

INVESTMENT STRATEGY

**Fund**

**Interstellar Super Fund**

ABN 95 456 336 572

# SMSF Investment Strategy

**Trustee**

**Interstellar Investment Qld Pty Ltd**

ACN 629 480 691

**Directors**

Aleksandar Svetski

Date Prepared 8 April 2020

## 1. Compliance

An investment strategy is a legislative requirement. Each trustee must formulate and give effect to a strategy that has regard to the circumstances of the SMSF as a whole. The investment strategy obligations are detailed in the Superannuation Industry Supervision Act 1993 (SIS).

This investment strategy has been prepared to both document and demonstrate compliance with superannuation laws. This investment strategy considers a number of factors including:

- the diversification of the investments,
- the expected return and risk of the investments,
- the liquidity of the Fund's assets,
- the ability of the Fund to pay benefits and discharge its liabilities,
- the member's needs and circumstances; and
- whether insurance coverage is required for one or more members of the Fund.

## 2. The Fund

The sole purpose of Interstellar Super Fund ("Fund") is to provide retirement benefits for the members of the Fund and their dependants. The Investment Strategy has been designed and prepared to support this sole purpose.

Table 1 – Overview of the Fund

Detail	Value
Fund structure	Self-Managed Super Fund (SMSF)
Benefit structure	Accumulation Fund
Fund phase	Accumulation
Total Fund size	Approx. \$7,842.18
Fund status	Complying Super Fund

There is one member of the Fund. No new members are expected in the near short term.

Table 2 – Existing members of the Fund

Member	Age	Risk Tolerance
Aleksandar Svetski	32	Aggressive - The member is an experienced investor and is familiar with the concept of risk and volatility in returns. The member is prepared to take on higher levels of risk for individual investments with the expectation of higher overall long-term returns. The member is familiar with investments into alternatives including emerging asset classes such as Cryptocurrency and is prepared for the possibility of total loss on any given investment.

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The Trustee has the following advisors and professionals available to assist in managing the Fund and its obligations.

Table 3 – Advisors and professionals available to the Fund

Advisor	Service Type
Kova Tax	Tax advice, superannuation financial advice and SMSF compliance

### Specific objective

The Fund has specific objectives that it is aiming to achieve:

- The Fund's objective is to achieve significant growth by focusing on the core competency of the trustee and primary member, ie; technology.
- The Fund's growth goal is to grow at an average compounded annual rate of return in excess of 25%.
- This will be measured every 5 years in order to account for potential downturns.

### Risk profile and risk tolerance

The fund is structured as simple and aggressive.

Simple & aggressive means that the fund will not run complex strategies that involve too many moving variables, but it will employ a barbell strategy in which few assets are selected for their high growth potential and it will be mixed with a cash position. The ratio of cash to asset will vary depending on asset's growth stage.

## 3. Investment Strategy

Careful consideration has been given to the circumstances of the Fund and of each member, to ensure that the sole purpose of the Fund and its objectives are met. The member has elected to use the Fund to invest and grow wealth. The strategy is to invest in Bitcoin for a period of 2+ years. Once market conditions are more favourable the Trustee will consider investing into precious metals and shares.

### Asset allocation

To meet the Fund objectives, the Trustee will invest in the digital asset sector. The target asset allocation is as follows:

Table 4 – Proposed target allocations for investment

Asset Class	Allocation Range		Target Allocation %
	Min %	Max %	
Cash and Deposits	0	5	1
Australian Fixed Interest	0	0	0
International Fixed Interest	0	0	0
Australian Shares	0	0	0
International Shares	0	0	0
Direct Property	0	0	0
Precious Metals – Gold	0	0	0
Cryptocurrency - Bitcoin	95	100	99
Total			100

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The Trustee expects the allocation to each investment or class of investment to fluctuate on a regular basis, due to the nature of the portfolio.

### Asset risk

The Trustee has elected to invest up to 100% of the Fund's assets in Digital Assets. The Trustee understands and are prepared to accept the increased risk associated with these investments including the risk of loss, and the risk of total loss, in order to earn the higher returns potentially available to investors.

The Trustee understands they are investing in assets that are not considered Financial Products and do not offer the same protection as regulated Financial Products in Australia. As investors, they will have minimal protection in the event of failure of the investments. The Trustee understands they will not have the benefit of normal investor protections such as audited accounts.

The Trustee will manage the risk attached to these opportunities by following best practice standards in storage and security.

### Diversification

The Fund will be weighted towards a single asset class, namely Cryptocurrency. The Trustee considered that although this is a high-risk strategy, it is appropriate for the member of the Fund due to their respective risk profile and the Fund goals to achieve a higher rate of return.

The Trustee recognises that diversification is an important consideration for the Fund, however, their strategy is to employ a focused approach on an asset class they understand. Further, they will balance risk and exposure by holding cash. This is inline with the purpose of the Fund, it's specific objectives and the experience profile of the Trustee.

### Acquisitions

Digital assets will be purchased from Amber ([www.amber.app](http://www.amber.app)), a reputable Australian digital currency provider. Amber has the required liquidity to execute the target allocations. The Trustee reserves the right to utilise an alternative exchange or service to acquire and dispose assets if liquidity is insufficient or to better meet the needs of the Fund.

The trading account with Amber will be registered in the name of the Fund, ensuring ownership of the digital asset investments are solely attributed to the Fund.

### Storage and Security

Security of assets is of particular concern in the digital asset space due to the prevalence of scams, hacks and insolvent businesses. Further to this, the immutable nature of digital asset transactions means that it is not possible to reverse or recover an unauthorised transaction.

To mitigate these risks, the Trustee will adopt the following security plan:

- Digital assets will be stored long-term in addresses owned by the Fund and controlled by the Trustee.
- The keys to access the addresses and transact the digital assets will be stored in a hardware wallet which is owned by the Fund and controlled by the Trustee.

### Liquidity and Cash Flow

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It is important that the Fund has sufficient liquidity and cash flow to meet any future benefit obligations and liabilities for services and other expenses. The Trustee has considered the need for cash flow and the liquidity of the Fund assets and have concluded that:

- Surplus cash (above liquidity requirements) will be invested in accordance with the Investment Strategy.
- The Fund's Cryptocurrency assets are highly liquid and traded perpetually on domestic and global markets. If the Fund has a need for cash at short notice, it can liquidate assets as needed at fair market price.
- The Fund will maintain sufficient cash flow to discharge administration expenses, taxes and other outgoings. The Fund will maintain cash flow through member contributions, investment returns and liquidating capital assets as needed.
- The rollover amounts from the member will be used to meet the initial required cash flow for the investment goals.

Asset Valuations

Digital assets held by the Fund are all traded on highly liquid markets with publicly available pricing. The digital assets will be valued using a reputable Australian exchange.

Insurance

The Trustee has considered whether the Fund should hold a contract of insurance for its member for life insurance, total and permanent disability (TPD) insurance and income protection and concluded that:

- The Fund is not in a position to require insurance until The Fund is valued in excess of \$250,000 AUD.

Implementation of Investment Strategy

The Trustee has not only the sufficient expertise in implementing and executing the Fund's Investment Strategy, but the necessary experience in relation to the asset classes being focused on.

Specific Investments

The Trustee has considered the possible investments that align with the Fund's objectives and has identified the following investments as appropriate.

Table 5 – Investment details

Investment	Why the investment is appropriate for the members
Bitcoin (BTC)	Bitcoin has remained the market leader since it was first released in early 2009 and has a history of support, technical development and long-term growth. This investment was selected due to its relative stability, ability to withstand market downturns and its wide-ranging support in the ecosystem both from individuals and businesses.

The Trustee reserves the right to acquire other assets that align with the investment strategy and is not restricted only to the investments listed above.

## 4. Policies

The following policies will be adopted by the Trustee to ensure that the Investment Strategy is adhered to and the objectives of the Fund are met.

### Evaluating Specific Investments

Before making specific investments, the Trustee will refer to the Investment Strategy to evaluate the appropriateness of the investment. If the proposed investment does not align with the Investment Strategy, then the investment will not be executed.

### Monitoring and Review

The Investment Strategy will be continually monitored, regularly reviewed and updated when necessary. The Trustee will consider the impact of legislative amendments, member profile changes and changes in the economic climate and financial or investment markets. The Trustee will review the Fund's Investment Strategy at least every 12 months.

### Rebalancing

Rebalancing the Fund's investment portfolio due to changes in market conditions may be required. Rebalancing will be achieved through investment disposals and acquiring new investments as appropriate.

### Target Allocations

The Trustee will aim to follow the Investment Strategy, however, they will at all times reserve the right to change the investment mix depending on the market situation and opportunities available to better meet the objectives of the Fund.

### Member Requests

A copy of the Investment Strategy of the Fund will be available to members of the Fund on request.

## 5. Signoff

This Investment Strategy supersedes all previous Investment Strategies.

The Trustee commits to manage the Fund's investments in accordance with this Investment Strategy.

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

Director Signature



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Aleksandar Svetski  
*Interstellar Investment Qld Pty Ltd as Trustee  
for Interstellar Super Fund*

8/04/2020

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Date