

**Investment Strategy for**  
**GLIAN SUPERANNUATION FUND**  
For the financial year ending 30<sup>th</sup> June, 2022

**Trustees:**

Glian Super Pty Ltd

**Members:**

Name
Ian Wilton Brownbill
Glenice Margaret Brownbill

**Background:**

The investment strategy outlined below represents an expansion and clarification of the Investment Strategy agreed at the formation of Glian Superannuation Fund. This Investment Strategy replaces the Investment Strategy document dated 30th November, 2021.

**Investment Objective**

The Trustee considers this investment strategy to fulfil the principal objective of maximising Member returns having regard to risk and is consistent with the investment objectives of the fund, which are as follows:

- (i) Ensure the capital value of the fund is always preserved.
- (ii) To achieve a long-term rate of return more than the CPI. It is expected that year-on-year returns might vary and that there might be years when returns are negative.
- (iii) The Members are prepared to endure a reasonable level of volatility of returns in expectation of long term growth.
- (iv) To provide retirement benefit for the Members to meet their needs.
- (v) To ensure that sufficient assets will be available to meet benefit payments when those payments are due to be paid (solvency).
- (vi) To ensure that sufficient liquid assets will be available to meet benefit payments and liabilities as and when those payments are due to be paid, the fund will hold a minimum of 2% of the fund's assets in short term investments/cash (liquidity).
- (vii) Maximise the tax effectiveness of fund investments thereby delivering the best long term after tax return for members.

**Investment Strategy:**

The Trustee of the fund may from time to time decide to seek professional advice from Accountants, Solicitors or Financial Planners in the formation or implementation of this or any future investment strategy.

In formulating this strategy the trustees have taken into consideration relevant features of the various investments in accordance with both the fund's objectives and appropriate legislation.

In drafting this investment strategy, the trustees have taken into account all of the circumstances of the fund, including:

1. The risks and likely return associated with each investment;
2. The range and diversity of investments held by the fund;

3. Any risks coming from limited diversification;
4. The liquidity of the fund's investments;
5. The ages and preferences of its members;
6. Expected cash flow requirements; and
7. The ability of the fund to meet its existing and prospective liabilities such as paying benefits to its members.

### **Policies:**

The policies adopted by the Trustees in order to achieve these objectives are:

1. Regular monitoring of the performance of the fund's investments, the overall investment mix and the expected cash flow requirements of the fund.
2. Re-balancing the fund's investment portfolio due to changes in market conditions through asset sales and new investments as appropriate.
3. The Trustee of the fund has a strong emphasis on preserving the Fund's capital. However, many sound investments are not capital guaranteed.
4. Security of capital may be tempered with the need to achieve the desired rate of return. Therefore, assets that show volatility may be of benefit to the Fund.
5. The Trustee will aim to follow the investment strategy, however, they will at times reserve the right to change the investment mix depending on the market situation and opportunities available to better meet the objectives of the Fund.

### **Risk profile and risk tolerance**

The Fund has a medium time horizon. Further the members have existing equity and property investments outside superannuation and are familiar with the variability of both returns and capital values which are associated with such investments.

Members understand

1. The trade off between investment risk and long term capital and income growth and have indicated capital preservation and stability is a priority.
2. Investment risk is borne by the members, as fluctuations in investment returns will affect the level of benefits available to members.

### **Diversification**

The Trustees recognise the higher risk in investing predominantly in growth assets particularly as a very large portion of the fund's assets are invested in three residential properties and the volatility associated with property. The volatility will be compensated by the prospect of achieving higher return through rental income starting in the 2021 financial year and growth.

Diversification is achieved through a mix of Australian or international investments across a range of asset classes. The Trustee recognises that diversification can result in significant reduction in return volatility while maintaining the level of anticipated return.

### **Specialised higher risk assets**

The Trustees have elected to invest up to 98 % of the fund's assets in properties. The Trustees understand and are prepared to accept the increased risk associated with these investments and the loss of liquidity normally available, including the risk of loss, in order to earn the higher returns potentially available to investors.

### **Liquidity**

The Members of the Fund are aged 61 & 63 and have significant assets outside of superannuation. At the present time the members expect to access their superannuation prior to age 65. Accordingly there is anticipated benefit payment in the next 3 years. Cash in excess of anticipated liquidity requirement will be invested in accordance with the Fund's investment strategy.

The Fund will hold a minimum of at least 2% of the Fund's assets in short term investments/cash to meet expenses of the Fund. Purchases will not be approved unless the Fund has the necessary cash when settlement is required.

### **Investment Portfolio**

Asset class diversification is to be provided for within the very wide ranges detailed below. The Members advise that they understand that diversification within and across the asset classes can reduce the risk of price volatility within the portfolio. However, the members have determined that where the Trustee is satisfied that a lack of diversification does not present any danger to the Funds' ability to pay benefits, a very significant over exposure to an individual asset is permitted.

The Trustee can invest within Australia or overseas in the following asset classes:

- Shares and related investments including Listed Property Trusts, options, futures, Exchange Traded Options, warrants and CFDs
- Managed Investments, Unit Trusts, Separately Managed Accounts and related investments
- Foreign exchange
- Physical Metals and Commodities
- Bank operating accounts, cash, bonds, debentures, instalment warrants, fixed term deposits and term deposits
- Residential, industrial and commercial property (including geared property investments), with or without borrowing
- Collectibles and Art
- Other assets considered appropriate by the Trustees and permitted by the Trust Deed and Superannuation Law

### **Insurance:**

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

1. The fund already has insurance for member Ian Wilton Brownbill which is considered appropriate.
2. The member Glenice Margaret Brownbill has appropriate insurance outside the fund via an industry super fund.

**Investment Strategy**

In accordance with this strategy, the Trustee has decided to adopt the following investment asset allocation ranges for the members of this Fund.

Asset Class	Minimum Exposure %	Maximum Exposure %
Cash *	2%	
Fixed Interest		
Australian Equities #		
International Equities		
Property Direct		98%

\*Depending upon the market volatility or/and liquidity requirements to pick up good investments during a falling market, portfolio can be invested in cash or/and fixed interest to 100%.

#The Fund should not invest in a single company for more than 10% of its assets at any time.

The Fund must comply with the weighting range above for each separate asset class as detailed above at all times. Weightings outside asset class ranges can be approved by the Trustee on a case by case basis. The Fund may invest into these underlying asset classes via derivatives etc (including hedge funds). Investments can be direct and via unit trusts.

**Ongoing Management and Review**

The Trustee will review the investments on an ongoing basis to ensure that Fund investments comply with the agreed asset allocation ranges. This investment strategy should be reviewed on a regular basis and updated to reflect the then needs of members.

Signed as a true and accurate record:

Ian W Brownbill

Ian Wilton Brownbill

TRUSTEE/DIRECTOR/MEMBER

21/8/2022

Dated

Glenice M Brownbill

Glenice Margaret Brownbill

TRUSTEE/DIRECTOR/MEMBER

21/8/2022

Dated