

Investment Strategy

This document sets out the investment strategy for Hurley Superannuation Fund. Here after Hurley Superannuation Fund will be referred to as 'the Fund'.

Introduction

Purpose

- The purpose of this document is to record the investment objectives and strategy formulated by the Trustees of the Fund in relation to the investment of the assets of the fund.

Legislative requirement

- Section 52B(2)(f) of the Superannuation Industry Supervision Act 1993 (SISA) requires Trustees of superannuation funds to formulate and give effect to an investment strategy that has regard to the whole of the circumstances of the entity, including, but not limited to the following:
 - The risk involved in making, holding and realising, and the likely return from, the entity's investments having regard to its objectives and its cash flow requirements,
 - The composition of the entity'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,
 - The liquidity of the entity's investments having regard to its expected cash flow requirements, and
 - The ability of the entity to discharge its liabilities.

Trust deed

- The Trust Deed of the fund provides the Trustees with broad authority to invest the fund's assets.
- Prohibited investments (which are either specifically spelt out in the Trust Deed or are deemed to apply because of legislation) are as follows:
 - Loans to members,
 - Assets acquired from related parties, including members and their associates (limited exceptions apply), and
 - In house assets exceeding 5% of the value of the fund's total assets.

Fund and Member Profile

	Joseph Alan Hurley	Penelope Jane Hurley
Fund Benefit Phase	Accumulation	Accumulation
Date of Birth	21 May 1964	18 June 1966
Age	58	55
Employment Status	Full Time	Home Duties
Retirement Needs	<ul style="list-style-type: none">• Upon future retirement, to receive a regular income via pension payments and have access to further funds on an ad hoc basis if required.• The Fund will be able to provide pension payments to members at their future retirement date.	

Objectives of the Fund

Primary objective	<ul style="list-style-type: none">• To provide benefits for members of the Fund at retirement, in the event of death or disablement, or as otherwise allowed under superannuation legislation.
Maximise returns	<ul style="list-style-type: none">• Investing in a way to maximise member returns taking into account the risks associated with investing.
Diversify investments	<ul style="list-style-type: none">• Consider the benefits of investing across a number of asset classes.
Trust deed & legislative requirements	<ul style="list-style-type: none">• The objective of this document is to formulate and give effect to an investment strategy that has regard to the whole circumstances of the 'Fund' including but not limited to, those specified in Section 52B(2)(f) of the SISA. The Trustee will at all times act prudently to pursue the maximum rate of return possible, subject to acceptable risk parameters, and the maintenance of whatever diversification that can be achieved with modest assets.• The Trustee will ensure that all investments are authorised under the Trust Deed, are made for the sole purpose of providing benefits to members and the dependants of members, and are made in accordance with the legislative requirements applicable to complying superannuation funds.
Liquidity	<ul style="list-style-type: none">• The trustee will invest to ensure sufficient liquidity is retained within the fund to meet benefit payments due, and will adjust its specific objectives where it believes the investment objectives of the fund have changed.
Insurance	<ul style="list-style-type: none">• The trustees will consider holding insurance on behalf of the members.

Type of investment strategy

Pooled investment strategy	<ul style="list-style-type: none">• A single strategy, that combines all the member's needs, will be used when investing the money in the Fund.• This is known as a pooled investment strategy.
Reserves	<ul style="list-style-type: none">• The Fund does not operate reserves.• If reserves are established in the future, a separate reserving strategy will need to

be prepared.

Asset allocation

Target allocation

- The Fund's investments will be spread across various asset types. The table below details the target percentage allocation the Trustees will aim to maintain.

Ranges

- There may be times when it is appropriate to hold more or less than the target allocation. The table below specifies the percentage ranges that the Trustees will remain within during these times.

Asset allocation (Pooled investment strategy)			
Asset class	Target asset allocation	Lower range	Upper range
Cash	0%	0%	30%
Australian & International fixed Interest	0%	0%	30%
Australian shares	36%	15%	80%
International shares	49%	20%	90%
Property & infrastructure	15%	0%	30%
Other/Alternatives	0%	0%	20%
Total	100%	0%	100%

Cash flow, liquidity and liabilities

Cash flow

- Adequate funds will be held in cash to provide for the expected cash flow requirements of the Fund.

Short term liabilities

- The allocation to cash will enable the Fund to meet short term liabilities including, tax liabilities, annual return fees, accounting fees, audit fees and other operation expenses of the Fund.

Future liabilities

- When determining an appropriate level of cash to maintain, the Trustees will take into account the age of the members and their likely retirement dates.
- How the member intends to receive their benefits (as a lump sum or pension) will also be taken into account.

Investment opportunities

- Additional funds may be retained in cash to take advantage of investment opportunities as they arise.

Membership changes

- The number of fund members is not expected to fall in the short-term.
- If, however, a membership is terminated, the Fund can choose to liquidate assets if necessary or pay benefits 'in specie', if allowable by the governing rules.

Asset management

Permitted investments

- The Fund may invest directly in an asset or via any other investment vehicle such as a managed fund, unit trust, master trust or wrap account.

Who benefits from the Fund's assets

- The Trustees will only undertake investment activity if it is within legislative requirements and the Fund's investment strategy is in the best interest of all Fund members.

Direct property considerations

- Prior to acquiring or disposing of any direct property investment the Trustee will consult a suitably qualified professional to ensure that the price of the property reflects true market value and constitutes a prudent investment/disposal on an arm's length basis.
- In obtaining a tenant (if any) for a property, the Trustees will only enter into a lease with a Fund member, employer sponsor or their Part 8 Associates under SIS if it meets legislative requirements.

If this occurs, a written lease agreement will be made and the transaction will be of an arm's length nature.

- In determining the proportion of the Fund assets to be invested directly in property, the Trustee shall take into account the liability profile and liquidity requirements of the Fund.

Share considerations

- Prior to acquiring (or disposing) of any shares in companies, the Trustee will consider the diversification of shareholding across different market sectors/industries and the liquidity requirements of the Fund.
- The trustee may also seek professional advice in relation to expected capital growth and dividend income.

Fixed interest considerations

- Prior to investing in any fixed interest investments, the Trustees will consider the period of investment, the security offered, the accessibility of funds, the return, and the impact of any interest rate changes.

Cash considerations

- Prior to making any cash investments, the Trustees will consider the rate of return and security of such investment against the expected rate of return offered by alternative investments.

Managed investments considerations

- Prior to acquiring (or disposing) of any managed funds, the Trustee will consider the diversification of assets across different asset sectors (cash, fixed interest, property, shares) and the liquidity requirements of the Fund.
- The Trustee may also seek professional advice in relation to expected capital growth and income.

Borrowing

- The Trustees may borrow for investment purposes provided that the Fund ensures that it meets the superannuation regulations as applicable at the time of borrowing and on an ongoing basis.
- The Trustees will ensure that they have a plan for meeting any potential future liabilities or obligations in relation to the borrowing.
- While the Trustees will require cash flow from the asset(s) to assist in meeting

debt commitments it is recognised that income received by the Fund may be insufficient to meet interest expenses incurred by the Fund. Any shortfall will be met by other Fund income or cash reserves and may also be met by way of contributions made to the Fund.

- In order to manage the additional risk to the Fund the Trustees will ensure that the level of borrowing will not exceed 80% of the value of the asset being acquired and not greater than 80% of the total value of the Fund assets.
- The Trustees will ensure that they have adequate cash flow to meet interest commitments. Alternatively, the structure of the arrangement is such that it is self-financing and hence additional cash flow is not required.

Minimum holding periods

- The volatility in the returns of growth assets means that it is ideal that they are held for a minimum of 5 – 7 years, whereas fixed interest investments generally need only be held for at least 2 – 3 years and cash investments generally can be redeemed at any time.
- The Trustee will consider this before redeeming any investments to ensure any short-term fluctuations do not detrimentally affect the anticipated long-term returns of the Fund.

Tax resulting from asset disposals

- Capital gains tax (CGT) is likely to be payable on the disposal of any investments that have increased in value since they were acquired.
- Before deciding to purchase or redeem any investments, the Trustees may seek advice regarding the taxation implications of any proposed transactions.

Review of investments

To monitor the success of the investment strategy in achieving the investment objectives, the Trustees will:

- Periodically compare the investment performance of the underlying assets against similar assets elsewhere in the market.

Insurances

Cover will be held

- The Trustee will hold policies of insurances that provide for payments to members or their beneficiaries on a member's death, disablement or terminal illness if requested to do so by the members.

Investment strategy review

Annual review

- The Investment Strategy will be reviewed annually to ensure it remains appropriate to the objectives, needs and circumstances of the Fund and its members.
- Any changes to the Investment strategy will be communicated to the members in writing.

Adoption

In capacity as trustees for Hurley Superannuation Fund we agree to adopt this investment strategy.

Joseph Hurley
Director of Charles Farrell Holdings Pty Ltd as trustee of Hurley Superannuation Fund

30/06/2022
Date

Penelope Hurley
Director of Charles Farrell Holdings Pty Ltd as trustee of Hurley Superannuation Fund

30/06/2022
Date