

# Investment strategy of Stuart Grant Super Pty Ltd as trustee for the Stuart Grant Superannuation Fund

---

This investment strategy has been formulated in accordance with the requirements of Subsection 52 (2)(f) of the SIS Act and SIS Reg 4.09, taking into consideration the whole of the circumstances of the fund, including but not limited to, the following:

- > The risk and return of the investments having regard to the objectives and cash flow requirements
- > Composition of the investments and the extent to which they are diverse and the risk from inadequate diversification
- > Liquidity of investments having regard to cash flow
- > The ability of the fund to discharge existing and prospective liabilities
- > Whether the fund should hold a contract of insurance that provides insurance cover for members of the fund

## ***Fund circumstances***

Members and their age: Stuart Alan Grant

DOB: 17/06/1968

Projected time horizon: 5+ years

## ***Member specific circumstances***

The member considers investment real property within superannuation as part of their overall retirement strategy and generally is a high income earner and will maximise retirement savings and to minimise tax on personal income where possible.

## ***Investment objectives***

The objective is to provide real long-term capital growth and a level of income exceeding inflation from a balanced/growth portfolio. The Trustee of the Fund aims to maximise the retirement income of members of the Fund whilst providing as much death benefits as can be provided, given the member's retirement income needs, to the member's dependents or legal estate upon the member's death.

In order to give effect to the investment objectives of the Fund, the trustee has entered a limited recourse loan for the purpose of acquiring a direct investment property. In doing so the trustee has noted and accepted that growth assets such as property present greater potential risk and volatility than cash and fixed interest investments. The trustee recognises that the taxation benefits associated with the use of growth assets may assist in achieving the fund's investment objectives however any market risk on the downside may also be magnified.

## ***Trustee considerations***

### **Risk and return**

In the formulation of the investment strategy, the trustee has taken into consideration the specific risks including market risk, legislative risk, liquidity risk and inflation risk that may affect the fund. Currently market risk is higher than inflation risk as many economies are experiencing little or no growth. However this may change overtime as the world economic downturn stabilises.

The Trustee understands that while fixed interest investments may achieve capital preservation, it may lead to capital erosion if the returns fall below inflation level. On the other hand, higher growth investments may be volatile to market movements and downturns as the economy goes through cycles. In the measurement of risks, it is considered that the members' risk tolerance level is high/ low/ moderate. Accordingly, it is considered that the asset allocation should be weighted to higher levels of equities / fixed interests/ balanced investments.

## **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% - 30%
Fixed interest	0%
Australian shares	0% - 25%
International shares	0%
Listed trusts	0%
Property	50% - 90%
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:

A handwritten signature in black ink, appearing to read 'Stuart Alan Grant', written over a horizontal line.

Trustee name: Stuart Alan Grant – Sole Director of Corporate Trustee

Date: 27<sup>th</sup> May 2021