

## **Investment Strategy**

### **Andrew Desmond Superannuation Fund**

**Date of Ratification: 22 September 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 Andrew Desmond Superannuation Fund. This Investment Strategy replaces the Investment Strategy document dated 17 December 2014.

#### **Objectives:**

The objective of the fund is to:

- Provide superannuation benefits to member 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 member.

The Investment objective of the trustee is to aim to achieve real medium to longer-term growth. In recognition of the approximate 15-20 year investment time frame of member the fund will have a medium proportion of growth 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, including the use of geared instalment warrants:
- 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 trustees 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 funds investment, 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.

The Trustee's aim will always be to ensure that they follow the investment strategy, however, the Trustee's will at all times reserve the right to change the investment mix depending on the market situation and opportunities available to strengthen its Objectives.

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

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

The Fund has a relatively long time horizon. The member is prepared to endure a reasonable level of volatility of returns in expectation of long term growth. The member has existing equity and property investments outside superannuation and is familiar with the variability of both returns and capital values which are associated with such investments.

Member understands

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

## **Liquidity:**

The Member of the Andrew Desmond Superannuation Fund is aged 59 and has significant assets outside of superannuation. At the present time member accesses his Transition to Retirement Benefit and there is sufficient cash to meet the member's benefit payments. Cash in excess of anticipated liquidity requirement will be invested in accordance with the Fund's investment strategy.

## **Insurance:**

The Trustee of the Andrew Desmond Superannuation Fund has considered whether the Fund will hold a contract of insurance that provides insurance cover for its member.

Based on a needs analysis by the Trustee, and taking into account the following facts:

- The member does not have a mortgage or any significant loans outstanding;
- The superfund assets are sufficient to fund the member's retirement, and
- The member is over 55 years of age

It is concluded that the Fund will not take up insurance cover for its member until its next review. This decision will be reviewed annually as part of the investment strategy.

## **Asset Allocation:**

The targeted asset allocation will recognise the need to have a diversified asset mix, however, given the long term investment horizon of the member (of up to 26 years until life expectancy) and the significant assets outside of superannuation, the allocation will have a growth asset bias and be focused on achieving capital growth over longer term through investing predominantly in Australian shares, stapled securities and fixed interest securities.

The Trustee recognises the higher risk in investing predominantly in growth assets and the volatility associated with shares and property. The volatility will be compensated by the prospect of achieving higher return and growth in the longer term. The shares are invested in different industries and sectors, which will spread risk to a satisfactory level.

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

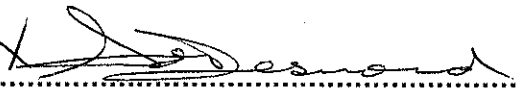
**Growth Assets**

	<b>Range</b>
• Australian equities	0-90%
• International equities	0-10%
• Direct property	0%
• Other growth assets	0%

**Defensive assets**

• Australian fixed interest	0-80%
• International fixed interest	0%
• Australian cash	0-100%
• Other defensive assets	0%
	100%

I, the director of the Trustee Company and member of the Andrew Desmond Superannuation Fund, acknowledge and agree with the documented investment strategy dated 22 September 2015.

Signature of Director of the Trustee Company:  ..... Andrew Mark Desmond	Date  7 110 15
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