

## Abbott Superannuation Fund

### Investment Strategy As at 30-6-2021

#### No Insurance (System Default)

	Benchmark %	Minimum %	Maximum %
Cash	10	5	20
Australian Shares	40	40	60
Australian Fixed Interest /Bonds	10	5	20
Hybrids	20	15	30
International Shares	20	15	30

A decision has been made to have 0 allocation to the following categories, reasons follow

Mortgages, Direct and Indirect Property – members have significant exposure via their own homes

International Fixed Interest – rates in Australia while low are ahead of most international rates

Other assets – preference for equity and cash options

#### Asset Allocation Strategy

All asset allocations are within the target range and actions continue to make adjustments as opportunities arise to get closer to the benchmark, bearing in mind the impact of market value fluctuations during the year.

#### Actual allocation

Asset type	As at 9 June 2021	%	Target%	Target \$	Change reqd
Australian shares	\$ 1,274,984	44.4	45	\$1291459	\$16,475
International shares	\$ 855,662	29.8	20	\$573982	-\$281,680
Hybrid (cap gntd)	\$ 373,354	13	20	\$573982	\$200,678
Fixed interest/ Bonds	\$ 96,869	3.4	5	\$143495	+\$46,626
Cash	\$ 269,039	9.4	10	\$286991	+\$17952
Total	\$ 2,869,908				

#### Diversification

Diversification has been assessed by the Trustees after considering:

- existing Fund assets;
- existing and projected Fund membership;
- ability of the Fund to discharge existing and prospective liabilities;
- liquidity of the funds investments having regard to expected cash flow requirements; and
- the decision not to implement a reserving policy.

## **Fund Circumstances**

This is an annual review of the investment strategy. There are no significant changes to the major review in 2018. In summary the member situation is as follows:

### ***Elizabeth Abbott – no change***

Elizabeth started to draw on the super funds in 2014 after passing the tax-free age of 60 years. Strategy is for Elizabeth to use the minimum pension payments as the main source of income and supplement this with a nominal salary from Techwriter.

### ***Malcolm Abbott – no change***

Minimum holding, bulk is going into UniSuper. Payments from PV Lighthouse are being made into his account. Receives share of overall performance. Has opportunity to rollover into this account periodically but not exercised due to favourable conditions in Unisuper.

### ***Lyndel Abbott***

Making maximum contribution of \$25,000 pa

### ***James Abbott***

Joined the fund in 2018. Making maximum contribution of \$25,000 pa

## **Investment Aims and Objectives**

The pension account needs to have about 1.5% pa real growth each year for the 25 years the pension is paid to yield an annual pension of \$95k pa each year in today's \$s.

This suggests that a mix of growth and income securities is required which will yield about 5% pa. The aim is to pay \$95k pa of pension each year irrespective of whether the markets are up or down. Holding 40% of the pension funds in relatively easily liquefied forms will give the ability to ride out a protracted downturn in the stock markets (4 years @ \$95k = \$380k). In addition, this ensures 40% is capital guaranteed. However, interest rates are well below the target growth rate, putting extra requirements on other earnings.

### **1. General Objectives**

To ensure that the Trustees' duties and powers are performed and exercised in the best interests of the beneficiaries, the following general objectives have been formulated:

The Trustees will:

- (a) act prudently to pursue maximum rates of return subject to acceptable risk parameters and maintenance of achievable diversification;
- (b) ensure sufficient liquidity is retained to meet benefit payments due; and
- (c) amend specific objectives in accordance with changing risk profiles.

### **2. Specific Objectives**

The Trustees have adopted the following specific objectives for the investment of assets of the Fund:

- (a) to achieve a net (after tax and charges) rate of return that provides 1.5% real growth over a rolling 5-year period; and

(b) to have a low expectation of negative returns in any 12-month period.

The Trustees will consider the implementation of these objectives through a single asset strategy if appropriate.

**Life Insurance**

Following a considered review of the fund's existing investment strategy, and after taking into account the personal circumstances of fund members, the fund trustees concluded that the members have appropriate insurance outside the fund via an insurance policy held directly by the member or that the fund currently provides an adequate resource for the members and that death and disablement insurance will not be required.

**Review and Performance Monitoring**

**Review**

The Trustees will review the objectives of the Fund annually and at any such other time as may be deemed necessary.

**Performance Monitoring**

The Trustees will monitor the performance of the investment strategy and the ability of the strategy to achieve the Funds investment objectives by comparing returns with objectives annually. The beneficiaries of the Fund will be allowed access to prescribed information and will be provided information regarding the performance of the Fund.

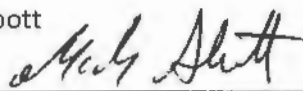
**Risk**

The Trustees have implemented the strategy taking into consideration the risk involved in making, holding and realising, and the likely return from the Funds' investments in accordance with the investment objectives and the Funds expected cash flow requirements.

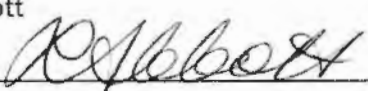
Elizabeth Abbott

Trustee(s): 

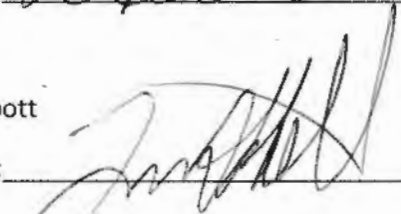
Malcolm Abbott

Trustee(s): 

Lyndel Abbott

Trustee(s): 

James Abbott

Trustee(s): 

Date: 13.06.21