

Investment Strategy

Diamond D

Background:

The investment strategy outlined below represents an expansion and clarification of the Investment Strategy agreed at the formation of Diamond D (“the Fund”).

The members of the fund are Peter Hubbard (aged 66), and Diana Hubbard (aged 61). Both members of the fund are in accumulation stage and the fund has combined assets (as at 30 June 2022) of \$432,000.

Objectives:

The objective of the fund is to:

- Provide superannuation benefits to members and their dependants to meet their retirement needs.
- Ensure that appropriate mixes of investments are held by the fund to support these needs
- Ensure the fund has sufficient liquidity at all times to meet all commitments
- Maximise the tax effectiveness of fund investments thereby delivering the best long-term after-tax return for members.

The overall composition of the fund’s assets and their diversification will be given appropriate consideration. When doing so, members’ assets held outside of their SMSF will also be taken into consideration.

Investment Choice:

The Trustees have determined the fund’s investments may include but not be limited to all or one of the following:

- Direct equities, stocks and derivatives including participation in dividend reinvestment programs and right issues, including the use of geared instalment warrants:
- Property trusts and associated investments:
- Managed investments and associated products:
- Direct residential, industrial and commercial property investment [including geared property investments purchased using allowable limited recourse borrowing arrangements]:
- Deposits and investments with banks and other financial institution securities including Term Deposits, Debentures, Secured and Unsecured Notes and Bonds:
- Any other investment that the trustees may feel prudent to achieve the objective of the fund.

The fund may, depending on the opportunity, consider alternative-type investments for a small portion of the balance, or derivatives. When investing in derivatives a derivative risk statement outlining the expertise of the trustee will be attached.

The Trustee may from time to time decide to seek professional advice from Accountants, Solicitors or Financial Planners in the formulation or implementation of this or any future investment strategy.

In formulating this strategy, the trustees have taken into consideration relevant features of the various investments in accordance with both the fund’s objectives and appropriate legislation.

- the risks and likely return associated with each investment.
- the range and diversity of investments held by the fund.
- any risks coming from limited diversification.
- the liquidity of the fund’s investments.
- the ages and preferences of its members.
- expected cash flow requirements; and
- the ability of the fund to meet its existing and prospective liabilities such as paying benefits to its members.

Diversification

- Diversification can be achieved through a mix of Australian or international investments across a range of asset classes. The Trustees recognise that diversification can result in significant reduction to return volatility while maintaining the level of anticipated return.
- However, the trustees believe that their experience and understanding of property investment will allow out performance and as they understand the risks suit their risk profile to a greater level.
- The Fund intends to primarily invest in property. The Trustees recognise this to be a high level of property specific risks. The Trustee considers that real property is a secure investment with the prospect of long-term capital appreciation while generating steady income growth.
- The trustees have considered the expected risk and return of investments, appropriate diversification through property ownership, the liquidity of certain investments with regard to the fund’s expected cash flow requirements and the fund’s ability to discharge its liabilities. As such, they believe this can be met with their strategy of concentrating on real estate investments.
- The trustees have agreed that although the real property investment is a significant allocation of the fund, the advantages to the retirement outcomes of the trustees of holding property within the superannuation fund outweigh any risk of concentration of assets.

Asset Allocation:

After consideration of the expected risk and return of investments, appropriate diversification, the liquidity of certain investments with regard to the fund’s expected cash flow requirements and the fund’s ability to discharge it liabilities, the trustees have agreed on the following asset allocation targets.

Growth Assets	Indicative long-term range
Defensive assets	
<ul style="list-style-type: none"> • Cash and term deposits 	1-100%

Policies:

The policies adopted by the Trustees in order to achieve these objectives are:

The member has assets outside of superannuation and at the present time the income from the rental income provides sufficient funds for the current income stream benefit payment of the member.

The Trustees will aim to follow the investment strategy; however, they will always reserve the right to change the investment mix depending on the market situation and opportunities available to better meet the objectives of the fund.

A copy of the Investment Strategy of the fund will be available to members of the fund on request.

Insurance:

The Trustees have considered whether the Fund should hold a contract of insurance for its members and have concluded that no such contracts should be held at this time or in the foreseeable future.

Dated: 30 June 2022



Diana Hubbard
Director



Peter Hubbard
Director