

**D.J. & S.L. NEWMAN FAMILY  
TRUST SUPERANNUATION  
FUND**

(“The Fund”)

**SMSF Investment Strategy**

Trustee(s):  
**DJ & SL NEWMAN**

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## **INVESTMENT STRATEGY REQUIREMENTS**

The trustees/directors of the corporate trustee are required to prepare an investment strategy (or strategies) that provide a framework for making investment decisions to increase members' benefits for their retirement. This duty is codified in section 52(2)(f) of the Superannuation Industry (Supervision) Act 1993 ("SIS Act") and is an operating standard set out in SIS Regulation 4.09, which applied to all trustees.

This investment strategy report considers, at the fund level:

- the risk and likely return from investments;
- the diversification of the investments;
- the liquidity and cash flow requirements;
- the ability of the fund to discharge its liabilities; and
- whether a contract of insurance that provides cover for one or more members is required

This written investment strategy has been prepared to demonstrate that investment decisions comply with the strategy and the various superannuation laws including:

- Sole Purpose test;
- Restrictions on investments and acquisitions from members;
- Ownership and protection of assets;
- Lending to members;
- Placing charges over fund assets (with limited exceptions);
- Investing in collectables and personal use assets
- Investments being made on an arm's length basis; and
- Restrictions on holdings of in-house assets

### ***Complying Status***

The Fund is an Australian Superannuation Fund as defined in subsection 295-95(2) of the Income Tax Assessment Act 1997 and Section 45 of the Superannuation Industry (Supervision) Act 1993 ("SIS Act").

## **ONGOING MONITORING**

The obligation for the trustee to formulate and implement an investment strategy also requires the trustee to monitor and regularly review the investment strategy on an ongoing basis to help ensure that the investments made by the trustee(s) continue to be consistent with the investment strategy. Where this is not the case, the trustee(s) will be required to amend the investment strategy to reflect the change in the investment approach.

**FUND PROFILE**

<b>Fund Benefit Design:</b>	Accumulation Fund
<b>Fund Structure</b>	Self-Managed Super Fund (SMSF)
<b>Approximate Current Fund Assets (\$):</b>	<del>\$284,015</del> \$400,000
<b>Number of Fund Members:</b>	Two
<b>Fund Phase:</b>	Accumulation
<b>Time horizon of the Fund:</b>	20 YEARS
<b>Member directed investments</b>	No (Pooled)

**Age profile**

<b>Age</b>	<b>Number of Members</b>
Less than 40 years	
41-49 years	
50-59 years	Two
60-64 years	
65-69 years	
70 years and over	

**FUND OBJECTIVES**

**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 (solvency).

To ensure that sufficient liquid assets will be available to meet benefit payments as and when those payments are due to be paid (liquidity).

To provide protection against the chance of a negative return over any 5 year period.

The Fund has a long investment horizon, therefore the members are prepared to endure a reasonable level of volatility of returns in expectation of long term growth. The members are prepared that there might be years where the returns are negative.

Other (please specify).....  
.....  
.....

**Specific Objectives**

- To achieve the RBA cash rate of return each year. It is expected that the capital value of the Fund is preserved at all times, and to avoid negative returns.
- To obtain a rate of return exceeding CPI by 3% over a period of five years. It is expected that the fund may incur occasional negative returns in any one year.
- To obtain a rate of return exceeding the benchmark indices by 3% over a period of five years. It is expected investment returns will fluctuate, with the likelihood of negative returns in any one year.
- To provide real long term (minimum of ten years) capital growth of at least 5% compounded and a level of income no less than 4%. It is expected that the fund may incur occasional negative returns in any one year.
- To borrow funds in order to maximize the growth of the Fund assets over the long term.
- Other - .....
- .....
- .....

**RISK PROFILE**

**Risk Tolerance**

- The members are close to retirement and expect the Fund to invest in risk adverse investments to achieve capital preservation and avoid volatility in returns.
- 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.
- The composition of the members is diverse and the collective risk tolerance indicates that there should be a balance of reasonable risk and volatility to achieve long term capital and income growth.
- The Fund is paying a pension income stream(s). Investments should be made in risk adverse investments, which combine reasonable security of capital with the prospect of long term growth, with the view to prolonging the duration of the pension payments.
- The fund may borrow to acquire the beneficial interest in listed Company shares provided the lender's rights on any default of the borrowing or the sum of the borrowing and charges related to the borrowing are limited to rights relating to those listed shares or any replacement to the listed shares.
- The Fund may borrow to acquire the beneficial interest in real estate, provided the lenders rights on any default of the borrowing or the sum of the borrowing and charges related to the borrowing are limited to rights relating to that real estate or any replacement to the real estate;
- Other (please specify) .....  
.....  
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**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.
- Investment risk is borne by the members, as fluctuation in investment returns will affect the level of the members' benefits on withdrawal. The fluctuation is smoothed by the maintenance of a reserve to which returns are credited or debited according to the credit rate policy.
- Other (please specify) .....  
.....

**DIVERSIFICATION**

- Diversification across currencies, economies and asset classes is achieved through a mix of international and Australian investments. The Trustee recognises that diversification can result in significant reduction to return volatility while maintaining the level of anticipated return.
- Diversification is achieved through a mix of Australian 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.
- The funds are primarily invested in equities. The Trustee recognises the higher risk in investing predominantly in only one asset class and the volatility associated with shares. The volatility will be compensated by the prospect of achieving higher return and growth in the longer term. The shares are invested in different industries and sectors, which will spread risk to a satisfactory level.
- The Fund is invested in a Unit Trust and the underlying assets of the Trust are primarily invested in shares. The Trustee recognises that the Fund is subject to higher risk associated with investing predominantly 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. The shares are invested in different industries and sectors, which will spread risk to a satisfactory level.
- The funds are primarily invested in fixed interest securities and deposits. It is considered that investment in this asset class is suitable for the Fund's policy of maximising capital preservation and avoiding negative return.
- The Fund is invested in a Unit Trust and the underlying asset of the Unit Trust is an investment in a 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.
- The Fund is invested primarily in one 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.
- The Fund is invested primarily in cash and cash deposits. The trustee recognizes that the Fund will not be exposed to economic activity and that there will not be any growth in the asset class. The Trustee considers that cash and cash deposits is a secure investment.
- Other (please specify) .....
- .....
- .....

## Indicative asset mix and asset class strategic ranges formulated

Asset Type	Strategic Ranges		Benchmark %
	From %	To %	
Australian Shares (inc. options, futures, Exchange traded options, warrants and CFD's)	% 0	% 100	100 %
Australian Fixed Interest (inc. deposits, debentures, bonds for 12 months & over)	% 0	% 100	100 %
Cash (CMT, Deposits < 12 months, A/c balances)	% 0	% 100	100 %
Managed Funds (covering a range of asset classes)	% 0	% 100	100 %
Direct Property	% 0	% 0	%
International Shares	% 0	% 0	%
International Fixed Interest (inc. deposits 12 months & over)	% 0	% 0	%
Listed Property	% 0	% 0	%
Mortgages	% 0	% 0	%
Physical Metals and Commodities	% 0	% 0	%
Collectibles and Art	% 0	% 0	%
Other	% 0	% 0	%
			<b>100 %</b>

**LIQUIDITY**

**Statement on Liquidity**

- There is no anticipated benefit payment in the next 2 years. Surplus cash (above anticipated liquidity requirements) will be invested in accordance with the Fund's investment strategy.
  
- A lump sum benefit payment will be made. The Trustee will monitor the liquidity position to ensure that there will be sufficient liquid assets to meet the benefit payments as and when they fall due.
  
- Members are drawing pension payments at least annually. The Trustee will monitor the liquidity position to ensure that there will be sufficient liquid assets to meet the benefit payments as and when they fall due.
  
- The fund has entered into a Limited Recourse Borrowing Arrangement (LRBA). The Trustee will monitor the liquidity position to ensure that there will be sufficient liquid assets to meet loan repayments in accordance with the terms and conditions of the lender.
  
- Other (please specify) .....  
.....  
.....

**ABILITY OF FUND TO DISCHARGE EXISTING AND PROSPECTIVE LIABILITIES**

Sufficient cash flow will be maintained to discharge administration expenses, borrowing costs (where applicable) 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 and other parties at all times.

Other (please specify) .....  
.....

**INSURANCE CONSIDERATIONS**

**Member insurance:**

The trustees are satisfied that the member(s) have appropriate levels of insurance outside of the Fund

The trustees have considered a contract of insurance for the fund members and are satisfied that they are at a stage in life where insurance is not required or is inappropriate

Member circumstances prohibit the ability to obtain a necessary contract of insurance.

Other (please specify) .....  
.....

**RESERVES MANAGEMENT STRATEGY**

- The fund does not operate reserves
- The fund does operate reserves

*Type of Reserves operated by fund (if any):*

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- ❖ Trust Deed clause to allow reserves

*(Include some detail on types of reserves being used and comments on their prudential management)*

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**IMPLEMENTATION OF INVESTMENT STRATEGY**

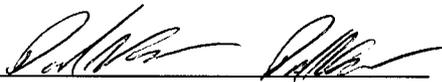
**Professional Advice**

- The trustee(s) may engage suitably qualified professionals for specialist advice in various asset classes where they are used as part of the investment strategy.
- The trustees have the sufficient expertise in formulating and implementing the fund's investment strategy.

**Ongoing Review of the Investment Strategy**

The trustees agree that they will regularly review the investment strategy in order to determine that its objectives continue to meet the needs of the members.

*Signed as a true and correct record in accordance with the resolution of the Trustee by:*

Trustee Signature:  Date: 1-12-2014 27-10-17

Trustee Name: Daryl James Newman

***D.J. & S.L Newman ATF D.J. & S.L. Newman Family Trust Superannuation Fund***

Trustee Signature:  Date: 1/12/14 27-10-17,

Trustee Name: Sharon Lee Newman

***D.J. & S.L Newman ATF D.J. & S.L. Newman Family Trust Superannuation Fund***



# **INVESTMENT STRATEGY FOR THE DJ & SL NEWMAN FAMILY TRUST SUPERANNUATION FUND DATED 1<sup>ST</sup> JULY 2006**

## **FUND PROFILE**

The DJ & SL Newman Family Trust Superannuation Fund is an 'accumulation' fund established for the purpose of providing benefits to members upon retirement.

## **MEMBERSHIP**

The fund has 2 members:

- Daryl James Newman
- Sharon Lee Newman

At the date hereof, both members have at least 10 years of employment before they reach legislated retirement age and intend to remain members of the fund until this time.

They are 'balanced' investors meaning they are willing to pursue potentially greater long-term returns while accepting shorter term volatility and also willing to pursue some speculative investments within a portfolio. They appreciate and accept that a portion of their portfolio may be exposed to negative returns and increased volatility. Capital growth rather than income is their aim.

## **INVESTMENT OBJECTIVES**

### **Long term (5 years and longer)**

- To protect and grow the value of the member's benefits.
- To achieve a long term return of at least 4% per annum above inflation (as measured by CPI) over rolling 5 year periods, which is consistent with the real rate of return expected from a *balanced* portfolio.

### **Short term (2 years or less)**

- To ensure, on an on-going basis, sufficient liquidity exists to meet all operating expenses and taxation liabilities.

## **INVESTMENT STRATEGY**

In arriving at the investment strategy the trustees considered the following:

### **DIVERSIFICATION**

The trustees are aware of the benefits of diversification and have sought to reduce risk by spreading fund investment across a range of asset classes including cash & fixed interest and managed funds. In their opinion the present level of diversification through the use of managed funds is appropriate given the size and circumstances of the fund.

## LIQUIDITY

The investment strategy provides sufficient liquidity to enable the fund to meet its' current and future commitments including taxation liabilities, regulatory fees and operational expenses.

Due to the age of fund members and their close relationship, the trustees do not expect a change in fund membership in the short term. If however a member decided to terminate their membership the investment structure of the fund is such that the trustees would, given reasonable notice, be able to liquidate assets to meet benefit payments or roll-over obligations.

## RISK & RETURN

### Cash & Fixed Interest

Historically, returns from cash and fixed interest investments are below returns available from other asset classes. Correspondingly these investments carry a reduced level of risk. The trustees believe it unnecessary to maintain cash reserves beyond that required to meet the immediate and short-term expenses of the fund, whilst retaining some flexibility.

### Managed Funds

Having taken into account historical returns the trustees will make investments, into managed funds. The trustees will invest into trusts operating across various sectors of a range of investments. The trustees intention is to hold these investments for a period of at least 3-5 years.

The strategy of investing in managed funds in this way acts to further reduce the risk of having inadequate diversification within the fund's investment portfolio.

## INVESTMENT PORTFOLIO

The trustees believe that the best way to achieve the investment objectives of the fund is to develop a portfolio based on the following guidelines:

Asset Class	Range	Benchmark
Cash & Fixed Interest	5-20%	15%
Managed Funds	30-95%	85%

- \* The 'range' represents the limits of each investment. The 'benchmark' represents the optimum long-term contribution of each asset class to the overall investment portfolio.

These ranges are purely indicative and the trustees may vary the allocations at any time if satisfied that conditions warrant such a change.

The trustees are prepared to consider suggestions from members for specific investments and may make investments in accordance with those suggestions provided that they conform with the investment strategy of the fund and applicable legislative requirements

## PERFORMANCE REVIEW & MONITORING

The trustees acknowledge that changes in the nature of fund membership, member investment philosophies, the level of member contributions, the performance of varying investment classes or other unforeseen circumstances may necessitate changes to the fund's investment strategy.

To ensure that the investment strategy remains relevant, the trustees undertake to conduct a review of the fund's investment activities on at least an annual basis including an analysis of the fund's performance in comparison to set investment objectives.

The Trustees acknowledge that their skills in some areas of investment may be limited and they intend to seek assistance from a qualified Financial Planner where such action is considered to be appropriate.

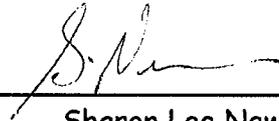
## ADVICE TO MEMBERS

A copy of this strategy is to be circulated to the members of the fund. The trustees undertake to communicate with the members should they feel any change in strategy is warranted to achieve the fund's investment objectives.



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Daryl James Newman



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Sharon Lee Newman

