

## **R & B SUPER FUND**

### **INVESTMENT POLICY STATEMENT 31 DECEMBER 2020**

#### **OVERVIEW OF FUND**

##### **Fund Profile**

R & B Super Fund (The Fund) is an allocated accumulation fund established on 25 September 2007 to provide pension retirement benefits for members as well as death/disablement protection for members and the dependants of members if requested. Membership of the Fund is voluntary, and upon joining, members are required to provide certain minimum information to the Trustee.

The Fund has the following members:

Name	Age	Status
Robert Chalmers	67	Member
Barbara Chalmers	67	Member

It is not intended that other members will be admitted to the fund. The current intention for the members is to qualify for a retirement benefit at age 55 subject to taxation laws at that time.

##### **Benefits**

The Trustee shall invest Fund assets having regard to the need to realise the investments (at the members' dates of retirement (or such later date as the member nominates in accordance with the rules governing the payment of benefits from complying superannuation funds).)

##### **Trustee Details**

The Trustee of the Fund is RA & B Super Pty Ltd.

There are no unallocated reserves in the fund and it is not intended to maintain any reserves.

##### **Future Contributions**

The employer and the members expect to be in a position to make substantial contributions prior to retirement. Consequently, members will not have to rely solely on investment earnings to provide the desired level of benefits to fund for their retirement.

##### **Provision of Insurance**

The Trustee and members of the fund are aware that Life Insurance, Total and Permanent Disability Insurance and Income Protection are available. The members of the fund are able to apply for these benefits at any time. The members should take into consideration their personal circumstances before applying for benefits. The Trustee will consider the ability of the members account to meet the costs of these benefits.

##### **Past Investment Performance/Asset Mix**

At the time of making this statement the fund had the following assets.

\$2,475,551.15 as at 31 December 2020 (see attached report)

## **INVESTMENT OBJECTIVES**

### **1. General Objectives**

The Trustee will at all times act prudently to pursue the maximum rate of return possible, subject to acceptable risk parameters, and the maintenance of whatever diversification that can be achieved with modest assets.

The Trustee will ensure that all investments are authorised under the Trust Deed, are made for the sole purpose of providing benefits to members and the dependants of members, and are made in accordance with the legislative requirements applicable to complying superannuation funds.

The Trustee will invest to ensure sufficient liquidity is retained within the Fund to meet benefit payments due, and will adjust its specific objectives where it believes the risk profile of the Fund has changed.

The Trustee will make investments in conjunction with members or the Principal Employer or associates, provided they are undertaken on an arms length basis, and do not exceed in-house asset limits or any legislative requirements. Such investments will only be made where the Trustee is satisfied that the Fund is complying with the superannuation legislation as a result of the Trustee making the investment.

The Trustee will consider suggestions from members for specific investments in relation to members generally or for an individual member, and may make investments in accordance with those suggestions provided that they fall within the investment strategy of the Fund.

### **2. Specific Objectives**

Having considered the liability profile of the Fund, the Trustee has adopted the following objectives for the investment of the assets of the Fund:

- (a) to achieve an investment return (net of tax and charges) that exceeds CPI by at least 1% per annum when measured over a rolling 10 year period;
- (b) to achieve an investment return (net of tax and charges) that exceeds cash rates by at least 1% per annum when measured over a rolling 5 year period;
- (c) to have a low expectation of negative returns in any rolling 24 month period;
- (d) to limit exposure to equities and property investment to under 90% of the assets of the fund in order to limit earnings volatility.
- (e) the total exposure to International equities is not to exceed 30% of the total value of the fund.

The Trustee will consider the implementation of these objectives through a single asset strategy or individual member strategies should they be requested or where it considers that appropriate.

### **3. Review**

The investment objectives of the Fund will be reviewed annually and at such other times as a significant event occurs which affects the Fund.

## **INVESTMENT STRATEGY**

In order to achieve the investment objectives of the Fund, the Trustee wish to adopt and pursue the strategy set out hereunder. The Trustee reserve the right to implement more than one strategy as it sees fit, and to offer separate strategies to members. The Trustee also reserve the right to implement separate and different action plans in the acquisition and disposal of assets pursuant to this strategy.

### **1. Diversification**

The Trustee wish to implement as much diversification as it is able given the assets of the Fund and elects to diversify amongst the following asset classes to be managed around the following ranges:

<b>Asset Class</b>	<b>Range</b>	<b>Actual as at 31/12/2020</b>
<b>Property</b>		
Direct Property/Listed Property	0 - 45%	18.9%
<b>Equities</b>		
Australian Shares	15 - 70%	43.2%
International Shares	0 - 30%	12.2%
<b>Cash</b>		
Cash	0 - 100%	16.4%
<b>Other Assets</b>		
Fixed Interest	0 - 35%	9.2%
Income Securities	0 - 35%	0.0%
Other	0 - 35%	0.0%

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

- (a) the existing assets of the Fund;
- (b) the existing assets of the family other than assets held in the Fund;
- (c) its access to expert investment advice;
- (d) the existing and projected membership and assets of the Fund;
- (e) the decision not to implement a reserving policy.

### **Fund Demographics**

The Trustee has implemented its strategy taking into account the age of the members and their likely dates of retirement. It has also taken into account the expressed intention of the members to receive their benefits as lump sums/allocated pensions upon retirement.

### **2. Performance Monitoring**

To monitor the success of the investment policy in achieving the investment objectives, the Trustee will take the following action;

- (a) compare investment returns against investment objectives on an annual basis;
- (b) compare investment returns against cash rates available over a 12 month period and will review this strategy on an annual basis or on such other basis as it believes appropriate.

### 3. **Benchmarks**

The Trustee will measure its success criteria against certain benchmarks and indices. The nominated benchmarks for performance will be as follows:

- (a) Australian shares – S&P, ASX200
- (b) Liquid assets - average cash management trusts
- (c) Australian fixed trusts - Commonwealth all series all maturities and accumulation index
- (d) Property trusts - average of composite property accumulation index
- (e) In-house asset loans - average rate for comparable loans from major banks and ATO interest requirements.

## **ASSET MANAGEMENT STRATEGY**

The Trustee will have regard to the following principles in the implementation of its investment strategy and the actual making of its investments:

### **1. Unit Trusts - Public Offer or Privately held**

Prior to acquiring or disposing of any units in an unlisted unit trust the Trustee will obtain and consider property and rental valuations of all property held by the unit trust to satisfy itself that the price of the units reflect true market values and constitutes a prudent investment/disposal on an arm's length basis.

The Trustee will also ascertain the intentions of the Trustee of the Unit Trust in relation to borrowings (if any) and the use of the property as security.

### **2. Direct Property**

Prior to acquiring or disposing of any property to be held directly by the Fund the Trustee will obtain and consider property and rental valuations to satisfy itself that the price of the property reflects true market value and constitutes a prudent investment/disposal on an arm's length basis.

In obtaining a tenant (if any) for any property held by the Fund the Trustee may enter into a lease with an employer sponsor provided that the transaction is entered into on an arm's length basis with regular rental reviews.

In determining the proportion of Fund assets to be invested directly in property, the Trustee shall take into account the liability, profit and liquidity requirements of the Fund.

### **3. Shares (non-Associated Proprietary Companies)**

Prior to acquiring (or disposing) of any shares in non-associated proprietary companies, the Trustee shall obtain a valuation to satisfy itself that the price of the shares reflects true market values and constitutes a prudent investment/disposal.

The Trustee shall also take into account the saleability, security and dividend return of the shares and will ensure that the acquisition is not an in-house asset beyond acceptable limits.

### **4. Shares (Public Company)**

Prior to acquiring (or disposing) of any shares in public companies, the Trustee shall consider the portfolio profile of the Fund and the diversification of shareholding across different market sectors (industrial, retail, banking, etc) with a view to attempting to obtain a reasonable diversification with modest assets.

The Trustee shall also take into account advice in relation to expected capital growth and dividend income.

### **5. Debentures/First Mortgage**

Prior to investing in any debenture/first mortgage the Trustee shall consider the period of investment, the security offered, the accessibility of funds, the return, and likely interest rate movements.

### **6. Cash Management**

Prior to investing or realising any cash management funds the Trustee shall consider the rate of return and security of such investment against the expected rate of return offered by alternative investments to cash.

**7. Artwork/Antiques/Collectibles**

Prior to acquiring any collectibles as in investment of the Fund the Trustee will obtain an independent professional valuation from a qualified valuer and will ensure the asset represents a minor part of Fund assets. It will investigate future saleability of the asset and the likely price movements in future.

Prior to leasing any collectibles held by the Fund to any party the Trustee shall determine the commercial rental rate having regard to advice, which the Trustee shall obtain, from a qualified source. Any such lease shall only be entered into under a written lease agreement made on an arm's length basis with an obligation for full maintenance and insurance.

Prior to disposing of any collectibles held by the Fund, the Trustee will obtain an independent professional valuation from a qualified valuer. The Trustee shall also determine whether the proposed timing of the disposal is in the best interest of members having regard to the fluctuations in the value of the type of collectible of which the Trustee wish to dispose.

**8. In-House Assets**

The Trustee will only acquire in-house assets if permitted under legislation governing complying superannuation funds and if the Trustee determine that it is in the best interest of members.

## MEMBER SUGGESTIONS

The Trustee may consider and accept suggestions from members regarding the investment of Fund assets for members generally or for an individual member, and make investments in accordance with those suggestions.

The Trustee shall only adopt investment suggestions from members if the resulting investment meets the Fund investment objectives as reflected through the investment strategy and the Trustee determine that the investment is prudent.

## MONITORING

The Trustee shall monitor the overall performance of the Fund's investments in relation to the investment objective on at least an annual basis. As necessary, the Fund's investments will be rebalanced in accordance with the benchmark asset allocation.

If, as a consequence of a change in market values, the value of an asset class has ceased to conform to the strategic asset allocation ranges specified for that asset class, then the asset class shall nevertheless be treated as complying with this investment strategy if either:

- At its first meeting after learning that the asset or asset class is outside strategic asset allocation ranges, the Trustee determines that the value of the asset class is acceptable;
- Steps are taken to re-balance in accordance with the strategic asset allocation ranges within a reasonable time.

Agreed by the Trustee of the R & B Super Fund on

04 / 03 / 2021



Mr Robert Alexander Chalmers  
Director  
RA & B Super Pty Ltd as Trustee for the  
R & B Super Fund



Mrs Barbara Chalmers  
Director  
RA & B Super Pty Ltd as Trustee for the  
R & B Super Fund