

# RL & AM HARDIE SUPERANNUATION FUND

## INVESTMENT POLICY STATEMENT

### OVERVIEW OF FUND

#### 1. Fund Profile

The RL & AM HARDIE SUPERANNUATION FUND (the Fund) is an allocated accumulation fund established on the 16 August 1999 to provide lump sum and/or pension retirement benefits for members. Membership of the Fund is voluntary and upon joining, members are required to provide certain minimum information to the Trustees.

The Fund has 2 members, at the time of this statement. Both members are gainfully employed.

#### Trustee Details

The Trustees of the Fund are Roland Lovel Hardie and Annette Mary Hardie

There are no un-allocated reserves in the fund, and it is not intended to maintain any reserves.

#### 2. Future Contributions

The employer and members expect to be in a position to make ongoing contributions to the Fund prior to retirement. Consequently, the members will not have to rely solely on the Investment earnings to produce a level of benefits, which they have calculated as necessary to provide sufficient benefits to provide for their retirement.

#### 3. Past Investment Performance/Asset Mix

The assets of the fund are currently (30 June 2023) invested in the following proportions:

Cash	\$ 186,427	7.9%
Bonds	\$ 146,459	6.2%
Equities – Managed Funds	\$ 920,260	39.2%
Equities – Public Listed Shares	\$ 1,096,390	46.7%
Collectables	\$ nil	0%
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	\$2,349,536	

### INVESTMENT OBJECTIVES

#### 1. General Objectives

The Trustee will always act prudently to pursue the maximum rate of return possible, subject to acceptable risk parameters, and the maintenance of whatever diversification that can be achieved with moderate assets.

The Trustees will ensure that all Investments are authorised under the trust deed, are made for the sole purpose of providing benefits to members and the dependants of members and are made in accordance with the legislative requirements applicable to complying superannuation funds.

The Trustee will 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 Trustee will make investments in conjunction with members or the Principal Employer or associates, provided they are undertaken on an arms length basis, and do not exceed in-house asset limits or any legislative requirements. Such investments will only be made where the Trustee is satisfied that the Fund is complying with the Superannuation legislation as a result of the Trustee making the investment.

## 2. Specific Objectives

Having considered the liability profile of the fund, the Trustee had adopted the following objectives for the investment of the assets of the Fund:

- a) to achieve an investment return (net of tax and charges) that exceeds CPI by at least 3% per annum when measured over a rolling 10-year period;
- b) to achieve an investment return (net of tax and charges) that exceeds cash rates by at least 3% per annum when measured over a rolling 5-year period;
- c) to have a low expectation of negative returns over a 5-year period;

The Trustee will consider the implementation of these objectives through a single asset strategy where it considers that appropriate.

## 3. Review

The investment objectives of the Fund will be reviewed annually and at such other times as significant events occur which affect 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 Trustees also reserve 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 to given the assets of the fund and elects to diversify amongst the following asset classes to be managed around the following ranges:

<u>Asset Class</u>	<u>Range</u>	<u>Actual as at 30/06/2023</u>
Cash	0 - 20%	7.9%
Equities – Managed funds	0 - 60%	46.7%
Equities – Public Listed Shares	0 - 85%	39.2%
Bonds	0 - 25%	6.2%
Collectables	0 - 5%	0%

In considering the degree of diversification appropriate to the Fund, the Trustee had determined to take into account the following:

- a) the existing assets of the fund;
- b) the existing assets of the family other than assets held in the Fund;
- c) its access to expert investment advice;
- d) the existing and projected membership and assets of the Fund;
- e) the decision not to implement a reserving policy;
- f) expertise available from the member and Principal Employer.

### Fund Demographics



The trustee has implemented its strategy considering the age of the members and their likely dates of retirement. It has also considered the expressed intention of the members to receive their benefits as lump sums/allocated pensions upon retirement.

### **Performance Monitoring**

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

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

### **Benchmarks**

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 accumulation index
- 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

### **Insurance**

The trustees have considered whether insurance should be held in respect of each member.

The trustees have determined that personal insurance (life, total & permanent disability & trauma) will not be taken out for the members of the fund. Both Roland and Annette Hardie have determined that their debt level is low and also because of their age and cost of insurance, no insurance cover will be taken out.

## **ASSET MANAGEMENT STRATEGY**

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

### **1. Unit Trusts**

Prior to acquiring or disposing of any units in an unlisted trust the Trustee will obtain and consider property and rental valuations of all property held by the unit trust 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 (if any) and the use of the property as security.

### **2. Prior 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 on 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.

### 3. Shares (Non-Associated Propriety Companies)

Prior to acquiring or disposing of any shares in non-associated proprietary companies, the Trustee shall obtain a valuation to satisfy itself that the price of the shares reflect true market values and constitute a prudent investment/disposal.

The trustee shall also take into account the saleability, security and dividend return of the shares and will ensure that the acquisition is not an in-house asset beyond acceptable limits.

### 4. Shares (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, (but taking into account the area of expertise of the Trustee, the member and the Principal Employer).

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

### 5. Debentures/First Mortgage

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

### 6. Cash Management

Prior to investing or realising any cash management fund 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.

### 7. Artwork/Antiques/Collectibles

Prior to acquiring any collectables 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 movement in the future.

Prior to leasing collectibles held the Fund to any party the Trustee shall determine the commercial rental rate having regard to advice that 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 and insurance.

Prior to disposing of any collectible 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.

### 8. In- House Assets


The trustee will only acquire in-house assets if permitted under legislation governing complying superannuation funds and if the Trustee determines that is in the best interest of members.

The Trustees of the RL & AM HARDIE SUPERANNUATION FUND



Roland Hardie

Date: 10 January 2024



Annette Hardie