

# Investment Strategy

Beverley Family Super Fund

Dated: 28.2.2019

## Trustee

ACN: 609 882 984

## Directors:

- David Peter Leslie
- Bettina Kay Leslie

## Investment Objectives

The trustees have formulated the following investment objectives and strategy in accordance with section 52(2)(F) of the Superannuation Industry (Supervision) Act 1993 (SISA) and SIS regulation 4.09 (SISR).

The members are currently in the pension phase of superannuation.

The trustees have proposed and implemented the following strategy with the aim of maximising their retirement benefit based on their "balanced" approach to investment.

### *Balance – moderate*

*To achieve a relatively stable pattern of investment return of 3.0% above the inflation rate over the long term. It is expected that year on year returns may vary considerably with a moderate probability of a negative return in any one year.*

The whole of the fund's circumstances have been considered in formulating these investment objectives such as membership profile (e.g. members age, acceptance of risk and investment expectations) benefit design, tax position, fund size, liquidity and likelihood of future contributions and withdrawals.

## Investment Strategy

The investment strategy is the method chosen by the trustees in order to achieve these investment objectives.

The investment strategy of the fund comprises of the following asset allocations:

Asset Class	Minimum	Maximum	Agreed
Australian Equities	15.00%	35.00%	25.00%
International Equities	5.00%	15.00%	5.00%
Property	20.00%	40.00%	30.00%
<b>Total of Growth Assets:</b>			<b>60.00%</b>
Alternative	8.00%	28.00%	18.00%
Fixed Interest	8.00%	28.00%	18.00%
Cash	0.00%	14.00%	4.00%
<b>Total of Defensive Assets:</b>			<b>40.00%</b>

These ranges are purely indicative as it is recognised that different investment classification systems can cause problems with rigid tables similar to the above and that investment managers may, within limits, vary the asset allocation of their investment portfolios from time to time depending on their views. Investment managers may invest in other asset classes to gain exposure to particular investments, eg Infrastructure funds investing in International companies. This may result in variations in the asset allocation of the investment portfolio.

The trustees may vary the allocations at any time if satisfied that the current market conditions or the funds circumstances warrant such a change.

If the fund accepts a new member, and/or contributions/transfers are made, and/or investments are redeemed then these funds should be invested in a timely manner. This may mean before these funds are invested that the asset allocation could be at a different level than the asset allocation range. However investments decision and placements should be done in a reasonable time frame to bring the fund back into the asset allocation ranges.

### **Consideration**

In arriving at this investment strategy, the trustees considered:

- The risk and return characteristics of the investments;
- Diversification of investments;
- Liquidity and cash flow requirements;
- Ability of the fund to discharge its liabilities;
- Insurance cover for each of the members of the fund.

### **Risk and Return**

The trustees understand risk to be the chance of loss on an investment with this usually measured in terms of volatility. In the self managed superannuation fund the members bear the investment risk. Fluctuations in investment returns may have a direct impact upon the amount of benefits payable to the members.

The trustees consider the risk and return of the investment strategy to be balanced. This is considered appropriate since the members maintain a balanced approach to investment.

The medium to long term view for investment also matches the current profile of the members.

### **Equities**

The main risk associated with shares is the volatility in the share price. With respect to risk, the share portfolio is well diversified and this should alleviate some of the market risk. The trustees also intend to hold shares for the long term for capital growth and should not be required to sell them in the short term.

This asset class will generally deliver the highest return over the medium to long term, however they also exhibit the highest fluctuations in values in the short term and this risk is recognised.

Shares have the potential to provide the fund with income and capital gains, as well as the potential for capital losses.

## **Property**

Income should be paid on a regular basis. Returns on property generally include capital growth and income. Property will fluctuate according to market movements but should over time deliver and increase in value greater than inflation. Property has the potential to provide the fund with capital gains or losses over the investment period.

## **Fixed Interest**

Fixed interest investments include bonds debentures and notes issued by governments and corporations. The investment should pay regular interest. There is the potential for some capital growth and there is also the risk of capital loss.

## **Cash**

Cash is invested in secure bank and government short term securities and wholesale money markets. Cash pays interest on a regular basis. There is no capital growth or loss with cash. Inflation could erode the purchasing power of cash.

## **Managed Funds**

Managed funds have the same underlying risk as those mentioned for each of the asset classes above. The main risk with investing in managed funds is the volatility in the unit price. The trustees have selected a range of fund managers, investment styles and funds to diversify the fund's portfolio and mitigate some of this risk.

The trustees may have an exposure to all the available assets classes through the use of managed funds. The average return is expected to vary according to the amount of distributions made and the level of growth assets held by the various managed funds.

## **Diversification**

The trustees have considered the diversification of the fund's investments and are of the opinion that the strategy is appropriate given the size of the fund in terms of both investments and number of members.

The composition of the fund's investment is considered to represent adequate diversity for the fund in relation to the medium to long term investment horizon.

## **Liquidity and Cashflow**

Sufficient cash will be maintained within the fund to cover the superannuation fund expenses and to meet pension payments when required. The trustees, therefore, are of the opinion that the investment strategy is structured in a manner as to ensure the fund maintains sufficient liquidity to discharge its current and future liabilities.

## **Existing and Potential Liabilities**

The fund is expected to be able to meet its obligations and short term liabilities out of cash and fixed interest investments. Short term liabilities may include lump sum payments to members, pension payments, tax, accounting audit and financial planning fees and annual return fees.

In the event of an unexpected requirement to pay a lump sum benefits earlier than expected it was resolved that member benefits, with the agreement of the members could be paid by liquidating assets or transferring assets in specie if appropriate.

The fund is expected to be able to continue to meet its obligations to meet current liabilities through the reasonable holdings in liquid assets such as cash based investments and the ability to liquidate other assets classes in a timely manner if required.

The fund may also hold life insurance cover on behalf of members to assist in the payment of any unexpected death benefits as the result of the death of a member.

### **Insurance Cover for member(s)**

Types of insurance cover considered are life insurance, disability insurance and salary continuance cover.

The trustees have considered insurance cover for each member of the fund, on a member by member basis, and have determined it is appropriate for the fund not to hold insurance policies for the members.

### **Ongoing Review**

The trustees of the Fund will continue to monitor the investment performance of the funds assets. An arrangement to review the investments on an annual basis has been made and adjustments should be made if required as result of review.

## Minutes of the meeting of

ACN: ACN 609 882 984

as Trustee of the  
Beverley Family Super Fund

At: Dubbo on: 28.2.2019

### Present:

Chairman: David Leslie was appointed chair of the meeting.

### General Business:

The investment strategy for the Beverley Family Super Fund was tabled and discussed.

**Resolution:** The trustees resolved that the investment strategy be adopted.

**Declaration:** We hereby declare that these minutes are a true and correct record.

**Closure:** There being no further business, the meeting was closed.

Peter Leslie

**Peter Leslie**

Tina Leslie

**Tina Leslie**