

The De Marco Superannuation Fund

Investment Strategy

Prepared by:

Olga De Marco

Nicholas De Marco

On:

27 October 2019

Statement of Purpose

The intent of this Investment Strategy is to establish guidelines that will govern the investment activities of The De Marco Superannuation Fund ('Fund') and any Investment Adviser and/or Manager retained by the Fund to manage its assets and/or to provide investment advice regarding assets owned by the Fund. The policies and guidelines set forth herein are intended to be sufficiently specific to be meaningful, but flexible to permit Trustees to exercise informed discretion necessary to achieve the Fund's investment objectives.

Investment Objective

The Trustees overall objective is to invest the assets of the Fund in such a way as to protect and enhance the retirement benefits and (as the case may be) the death benefits of the members fund.

In recognition of the sole purpose test as required in the SIS legislation, this investment strategy is created in compliance with the Superannuation Industry (Supervision) Act 1993 and relevant regulations.

Specific objectives include:

- *Consider Risk and Return* – invest a portion of the Fund's assets in a portfolio of securities having regard to its tolerance to the risk of capital loss.
- *Portfolio Diversification* – spread the Fund assets and place funds in a range of investments to maximise the benefits of diversification with the aim to produce reasonable returns over the whole business cycle.
- *Investment Flexibility* – have the flexibility to alter the portfolio should financial objectives change or if there are changes in economic conditions or relevant legislation.
- *Portfolio Liquidity* – ensure investments are managed such that Trustees are able to always meet cashflow requirements.

Benchmark Return

The Trustees recognise that selecting a portfolio benchmark is important as it provides a starting point for the construction of a portfolio and directs how that portfolio should be managed on an ongoing basis from the perspectives of both risk and return.

The benchmark rate of return will be the 'Performance Objective' of the agreed Fund Risk Profile as set out on page 3. It is understood that year on year returns may vary considerably and that Trustees have no liability should the rate of return not be achieved.

Trustee Duty

The trustees will ensure that no investments are made which would be in contravention of the rules of the SIS legislation, including rules concerning in-house assets, the purchase of assets from members and the sole purpose test.

In making investment decisions, the Trustees will give due consideration to the taxation implications of the investment, including income tax, capital gains tax, land tax, stamp duty, and GST.

The trustees will also take into account the liabilities of the fund to the extent that they are represented by payments due to members, being either pension or lump sums. And ensure sufficient liquidity to discharge these liabilities.

In making investment decisions for the Fund, the Trustees will give due consideration to:

- The risk involved in making, holding and realising, and the likely return from, the fund's investments, having regard to the fund's objects and its expected cash flow requirements;
- The composition of the fund's investments as a whole, including the extent to which the investments are diverse or involve the fund being exposed to risks from inadequate diversification;
- The liquidity of the fund's investments, having regard to its expected cash flow requirements; and
- The ability of the fund to discharge its existing and prospective liabilities

In order to adhere to the investment objectives and asset allocations the Trustee will:

- Monitor the Fund's performance/rate of return; and
- Rebalance the portfolio as necessary in response to movements in market conditions.

Risk Profile

Risk is the possibility of loss on an investment. It is commonly measured by reference to the volatility of returns. Factors such as interest rates, political change, market sentiment, risk management techniques and changes of legislation affect risk. The Trustee will strive to identify, measure and manage risks associated with particular investments.

There is a strong correlation between risk and return. This means that the Trustee should determine an acceptable level of risk and volatility of the returns in the light of the Fund's circumstances. The risk tolerance indicated will be used to establish the agreed diversity and nature of the Fund's investments a set out below:

Table of Risk Tolerance

	Defensive	Moderate	Balanced Moderate	Balanced Growth	Growth	High Growth
Performance Objective (average return per annum)	5.9%	6.3%	6.2%	6.2%	6.3%	6.3%
Minimum Timeframe	0-2 years	2 years	4 years	6 years	8 years	10 years
Growth Allocation	0%	30%	52%	70%	86%	100%
Defensive Allocation	100%	70%	48%	30%	14%	0%
Risk Category	Very Low	Low	Low to Medium	Medium	Medium to High	High

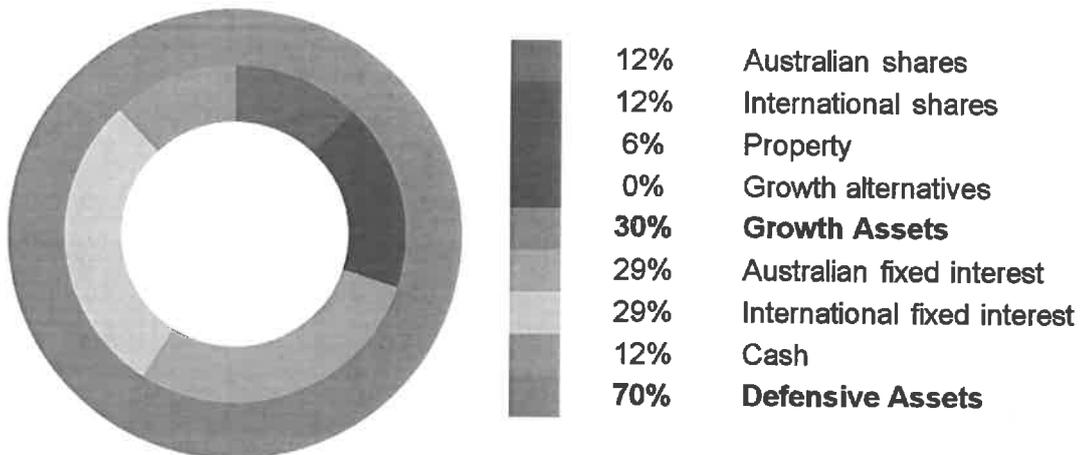
After consideration of the above table, the following preferences have been agreed upon.

	Defensive	Moderate	Balanced Moderate	Balanced Growth	Growth	High Growth
Olga De Marco	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nicholas De Marco	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMSF	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Asset Allocation

The Trustee acknowledges that diversification across a range of asset classes is crucial so as to reduce the volatility of returns over a period of time. Trustees will consider all assets as the range of investment asset classes continues to expand.

The Trustees have set the following asset allocation range and associated targets. However, it is appreciated that all asset classes are not attractive all the time and it may be beneficial to be exposed to different assets at different times. Thus, the Trustees reserve the right to alter the strategy at any time.



Asset	Current Holdings	Asset Strategy %	Adjustment Required
Growth Assets	-	-	-
Australian Equities	1.65%	0 - 30	-
International Equities	2.21%	0 - 30	--
Property	73.04%	0 - 20	-53.04%
Alternatives	-	-	-
Defensive Assets	-	-	-
Australian Fixed Interest	2.84%	0 - 80	-
International Fixed Interest	5.79%	0 - 80	-
Cash	8.98%	0 - 100	-
Other Investments	5.85%	0 - 20	-

Investments

The task of selecting individual investments from the vast global opportunity set is one that requires skilled professionals, deep research and sound processes. As such, the Fund may take outside advice on investment matters to assist in the identification and ongoing monitoring of investment managers, performance reporting and refining Asset Allocation.

Authorised investments include, but are not limited to:

- **Australian Equities** – Listed and unlisted securities including shares and managed funds.
- **International Equities** – Investments directly or indirectly in listed and unlisted shares or managed funds which contain investments in equities from around the world.
- **Cash** – Money held in banks, building societies, government and non-government bonds, bank bills, debentures, corporate notes and specialist fixed interest funds.
- **Fixed Interest** – Deposits in banks, building societies, government and non-government bonds, bank bills, debentures, corporate notes and specialist fixed interest funds.
- **Property** – Includes direct and indirect investments in listed and unlisted property trusts and property securities funds.
- **Alternatives** – Investments that do not fit into the mainstream areas of equities, fixed interest and property. Examples include private equity, hedge funds, derivatives, and commodities.
- **Other Investments** – Other Investments (considered on a case by case basis) – such as art, jewels, wine as specified and any other investments that the trustees may feel prudent to achieve the objective of the fund.

Liquidity

Trustees will take into account the liquidity of the Fund's investments having regard to its cashflow requirements, including:

- Future pension payments requirements; and
- Expenses to be paid.

Reporting

All end of financial year reports are to account for investments in accordance with Australian Accounting Standards.

Annual Review

Investment performance as well as the Investment Strategy will be reviewed at the end of each financial year.

The principal goals of investment performance monitoring are to:

- Assess the extent to which the Fund's investment objectives are being achieved;
- Monitor asset allocation exposures against ranges and strategic asset allocation benchmarks
- Compare the performance of the appointed Investment Managers against the performance of other relevant professional managers and market related indices; and

- Allow Trustee's to continually assess the ability of appointed Investment Advisers and Managers to successfully meet the Fund's objectives for their role.

Life Insurance Consideration

In consideration of the insurance needs of members, the Trustees of the Fund have adopted the following process:

- Assess the outstanding liabilities of each fund member.
- Assessed the liabilities of the SMSF and potential consequences of the death of a member.
- Assessed the potential needs of member's dependants and or beneficiaries in the event of death or TPD.
- Assessed the appropriateness of life insurance, TPD insurance and income protection insurance products available.
- Investigated and evaluated the cost of holding insurance within the SMSF.
- Considered any insurance held by members held outside superannuation.

Following the process set out above, the trustees have resolved that:

- The fund already has insurance for its members which is considered appropriate

Signed by the Trustees

This Investment Strategy has been adopted by the Fund.



Olga De Marco

Trustee of The De Marco Superannuation Fund

31-3-20

Date:



Nicholas De Marco

Trustee of The De Marco Superannuation Fund

31-3-20

Date:

Elizabeth Meiklejohn

From: Luke Marshall <lukem@wealthmt.com.au>
Sent: Tuesday, 31 March 2020 1:48 PM
To: Elizabeth Meiklejohn
Subject: RE: De Marco Super Fund Attached

Hi Liz,

Last time I spoke to Nick (which was back in October) he was expecting the property to be sold. This is why I put it in as an adjustment to be made to the asset allocation.

If that's not happening, which I assume it's not, I'll fix it up.

Though I'm in talks with him about increasing the risk profile of his Mac investment at the moment anyway, so I'll likely have to get a new one done for him soon.

Kind regards,

Luke G Marshall MAppFin (Financial Planning)
Senior Partner – Financial Advice
Authorised Representative No. 1252449
m: 0400 186 650 | e: LukeM@WealthMT.com.au



KDM Financial & Estate Planning Pty Ltd T/A MT Wealth
ABN: 29 130 240 578
AFSL: 516642

Website: www.WealthMT.com.au
Office Number: (07) 3422 8059
Postal: PO Box 83, Mount Gravatt Qld 4122
Street: Level 1, 1454 Logan Road, Mt Gravatt Central QLD 4122

From: Elizabeth Meiklejohn <ElizabethM@virtusuper.com.au>
Sent: Tuesday, 31 March 2020 1:25 PM
To: Luke Marshall <lukem@wealthmt.com.au>
Subject: FW: De Marco Super Fund Attached

Hi Luke

The current holding in property is outside the asset strategy % range.

Am I missing something?

Liz

Elizabeth Meiklejohn SSA CA
Senior Associate



T 07 3349 1452
F 07 3422 8080
A 1454 Logan Road
Mount Gravatt Q 4122
P PO Box 83 Mount Gravatt Q 4122
W www.virtusuper.com.au

Liability limited by a scheme approved under Professional Standards legislation

Virtu Super Pty Ltd ACN 134 260 512

Please note that collection, use and storage of all information held by the Virtu Super is governed by our [Privacy Policy](#). This email and any attachment are confidential. If you are not the intended recipient, please notify Virtu Super by reply email and delete this email. Please note that you must not access or use this email or any information in it. Virtu Super accepts no liability for viruses in this email or in any attachment to it.

From: Rachel Green-Luther <RachelG@virtusuper.com.au>
Sent: Tuesday, 31 March 2020 12:58 PM
To: Brenda Wishey <BrendaW@virtusuper.com.au>
Cc: Elizabeth Meiklejohn <ElizabethM@virtusuper.com.au>
Subject: FW: De Marco Super Fund Attached

For you team. I will thank Luke for this.

TA

Rachel Green-Luther CPA
Accountant

PS – We are always open for new business so please pass on our details to any friends, family or colleagues whom would benefit from our s



T 07 3349 1452
F 07 3422 8080
A 1454 Logan Road
Mount Gravatt Q 4122
P PO Box 83 Mount Gravatt Q 4122
W www.virtusuper.com.au

Liability limited by a scheme approved under Professional Standards legislation

Virtu Super Pty Ltd ACN 134 260 512

Please note that collection, use and storage of all information held by the Virtu Super is governed by our [Privacy Policy](#). This email and any attachment are confidential. If you are not the intended recipient, please notify Virtu Super by reply email and delete this email. Please note that you must not access or use this email or any information in it. Virtu Super accepts no liability for viruses in this email or in any attachment to it.

From: Luke Marshall <lukem@wealthmt.com.au>
Sent: Tuesday, March 31, 2020 12:48 PM
To: Rachel Green-Luther <RachelG@virtusuper.com.au>
Subject: FW: De Marco Super Fund Attached

Hi Rachel,

I just got this back from Nick De Marco, if you want to add it to their profile.

Kind regards,

Luke G Marshall MAppFin (Financial Planning)

Senior Partner – Financial Advice

Authorised Representative No. 1252449

m: 0400 186 650 | e: LukeM@WealthMT.com.au



KDM Financial & Estate Planning Pty Ltd T/A MT Wealth

ABN: 29 130 240 578

AFSL: 516642

Website: www.WealthMT.com.au

Office Number: (07) 3422 8059

Postal: PO Box 83, Mount Gravatt Qld 4122

Street: Level 1, 1454 Logan Road, Mt Gravatt Central QLD 4122

From: Estimator <estimator@bristile.net.au>

Sent: Tuesday, 31 March 2020 9:36 AM

To: Luke Marshall <lukem@wealthmt.com.au>

Subject: De Marco Super Fund Attached

Hi Luke,

Please see attached.

Kind Regards,

Nick De Marco

Brisbane Tiling Service

P: 07 3861 5668

F: 07 3350 3430