

Investment Strategy for

The Dalziell Family Super Fund

Date prepared: 30 June 2023

1. Background

This is the Investment Strategy for The Dalziell Family Super Fund. It was adopted by the Trustee on 30 June 2023.

Unless otherwise indicated, capitalised terms in this document have the same meaning as in the trust deed for the Fund.

A copy of this Investment Strategy has been provided to the Members and is available to the Members at any time upon request.

The Trustee intends to follow the Investment Strategy set out in this document at all times, however, it may be necessary from time to time for the mix of investments to be amended in order to achieve the best outcome for the Fund having regard to changes in the market conditions. If any such change in the investment arises, the Trustee will update this Investment Strategy in line with the new mix of investments as soon as possible.

2. Objectives

2.1 The objectives of the Fund are to:

- a. provide benefits for the Members and Dependants;
- a. ensure that appropriate mixes of investments are made by the Fund to enable the payment of benefits to Members and their Dependants;
- b. ensure the Fund meets the requirements of the Relevant Law relating to diversification and liquidity of assets;
- c. consider the appropriateness of holding Life Insurance for the Members within the Fund;
- d. ensure the SMSF has sufficient liquid assets on hand at all times to extinguish all liabilities of the Fund as and when they fall due (including but not limited to sufficient liquid assets to pay any Taxes, Fund Expenses, benefits or any other amounts or disbursements payable by the Fund); and
- e. achieve a target return on investments of **5.10% p.a. (gross)**.

2.2 The Trustee aims to grow the capital value of the Fund as well as to generate some income and is ready to accept short term capital volatility.

3. Trustee considerations

3.1 The Fund Members have retired and have commenced account based income streams. On this basis, the Trustee has determined that the Investment Strategy of the Fund will include:

- highly secure investments with a low investment return; such as cash and term deposits (**Low Risk Assets**);
- investments with higher returns and varying degrees of investment risk; such as Australian Government and State Government Bonds and highly rated corporate bonds and debentures (**Moderate Risk Assets**); and
- investments with a higher return but higher degree of risk; such as equities (Australian

and international), direct real property, commodities, foreign exchange and derivative products (**Risk Assets**).

3.2 The Trustee considers that the following are 'relevant factors' in determining the Fund's investments, having regard to the Fund's objectives and the Relevant Law:

- (a) the risks and likely return associated with each investment;
- (b) the diversity of investments held by the Fund;
- (c) the risks of having a limited diversification of assets;
- (d) the liquidity of the Fund's investments;
- (e) the age of the Members and the anticipated period over which the Fund is likely to be in accumulation phase;
- (f) the expected level of contributions to be made by the Members; and
- (g) the expected cash flow requirements of the Fund (including but not limited to sufficient liquid assets to pay any Taxes, Fund Expenses, benefits or any other amounts or disbursements payable by the Fund).

4. Trustee's strategy to achieve the Fund's objectives

In order to achieve the Fund's objectives, the Trustee has adopted the following strategies.

- (a) The Trustee will undertake regular monitoring of the investments. In doing so, the Trustee will consider the performance of the existing investments of the Fund, the overall mix of the existing investments of the Fund and the expected cash flow requirements of the Fund (including but not limited to sufficient liquid assets to pay any Taxes, Fund Expenses, benefits or any other amounts or disbursements payable by the Fund).
- (b) The Trustee will re-balance the investments of the Fund as necessary in line with changes to market conditions.

5. Consideration of risk

5.1 The Members understand that investment risk is borne by the Members, as fluctuation in investment returns will affect the level of benefits available to Members.

5.2 Further, the Members understand that there is a trade-off between investment risk and expected returns.

5.3 Having regard to the relatively long time frame in which the Fund will be in accumulation phase (after taking into account the proposed superannuation legislative changes of \$1.9 million pension transfer cap), the Members have indicated that capital preservation is a priority.

6. Liquidity

The Trustee will hold sufficient liquid assets to meet all cash flow requirements of the Fund (including but not limited to sufficient liquid assets to pay any Taxes, Fund Expenses, benefits or any other amounts or disbursements payable by the Fund).

7. Limited recourse borrowing

- 7.1 This Investment Strategy includes borrowing money to acquire real property using a 'limited recourse borrowing arrangement'.

8. Asset allocation

- 8.1 The Trustee has determined a 'Target Asset Allocation Range' over the long term, however, the Trustee may vary the investment allocation within the 'Target Asset Allocation Range' without having to update this Investment Strategy.
- 8.2 The Trustee recognises that in the short to medium term, changes in market conditions may on occasion cause the allocation of particular assets to temporarily exceed or be less than the 'Target Asset Allocation Range'.

Asset Class	Target Asset Allocation Range	Benchmark
Cash	0% - 100%	10%
Fixed Interest	0% - 50%	40%
Australian Shares	0% - 80%	25%
International Shares	0% - 25%	15%
Property & Infrastructure	0% - 80%	15%
Alternatives	0% - 15%	10%

9. Insurance

The Trustee will consider the need for insurance for all members and review this on an ongoing basis. This will be considered together with other insurances held by the fund members outside of this fund.

The need for insurance will be considered together with the liquidity requirements for the fund.

The Fund will allow each member to insure his or her life. The Trustee of the Fund will take out the cover requested by a member given the cover meets one of the arms of the Purpose of Establishment of the Fund.

The Trustee will not determine the level of cover required. This will remain the responsibility of the member. The Trustee will endeavour to take all reasonable steps to ensure the requested insurance cover is affected within a period of 30 days. This period of time is however contingent on the insurer accepting the application and the insurer's requirements of the member to demonstrate their insurability. The Trustee will not be held liable for any insurance cover that is not affected or delays caused in affecting the insurance cover due to the insurer's requirements.

Any benefit that becomes payable to the Trustee of the Fund by the insurance company due to the death or disablement of the member, will be determined by the Trustee in accordance with the SIS regulations as to its terms of payment. At all times, the payment of any insurance benefit to a member or their dependants will remain at the discretion of the Trustee. The Trustee has considered whether the Fund should hold a contract of insurance for its members and concluded that:

DECLARATION

The documented Investment Strategy and its included principles, conditions and regulations are accepted by the Trustee:



Dr Hamish Dalziell (Director)
Dalziell Super Fund Pty Ltd ATF
The Dalziell Family Super Fund



Mrs Lindee Dalzille (Director)
Dalziell Super Fund Pty Ltd ATF
The Dalziell Family Super Fund

Date: 30 June 2023

Date: 30 June 2023