

# Investment Strategy

## Wombat Superfund

Date of Ratification: 21 August 2015

### Background:

The investment strategy, effective as at 1 July 2014, outlined below represents an expansion and clarification of the Investment Strategy agreed at the formation of Wombat Superannuation Fund. This Investment Strategy replaces the Investment Strategy document dated 27 February 2015.

### Objectives:

The objective of the fund is to:

- Provide superannuation benefits to members and their dependants to meet their retirement needs.
- Ensure that appropriate mixes of investments are held by the fund to support these needs.
- Ensure the fund has sufficient liquidity at all times to meet all commitments.
- Maximise the tax effectiveness of fund investments thereby delivering the best long term after tax return for members.

The Investment objective of the trustee is to aim to achieve the medium term growth. In recognition of the approximate 2-15 year investment time frame of members the fund will have a majority of defensive assets in the portfolio.

### Investment Choice:

The Trustee has determined the fund's investment may include but not be limited to all or one of the following:

- Direct equities, stocks and derivatives and including the participation in dividend reinvestment program, right issues and the like.
- Property trusts and associated investments.
- Managed investments and associated products.
- Direct residential, industrial commercial property investment.
- Bank and other financial institution securities including Term Deposits, Debentures, Secured and Unsecured Notes and Bonds.
- Any other investment that the trustee may feel prudent to achieve the objective of the fund.

The Trustee may from time to time decide to seek professional advice from Accountants, Solicitors or Financial Planners in the formulation of their investment strategy in the future.

In formulation this strategy the trustee has taken into consideration relevant features of the various investments in accordance with both the fund's objectives and appropriate legislation.

While drafting this investment strategy, the trustee has taken into account all of the circumstances of the fund, including:

- the risks involved in making each investment;
- the likely return from making each investment;
- the range and diversity of investments;
- any risks coming from limited diversification;
- the liquidity of the fund's investments;
- expected cash flow requirements; and
- the ability of the fund to meet its existing and prospective liabilities such as paying benefits to its members.

### **Policies:**

The policies adopted by the Trustee in order to achieve these objectives are:

- Regular monitoring of the performance of the fund investments, to oversee the overall investment mix and the expected cash flow requirements of the fund.

- Balancing the fund's investment portfolio due to changes in market conditions, by further sale and purchase of investments.

A copy of the current investment strategy of the fund will be made available to all members of the fund.

### **Risk profile and risk tolerance:**

The Fund has a relatively short to medium time horizon. The members are prepared to endure a low level risk in expectation of achieving a combination of income and capital protected investments. The members have existing equity and property investments outside superannuation and are familiar with the variability of both returns and capital values which are associated with such investments.

Members understand:

- The trade-off between investment risk and long term capital and income growth and have indicated growth is a priority rather than capital stability.
- Investment risk is borne by the members, as fluctuation in investment returns will affect the level of the members' benefits on withdrawal.

### **Liquidity:**

The Members of the Wombat Superfund are aged <sup>61</sup>60 and <sup>51</sup>50 and have significant assets outside of superannuation. At the present time neither expects to access their superannuation. Accordingly there is no anticipated benefit payment in the next few years. Cash in excess of anticipated liquidity requirement will be invested in accordance with the Fund's investment strategy.

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### **Insurance:**

The Trustee of the Wombat Superfund has considered whether the Fund will hold a contract of insurance that provides insurance cover for its members. Based on a needs analysis by the Trustee, It is concluded that the Fund will not take up insurance cover for its members until its next review as the members hold significant assets outside of the Fund to liquidate or draw upon if required.

## Asset Allocation:

The targeted asset allocation will recognise the need to have a diversified asset mix, however, given the short to medium term investment horizon of the members (of up to 30 years until life expectancy) and the significant assets outside of superannuation, the allocation will have a capital preservation asset bias and be focused on preserving capital/ensuring capital stability.

The final targeted asset allocation will be in the following ranges:

<u>Growth Assets</u>	Range
• Australian equities	0-20%
• International equities	0%
• Direct property	0-50%
• Other growth assets	0%
<u>Defensive assets</u>	
• Australian Fixed interest	0-90%
• International Fixed interest	0-10%
• Australian cash and fixed interest	0-100%
• Other defensive assets	0-50%
	100%

We, the Directors of the Trustee, Steken Pty Ltd and members of the Superfund, acknowledge and agree with the documented investment strategy dated 27 February 2015.

Director of Steken Pty Ltd (as Trustee for the Wombat Superfund)  ..... Stephen Aitken	Date 28 <sup>3</sup> / 8 / 15
Director of Steken Pty Ltd (as Trustee for the Wombat Superfund)  ..... Kerry-Ann Aitken	Date 23 / 8 / 15