

Investment Strategy

The Feng Family Super Fund (Fund)

1 INVESTMENT OBJECTIVES

1.1 The trustees of the Fund believe that the following general investment objectives should be considered:

- (a) to provide superannuation benefits to the members of the Fund to meet their retirement needs;
- (b) to ensure that an appropriate mix of assets are owned by the Fund by taking into account the age of the members;
- (c) to achieve a rate of return greater than the CPI increases;
- (d) to maintain a low level of capital volatility;
- (e) to ensure that assets of the Fund are liquid enough to meet expected cash flow requirements; and
- (f) to ensure that the Fund has adequate diversification in the holding of its investments, including within classes of assets.

2 RISK

2.1 The trustees will determine their risk tolerance and select an appropriate mix of investments taking into consideration the following:

- (a) whether members are close to retirement or the Fund is paying any pensions;
- (b) whether the Fund has a long or short time horizon;
- (c) whether the members are prepared to endure a reasonable level of volatility of returns in expectation of long term growth; and
- (d) the composition of the members and their collective risk tolerance.

2.2 Investment risk is ultimately borne by the members, as fluctuation in investment returns will affect the level of the members' benefits on withdrawal.

3 DIVERSIFICATION

3.1 Diversification is achieved through a mix of investments across a range of asset classes. The Trustee recognises that diversification can result in significant reduction to return volatility while maintaining the level of anticipated return.

3.2 The trustee recognises that the Fund will be subject to higher risk by investing predominately in one asset class, and the volatility associated with shares. The

trustee considers that the higher risk will be compensated by the prospect of achieving higher return and growth in the longer term.

- 3.3 It is considered that investment in fixed interest securities and deposits will be suitable where the Fund's policy is to maximise capital preservation and avoiding negative return.

- 3.4 Further details:

4 LIQUIDITY

- 4.1 Sufficient cash flow will be maintained to discharge administration expenses and other outgoings. The members are entitled to the accumulation of contributions and earnings in the members' account on withdrawal. The trustees will seek to manage the Fund's investments to meet its obligations to the members at all times.

5 INSURANCE

- 5.1 The trustees have considered the insurance requirements of the Fund having regard to the particular needs and circumstances of each member and are satisfied with the Fund's current insurance position.

☐ The Trustees will take out insurance within the Fund, or

☐ The Trustees will not take out insurance within the Fund

- 5.2 Life, total and permanent disability, trauma and income protection insurance products will be considered for each Fund member. In considering the insurance requirements of each member the trustees have considered:

- (a) the age and closeness to retirement of each member; and
- (b) the personal circumstances of each member, including their dependents, personal insurance and financial responsibilities.

5.3 Further details:

6 INVESTMENT STRATEGY

6.1 To achieve the above investment objectives of the Fund, the trustees have determined that the Fund will consider investments in the following areas:

- (a) cash and any other interest bearing deposits, including Warrants.
- (b) equities and stocks including the participation in dividend reinvestment programs, rights issues and any other investments offered in this area;
- (c) trusts and managed investments, including both listed and unlisted;
- (d) property;
- (e) collectibles and other investments, including Notes and Debentures.

6.2 While not binding or restrictive, the trustees of the Fund believe that to meet the investment objectives the following minimum, maximum and target investment levels should be considered:

	Minimum (%)	Maximum (%)	Target (%)
Cash	_____%	_____%	_____%
Fixed Interest	_____%	_____%	_____%
Australian Listed Securities	_____%	_____%	_____%
Overseas Listed Securities	_____%	_____%	_____%
Managed Investments	_____%	_____%	_____%
Property	_____%	_____%	_____%
Collectibles	_____%	_____%	_____%
Other investments	_____%	_____%	_____%

- 6.3 The trustees consider that a return of the CPI increase plus a further _____% when averaged over a five-year period is a good return on investment.
- 6.4 In determining this strategy the trustees have considered all investment objectives, the Fund's trust deed and any other relevant legislation.
- 6.5 It is noted that the trustees should also seek appropriate professional advice when required.

7 POLICIES

- 7.1 The policies of the Fund are:
- (a) to continually monitor the performance of the Fund's investments;
 - (b) to monitor the liquidity requirements of the Fund; and
 - (c) to monitor the economic and market conditions.
- 7.2 The trustees reserve the right to alter any of the above asset classes, percentages and returns on investment values as and when they see fit.

Signed on behalf of the trustee of the Fund by:


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Zhe Feng

Director

Dated: 02.06.2020