

MINUTES OF MEETING OF TRUSTEE OF THE

CASSELS RICHMOND SUPER FUND

HELD AT COOLGARDIE

ON THE 11th May 2012

PRESENT	Jodie Shelley
CHAIRPERSON	Jodie Shelley presided
MINUTES OF PREVIOUS MEETING	The minutes of the previous meeting of trustees were read and confirmed.
INVESTMENT STRATEGY	It was resolved that the attached investment strategy, which addresses the objectives and strategy of the fund, be adopted.
CLOSURE	There being no further business the meeting was declared closed.


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CHAIRPERSON

INVESTMENT STRATEGY DATED 11 MAY 2012

FOR THE

CASSELS RICHMOND SUPER FUND

1. *Overview of Fund*

- The Cassels Richmond Super Fund (the Fund) was created by trust deed on the 10th May 2012;
- The trustee of the Fund is Cassels Richmond Pty Ltd. The sole director of the trustee and member of the Fund is Jodie Shelley born 12 March 1968;
- The Fund was established to maximise and provide disablement and retirement benefits to the member/s and their dependant/s;
- Jodie intends exercising the CGT Retirement Exemption prior to 30 June 2012 and contributing an amount of approximately \$100,000 to the super fund. Jodie will consider future contributions over the next 1 to 2 years so the Fund can ultimately invest in real property. Jodie is 16 years away from her preservation age of 60 so it is not anticipated that any benefits will be taken from the fund prior to 2028.

2. **Investment Objectives**

2.1 **General**

The setting of objectives is a crucial step in the investment management process.

Factors which were considered in framing the Fund's objectives include:

- Liquidity requirements;
- The nature of the Fund's benefit design;
- Diversification benefits;
- Member characteristics;
- Financial state of the Fund;
- Risk/Return preferences of member/s;
- Insurance requirements of the member/s; and
- The Fund's regulatory environment.

2.2 **Stage of Fund and Benefit Profile**

The trustee notes the Fund is designed to enable members to maximise and receive their disablement/retirement benefits and that it is probable further contributions will

be made to the Fund. It is also noted that no benefits are expected to be paid from the Fund for another 16 years.

2.3 Investment Objective

The investment objective of the Fund is an income + growth one with Jodie seeking long term returns higher than Cash and accepting the short to medium term fluctuations associated with this.

The aim is to produce returns that generally exceed price inflation (CPI) by at least 3.5% p.a., after fees and taxes, over periods of 5 years or more, with periodic negative returns.

To achieve this objective, the Fund will ultimately invest mostly in growth assets of property, with a small allocation to defensive assets of cash, fixed term deposits, mortgages and debentures (either one or a combination of one or more). However the Fund will initially invest monies in Cash until sufficient funds have been accumulated to deploy into longer term property investment. The Fund does not intend to invest in Derivatives but should it do so will first establish, and then invest in accordance with, a Derivative Risk Statement.

2.4 Cash Flow Requirements

As Jodie will not be in the Pension phase in the short term, the cash flow of the fund will be the expenses of the fund. This is estimated to be approximately 1.0% to 2.0% (per annum) of the current value of the fund.

3. Investment Strategy

3.1 General

The trustee is aware that, generally, growth assets such as shares and property are expected to produce higher long term total returns than defensive assets such as cash and fixed interest securities (eg. bonds and mortgages). The trustee is also aware that shares and property often produce a lower level of net income than cash and fixed interest but the net income generally increases in line with inflation.

However, growth assets also tend to be relatively unpredictable and provide negative total returns more often than other assets. Consequently, selection of an appropriate investment strategy for the member generally involves a trade-off between a desire for higher long term total returns and the amount of unpredictability that is acceptable in the short term. The member is prepared to accept short term fluctuations in returns in to achieve longer term objectives.

3.2 Investment Strategy

In developing the Fund's investment strategy, the trustee has carefully weighted the investment objectives total return requirements against the need to restrict investment risk to the level implied by the objective. The trustee will use the following approximate asset mix:

Defensive v. Growth Assets 5% v. 95%

Periodically the Fund may hold more than 5% of Defensive Assets – this is most likely when the trustee is accumulating monies for a substantial purchase, where contributions on behalf of member/s have been received and is awaiting longer term investment, where investment in growth assets is being considered but not yet made or where growth assets have been sold and the trustee is considering reinvestment into other growth assets.

3.3 Benchmark Allocations and Strategic Ranges

The following is used as a guide to the overall asset mix of the Fund to meet the investment strategy.

Income + Growth

Asset Class	Benchmark %	Min Investment Allocation (%)	Max Investment Allocation (%)
Australian Shares (ASX Listed, including Listed Property)	0	0	30
International Shares	0	0	30
Property & Infrastructure– Direct, Indirect (unlisted)	95	0	>99
Alternative Assets (eg. gold, agriculture, private equity)	0	0	30
Australian Fixed Interest (Bonds or Mortgage or Debenture)	0	0	80
International Fixed Interest	0	0	10
Cash	5	<1	100

The trustee has also determined the following measures be adopted in order to manage risk:

- **Cash & Fixed Interest (Australian)** - The trustee may invest in an everyday bank type account with any approved deposit taking institution. The trustee

may utilise any combination of cash based accounts to maximise interest income eg. term deposits, bank bills, debentures;

- **Property** - The trustee may invest in real property, including business real property, either directly or indirectly in Australia or Overseas. The trustee will be seeking investment in property that exhibits potential for consistent rental income and long term capital growth and would generally be targeting a total return of CPI + 5% per annum. On occasions the trustee may identify a property development opportunity and thus may improve and/or develop property to enhance returns but will only do so following detailed assessment of expected risks and return. The day to day management of any direct property may be outsourced to a reputable property manager in which case a commercial management agreement will be entered into. Any property managed directly by the trustee will be prudently maintained with management on a strict commercial basis. Any tenanted property will be secured by strong lease agreement/s. Prudent commercial insurance will be effected, where relevant, on all property investment;
- **ASX Listed Securities (including Listed Property Trusts)** - The trustee recognises the higher long term return potential of investing in equities, in the form of increasing dividend yields and capital growth – the trustee also recognises that direct investment can carry a higher degree of volatility in returns. To this extent the Fund:
 - May invest in varying types of ASX Listed Securities, including ordinary shares, income securities, listed property trusts, listed investment companies and derivatives. However, where the Fund invests in derivatives it will do so in accordance with this investment strategy and the Fund's Derivative Risk Statement;
 - Seek to invest in financially sound companies/trusts with a strong history of consistent and growing dividend income streams and moderate fluctuations in share price;
 - Conduct research into prospective investments prior to investment;
 - Limit investment in any one security to generally no more than 25% of the total 'market value' of Fund assets.
- **Private Equity** – the trustee will consider private equity investment opportunities and will generally limit investment in any one private equity investment opportunity to no more than 10% of the super funds total assets.
- **Asset Class Diversification Risk** - The trustee intends to focus investments on mainly growth assets and may use a combination of direct shares, direct property and managed funds to achieve diversification industries and sectors etc. The trustee may also invest in alternative assets either in listed or unlisted investment vehicles;
- **Manager Risk (Shares & Property)** – If a professional investment manager is used then generally no more than 20% of the Fund can be invested in any one managed investment fund. A master trust/wrap service (eg. Navigator,

Asgard, Mentor, FirstChoice) may be used to access the managed investment funds;

- **Manager Risk (Mortgages)** – No more than 20% of the Fund can be invested in any one mortgage trust/fund. Individual mortgage trusts should have a general policy of not lending more than 10% of the pool to any one borrower and not lending more than 75% against the value of the security property;
- **Liquidity Risk** – to manage the cashflow requirements of the Fund the trustee will maintain an at-call cash based account to provide for fund expenses and to receive interest and other investment income. Should cash based accounts not be sufficient to meet expected expenses the trustee will hold sufficient other liquid assets to meet the funds expected cashflow requirements;
- **Charge over Assets** – unless permitted under Superannuation Law the trustee will never utilise any assets of the Fund as security for any borrowings or for any charge (eg. mortgage, lien or other encumbrance) to be recorded against the assets.

3.4 Asset Management Strategy

The trustee may purchase investment direct or via a properly registered managed investment scheme. In every case the trustee will ensure, whenever legally possible, the investment is held in the name of "Cassels Richmond Pty Ltd as trustee for the Cassels Richmond Super Fund". Where legislation prevents the name of the super fund being recorded the trustee will ensure that some other legal instrument is effected to record the super funds interest in the asset eg. a caveat, declaration of trust or some other legal instrument. The trustee may utilise the services of a professional in the particular investment area to assist with the purchase or an expert with regard to title for the investment.

3.5 Monitoring of Investment Performance

The trustee will review the performance of the Fund's investments with respect to the Fund's objectives and strategy on an annual basis.

The trustee may utilise the services of a professional investment adviser to assist with investment and monitoring of the Fund's assets in accordance with this investment policy.

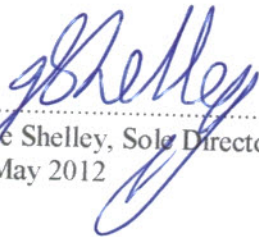
3.6 Insurance for Members

The trustee has considered if the fund should hold a contract of insurance that provides insurance cover for the sole member of the fund.

Based on analysis of the member's needs by the trustee, and taking into account the member's age, the trustee has concluded that it should not hold any insurance cover for the member.

4.0 Acceptance by Trustee/s

The trustee hereby acknowledges that the above document represents the full Investment Strategy of the Cassels Richmond Super Fund and replaces any previous Investment Strategy.



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Jodie Shelley, Sole Director
11 May 2012