

Pisces Plus Superannuation Fund

Investment Strategy Report

This investment strategy documents the intent of the Fund when purchasing, holding and selling assets. A well-diversified portfolio is the general intent designed to support the Fund's requirements in meeting the member's needs.

Over time as members move from the accumulation to pension phase the Trustees may adjust the composition and actual underlying assets of the Fund.

The Trustees reserve the right to develop and offer more than one investment strategy to meet the individual needs of members or classes of members of the Fund. This may require implementing different decisions with respect to the purchasing, holding and/or selling of investments in order to meet the relevant strategy.

Investment Objectives

The Trustees shall at all times act prudently to pursue the maximum rate of return, given the set risk parameters and in consideration of suitable levels of diversification.

Performance Objectives

The Trustees have considered the current and likely benefit payments, the time frame to retirement of the current members and determined the following performance objectives:

- to provide a return sufficient to meet the costs of administering the Fund.
- to obtain a rate of return matching or exceeding the average CPI rate for the past five years.
- to have an expectation of negative returns over any ten-year time frame commensurate to the risk profile adopted.

Asset Diversification

In considering the degree of diversification appropriate to the Fund the Trustees have taken into consideration the following:

- the existing assets of the Fund.
- the Fund's access to expert research and investment advice.
- the current and likely future membership of the Fund.

The Trustees may consider and implement a single asset or single asset class strategy where it deems it appropriate given all other factors documented in this Investment Strategy.

We ask that you please **complete the table below, sign** and return the Investment Strategy Report to our office. You should consider seeking advice from an Australian Financial Services licence holder (AFSL) before making any decisions in relation to a financial product (e.g. investments).

Remember that the asset allocation is **future looking, not historical**. The strategic ranges you nominate are those in which you expect the portfolio to adopt **moving forward**. If you intend to make changes in your investment portfolio or your **risk profile** has changed, you will need to ensure that the changes to the funds asset allocation are documented accordingly.

The Trustees have determined the appropriate asset allocation as follows:

Asset Sector	Current	Benchmark	Recommended	Variance
Cash	25.00%	5.00%	25.00%	20.00%
Fixed Interest	21.00%	0.00%	21.00%	21.00%
Australian Shares	9.00%	47.50%	9.00%	-38.50%
International Shares	40.00%	47.50%	40.00%	-7.50%
Property	0.00%	0.00%	0.00%	0.00%
Alternatives	5.00%	0.00%	5.00%	5.00%
Growth	54.00%	95.00%	54.00%	-41.00%
Defensive	46.00%	5.00%	46.00%	41.00%

**The fund needs to maintain a cash reserve to cover the ongoing liabilities such as tax and accounting*

It is the Trustee's intention to adopt the benchmark asset allocation over the longer term in order to achieve the investment objectives of the Fund.

Diversification within these asset classes will also reduce the risk and volatility of the funds return.

Asset Management

In terms of the underlying investments within the Fund, when making an investment decision the Trustees shall give consideration to the detailed principles for each asset class.

Cash

Cash is an important component of the Fund's assets in order to be able to meet ongoing administration costs and expenses as well as having sufficient funds to meet any benefit payments due to members.

Depending upon the investment markets cash may also act as a short-term strategy to hold member contributions whilst determining appropriate investment options.

It is expected that the cash balance will vary significantly throughout the course of a reporting period. Cash is the most liquid form of investment.

Prior to investing in any cash funds or realising a cash holding the Trustees shall give consideration to the current liquidity of the Fund. It shall also give consideration to the prevailing interest return and security of the investment in comparison to alternate forms of investment.

Fixed interest

Fixed interest investments provide more certainty in the level of income for the Fund over the term of the investment.

Fixed interest investments are an alternative form of investment to cash, with slightly less flexibility due to the investment being made for a term, or period of time. When considering such an investment due consideration must be given to the time frame of investment. Should capital be required prior to the end of the term of a fixed interest investment then a penalty fee may apply. Thus, this asset class is slightly less liquid than cash.

The risk with this type of investment is movements in the prevailing interest rate. Should there be an upward move in the prevailing interest rate and the invested capital be required prior to the end of the term then a capital loss would generally occur. On the other hand, should an interest rate decline occur over the term of the investment, then the Trustees may consider the sale of the investment in order to realise a capital gain, in consideration of the other factors of the investment and needs of the Fund.

One final consideration is the security of the issuing company. Fixed interest investments are available across various rates of security. A fixed interest investment issued by a Government is typically more secure than an equivalent security which is issued by a publicly listed company.

Property

Property investments can be made in three forms, direct, listed and unlisted

Property in the form of owning a direct asset is typically the least liquid form of investment. Typically, it requires a buyer at the time of offer to purchase the entire building and/or land. This can have a considerable lead time.

However, property can provide a relatively secure level of income. The risk is the inability of the tenant to meet their rental obligations.

One final consideration with direct property is the capital required to purchase one asset. Typically, this can be the majority of the Fund's assets.

Should the Trustees consider investment in a direct property they shall obtain appropriate valuations for the purchase price and rental income to satisfy themselves that the price or units of the property reflect the true value of the investment. Property in the form of unit trusts provides a more liquid form of investment with more diversification through exposure to various properties.

In terms of direct property ownership, the Trustees will comply with the prevailing legislation. In terms of unit trust property ownership, the Trustees have greater flexibility in their decision making.

Shares - Australian

Share investments can be made in two forms, listed and un-listed (via unit trusts).

When considering investments in the form of direct shareholdings the Trustees shall ensure the decision is based upon the anticipated longer-term capital appreciation of the investment, as measured by the increase in its share price, as well as the potential dividend stream.

When investing in direct shares the Trustees shall also give due consideration to the current exposure to the sectors of business the companies operate within (i.e. industrial, banking, retail, resources, etc), the manner in which the underlying companies act and respond in various market conditions, (i.e. recession, recovery, etc) and the requirement for ongoing monitoring of such investments on a regular basis.

Where the Trustees are of the opinion they do not hold the requisite skill set or have the time to appropriately evaluate and monitor a portfolio of direct shareholdings, then the investments shall be made through unit trusts.

Unit trusts may also be used as an investment option in conjunction with a portfolio of direct shareholdings or in isolation.

The tax effectiveness of franking credits which are derived from holding investments where tax is paid at a rate higher than that paid within the Fund, produces an effect to reduce the tax paid by the Fund on its earnings. This tax benefit may form part of the investment decision.

Shares - International

Historically this asset class has provided investors with the highest capital return. Past performance is no guarantee of future performance and as such this asset class must be evaluated on its merits to provide:

- income return
- capital return, in excess of the prevailing inflation rate by a minimum of 2.0% per annum
- volatility in the capital value.

Again, this asset class can be accessed through both direct investment and unit trusts.

Direct investment in international shares requires more time and administration than its counterpart. As such typically the Trustees shall consider investing in this asset class primarily through the use of unit trusts.

Alternate investments

This category of asset class is varied. It allows for all forms of asset types not covered in the other outlined asset classes. This can include infrastructure investments, instalment warrants, internally geared investments and borrowing under S.67A SISA (limited recourse).

Risk Management

In relation to the risks involved with investing the assets of the Fund, when making an investment decision the Trustees shall give consideration to a range of possible risks.

Mismatch risk

The chosen investment may not be suitable for the member's needs, goals and circumstances.

Inflation risk

The real purchasing power of invested funds may not keep pace with inflation.

Reinvestment risk

If the members rely on fixed rate investments, maturing funds may have to be reinvested at a lower rate of interest.

Market risk

Movements in the market mean the value of investments can go down as well as up - and sometimes suddenly.

Timing risk

Trying to time entry to and exit from markets can involve exposure to potentially greater short-term volatility.

Risk of not diversifying

If all funds are invested into one market a fall in that market will adversely affect all of the capital.

Liquidity risk

Access to funds may not occur as quickly as required without suffering a fall in value.

Credit risk

The institution that funds are invested with may not be able to make the required interest payments or repay capital.

Legislative risk

Investment strategies or products could be affected by changes in current laws and regulations.

Value risk

Too much may be paid for the investment or it is sold too cheaply.

Manager risk

The personnel or ownership of the fund manager may change so that the manager no longer has access to the skills or attitudes that contributed to earlier performance levels.

Currency risk

Investments in assets located in other countries may rise or fall in value due to the relative value of the Australian currency.

Monitoring the Investment Strategy

At a minimum, the Trustees of the Fund will review the performance of the underlying assets of the Fund against the investment and performance objectives and performance measurements annually.

A review of the Fund's performance and/or investment strategy may be completed of such - other times as a significant event occurs which affects the Fund.

Where required the Trustees following the review may make decisions to purchase new assets, hold existing assets or sell existing assets in accordance with the overall Investment Strategy of the Fund.

At each review the Trustees may also consider the ongoing appropriateness of the Investment Strategy of the Fund and make decisions to amend the strategy in consideration of the Fund's Profile.

Reporting to Members

Upon joining the Fund as a member, a copy of this 'Investment Strategy' will be provided to the member.

Where a material change occurs to the 'Investment Strategy' of the Fund a copy of the amended 'Investment Strategy' will be mailed to each member.

Insurance

Whilst death and disability insurance can be held within a self-managed superannuation fund, the advantages and disadvantages of them and the specific levels of cover most appropriate to the member's circumstances should be discussed with a Financial Adviser. The Trustee is happy to arrange such insurance cover as requested by the member individually, subject to being able to obtain the level and type of cover requested.

Declaration

The documented Investment Strategy and its included principles, conditions and regulations are accepted by the Trustees of the Pisces Plus Superannuation Fund.

Before signing this document please note that the table on page two **must be completed** in order for the investment strategy to be valid.

Signed



Dimitrios Gindidis

As Trustee of Pisces Plus Superannuation Fund

Signed



Rena Gindidis

As Trustee of Pisces Plus Superannuation Fund

Signed



Chris Bouterakos

As Trustee of Pisces Plus Superannuation Fund

For and on behalf of the Pisces Plus Superannuation Fund

Date

24.2.2021