

Investment strategy of The Payne Superannuation Fund

This investment strategy has been formulated in accordance with the requirements of Subsection 52 (2)(f) of the SIS Act and SIS Reg 4.09, taking into consideration the whole of the circumstances of the fund, including but not limited to, the following:

- > The risk and return of the investments having regard to the objectives and cash flow requirements
- > Composition of the investments and the extent to which they are diverse and the risk from inadequate diversification
- > Liquidity of investments having regard to cash flow
- > The ability of the fund to discharge existing and prospective liabilities
- > Whether the fund should hold a contract of insurance that provides insurance cover for members of the fund

Fund circumstances

Members and their age:	Desmond Edward Payne	DOB - 09/07/1952
	Sharon Elizabeth Payne	DOB - 18/04/1952
	Jodie Maree Payne-Corbett	DOB - 18/09/1973

Projected time horizon: 5+ years

Member specific circumstances

The members consider real property inside superannuation not to be a substantial part of the overall asset allocation as a large amount is owned outside of superannuation and the investment horizon is at a minimum 5+ years with the youngest member having a horizon of 10+ years.

Investment objectives

It is the intention of the Trustees that the combined assets of the fund, other than the cash held for liquidity purposes, will produce a total return at least in line with the rate of inflation.

Trustee considerations

Risk and return

In the formulation of the investment strategy, the trustee has taken into consideration the specific risks including market risk, legislative risk, liquidity risk and inflation risk that may affect the fund.

Currently market risk is higher than inflation risk as many economies are experiencing little or no growth. However this may change overtime as the world economic downturn stabilises.

The Trustee understands that while fixed interest investments may achieve capital preservation, it may lead to capital erosion if the returns fall below inflation level. On the other hand, higher growth investments may be volatile to market movements and downturns as the economy goes through cycles.

In the measurement of risks, it is considered that the members' risk tolerance level is high/ low/ moderate. Accordingly, it is considered that the asset allocation should be weighted to higher levels of equities / fixed interests/ balanced investments.

Diversification

The Trustee recognises that diversification and identification of quality investments are the keys to mitigating the risk of volatilities in market conditions.

Consideration is given to investments of the portfolio being diversified between asset classes/ as well as international and Australian investments. The Trustee considers that a combination of fixed interest investments (for capital protection), equities (for long term growth) and managed investments (to diversify between fund managers) should be used.

The asset allocation used in this investment strategy has been devised taken into consideration the risk profile and needs of the members. It should be able to control downside risk in market conditions while going for returns above inflation as stated in the objectives.

Insurance

The trustees have assessed the need of insurance for all members and have ensured that all members have adequate insurance policies personally.

Liquidity and cash flow requirements

The fund's short term and long term cash flow requirements are a regular investments into a managed fund and to meet all annual expenses and income tax obligations.

Ability of fund to discharge existing and prospective liabilities

The current asset allocation in liquid assets will enable the fund to meet its liabilities including income tax, expenses and other payments as they fall due.

The investment strategy

1. The fund may invest in cash, fixed interest investments, shares listed on the Australian stock exchange or an international exchange, managed investments and property including both direct property and listed property trusts.
2. The trustees have decided that the investment objectives of the fund will be satisfied by the following assets allocation:

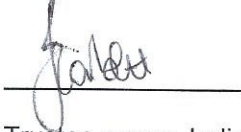
Asset class	Asset allocation
Cash	15% - 45%
Fixed interest	0% - 20%
Australian shares	15% - 60%
International shares	0% - 40%
Managed investment	10% - 70%
Listed trusts	0% - 5%
Property	0% - 30%
Other	0% - 10%

The Trustee recognises that market fluctuations may sometimes cause the asset allocation to go over or under the stated percentages temporarily.

3. The trustee also acknowledges that short term volatility may cause negative results in some periods and this has been taken into consideration in the formulation of the investment strategy.
4. The trustee may vary investment exposures where necessary depending on additional contributions, withdrawals, market fluctuations and any other relevant factors considered by the trustee.

5. The investment strategy will be revised and reviewed regularly or as necessitated by changes in market conditions or in the personal circumstances of the members.

Signed by:

A handwritten signature in dark ink, appearing to read 'Jodie', is written over a horizontal line.

Trustee name: Jodie Maree Payne-Corbett

Date: 1st July 2019