

# Graziano Super Fund

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## SMSF Investment Strategy

### Compliance

The Fund is a complying superannuation fund under Part IX of the Income Tax Assessment Act 1936 and Section 45 of the Superannuation Industry (Supervision) Act 1993.

Pursuant to Section 52(2)(f) of the Superannuation Industry (Supervision) Act 1993, and after considering:

- i. the risk involved in making, holding and realising, and the likely return from, the Fund's investments having regard to its objectives and its expressed cash flow requirements,
- ii. the composition of the Fund's investments as a whole including the extent to which the investments are diverse or involve the Funds being exposed to risks from inadequate diversification,
- iii. the liquidity of the Fund's investments having regard to its expected cash flow requirements, and
- iv. the ability of the Fund to discharge its existing and prospective liabilities,

It is resolved that the following shall serve as the investment strategy of the Fund, replacing any existing strategy and shall apply from the 2017 financial year:

### Objectives

#### Specific Objectives

- To achieve long term returns slightly above those of the bond market. It is expected that year-on-year returns may vary with there being on a small probability of a negative return in any one year.

#### General Objectives

- To provide retirement benefit for the members. In the event of the members' death before retirement, to provide benefits for the dependants of the members.
- To ensure that sufficient assets will be available to meet benefit payments when those payments are due to be paid.
- The Trustee wishes to ensure there is the opportunity for capital growth over a seven (7) year plus timeframe.

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## Risk profile

### Risk Tolerance:

- The Fund has a relatively long time horizon. The members are prepared to endure a reasonable level of volatility of returns in expectation of long term growth.

### Statement on Risk:

- Investment risk is borne by the members, as fluctuation in investment returns will affect the level of the members; benefits on withdrawal.
- The Trustees have considered the adoption of personal risk protection (life insurances) for its members as part of the overall strategy of the Fund.
- The Trustees allow the Fund to establish life insurance over the lives of its members.
- The Fund members have accepted the Fund's offer to take out life insurances. After seeking professional advice, the Trustees have implemented appropriate life insurances with BT.

## Liquidity

### Statement on Liquidity:

- The Trustees understand and accept that a high portion of the Fund's assets are invested in an illiquid asset. The Trustees recognise the potential risks involved in (a) holding this asset for a period significantly less than the seven (7) year timeframe and (b) liquidating this asset at short notice.

## Diversification

- The Fund is invested primarily in real property. The Trustee recognises that the Fund is subject to a high level of property specific risks. The Trustee considers that real property is a secure investment with the prospect of long term capital appreciation while generating steady income growth.

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## Ability of Fund to discharge existing and prospective liabilities

- Sufficient cash flow will be maintained to discharge administration expenses and other outgoings. The Fund is a defined contribution fund and the members are entitled to the accumulation of contributions and earnings in the members' account on withdrawal. The Fund will be able to meet its obligations to the members at all times.

## Indicative asset mix and asset classes

Asset Class	Benchmark %	Min %	Max %
Australian Shares	0	0	20
International Shares	0	0	20
Cash	7	0	27
Australian Fixed Interest	0	0	20
International Fixed Interest	0	0	20
Direct Property	90	70	100
Listed Property	0	0	20
Other	3	0	23
<b>TOTAL</b>	100		

The Trustee acknowledges and accepts that whilst the Fund is in its planning stages the asset allocations may differ from the above in the short term.

The Trustee authorise that during the period of time it takes to complete the acquisition of direct property the trustee/s may seek a higher return by investing in Australian Fixed Interest Investments so long as the investment does not overly expose the fund to additional risk.

## Review of Investment Strategy

- The Trustees shall review the Investment Strategy including the suitability and performance of investments at least once per year. The Trustee may formulate and adopt a new investment strategy based on the review.
- In reviewing the Fund's investments, the Trustee shall have regard to the basis of returns yielded by the Fund's investments both in the year preceding the review and the preceding three (3) year period.

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Peter Graziano - Director

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Jessica Gettar - Director

1<sup>st</sup> July 2016