

## KEVIN & ANN WATSON INVESTMENT STRATEGY UPDATE 01/07/2016

As per our prior strategy Kevannwat Superannuation Fund has now been rolled over into Watson Superannuation Fund and Kevannwat Pty Ltd is now in the process of being wound up.

Kevin and Ann's disbursements have been re-adjusted and Watson Super Fund will be the sole Superannuation Fund, comprising investments in Industrial Units, Shares and Cash, making for a far simpler, cost effective vehicle.

### Personal

We own our own home and furnishings, 2 vehicles, a caravan and are in good health, some cash reserves, no debt, and some privately owned shares.

The coming year's planned Pension payment from Watson Superannuation Fund will be \$75,000.00 (2016/17) combined, after tax. This meets Government guidelines and our needs; also some income will be available from our private means.

The investment strategy has been based on Kevin and Ann's risk assessment. Kevin's risk acceptance being moderate to high, while Ann's acceptance being moderate but accepts higher risk based on Kevin's judgement.

The pension strategies have to be considered overall taking the situation into account

Watson Superannuation Fund currently will pay a Pension of \$75,000.00 for 2016/2017

Ann	\$43,837.50
Kevin	<u>\$31,162.50</u>
	\$75,000.00

This is achieved by Dividends, Franking Credits, Rental Income from Industrial Units, Interest and Share Trading.

The minimum allowable figure is worked out using Kevin's age which requires the highest payment. Pension payment is kept at the ratio Ann 58.45% Kevin 41.55% for simplicity. The payment proposed is above this minimum level, but is quite achievable for the Fund.

The portfolio is a mixture of income producing and speculative shares. Long term Capital Growth has been hoped for, to offset inflation, however due to the financial crisis this has not been possible, in fact a large loss has occurred. This was due mainly to one Company whom has now ceased trading; causing a large paper loss, however over the full period we traded this company, there was actually a small profit.

Some share trading is undertaken if it is deemed advantageous but sales and purchases are kept roughly even.

Considering the market we are happy with results and intend to continue our strategy.

We did consider selling the Industrial Units to relieve us of the responsibility and organising effort, maintaining, collecting rent etc. at our age. However in the financial climes and our continued good health there is no better investment opportunity and it also keeps our portfolio balanced to our satisfaction. Selling will be done when appropriate.

We are still on track and performing reasonably well, meeting our Pension payments and expectations.

Portfolio for Watson Superannuation Fund's opening value 01/07/2016  
\$1,217,347.38.

A handwritten signature in black ink, appearing to read 'KWatson'.

Kevin Watson