**Starkey Family Superannuation Fund**

**(“The Fund”)**

Investment Strategy

Trustee:

**Betstarks Pty Ltd**

Director(s):

**David Starkey**

**Belinda Starkey**

Date: 23 June 2021

# Objective of the Fund

* To provide retirement benefit for the members. In the event of the members’ death before retirement, to provide benefits for the dependants of the members.
* To ensure that sufficient assets will be available to meet benefit payments when those payments are due to be paid (solvency).
* To ensure that sufficient liquid assets will be available to meet benefit payments as and when those payments are due to be paid (liquidity).
* Hold sufficient funds in cash to meet trustees planned expenditures and to provide an ongoing cash reserve.
* To ensure the fund has the ability to discharge its existing and prospective liabilities by putting in place sufficient liquid assets.

# Authorised Investments and Risk Profile

The Trustee is authorised to invest in the following classes of investments with due consideration given to the acceptable risk profile of each investment. Prior to making any investment decisions, the Trustee will confirm the transaction complies with the provisions of the Superannuation Industry (Supervision) Act 1993.

### Equities

Risk Profile - Historically, shares have generally produced higher returns than other secure or cash based asset classes (timeframe of 10+ years). The Trustees are aware that shares are easily traded, which makes them a liquid investment. However, with the potential for high returns comes higher risk. The value of shares can fluctuate significantly, so they should be monitored. They generally are suited to longer-term investing. The Trustee is authorised to trade in options (or any other such derivatives thereof) and has considered its separate risk. International shares are also subject to foreign exchange risk.

### Cash

Risk Profile - Cash investments range from day-to-day bank accounts to short-term money-market investments. The Trustees are aware that cash investments typically provide low income returns in the long term and have no scope for capital growth. However, they contribute to a well-balanced portfolio helping to reduce the overall risk, and generally provide liquidity to the fund. Foreign cash is also subject to foreign exchange risk.

### Fixed Interest

Risk Profile - Fixed interest investments mainly consist of tradeable government securities or corporate debt, known as “bonds”. The Trustees are aware that fixed interest is a relatively low-risk investment (subject to the underlying risk of the issuing company); and historically provide low returns. Fixed interest investments can provide liquidity. They help reduce the overall risk of the portfolio and pay a regular interest income. International fixed interest investments are also subject to foreign exchange risk.

### Mortgages

Risk Profile - Mortgage funds invest in mortgage loans. Investors then receive the interest payments on those mortgages, after the manager deducts fees and expenses. These mortgages can be for retail, commercial, industrial or residential properties. The Trustees are aware that investing in mortgage funds is not entirely without risk, as the value of the underlying investments can fluctuate, depending on the quality of the mortgages. As such, the lending parameters of each mortgage fund should be individually assessed to ascertain what levels of risk the Trustees are comfortable with. The liquidity of mortgage funds can be uncertain, with some mortgage funds freezing withdrawals at times.

### Direct Property

Risk Profile - The trustees are aware that investing a significant part of the portfolio in an investment property may lack diversification, in the short to medium term, with inherent increased risk and exposure to the property sector. Furthermore, direct property can limit the liquidity in the fund. They consider that the potential investment return from the investment in the property would be substantial and will provide for growth in the long term.

### Listed Property

Risk Profile - Property Trusts typically invest in prime commercial, retail and residential property. The Trustees are aware that although property is a growth risk investment, it is susceptible to fluctuations in market demand. They are generally suited to longer term investing.

### Other Investments (that the trustee considers will fulfil the Fund’s objectives)

Risk Profile - The underlying risks that are associated with investing in the other assets listed above are best determined by a professional before the Trustees invest in any such investment. Consideration needs to be made as to how assets will be stored to prevent deterioration or damage and appropriate insurance should be considered. Generally, Trustees cannot display these assets in homes or office as this may give rise to in-house asset implications. The Trustees may wish to seek professional advice before investing in assets such as artwork, antiques, jewellery, coins or wine.

# Liquidity

Due consideration will be given, prior to any investment decision, as to the liquidity requirements of the fund to ensure the fund will be able to pay its debts as and when they fall due.

As members of the Fund become entitled to receive a benefit from the Fund, the required liquidity of the Fund will need to be such that any benefit payments as well as any taxation and other liabilities can be met. The trustee is therefore required to maintain an appropriate level of liquidity in order to meet the liabilities of the Fund as and when they fall due. The Trustee may consider the transfer of some assets in specie in the overall liquidity of the Fund.

# Insurance

With consultation from members, the Trustee has considered insurance for the Fund’s members. It is agreed that the current insurance is appropriate given the age, health risks and member’s financial and personal situation and the overall risk management objectives. The insurance level and appropriateness will be reviewed on at least an annual basis.

# Diversification of Investments

The Trustee may invest in such class or classes of investment as it may in its absolute discretion decide. Spreading funds across a range of investments helps to reduce risk and smooth investment returns. The Trustee is specifically authorised to vary the mix of investments at its discretion and may sell or trade any asset or assets of the Fund at any time, in accordance with the ranges set below.

Please note that in order for an investment strategy to be considered valid:

1. **The “minimum %” must total to be less than 100%; and**
2. **The “maximum %” must total to be greater than or equal to 100%**

The Trustee believes the following mix of investments is appropriate to meet the objective of this investment strategy:

|  |  |  |
| --- | --- | --- |
|  | **RANGE** | |
| **INVESTMENT** | **FROM %** | **TO %** |
| **Australian Equities** | 0 | 90 |
| **Australian Fixed Interest** | 0 | 50 |
| **Cash** | 2 | 100 |
| **Direct Property** | 0 | 0 |
| **Foreign Cash** | 0 | 50 |
| **International Equities** | 0 | 50 |
| **International Fixed Interest** | 0 | 30 |
| **Listed Property** | 0 | 30 |
| **Mortgages** | 0 | 50 |
| **Other** | 0 | 30 |

# Annual Review

The Trustee will regularly monitor the investments and the investment management arrangements to access whether they are performing to expectations, and whether the overall strategy is achieving its objectives. The review will also address the investment environment – the taxation status of the fund, any Government regulations which inhibit investment alternatives, the availability of investment products in which to invest and assumptions with respect to the various markets.

The investment objectives and strategy will be reviewed on an annual basis to ensure that they remain suited to the Fund’s circumstances.

This investment strategy has been agreed to by the trustees. As confirmation of the adoption of the Superannuation Fund Investment Strategy, the signatures of the Trustees appear below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Signature** |  |  | **Signature** |  |
| **Name** | David Starkey |  | **Name** | Belinda Starkey |