

# **Shirley Martin Superannuation Fund**

## **Investment Plan 2019 – 2020**

### **1. Fund Purpose**

The purpose of the Fund is to provide retirement benefits for its sole member over a potential time horizon of at least twenty-five years.

### **2. Investment Objectives**

Over a longer period of time the investment objectives of the Fund will be to:

- maximise the return available in investment markets, having regard for the needs of its sole member and for an appropriate level of diversification of assets as specified by the Trustee from time to time
- employ investment strategies that secure after tax returns over five years that exceed inflation
- meet the need for reliable and regular income in retirement, taking into account longevity risk.

### **3. Insurance**

With only one Fund member and in light of the level of assets held and with no debt, insurance cover is not deemed necessary.

### **4. Investment Policy**

The Fund will seek to maximise risk adjusted returns over the longer term by following a balanced and diversified approach to investments.

Due to the COVID 19 pandemic, the second half of the year has proved extremely volatile and challenging for investors. With global markets currently in a holding pattern, some sectors have performed well, while previously well-performing companies have suffered badly due to Government mandated shutdowns and restricted movement. Due to the uncertainty, many Australian listed companies have ceased providing future outlook, foregone dividends and, in many cases, have needed to conduct capital raisings to bolster their balance sheets.

Given the current volatile environment, the Trustee deems it prudent to maintain a well-diversified portfolio which is not overly dependent upon a particular outcome that would leave the Fund exposed to unpredictable risks.

In line with this more defensive mode, while the Trustee continues to believe that the Fund should continue to hold a significant proportion of its assets in Australian shares for diversification, the number of holdings has decreased and some sectors, e.g. construction/listed REITs, divested and healthcare added. While the Fund held positions in the mining sector over the year, it was deemed prudent to take profits and

exit these holdings. Nevertheless, exposure to the mining sector continues via mining service companies.

Exposure to the property sector continues via investment in funds covering specific buildings managed by real estate professionals focused on either maintaining income via Government tenants or capital gain via repositioning/refurbishment prior to re-sale.

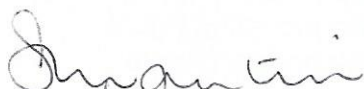
As the sole beneficiary of the Fund is now retired and the Fund has moved to pension drawdown mode, it is recognised that a significant proportion of the Fund is held in cash at call, but with the larger proportion invested in term deposits. However, interest rates have continued to decrease over the year and rapidly increasing Government debt means they will remain lower for longer. Consequently, recognising the importance of keeping plenty of cash on hand but with the requirement of generating income in a low interest rate environment, investments have been made during the year in a fixed interest actively managed fund and also a bank hybrid.

In addition, it is deemed prudent to have some exposure to global stocks with a particular focus on sectors/countries not available via the Australian share market and these holdings have been maintained. However, the investment in the China AMC China Opportunities Fund was sold early in the year, but the position in Clydesdale Bank bonds in the UK continues. In addition, an investment was made in the Energy Storage Fund covering battery storage in the US/Canada.

In relation to global investment, It is recognised that the rapid appreciation of the Australian dollar in the second half of the year requires monitoring.

## 5. Monitoring Investment Performance

The Trustee will review investment performance on an on-going basis as events evolve; however, strategy will be reviewed at least annually after financial statements have been prepared.

  
10/6/2020