

Sebel Superannuation Fund Investment Strategy

Investment strategy for Financial Year 2022/23

1. Aim of the Superannuation Fund

The aim of the Fund is to provide retirement benefits to its members, or to their dependants if a member dies before retirement.

2. About the Investment Strategy

This document sets out the Fund's investment objectives and how the Trustee plans to achieve them.

The investment strategy will help maintain the right mix of investments for the Fund and its members.

The investment strategy provides the Trustee with a framework for making investment decisions, so as to increase members' benefits for their retirement. It is in writing so as to show that investment decisions comply with it and with the super laws.

3. Factors considered in devising the Investment Strategy

The following factors have been taken into consideration when devising the Fund's investment strategy:

- Diversification (investing in a range of assets and asset classes)
- Risk and likely return from investments, to maximise member returns
- Liquidity of Fund assets (how easily they can be converted to cash to meet Fund expenses)
- The Fund's ability to pay benefits when members retire and to meet other costs the Fund incurs
- Members' needs and circumstances (for example, their age and retirement needs)
- Members' need for insurance.

4. Investment Objectives

The key investment objectives of the Fund are:

1. To achieve an investment return that exceeds the CPI by 5% per annum when measured over a rolling 5-year period.

Note: It is expected that year-on-year returns will vary and that there will be years when returns are higher or lower than this percentage.

2. To ensure sufficient liquidity to meet liabilities as and when they fall due.

5. Investment timeframe

The Fund has a relatively long time horizon. The members are prepared to endure a reasonable level of return volatility in expectation of long term growth.

In particular:

Richard Sebel was born in 1943
Janny Sebel was born in 1945

The members wish to have an opportunity for capital growth over a 20-year time frame.

To achieve this, the Fund will diversify its investments across currencies, economies and asset classes through a mix of international and Australian investments. The Trustee anticipates that diversification can result in a significant reduction in return volatility while, maintaining the level of anticipated return.

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The Fund will invest in a portfolio of the following assets according to market conditions:

Asset class
Cash
Fixed income
Australian equities
Property
International equities
Alternatives

Only quality investments as supported by research and fundamental analysis will be selected.

The trustee will review the performance of these investments on a regular basis.

This will involve a review of the performance of each asset class and investment at least twice a year, or more frequently where:

- There is a significant change in members' personal situations or
- There is a significant change in the economic environment.

Such review may potentially necessitate a rebalancing of the portfolio.

6. Investment methods

The Fund will consider investing in the following types of underlying assets:

- Cash (held at an Australian bank, credit union or building society)
- Term deposits (held with an Australian bank, credit union or building society)
- Fixed income products (typically via ASX listed ETFs or a managed fund)
- Direct shares (limited to ASX listed companies)
- Exchange traded funds (limited to ASX listed ETFs)
- Real estate investment trusts (limited to ASX listed REITs)
- Managed funds
- Direct property investment

7. Restrictions on investments

By way of background, superannuation laws do not prescribe what an SMSF can and can't invest in. However, they do set out certain investment restrictions.

Investments must be on a commercial, 'arm's length' basis and not involve buying assets from, or lending money to, fund members (or other related parties). All fund investments need to be made and maintained on a strict commercial basis. This is referred to as an 'arm's length investment'. Purchase or sale prices for fund assets should always reflect a true market value for the asset. Income from assets should always reflect a true market rate of return.

Unless an exception applies, trustees generally can't:

- Lend money or provide financial assistance to members or their relatives
- Acquire assets from related parties of the fund, including:
 - fund members or their associates
 - the fund's standard employer-sponsors or their associates
- Borrow money on the fund's behalf (although, certain instalment warrant arrangements are allowed)

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- Lend to, invest in or lease to a related party of the fund (including related trusts) more than 5% of the fund's total assets (these are called 'in-house assets').

8. Ownership and protection of assets

By way of background, it is a trustee responsibility to ensure the assets of the fund are protected.

To protect fund assets in the event of a creditor dispute, and to prevent legal action to prove who owns them, assets should be recorded in a way that:

- Distinguishes them from personal or business assets
- Clearly shows legal ownership by the fund.

Fund assets should be held in the name of either:

- The individual trustees as trustees for the fund
- The corporate trustee as trustee for the fund.

Assets cannot be held in the name of a trustee or member as an individual.

9. The sole purpose test

By the way of background, a fund needs to meet the sole purpose test to be eligible for the tax concessions normally available to super funds. Therefore, a fund needs to be maintained for the sole purpose of providing retirement benefits to members, or to their dependants if a member dies before retirement.

If any trustee or director of the trustee directly or indirectly obtain a financial benefit when making investment decisions and arrangements (other than increasing the return to the fund), it is likely the fund will not meet the sole purpose test. When investing in collectables such as art or wine, it is important to ensure that members do not have use of, or access to, the assets of the fund.

The ATO states that the most common breaches of the sole purpose test are:

- Investments that offer a pre-retirement benefit to a member or associate
- Providing financial help or a pre-retirement benefit to someone, to the financial detriment of the fund.

10. Investing in collectables

The Fund does not hold any collectable or personal use assets.

If the fund does holding any collectables, the Trustees are aware that these collectibles need to be insured and are not for personal use.

11. Insurance for members

By way of background, as part of their responsibility to prepare, regularly review and give effect to an investment strategy that has regard to the personal circumstances of all of the fund members, trustees are required to consider whether the fund should hold insurance cover for one or more members.

The trustee has concluded that additional insurance is not deemed appropriate as the members have significant assets inside and outside superannuation with no significant outstanding liabilities.

Minutes of Trustee Meeting

Sebel Superannuation Fund ('the Fund')

Purpose of Meeting – Adopt an Investment Strategy

Attended by Richard Sebel and Janny Sebel, Directors of R & J SEBEL PTY LTD ('the trustee') as trustee for Sebel Superannuation Fund

Held at: 27/16-18 Rosemont Avenue, Woollahra NSW 2025
Date: 30 August 2022
Present: Richard Sebel and Janny Sebel
Chairman: Richard Sebel was appointed Chairman at the meeting

Motion to adopt an Investment Strategy

The Chairman tabled a motion to adopt the FY 2022/23 Investment Strategy. The Chairman noted that the Rules require the Fund to adopt an Investment Strategy.

The Chairman tabled the Fund's Investment Strategy as attached to these minutes to satisfy this Rule.

Trustee Resolutions

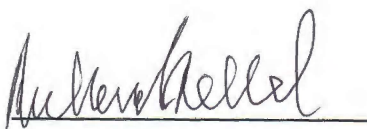
IT WAS RESOLVED by the trustee to adopt the FY 2022/23 Investment Strategy and forward a copy to all members.

Meeting closed

There being no further business the meeting was declared closed.

Confirmed as a true and correct record.

Signed:



Richard Sebel
(Chairman)

Date: 31.08.2022.