

INVESTMENT STRATEGY EFFECTIVE 1 JULY 2018

DAVIES SUPERANNUATION FUND

6 August 2018
X0032538614

INVESTMENT STRATEGY

INVESTMENT OBJECTIVE

The investment objective of the Trustees is to provide investment returns that will exceed the annual rate of inflation by at least 1%.

INVESTMENT STRATEGY

The investment strategy is the method to be implemented in order to achieve the investment objective. The investment strategy is to invest the fund's assets within the following allocations:

ASSET CLASS	RANGE
Australian Cash	1% - 65%
Australian Debt Securities	0% - 60%
Australian Shares	0% - 99%
Australian Property	0% - 35%
Australian Infrastructure	0% - 35%
Traded Options	0% - 20%
Warrants	0% - 20%
Other	0% - 30%

INVESTMENT TYPES

The Trustees might consider the use of the following investment types in order to achieve the objectives of the fund:

- Cash and Deposit Products
- Domestic Listed Equities
- International Listed Equities
- Domestic Equity Funds
- International Equity Funds
- Cash Equivalents
- Fixed Interest
- Direct Property
- Listed Exchange Traded Funds
- Listed Managed Funds
- Unlisted Managed Funds
- Hedge Funds
- Instalment Warrants
- Options and Warrants
- Derivatives
- Private Equity

In arriving at the investment strategy, the Trustees have considered the following:

RISK AND RETURN OF THE INVESTMENT STRATEGY

RISK

The main risks identified are:

- the return on the investments; and
- the volatility in the value of the investment

In respect to these risks, when investing in growth investments such as shares and property the Trustees accept that in order to achieve a return above that of bank managed funds additional risk must be undertaken. The Trustees will manage this risk through diversification of assets and the selection of quality investments.

When taking a conservative approach, the Trustees will ensure relatively large quantities of cash and fixed interest investments are held, while at the same time diversifying the investments across the various investment sectors.

RETURN

It is recognised that the value of non-cash investments can decrease or increase in value and there is no guarantee of the fund's return. Over the long term, growth investments such as shares and property provide greater volatility than cash and fixed interest investments but lead to greater returns.

Non-growth investments are used to reduce the fund's volatility and provide an element of capital protection at the expense of a lower return in the long term.

DIVERSIFICATION OF THE INVESTMENT STRATEGY

The Trustees have considered the diversification of the fund's investments and are of the opinion that the strategy is appropriate given the size of the fund in terms of both investments and the number of members. It is recognised that on occasion the actual asset allocation percentages may vary from those proposed however, over time, the portfolio should largely reflect the above exposures.

LIQUIDITY OF THE INVESTMENT STRATEGY

The Trustees are of the opinion that the investment strategy is structured in such a manner so that the fund is sufficiently liquid to discharge its current and future liabilities.

When in accumulation phase the liabilities the Trustees are required to meet in the short term are minor in nature. These include tax liabilities and other expenses associated with the running of the fund.

When in pension phase the liabilities the Trustees are required to meet in the short term include pension payments and other expenses associated with the running of the fund.

In the longer term, the Trustees appreciate the reality of needing to either sell investments or distribute property in specie, to enable the Trustee to meet its benefit payment obligations.

INSURANCE CONTRACTS FOR MEMBERS

The Trustees of the Fund have considered if contracts for insurance that provide cover for one or more members should be held.

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GERARD DAVIES (DIRECTOR)

10/08/18
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JANICE DAVIES (DIRECTOR)

10/08/18
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