

# Investment Strategy of Coles Choice Meats Pty Ltd Superannuation Fund

## Objective

This investment strategy of the fund, as amended from time to time, is created in compliance with the *Superannuation Industry (Supervision) Act 1993*. It is to maximise returns and minimize the risks of investment of the fund's assets in managing and providing superannuation benefits to members and their dependants in meeting their retirement needs.

## The Fund:

1. accepts employer and member contribution and contributions from other persons as the laws allow
2. transfers from other Superannuation funds
3. provides benefits to members upon retirement
4. provides other activities as allowed by the laws and regulations from time to time
5. allows access to any unrestricted non-preserved benefits (as when allowed by the laws and regulations)
6. provides for the payment of pension benefits at a rate as determined in the future from time to time.

The fund complies with the current laws and regulations and the rules in the trust deed. It has the following investment objectives:

## Risk and Rate of Return

Timing and time in the investment affects returns. Different investments have different returns and volatility.

The Trustee (from time to time) of the fund has a strong emphasis on preserving the fund's capital. However, many sound investments are not capital guaranteed.

Security of capital has to be tempered with the need to achieve the desired rate of return. Therefore, assets that show volatility may be of benefit to the fund.

The Trustee is ever vigilant to balance these two objectives: protecting the capital and growing the value of the fund by obtaining an acceptable rate of return.

## Diversity of the Member's Fund

Holding onto a number of investments is the essence of diversity. This may have the effect of reducing volatility. However, diversification is only one factor to be considered in this strategy.

The Trustee may, in writing, change the spread of investments (even on a daily basis).

**However, the fund's current investment strategy range is:**

Asset	Range (%)
Cash (including Fund's working bank account)	0 – 15%
Australian Fixed Interest	0 – .....%
International Fixed Interest	0 – .....%
Australian Equities & Managed Funds	0 – 80 %
International Equities	0 – 0%
Property	0 – 35 %
Other investments (considered on a case by case basis) such as agribusiness.	0 – 0 %
Antiques and Art Works, Precious Metals.	0 - %

### **Required Rate of Return**

The Trustee seeks an overall investment return for the fund in the 3-5 year term (medium term) of 0.25% to 2.5% above the average rate of inflation over that period.

### **Trustee's Obligations**

The Trustee ensures that the fund meets the legislated standard minimums to continue to obtain concessional taxation status on the income.

It is also incumbent on the Trustee to consider the tax consequences of all investments. Tax-advantaged products may reduce the fund's taxation burden. Tax is one of the Trustee's relevant concerns.

The Trustee acknowledges that members' benefits are a liability of the fund. The Trustee gives thought to the level of benefit required to be paid to the member. However, while no terminations or benefits are expected to be paid out in the short to medium term the Trustee is at liberty to examine investments that are medium term. However, when the member is in pension phase the time horizon may be far shorter.

The Trustee will frame the investment strategy after considering the requirements of members (taking account of their age, retirement needs, income levels); the ability of the fund to pay members benefits when members retire; and the level of risk in relation to investments versus the need to provide adequate returns to members.

## **Paying Debts**

The Trustee is obliged to pay tax, expenses and benefits. It will do so within 31 days. The Trustee ensures to hold sufficient cash to meet such obligations. Moneys must also be kept in reserve to meet the risk and reward objectives of the fund.

## **Cost of Investing**

The Trustee strives to reduce costs of investing. However, at times upfront investment costs are payable in order to obtain the best investment products that fit into this investment strategy. Exist cost and penalties may also be part of the cost of carrying out this investment strategy.

## **Investments**

### ***Cash***

Money can be held in kind, in banks, building societies, lending institutions and cash management accounts.

### ***Australian Shares***

After research and due diligence, these include listed and unlisted securities including shares, warrants and managed funds.

### ***Australian Fixed Interest***

These include deposits banks, building societies, lending institutions, cash management accounts, government and non-government bonds, bank bills, debentures, corporate notes and specialist fixed interest funds.

### ***International Shares***

After research and due diligence to invest either directly or indirectly in listed and unlisted shares from around the world.

### ***Property***

This includes both direct and indirect investments in listed and unlisted property trusts and property securities funds.

## **Insurance**

The Trustee cannot accept the transfer of an existing insurance policy from a member, or a relative of a member but may arrange cover for members within the fund. Arranging insurance cover is an important part of the fund's investment strategy to provide benefits for members and their family. The Trustee has considered whether insurance, such as life insurance, income protection insurance and disability cover or other permissible cover should be held for one or more of the members. Arranging insurance cover will depend on the age, applicable premium and extent of cover appropriate and is subject to the availability of insurance premium, excluding trauma cover, the trustee also takes into account the restricted tax deductibility of premiums for an 'own occupation' definition for disability cover.

After consideration no insurance has been taken up.

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### **Borrowings**

The Trustees may borrow to finance the acquisition of investments as appropriate in accordance with the superannuation laws.

### **Members Profiles**

<b>Name</b>	<b>Age</b>	<b>Employment Status</b>	<b>Retirement Needs</b>
<b>Rodney M Coles</b>	<b>61</b>	<b>Employed</b>	
<b>Beverley J Coles</b>	<b>57</b>	<b>Employed</b>	

The Trustees have considered the profile of each member as part of the Fund's Investment Strategy.


### **Review**

The Trustees may review this strategy as required, but it will be reviewed at least annually. The Trustees acknowledge their responsibility in the management of the fund. The Trustees have considered the investments and consider that the investments to be adequate to meet their expectation of what they want from the Fund.

Signed by the Trustee(s)

  
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Dated: 28th June 2019

  
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