

THE HENRY SUPERANNUATION FUND INVESTMENT STRATEGY

Overview

The aim of this strategy is to provide benefits for Members, as well as death/disablement protection for Members.

Investment Objectives

The Trustee will at all times act prudently to maximise the rate of return, subject to acceptable risk parameters, and maintenance of appropriate diversification across a broad range of assets.

Having considered the risk profile of the fund, the trustee has adopted the following objectives for the investment of assets of the fund;

- to achieve an investment return (based on market values and net of tax and charges) that exceeds the CPI by at least 3% per annum when measured over a rolling 5 year period.
- to have a probability of zero or negative returns in any 12 Month period of less than one in 10 years;
- to have sufficient liquidity to meet liabilities as and when they fall due.

Insurance

The Trustees have considered the issue of insurance for all members, based on the signed letters received from Members dated 9 October 2020 which are attached to and form part of this document.

It has been decided that the insurance cover currently in place is appropriate to the needs of members at this time.

Investment Strategy

The fund will invest in a portfolio of assets according to market conditions and within the ranges specified below:

Asset Name with Minimum & Maximum %

Australian Equities:

Min - 0 %
Max - 95%

Cash:

Min - 0 %
Max - 100%

Australian Fixed Interest:

Min - 0 %
Max - 80%

Listed Property:

Min - 0 %
Max - 40%

International Shares:

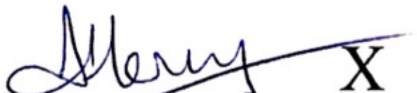
Min - 0 %
Max - 40%

Quality companies and trusts as considered by the Trustees will be selected. Direct investments in property, may form part of the strategy provided there is sufficient basis for the decision.

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


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Hylton Henry & Amanda Henry

9 October 2020


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**INVESTMENT OBJECTIVES AND INVESTMENT STRATEGY
FOR THE HENRY SUPERANNUATION FUND**

INVESTMENT POLICY STATEMENT

The Henry Superannuation Fund ("the Fund") is a regulated Superannuation Fund established on 21st July, 2004 to provide benefits for Members as well as death/disablement protection for Members. Membership of the Fund is voluntary, and upon joining, Members are required to provide certain minimum information to the Trustee.

The current intention is to pay benefits upon retirement of the Members. The Trustee shall invest Fund assets having regard to the need to realise the investments at the Members dates of retirement (or such later date as the Members nominate in accordance with the rules of the Trust Deed).

The Fund's members are aged 52 and 55 at the time of this Statement, it is not intended that other members will be admitted to the Fund. The current intention is to pay lump sum/ allocated pension benefits upon retirement of the members. The Trustee shall invest Fund assets having regard to the needs of the members.

INVESTMENT OBJECTIVES

The aim of the investment strategy of The Henry Superannuation Fund ("the Fund") is to accumulate funds for the payment of superannuation benefits as set out in the trust deed governing the Funds operations.

The Trustee has considered the following investment objectives in formulating the investment strategy for the Fund:

The Trustee will:

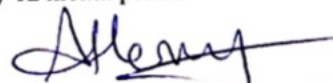
- At all times act prudently to pursue the maximum rate of return as possible subject to acceptable risk parameters, and the maintenance of whatever diversification that can be achieved with modest assets
- Ensure that all investments are authorised under the trust deed and are made for the sole purpose of providing benefits to Members
- Establish within the Fund a tolerance to short term fluctuations in income and capital values given the profile of the ages of the Members
- Invest to ensure sufficient liquidity is retained within the Fund to meet benefit payments due, and will adjust its specific objectives where it believes the risk profile of the Fund has changed. The liquidity of the Fund must also be considered in light of the cash flow requirements of the Fund
- Have proper regard to the risks associated with the investments given the Fund's objectives and cash flow requirements
- Have proper regard to the composition of the Fund's investment portfolio, including diversification of the Investments
- Have proper regard to the ability of the Fund to meet its current and prospective liabilities
- Make investments in conjunction with Members of The Fund, provided they are undertaken on an arms length basis
- Consider suggestions from Members for specific investments in relation to the Member, and may make investments in accordance with those suggestions provided that they fall within the investment strategy of the Fund

Having considered the liability profile of the Fund, the Trustee has adopted the following objectives for the assets of the Fund:

- a) To achieve an investment return (net of tax and charges) that exceeds CPI by at least 2% per annum when measured over a rolling 5 year period;
- b) To have a low expectation of negative returns in any 12 month period



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The investment objectives of the Fund will be reviewed annually and at such other times as a significant event occurs which affects the Fund

INVESTMENT STRATEGY

In order to achieve the investment objectives of the Fund, the Trustee wishes to adopt and pursue the strategy set out hereunder. The Trustee reserves the right to implement more than one strategy as it sees fit, and to offer separate strategies to Members. The Trustee also reserves the right to implement separate and different action plans in the acquisition and disposal of assets pursuant to this strategy.

Diversification:

The Trustee wishes to implement as much diversification as it is able given the assets of the Fund and elects to diversify amongst a number of investments. In considering the degree of diversification appropriate to the Fund, the Trustee has determined to take into account:

- The existing assets of the fund;
- The existing assets of the family of the Members of the fund;
- The existing assets of the Members of the fund in complying superannuation funds; and
- The Funds access to expert investment advice

With regard to the investment objectives the Trustee has adopted an investment strategy of seeking in the long term a diversified portfolio mix of the following asset classes:

- Real property including both direct and indirect investment by the acquisition of units in a property holding unit trust
- Shares, options, and other rights to shares including both direct investment and indirect investment through equity trusts or other pooled investment vehicles
- Cash including fixed interest term deposits, bonds, cash management trusts and appropriate derivative products
- Other assets including fine art, collectable items, antiques and paintings. If these are invested in the Trustee will obtain a valuation from an appropriate qualified valuer prior to the investment being made

Each asset class should be considered on its own merits at the particular time the investment is proposed having regard to always maintaining an appropriate degree of diversification.

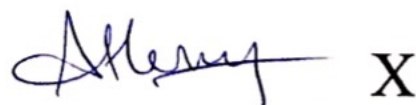
A single asset strategy may be adopted for the Fund if the asset which is proposed meets the investment criteria of the Fund. If a single asset strategy is adopted then the Trustee will look to diversify the Fund at a later date when further contributions are made to the Fund and income is derived by the Fund. If a single asset strategy is adopted then the Trustee needs to ensure there is a method of liquidity maintained in the Fund to ensure benefits can be paid to members in accordance with the terms of the Trust Deed.

All investments will be made on an arm's length basis and will be acquired, maintained or disposed of on commercial terms at market rates of return.

The Trustee considers that this investment strategy fulfils the principal strategy of the fund which is to maximise returns to members having regard to risk and the investment objective of the Fund.



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Monitoring

To monitor the success of the investments policy in achieving the investment objectives, the Trustee will take the following action:

- a) Compare investment returns against investment objectives on an annual basis;
- b) Compare investment returns against cash rates available over a 12 month period and review this strategy on an annual basis or on such other basis as it believes appropriate

The Trustee will measure its success criteria against certain benchmarks and indices. The nominated benchmarks for performance will be as follows:

- a) Australian shares – all ordinaries
- b) Liquid assets – average cash management trusts
- c) Australian fixed trusts – commonwealth all series all maturities and accumulation index
- d) Property trusts – average of composite property accumulation index

ASSET MANAGEMENT STRATEGY

The Trustee will have regard to the following principles in the implementation of its investments strategy and the actual making of its investments:

Unit Trusts

Prior to acquiring or disposing of any units in an unlisted unit trust the Trustee will obtain and consider property and rental valuations of all property held by the unit trust. The Trustee will do so to satisfy itself that the price of the units reflect true market values and constitutes a prudent investment/disposal on an arm's length basis.

The Trustee will also ascertain the intentions of the trustee of the unit trust in relation to borrowing's (if any) and the use of the property as security.

Direct Property

Prior to acquiring or disposing of any property to be held directly by the Fund the Trustee will obtain and consider property and rental valuations to satisfy itself that the price of the property reflects true market value and constitutes a prudent investment/disposal in an arm's length basis.

In obtaining a tenant (if any) for any property held by the Fund the Trustee may enter into a lease with an employer sponsor or an associate provided that a written lease agreement is made and the transaction is entered into on an arm's length basis with regular rental reviews.

In determining the proportion of Fund assets to be invested directly in property, the Trustee shall take into account the liability profile and liquidity requirements of the Fund.

Shares in Private Companies

The Trustee will also ascertain the intentions of the Directors of the company in relation to borrowing's (if any) and the use of the property as security taking into account the security and dividend return from the shares.

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Shares in Public Company

Prior to acquiring (or disposing) of any shares in public companies, the Trustee shall consider the portfolio profile of the Fund and the diversification of shareholding across different market sectors (industrial, retail, banking, etc.) with a view to attempting to obtain a reasonable diversification with modest assets.

The Trustee shall also take into account advice in relation to expected capital growth and dividend income.

Debentures/First Mortgages

Prior to investing in any debentures/first mortgages the Trustee shall consider the period of investment, the security offered, the accessibility of funds, the return, and likely rate movements.

Cash Management

Prior to investing or realising any cash management funds the Trustee shall consider the rate of return and security of such investment against the expected rate of return offered by alternative investments to cash.

Artwork/Antiques/Collectibles

Prior to acquiring any collectibles as an investment of the Fund the Trustee will obtain an independent professional valuation from a qualified valuer and will ensure the asset represents a minor part of Fund assets. It will investigate future saleability of the asset and the likely price movements in future.

Prior to leasing any collectibles held by the Fund to any party the Trustee shall determine the commercial rental rate having regard to advice which the Trustee shall obtain from a qualified source. Any such lease shall only be entered into under a written lease agreement made on an arm's length basis with an obligation for full maintenance insurance.

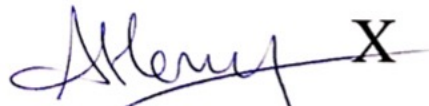
Prior to disposing of any collectibles held by the Fund, the Trustee will obtain an independent professional valuation from a qualified valuer. The Trustee shall also determine whether the proposed timing of the disposal is in the best interest of Members having regard to the fluctuations in the value of the type of collectible of which the Trustee wishes to dispose.

Members Suggestions

The Trustee may consider and accept suggestions from any Member regarding the investment of Fund assets for the Member, and make investments in accordance with these suggestions.

The Trustee shall only adopt investment suggestions from a Member if the resulting investment meets the Fund investment objectives as reflected through the investment strategy and the Trustee determines that the investment is prudent.

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