

26 March 2014

Investment Objective and Strategy Paper

For

The Steele Family Super Fund

Prepared by

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Principal and Authorised Representative of

Aasure Pty Ltd

In conjunction with

Steele Family Pty Ltd

ATF

Steele Family Super Fund

The Trustees have considered the various asset classes available to the Fund to invest in, in accordance with the Trust deed of the Fund.

It was resolved that the Fund may be permitted to invest in any or all of (but not limited to) the following investment types:

Investment types

- Cash
- Fixed Interest
- Property
- Australian Equities
- International Equities
- Other/ Alternate investments.

In order to achieve the investment objective of the fund the Trustee wishes to adopt and pursue the strategy set out below.

Investment Objective:

To maximise the retirement income of members of the Fund. To maximise death benefits to the member's dependants upon the member's death.

Investment strategy:

CASH: 0- 50 %

After considering the returns from cash investments, in line with the investment objective of the fund, it has been decided to maintain reasonable levels of holdings in this asset class. The required liquidity has been recognized in order to meet future cashflow obligations of the Fund (pension payments, insurance benefits, costs) as well as ensuring adequate cashflow within the fund. We have allowed an exception to this asset class of a maximum of 100% so that should an investment opportunity arise where the fund is required to sell down other asset classes, monies can be added to the cash component without being in breach of the Investment Strategy.

FIXED INTEREST: 0-20 %

Whilst the current returns on fixed interest investments are relatively below the returns available from certain other asset classes, namely growth assets, fixed interest investments offer a higher expected rate of return than cash and are sufficiently liquid to place a portion of the Fund's investments without subjecting those assets to too much risk. Within the asset class, the Fund will consider diversifying assets including, but not limited to, investments in Term Deposits, Government Bonds, Mortgage Funds, Corporate Debt, Hybrid Income Funds. In addition, the use of Australian and International Fixed Interest investments can be used to further diversify and thus reduce the risk associated with the investment of The Fund.

This strategy paper is prepared in line with Section 52 of The Superannuation Industry (Supervision) Act (SIS Act).

Section 52 Covenants to be included in Governing Rules

Section 52(2)

(f) to formulate and give effect to an investment strategy that has regard to the whole of the circumstances of the entity including, but not limited to, the following:

- i) the risk involved in making, holding and realising, and the likely return from, the entity's investments having regard to its objectives and its expected cash flow requirements;
- ii) the composition of the entity's investments as a whole including the extent to which the investments are diverse or involve the entity in being exposed to risks from inadequate diversification;
- iii) the liquidity of the entity's investments having regard to its expected cash flow requirements
- iv) the ability of the entity to discharge its existing and prospective liabilities.

In accordance with the above SIS legislation and the Governing rules of the Trust Deed, the following is to be applied as the investment objective and strategy of The Steele Family Super Fund.

PROPERTY: 0 – 20 %

After considering the historical and recent returns of the property market and in particular residential, industrial and commercial sectors of the property market, the fund has decided to have an exposure to property assets. This asset class provides opportunity for capital growth as well as income. The Fund can consider diversifying assets within this class by investing in property by way of Direct Property, Listed Property in both global and domestic markets and/or any other property asset that the Trustee deems appropriate. By accessing different types of property investments, the Trustees will attempt to reduce the risk associated with this type of asset class.

AUSTRALIAN EQUITIES: 20-80 %

Taking into account recent and historical returns on Australian equities over the past five years the fund would like some exposure to Australian equities. Australian Equities are volatile investments by their nature and therefore whilst limited exposure is acceptable, the fund does not believe added risk needs to be taken in order to meet the objectives of the fund.

Furthermore the investment by the Trustees of Australian equities provides The Fund with the opportunity to be in receipt of franked dividends payable by Australian companies. The receipt of franking credits allows the Trustees to access valuable tax credits which may be used to offset The Fund's tax liabilities thereby maximising the returns on investments held by the Trustees.

INTERNATIONAL EQUITIES: 10-40 %

Taking into account the recent and historical returns on international equities over the past five years the trustees believe some exposure to International Equities is acceptable. The volatility associated with the International Share market is deemed to be an allowable risk for the fund. The limited liquidity of this asset class has also been taken into consideration. The amount indicated does allow for further diversification within the asset allocation of the Fund.

OTHER INVESTMENTS – 0-20%

Should the opportunity arise to invest in alternate or other investments that fall outside the realm of the above mentioned asset classes, the trustees are able to consider these assets. The Trustees should research the alternative investments and be satisfied that the inclusion of such an asset will assist in meeting the objective of the fund.

Other considerations in formulation of the investment strategy

The Trustee considered other factors in formulation of the investment strategy as follows:

Diversification of investment:

In considering how The Fund should be invested, the Trustees have considered the risks associated with lack of diversification of a portfolio. Investment sectors move in cycles. In order to reduce volatility and risk in the portfolio, it is necessary to diversify.

The above combination of assets is aimed at accepting some volatility in the shorter term in order to receive a reasonable return above inflation in the medium to long term. The lack of correlation between asset classes has been considered and supports the use of such a range of assets. Furthermore, research strongly supports diversification within each investment class, as a means of significantly reducing investment risk, this has been considered for each of the asset classes allowed for.

Liquidity of investment

By incorporating an exposure to fixed interest and cash investments, the portfolio is satisfying the requirement for liquidity within The Fund. The Trustees see this as vital after considering the required cashflow for the fund to meet its obligations.

Fund demographics

The Trustee has implemented its strategy taking into account that dates of retirement of the members of the fund. It has also taken into account the expressed intention of the members to receive their benefits as a lump sum/ account based pensions upon retirement.

Insurance benefits

The Trustee (s) of Fund have considered whether the fund should hold a contract of insurance that provides insurance cover for one or more members of the Fund.

The Trustee(s) of the Fund have considered the following insurance options for their

Members:

- Life insurance;
- Total and Permanent Disablement (TPD);
- Temporary Disablement Cover (also known as "salary continuance" or "income protection insurance").

Insurance of the members

The Trustee has had regard to the personal and other circumstances of the Members of the Fund and in their opinion those Members listed below and also the amount of Insurance cover is suitable for Members of this Fund and if no Insurance is listed below then the Trustees are of the view that Members are adequately catered for outside the Fund in terms of insurance or non-insurance.

Name of member	Insurance type	Sum insured
Gregory Steele	Term Life	\$1,200,000
Gregory Steele	TPD (Any occupation)	\$1,000,000
Therese Steele	Term Life	\$1,000,000
Therese Steele	TPD (Home duties)	\$1,000,000

Signed _____

G Steele

Dated 23/04/14

Signed _____

R Steel

Dated 23/04/14

Signed _____

Dated _____