

## SMSF Investment Strategy



### Overall 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 of the 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) Regulation 1994 and relevant Regulations, and supersedes any existing investment strategy.

### Desired Average Rate of Return

The Trustees recognise that investments are made in volatile markets and the rate of return will vary from year to year. In addition, the Trustees recognise that the rate of return is affected by risk.

The desired rate of return is a benchmark target that the Trustees aim to achieve through individual and collective investment decisions. The Trustees have no liability should the rate of return not be achieved. With this in mind, the Trustees are aiming to achieve a long-term average rate of return of:

% per annum

Write Your Own

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### Trustee's 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.

### Liquidity

The Trustees recognise that the fund needs to have sufficient liquidity to pay ongoing expenses, taxation liabilities and members' benefits. The Trustees will retain sufficient liquidity in order to meet foreseen expenses in a timely manner.

## Cost of Investing

The Trustee will exercise prudence and consider the cost of making investments on behalf of the fund. The Trustee will incur costs from time to time relating to investment and strategic advice, with the intention of maximising investment returns.

## Insurance

The Trustees acknowledge the requirement to consider insurance inside the fund as part of this investment strategy. The Trustees have considered insurance for the members of the Fund with due consideration to member and Fund circumstances, an appropriate level and type of cover and the associated costs. The Trustees have implemented a suitable insurance strategy as they deem appropriate and agree to regularly review this decision.

## Market Influences

The Trustees recognise that market conditions can change from time to time and this Investment Strategy should not limit the Trustees capacity to make investments. The Trustees undertake to upgrade the Investment Strategy should the long term risk tolerance or diversification strategies change.

## Risk Profile

Risk is a 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 Trustees 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 light of the SMSF's circumstances. The risk tolerance indicated will be used to set the diversity and nature of the fund's investments as set out below:

Table of Risk Tolerance	Low	Low to Medium	Medium	Medium to High	High
Short term volatility	Very Low	Low	Medium	High	Very High
Approx % of Growth Assets	Nil	30%	55%	75%	Over 75%
Anticipated Long-term return	Riskless Rate	Low	Medium	High	Very High
Investment Categories	Capital Secure	Capital Stable	Balanced	Growth	High Growth

Based on the above, individual members of the fund have indicated the following investment preference

Member Name	Low	Low to Medium	Medium	Medium to High	High
1.					
2.					
3.					
4.					
5.					
6.					

And:

The Fund as a whole:					
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### Diversity of the Member's Fund

Generally, diversification of investments is useful to disperse risk, and reduces the volatility of the returns on the investments. It can be achieved by spreading investments over a number of individual assets, classes of assets, countries or investment managers.

However, it may be difficult to achieve, particularly for a small fund, in the early stages when there is a limited amount of money to be invested. Thus, the level of diversification and how it is achieved depends on the size and circumstances of the SMSF.

#### A: Own Merit

In order to achieve the fund objectives and remain considerate of the Risk Profile, the Trustees will regularly monitor the performance of the fund's investments, the level of diversification and the expected cash flow requirements of the fund. Where prudent and appropriate, the Trustees will rebalance the portfolio due to changes in market conditions or fund circumstances. The Trustees acknowledge that no specific percentage range for asset classes should be adopted within the strategy and promote the premise that each investment will be considered on its own merit.

OR

### Diversity of Individual Investments

The Trustees recognise that diversification in the number of investments is an effective method of spreading the risk of failure in individual investments.

### Diversity of Asset Classes

The spread of investments is a reflection of the risk position that the Trustees are comfortable in taking in relation to the activities and objectives of the fund. The diversification of fund investments, and the basis for investment decisions, will begin with the following considerations as adopted by the Trustees (select either A or B by ticking the box:

#### B: Investment Ranges

In order to achieve the fund objectives and remain considerate of the Risk Profile, the Trustees have determined that the asset spread detailed below is appropriate for the fund. When making investment decisions, the Trustees will review and consider these investment ranges and the associated risks of each investment. When selecting this option please indicate the asset ranges in the table below.

Asset	Example (Range %) (Medium Risk Tolerance)	This Fund
Australian Equities	0 - 75%	
Australian Fixed Interest	0 - 50%	
Cash	20 - 60%	
Direct Property	Nil	
Foreign Cash	Nil	
International Equities	0 - 30%	
International Fixed Interest	0 - 20%	
Listed Property	Nil	
Other Investments	Nil	

## Investment Definitions

### Australian Equities

Listed and unlisted securities including shares and managed funds. Australian Fixed Interest. These include deposits in banks, building societies, government and non-government bonds, bank bills, debentures, corporate notes and specialist fixed interest funds.

### Cash

Money held within Australia in banks, building societies, lending institutions and cash management accounts and generally at call.

### Direct Property

Any freehold or leasehold interest in real property, including residentially zoned properties held for investment purposes and where permitted by law.

### Foreign Cash

Money held outside Australia in banks, building societies, lending institutions and cash management accounts and generally at call.

### International Equities

Investments directly or indirectly in listed and unlisted shares or managed funds which contain investments in equities from around the world.

### International Fixed Interest

These include deposits in banks, building societies, government and non-government bonds, bank bills, debentures, corporate **notes and specialist fixed interest funds from around the world.**

### Listed Property

Property interest held indirectly through a listed property securities trust or fund.

### Other

Other investments may include artwork, crypto currency, bullion, water licenses or other collectibles and unique investments that provide capital preservation or returns through capital growth or income.

### Geared Investments

Where a limited recourse borrowing arrangement or self funding installment warrant is held, the Trustees recognise the additional risk of geared investments. The Trustees understand and are prepared to accept the increased volatility of returns associated with geared investments.

# SMSF Investment Strategy

## Timeframe

The Trustees consider the strategy appropriate in light of the member's and fund's risk tolerances and investment objectives.

The investment strategy adopted suitably addresses short term and long term views of investments where appropriate, and gives consideration to member circumstances including their age and ability to contribute or withdraw monies from the fund in the future.

## Additional considerations, as determined by the Trustees

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## Signed by Trustees

This investment strategy has been adopted by the Trustees of the Fund, and will be reviewed annually as part of the financial statements and annual return, or when the Trustees consider it appropriate.

Signed Trustee/Director 1 \_\_\_\_\_ Date \_\_\_\_\_

Signed Trustee/Director 2 \_\_\_\_\_ Date \_\_\_\_\_

Signed Trustee/Director 3 \_\_\_\_\_ Date \_\_\_\_\_

Signed Trustee/Director 4 \_\_\_\_\_ Date \_\_\_\_\_

Signed Trustee/Director 5 \_\_\_\_\_ Date \_\_\_\_\_

Signed Trustee/Director 6 \_\_\_\_\_ Date \_\_\_\_\_

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