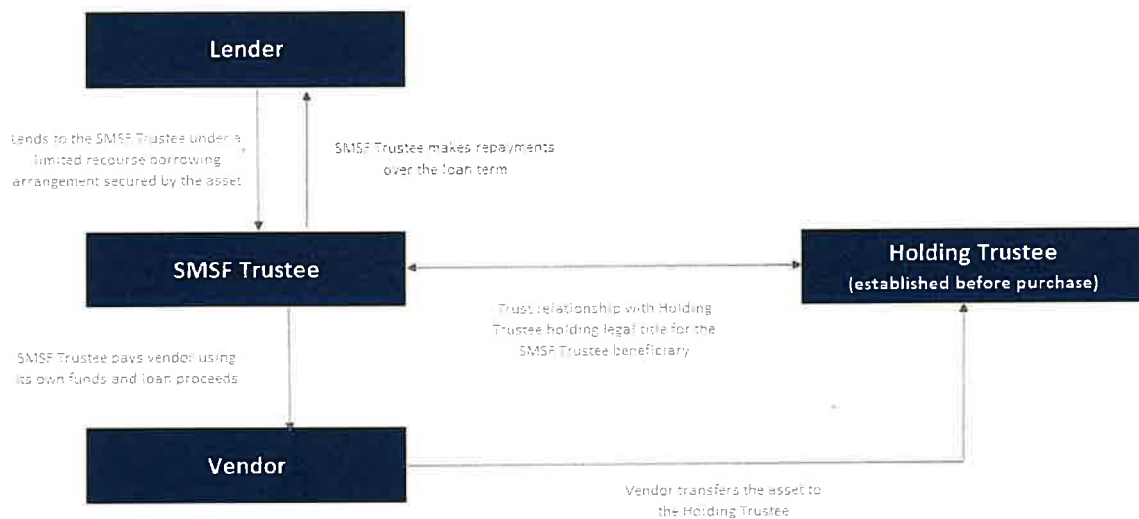
Prior to investing in derivatives, the Trustees should have in place appropriate policies for their use, adequate controls on the use of derivatives and adequate checks on compliance with those controls.

For a derivative transaction to be allowed on existing investments, the Trustees must have prepared a Derivatives Risk Statement and only be entering into such a transaction for:

- hedging against risk, not for speculation and;
- ensuring that the Fund is not exposed to an asset class outside the limits set out in the investment strategy.

Limited Recourse Borrowing Arrangement – SMSF Borrowing

SMSFs are permitted to borrow via a limited recourse loan arrangement pursuant to section 67A of SISA. Below is a diagram of a borrowing structure:



Prior to using a Holding Trust for a limited recourse loan, the Trustees must secure appropriate borrowing from a lender and at the same time ensure the arrangement meets the limited recourse lending rules under the Superannuation Laws, does not breach any other laws and that the underlying property to be acquired is permitted. The asset must be a single acquirable asset as defined in SISA and any borrowing must be taken into account in the investment strategy.

The Trustees may also consider the saleability, security and dividend return of the shares and ensure that the acquisition is not an in-house asset beyond acceptable limits.

Direct Property

Prior to acquiring or disposing of any property to be held directly by the Fund both within and outside Australia, the Trustees may obtain and consider property and rental valuations to satisfy the Trustees that the price of the property reflects the market value and a prudent investment/disposal on an arm's length basis.

In obtaining a tenant (if any) for any property held by the Fund, the Trustees may not enter into a lease with a Fund member, employer sponsor or their SISA Part 8 Associates unless permitted and if doing so would not constitute an impermissible in-house asset of the Fund under SISA. A written lease agreement is necessary and the transaction must be on an arm's length basis. The Trustees should seek legal advice where a lease to a related party is contemplated.

In determining the proportion of Fund assets to be invested directly in property, the Trustee should consider the liability profile and liquidity requirements of the Fund.

In-House Assets and Acquisition Restrictions

An in-house asset is where the Fund invests, lends money or otherwise permits a related party of the Fund to use an asset of the Fund. Although an in-house investment is not prohibited (excluding loans to members or their relatives) there is a 5% limit on the amount of in-house assets an SMSF can hold.

The Trustees must not acquire an asset contrary to the restrictions contained in SISA with respect to Fund members, employer sponsors or their Part 8 associates under SISA.

If in any doubt about the validity of an investment decision, the Trustees should seek professional advice or consider making an application to the ATO for a ruling.

5 The Fund's Valuation Requirements

SIS Regulation 8.02B requires that when preparing accounts and statements required by subsection 35B(1) of the SISA, an asset must be valued at its market value. The term 'market value' takes the same meaning as provided in subsection 10(1) of the SISA, that is, the amount that a willing buyer of an asset could reasonably be expected to pay to acquire the asset from a willing seller if the following assumptions were made:

- that the buyer and seller dealt with each other at arm's length in relation to the sale;
- that the sale occurred after proper marketing of the asset; and
- that the buyer and seller acted knowledgeably and prudentially in relation to the sale.

6 Insurances in the Fund

The SIS Regulations require Trustees to consider whether insurance should be provided for one or more members of the Fund and insurance cover should be reviewed from time to time. The Trustees will have regard to insurance held outside the Fund and the personal circumstances of the members.

7 Investment Policy Statement

The SISA places certain duties, responsibilities and restrictions on Trustees when making investment decisions. They aim to protect and increase the member benefits for retirement, transition to retirement income stream and estate planning purposes. All investments must be made in accordance with the investment strategy.

A. Details of the Fund

- The Trengove Family Super Fund (“Fund”)
- The trustee of the Fund is TRENGOVE FAMILY SUPERANNUATION FUND PTY LTD - ACN 617 861 739

The Fund has been established to provide retirement benefits for the members of the Fund. Membership of the Fund is voluntary, and upon joining, members are required to provide certain minimum information to the Trustee. The Fund is maintained as an SMSF under SISA and regulated by the ATO.

A.1 Members

The Members of The Trengove Family Super Fund are:

Name of Member	Date of Birth	Age	Is the Member currently employed?	What are the Member’s planned benefits at retirement?	Is the Member likely to make future super contributions?
David Robert Trengove	05/02/1968	55	Yes	One or more income streams	Yes
Karen Louise Trengove	09/09/1971	52	Yes	One or more income streams	Yes

A.2 Benefits

The intention is to pay one or more benefits before or at retirement of the member provided the SISA allow including the payment of:

- A lump sum
- An Accounts Based Pension
- A Transition to Retirement Income Stream, or
- Such other superannuation benefits as the SISA allows.

The Trustee may invest Fund assets having regard to the need to realise the investments on the retirement, death or disability of a member or in various other circumstances required or permitted by SISA and subject to the governing rules of the Fund.

B. Investment Objective of the Fund

The objective of the Trustees is to achieve real growth in the medium and long term after considering the risks associated with investment classes.

C. Asset Management Strategy

In order to give effect to the investment objective of the Fund, the Trustee may have regard to the investment principles outlined in the governing rules of the Fund in the implementation of its strategy and the actual making of its investments.

The Trustees must also be satisfied that any proposed investment:

- is permitted by the governing rules of the Fund
- complies with the law
- is within the asset allocation of the adopted investment strategy

Subject to the investment strategy, the governing rules and SISA, generally investments may include:

- Cash
- Foreign Cash
- Australian Fixed Income
- International Fixed Income
- Property
- Infrastructure
- Commodities
- Private or closely held unit trusts
- Private or unlisted companies
- Private business premises
- Domestic and international residential and commercial property
- Australian equities
- International equities
- Collectables, including art, coins, antiques
- Agribusiness investments
- Derivatives with limited investment risk

The Trustee may not make investments prohibited by SISA. These include but are not limited to in-house assets exceeding more than 5% of the Fund's assets and assets not acquired at arm's length.

D. Investment Risk and Return

Given the Trustees' desire to maintain flexibility, the Trustees may alter the investment mix of the Fund at any time, in the manner they believe is the best at that time to achieve the Fund's objectives. The Trustees reserve the right to invest in any asset class not covered in the list above.

The Trustees are aware that growth assets such as Australian and International securities and property involve risk and potential volatility and that cash and fixed-interest investments may be of concern if inflation increases and if interest rates are low.

The Trustees recognise that the taxation benefits associated with the use of growth assets such as Australian and international shares and property may assist in achieving the Fund's investment objectives. If the Trustees enter into a limited recourse loan or other borrowing arrangements for the acquisition of a Fund asset, return may be enhanced, market risks may be magnified. The Trustees are authorised to borrow, subject to SISA and the governing rules and the Trustees will take into account benefits and risks of leverage.

E. Investment Management and Review

To monitor the performance of the investment policy in achieving the investment objective, the Trustees may compare the investment performance of the Fund against a specific index and compare investment returns against cash rates available over applicable periods.

The Fund's investment strategy will be reviewed at least annually to ensure that it remains appropriate to the objectives and circumstances of the Fund and its members. The Trustee will communicate with the members if the investment strategy should be changed.

F. Investment Strategy

To achieve the investment objective of the Fund, the Trustees wish to adopt and pursue the strategy set out below. The Trustees may implement more than one strategy and may determine separate strategies to members and for member superannuation interests in some circumstances and subject to the governing rules. The Trustees may consider the implementation of the Fund's objective through a single asset strategy where it considers it to be appropriate, provided other investment strategy criteria are met.

F.1 Detailed Investment Strategy

The investment strategy detailed below is a plan to meet the specific objective of the Trustees as outlined above. It focuses on key parameters relating to investing to maximise member retirement balances or income streams.

F.2 Portfolio Allocation

In order to meet the investment objective of the Fund the Trustee has determined the Trengove Family Super Fund shall broadly be invested in the following asset classes and managed around the following ranges:

Asset Class	Asset Allocation Range (%)
Cash	0-20
Property	20-80
Australian Equities	0-75
International Equities	0-50

F.3 Portfolio Diversification

In considering the degree of diversification appropriate to the Fund, the Trustee has taken into account the following:

- a) the assets of the Fund;
- b) the assets of the members other than assets held in the Fund;
- c) access to expert investment advice;
- d) the current and expected membership; and
- e) the current and expected future liabilities, cash flows and liquidity requirements of the Fund.

If there will be limited diversification, the Trustees will be satisfied that the likely return and the potential gains to members' retirement benefits from any limited diversification of its investments, including any geographical concentration of investments, outweigh the risks associated with any lack of diversification.

F.4 Liabilities

The Fund will need to have adequate funds held in cash/fixed interest to meet short-term liabilities including insurance premiums, pension payments, lump sum payments, tax liabilities, annual return fees, accounting fees, audit fees and other operational expenses of the Fund. Monies may be retained from time to time in cash/fixed interest to take advantage of investment opportunities as they arise. The Trustees are of the opinion that the investment strategy is structured in such a manner that the Fund is sufficiently liquid to discharge its current and future liabilities.

Where the Trustees have undertaken a limited recourse lending arrangement, the Trustees will ensure that it maintains cash flow to cover any interest and principal repayments, insurance premiums and other expenses associated with the arrangement.

F.5 Cash Flow and Liquidity

Cash flow requirements for the Fund depend on the payment of expenses, pensions, insurance premiums and any loan repayments and the Trustees intend to hold enough cash on hand to ensure these and other cash payments are made.

F.6 Fund Demographics

The strategy takes into account the dates of retirement of the members of the Fund and any expressed intention of the members to receive their benefit as a lump sum or an account-based pension upon retirement.

F.7 Performance Monitoring

To monitor the success of the investment strategy in achieving the investment objectives, the Trustees may:

- compare investment returns against cash rates and CPI available over 12 months or specific investment indices; and
- may review this strategy annually or sooner as it considers appropriate.

F.8 Benchmarks

Performance criteria may be measured against certain benchmarks and indices although there is no requirement to do so. The nominated benchmarks for performance are:

- a) Australian shares - All Ordinaries Total Return Index;
- b) Liquid assets - average cash management trusts;
- c) Australian fixed trusts - Commonwealth all series, all maturities and accumulation index;
- d) Property trusts - property accumulation index such as S & P / ASX 200 A-REIT;
- e) Such loans as may not be prohibited by SISA, and whether or not the loan may also count as an in-house asset of the Fund - average rate for comparable loans from major banks;
- f) Such leases of Fund property as may be permitted by SISA, and whether or not the lease may also count as an in-house asset of the Fund – at a commercial rate obtained from a qualified source;
- g) Such acquisitions of assets as may not be prohibited by SISA, and whether or not the acquisition may also count as an in-house asset of the Fund - for a commercial price reflected in comparable markets.
- h) Sotheby's Mei Moses index for Investment Grade Artwork.
- i) A residential property index in the area of investment.

F.9 Insurance

The Trustees are aware of their obligations in relation to insurance and have considered the circumstances including whether insurance should be effected, the amount of the cover, the type of policy, the ages of the members, each member's circumstances relevant to insurance, for example, if the member has insurance outside of the Fund, the liabilities of the Fund and potential requirements to pay lump sum benefits or pensions benefits, the liquidity of the fund, the tax position concerning the deductibility of premiums and the taxation of insurance proceeds, and other matters. The Trustees have reviewed the relevant circumstances and have decided to implement the following insurance strategy for the Fund:

Each Member is covered by insurance in the Fund the details of which have been recorded in the Fund's records which have been reviewed and no change to the cover is required at this time. Each Member is aware of the insurance cover.