



## **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.

## **Liquidity and cash flow requirements**

The fund's short term and long term cash flow requirements are required to ensure loan commitments are met.

## **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 loan payments, expenses and other payments as they fall due. The Trustees' are of the opinion that the investment strategy is structured in such a manner that the fund is sufficiently liquid to discharge its current and future liabilities.

As the Trustees' of the fund have undertaken a limited recourse lending arrangement the Trustees must ensure that the fund maintains cash flow to cover any interest and principle repayments, insurance premiums and other expenses directly associated with the arrangement.

## **Insurance requirements**

It has been considered as to whether the fund should hold insurance for one or more of its members and is of the opinion that the members do require insurance within the fund and the members have arranged the appropriate policies to meet their circumstances.

## ***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:

<b>Asset class</b>	<b>Asset allocation</b>
Cash	10% - 50%
Fixed interest	0%
Australian shares	0% - 25%
International shares	0%
Listed trusts	0%
Property	50% - 95%
Other	0% - 5%

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.

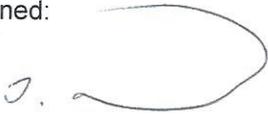
4. The trustee may vary investment exposures where necessary depending on additional contributions, withdrawals, market fluctuations and any other relevant factors considered by the trustee.
5. The trustee acknowledges that the liquidity of the fund and its expected cash flow requirements must be regularly reviewed to ensure the fund has the ability to discharge its existing and prospective liabilities.
6. 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:



Trustee name: Lance Crofton - Director of Corporate Trustee

Signed:



Trustee name: Dr Tanya Dodman - Director of Corporate Trustee

Date: 20<sup>th</sup> January 2020