

## **SMSF Investment Objectives and Considerations**

As the trustee of a self managed superannuation fund (SMSF) you are required to draft and implement an investment strategy for the SMSF. An investment strategy is a detailed financial plan made by the trustee of an SMSF, in accordance with the provisions of the deed and superannuation laws.

In order to prepare an investment strategy, a trustee should first consider the particular investment objectives for the fund which should, in turn, provide guidance as to the strategy required to achieve that objective. An investment objective should provide the core investment direction for the fund and focus on the safe investment (in relative terms) of the assets of the fund to maximise retirement or death benefits of the members, taking into account the financial needs and risk preferences of the members.

Of course, the investment strategy must comply with legislation and Section 52 of the Superannuation Industry (Supervision) Act 1993 sets out factors that Trustees must consider in formulating their investment strategy, such as:

- The risk involved in making, holding and realising and the likely return from the fund's investments having regard to its objectives and the expected cash flow requirements;
- The composition of the fund's investments as a whole, including the extent to which they are diverse or involve exposure of the fund to risks from inadequate diversification;
- The liquidity of the fund's investments having regard to its expected cash flow requirements;
- The ability of the fund to discharge its existing and prospective liabilities.

Moreover, Section 52(2)(b) of the SIS Act requires that the trustees of superannuation funds exercise the same degree of care, skill and diligence as an ordinary prudent person would exercise in dealing with the property of another for whom the person felt morally bound to provide.

There are also other legislative considerations, such as whether the investment strategy complies with other SMSF investment restrictions relating to lending and borrowing, related party transactions and the in-house assets rule.

Finally, as always, you must check the fund's trust deed to ensure that any proposed investment is authorised and complies with the provisions of the deed.

It is recommended that a measurable benchmark against which the investment strategy can be assessed is included in the investment strategy, such as achieving a particular return over a particular period of time (after giving due considerations to the various factors set out above).

Finally, it is important to note that the investment strategy should be unique to the requirements of the fund and should take into account the age, income and retirement needs of its members.

The following page sets out a generic investment strategy broadly containing the elements that you should incorporate into your SMSF investment strategy, after taking into account the fund's (and its members') individual circumstances. It is by no means comprehensive, nor definitive, but should serve as a default investment strategy until such time as you may prepare a new investment strategy. This investment strategy should be monitored and reviewed regularly to ensure that it remains appropriate to the whole of the circumstances of your Fund.

Should you require further assistance or information, we suggest that you check the following:

ATO: Running a self-managed super fund (NAT 11032) or check the ATO's website at [www.ato.gov.au/superfunds](http://www.ato.gov.au/superfunds)  
ASIC: Superannuation: Making an investment choice. See [www.fido.gov.au/fido/fido.nsf/byheadline/Superannuation](http://www.fido.gov.au/fido/fido.nsf/byheadline/Superannuation)

**Investment Strategy for the Brenda and Tracy Superannuation Fund**

**Fund Purpose**

The purpose of the fund is to provide retirement and death benefits to its members.

**Objective**

The investment objective of the fund is to safely invest the assets of the fund to maximise the retirement and/or death benefits of its members, taking into account the financial needs and risk preferences of the members.

**Policy**

In order to achieve the investment objective, the fund shall invest in the following types of investment, in such proportions as it determines appropriate but always within the stipulated ranges:

Investment	Range	Applicable Date
Property	80 % to 100 %	21 / 04 / 15
Australian Shares	% to %	/ /
International Shares	% to %	/ /
Cash	0 % to 30 %	21 / 04 / 15
Cash Management	% to %	/ /
	% to %	/ /
	% to %	/ /
	% to %	/ /

**Benchmark**

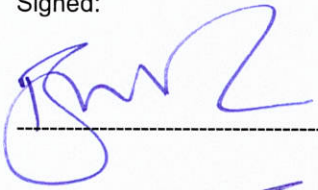
By implementing the investment strategy in accordance with the investment objectives and policy, the trustee seeks to achieve the following returns:

Rate of Return	Period
4 % - 5 %	Annually
%	
%	


**Review**

The investment strategy must be reviewed annually and at any other times as considered appropriate by the trustee.

Signed:



----- Trustee/Director



----- Trustee/Director

Date: 21/4/15.