

WANN HOLDINGS PTY LTD SUPERANNUATION FUND

INVESTMENT STRATEGY

DATED: 11/7/2012

Investment Strategy Requirements of SIS

Section 52(2)(c) of the Superannuation Industry Supervision Act (SIS) requires trustees to ensure that their actions are always in the best interests of beneficiaries (members).

Section 52(2)(f) of the Superannuation Industry Supervision Act (SIS) requires that the trustees formulate and give effect to an investment strategy that has regard to the whole of the circumstances of the fund including, but not limited to, the following:

- (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 expected 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 entity in being exposed to risks from inadequate diversification;*
- (iii) the liquidity of the fund's investments having regard to its expected cash flow requirements;*
- (iv) the ability of the fund to discharge its existing and prospective liabilities.*

Diversification

Diversification is a particularly important element in the formulation of an investment strategy.

In the case of small funds, the existence of limited alternatives may be relevant in considering diversity, and the spread of investment between the different asset classes.

Advice may be sought from licensed security dealers, such as 360Private Pty Limited or their authorised representatives. This is normally limited to recommendations regarding the appropriate mix of strategies that a fund should adopt.

However regardless of the source of any advice, the responsibility to formulate and give effect to an investment strategy remains solely with the trustee.

In addition to the trustees responsibility to formulate and give effect to an investment strategy, the trustee when making investments must abide by other investment standards including :-

- a) The rules on borrowing
- b) Arm's length investments
- c) In-house assets
- d) Purchase of assets from members

The following objectives may apply to either the whole of the fund or a particular member's segregated account assets at any particular time.

Investment Strategy Objective

To maximise the benefits received by members by maximising returns from investments over the expected period of fund membership at a risk level that the Trustee judges is appropriate to the members of the fund at any particular time.

The following restrictions will apply to investments intended to achieve this objective:

Composition and Risk Management

the trustee may choose any investments which it assesses are suitable to meet the objectives of the fund.

the trustee shall assess the risk of an investment by satisfying itself that there is little probability of a permanent loss of capital value over the relevant period but shall not be obligated to protect against losses of capital value that are expected to be temporary.

no more than 50% of the assets of the fund may be invested into any one direct investment (excluding pooled products which have diversity in their underlying investments or direct property investments), except where such investment is made with the intention of progressively reducing this percentage to less than 50% within a five year period.

no more than 75% of the assets of the fund may be invested into any one of the following investment sectors :-

- Fixed interest
- Equities
- Property (excluding direct property investments)

except where such investment is made with the intention of progressively reducing this percentage to less than 75% within a five year period.

no more than 50% of the assets of the fund may be invested into higher risk investments in aggregate including :-

- Unlisted Property Trusts
- Options
- Currency
- Offshore investments
- Derivatives
- Unsecured loans

The trustees may choose to invest funds using instalment warrants provided this meets SIS regulation and the investment is inline with the investment strategy as outlined in this document.

Where changes in the market value of an investment cause a restriction to be breached, the trustee should attempt to rectify the breach but shall not be under any obligation to compulsorily dispose of assets where it believes that such disposal would not be in the best interests of meeting the investment objectives of the fund.

Cash Flow Requirements

the fund should have minimum cash or cash type investments totalling a minimum of the liabilities of the fund due within the next twelve months. In the case of a pension benefit, the requirement relates to the amount of pension instalments rather than the capital value of the pension.

in order to provide liquidity in the event of death or permanent disability, the trustee shall ensure that a minimum of \$25,000 for each member (or 100% of a member's account balance if it is less than \$25,000) can be paid within 1 month of the occurrence of such an event. The trustee can provide for such payments by holding investment in readily marketable securities or by holding life insurance policies on member's lives. A life insurance policy will be taken to meet the requirement that fund's be available within 1 month even if there is no guarantee from the insurance company that benefits will be paid within 1 month of death or disability.

Risk Insurance:

The trustees and members will give consideration to the appropriateness of holding risk insurance cover for the members of the fund. The members will be advised to seek professional advice on the relevance and levels of cover that they may require together with the choice of where to hold that cover. The members should review their situation and cover requirements on a regular basis.

WANN HOLDINGS PTY LTD SUPERANNUATION FUND
INVESTMENT OBJECTIVE AND STRATEGY

MINUTES OF MEETING OF TRUSTEES
HELD AT 4 THE PIAZZA PASADENA SA 5042
On 1ST July 2012

Present: Franz Wann
Katharina Wann
Robert Wann
Michael Wann
Directors of the Trustee Wann Holdings Pty Ltd

Resolved: The following investment objective and strategy was adopted by the Trustee and supersedes any previous objective or strategy.

Objective

To maximise the benefits received by members by maximising returns from investments over the expected period of fund membership at a risk level that the trustee judges is appropriate to the members of the fund at any particular time.

Strategy

Composition

the trustee may choose any investments which it considers are suitable to meet the objective of the fund

the trustee shall assess the risk of an investment by satisfying itself that there is little probability of a permanent loss of capital value over the relevant period but shall not be obligated to protect against losses of capital value that are expected to be temporary.

no more than 50% of the assets of the fund may be invested into any one direct investment (excluding pooled products which have diversity in their underlying investments and direct property investments), except where such investment is made with the intention of progressively reducing this percentage to less than 50% within a five year period.

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The trustees may choose to invest funds using instalment warrants provided this meets SIS regulation and the investment is inline with the investment strategy as outlined in this document.

Where changes in the market value of an investment cause a restriction to be breached, the trustee should attempt to rectify the breach but shall not be under any obligation to compulsorily dispose of

assets where it believes that such disposal would not be in the best interests of meeting the investment objectives of the fund.

Risk management with respect to objective

the trustee shall assess the risk of an investment by considering the probability of a permanent loss of capital value over the relevant period.

the level of risk from making or holding an investment will be acceptable if the trustee satisfies itself that there is little probability of a permanent loss of capital value over the relevant period but shall not be obligated to protect against losses of capital value that are expected to be temporary in nature

in making and realising assets, the trustee will deal only with reputable organisations which hold appropriate licences where necessary. Funds for making investments or proceeds of realisation of investments may be held by third parties only where such funds are in a trust account regulated by law, e.g. by a stockbroker when shares are bought or sold.

Risk management with respect to cash flow

the fund should have minimum cash or cash type investments of \$5,000 at any one time. Where this requirement is not met, the trustee should realise sufficient investments as soon as possible to restore cash or cash type investments to at least \$5,000.

the fund should have cash, cash type investments or readily marketable investments totalling a minimum of the liabilities of the fund due within the next twelve months. This requirement need not be met in respect of benefits due to be paid where the trustee expects payment of those benefits to include an *in specie* distribution of assets which are not readily marketable or realisable. In the case of a pension benefit, the requirement relates to the amount of pension instalments rather than the capital value of the pension.

in order to provide liquidity in the event of death or permanent disability, the trustee shall ensure that a minimum of \$25,000 for each member (or 100% of a member's account balance if it is less than \$25,000) can be paid within 1 month of the occurrence of such an event. The trustee can provide for such payments by holding investments in readily marketable or redeemable securities or by holding life insurance policies on member's lives. A life insurance policy will be taken to meet the requirement for availability of funds even if there is no guarantee from the insurance company that benefits will be paid within 1 month of death or disability.

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The trustees and members will give consideration to the appropriateness of holding risk insurance cover for the members of the fund. The members will be advised to seek professional advice on the relevance and levels of cover that they may require together with the choice of where to hold that cover. The members should review their situation and cover requirements on a regular basis.

..... Date
Franz Wann - DIRECTOR

 Date 1/7/2012
Michael Wann - DIRECTOR