

**MINUTES OF A MEETING OF THE TRUSTEES OF
OATES SUPERANNUATION FUND**

HELD AT: Emerald, QLD, 4720

ON: 6 December 2008

PRESENT: Carolyn Joyce Oates
Jocelyn Leanne Mahon

MINUTES: The Minutes of the previous meeting were read and confirmed.

INVESTMENT
STRATEGY:

A revised investment strategy for the fund was tabled at the meeting.

Discussion took place as to the appropriateness of this revised statement taking into account matters such as risks to members, likely returns, fund liabilities and diversification of assets.

It was resolved that the revised statement fully reflected the investment policy, objective and strategy that the Trustees believed appropriate for the Fund and that the trustees should adopt this revised investment strategy.

CONFIRMED AS A CORRECT RECORD:



Carolyn Joyce Oates



Jocelyn Leanne Mahon

Dated the 6 day of December 2008.

**DEVELOPMENT OF
INVESTMENT STRATEGY**

OATES SUPERANNUATION FUND

In the development and implementation of an investment strategy the Trustees consider that it is appropriate to follow the following procedure:

- 1 Develop an investment policy;
- 2 Develop investment objectives;
- 3 Develop an investment strategy;
- 4 Implement that investment strategy; and
- 5 Monitor the performance to confirm that the investment strategy is appropriate and that objectives are being met.

1 Investment Policy

- i The fund will seek to control investment risk by ensuring appropriate diversification by the application of specified exposure limits for individual asset classes.
- ii The fund will aim to achieve an investment return sufficient to comfortably secure member's benefits and meet their expectations in the medium to long term.

In developing the investment policy, objectives and strategy the following points were considered by the Trustees :

- The Trustees considered the fund's membership profile and the benefit design of the fund. This enabled the Trustees to ascertain the fund's cash flow requirements in general terms and its risk profile.
- The fund being an accumulation fund, the retirement benefits received by members are linked to the contribution made by the member and/or the employer and are directly influenced by the investment returns earned by the fund. As a consequence, the risks and rewards associated with investments are borne by the fund members.
- Members generally have different investment return expectations and, therefore, the Trustees were careful to take this into account in deciding on the investment structure of the fund.

- The Trustees are aware that investment returns are generally influenced by fundamental economic and financial factors which are unpredictable. Therefore, investments in any form will entail a certain degree of risk reflecting the uncertainty of future returns.

Without the benefit of perfect foresight, the uncertainties in future returns can never be completely eliminated. The risks however, can be significantly reduced if the investments are spread across various assets.

Diversification can be achieved in various ways :

- investing in different asset classes as opposed to one single type of asset;
- investing in a spread of securities within each asset class;
- investing in different countries;
- gradually building up an exposure to any investment instead of making one large investment;
- using more than one investment manager.

Assets with completely opposite return characteristics provide the best diversification. In practice however, no two assets will behave in exactly the opposite manner. In forming a portfolio therefore, assets with differing patterns of returns should be selected.

The Trustees were also aware that at some stage it may be appropriate to invest a significant part of the portfolio in a particular asset class (e.g. property) given the inherent nature of this asset. This would need to be done bearing in mind the lack of diversification involved in the short term and cognisant of the risks associated.

- In relation to equities, the Trustees acknowledge that portfolios with higher equity weightings cannot, be expected to produce higher returns than more conservative portfolios over all time periods. There will certainly be some periods, even quite long ones, when the reverse is true. Nevertheless, it is reasonable to plan on the basis that, over the long term, a portfolio with a higher weighting to shares and property will provide a higher long term return but will also produce the occasional year of very low and even negative returns.

2 Objectives and Benchmarks

Given the review of the above factors, the Trustees consider it appropriate to adopt an objective which is set out in an Appendix to this document. This objective is to be measured :

- a By comparison to the cash return which is the published return on average of the cash management trusts

- b After adjusting for tax by a reduction of 15% on the amount in (a) above;
- c Annually as at 30 June each year.

3 Investment Strategy

The proposed strategic asset allocation to achieve this investment objective is set out in an Appendix to this document.

The Trustees develop an appropriate recommended asset allocation on the basis of predicted returns on the various asset classes over a five year period. Those asset allocations are re-weighted from time to time, based on the view of the various markets. On this basis and on the basis of the ages of the membership of the fund, the Trustees then select the appropriate managers or direct investment as appropriate.

4 Implementation of Investment Strategy

Details of how the Trustees will implement the fund's investment strategy are set out in an Appendix to this document.

5 Monitoring Performance

A review of investment performance by the Trustees should be made at least annually. This review will assist the Trustees in determining whether any changes to the investment strategy are necessary.

APPENDIX A
OATES SUPERANNUATION FUND

Investment Objective

The investment objective is to achieve a return of cash plus 6% per annum.

Implementation of Investment Strategy

The Trustees will implement the fund's investment strategy by investing in a mix of cash, fixed interest, Australian shares, Australian property, international shares and international property with the objective of achieving the overall asset allocation identified below.

Target Asset Allocation

	%
Cash	100%

Investment Strategy

Oates Superannuation Fund

Objectives ▼

The Trustees of the fund aim to:

- ▶ provide superannuation benefits to members and their dependants to meet their retirement needs.
- ▶ ensure that an appropriate mix of investments are held by the fund to support these needs.

As a general investment objective the Trustee's aim to achieve real medium to longer term growth, whilst maintaining a low level of capital volatility and risk.

As a means to achieving this objective, the Trustee's have determined the fund's investments may include but not be limited to all or one of the following:

- ▶ direct equities, stocks and derivatives and including the participation in dividend reinvestment programs, rights issues and the like;
- ▶ property trusts and associated investments;
- ▶ managed investments and associated products;
- ▶ direct residential industrial or commercial property investment;
- ▶ Bank and other financial institution securities including Term Deposits, Debentures, Secured and Unsecured Notes and Bonds;
- ▶ any other investment which would not prejudice Government Approval of the fund.

The Trustee may from time to time seek the professional advice of Accountants Solicitors or Financial Planners in the formulation of an investment strategy.

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

Policies ▼

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

- ▶ regular monitoring of the performance of the funds investments which would cover the rate of return in income and capital growth, the risk profile of the overall investment mix and the expected cash flow requirements of the fund.
- ▶ balancing the fund's investment portfolio due to changes in market conditions.

The Trustee's aim to ensure investments continue to comply with the overall strategy, however, the Trustee's will at all times reserve the right to change the strategy at any time.

A copy of the current investment strategy for the fund will be made available to Members of the fund on request in writing to the trustees.

Signed for and on behalf of the Trustee

