## **\*|SMSF Name|\***

## **Investment Strategy**

### Introduction

All self-managed super fund (SMSF) trustees are required under the Superannuation Laws (the Superannuation Industry Supervision Act 1993 - SISA) to prepare, implement and regularly review an investment strategy for the fund.

In particular, under SISA the investment strategy must consider the following specific factors in regard to the whole circumstances of the fund:

1. risks involved in making, holding and realising, and the likely return from your fund’s investments regarding its objectives and cash flow requirements;
2. composition of your fund’s investments including the extent to which they are diverse (such as investing in a range of assets and asset classes) and the risks of inadequate diversification;
3. liquidity of the fund’s assets (how easily they can be converted to cash to meet fund expenses such as the cost of managing the fund and income tax expenses);
4. fund’s ability to pay benefits (such as when members retire and require a lump sum payment or regular pension payments) and other costs it incurs;
5. whether to hold insurance cover (such as life, permanent or temporary incapacity insurance) for each member of your SMSF.

In addition, an SMSF cannot invest in assets that:

* are not permitted by the trust deed of the fund;
* are prohibited under the superannuation laws;
* do not meet the sole purpose test.

### Investment Objectives of the Fund

The overriding objective of the Trustee(s) of the fund is to maximise the retirement benefits of all members having regard to the rules of the deed, SISA investment rules, risk and reward.

The Trustee(s) investment approach in regards to risk and return, diversification, liquidity, benefit payments and insurance are outlined below:

#### Risk & Return

Due to the relatively long investment time frames available based on the age and time to retirement of the fund members, the Trustee(s) will implement a strategy focused on growth assets that will provide the greatest long term return.

The Trustee(s) acknowledges that higher returns also require higher short-term risk and volatility in terms of valuations, however this is acceptable due to the long investment horizon available.

Key asset types that the Trustee(s) will focus on to achieve higher levels of growth include (but are not limited to) listed US and international stocks or ETFs, listed Australian shares or ETFs, managed investments and digital assets including cryptocurrency (either directly held or exposure via a share, stock, ETF or managed investment structure).

#### Diversification

The Trustee(s) acknowledge the benefits of diversification to smooth out investment returns and reduce volatility of investment values. The Trustee(s) approach to diversification will vary depending on where the highest long term growth opportunities are perceived to be.

This means that depending on market conditions there may be periods where the level of diversification in terms of asset type, market or sector is very low, i.e. where the Trustee(s) believe a focused strategy is most appropriate in achieving the desired returns even through it may mean short term volatility in asset values.

The Trustee(s) will utilise listed US and international stocks or ETFs, listed Australian shares or ETFs, managed investments and digital assets including cryptocurrency to achieve the desired level of diversification and rebalance from time to time as required.

#### Liquidity

The cash flow requirements of the fund are minimal and need to cover the payment of modest expenses, insurance premiums (where fund holds insurance policies) and payment of taxes.

Cash flow is received in the form of deposits from employer and member contributions as well as dividends, distributions and other income generated from investments.

The majority of the investments of the fund will be held in liquid investments that can quickly be converted into cash. The Trustee(s) have determined that in general the fund will maintain a relatively low level of cash at most times however will sometimes accumulate larger amounts of cash when no suitable investment opportunities are available.

#### Payment of Benefits

The fund currently supports members in the accumulation phase. There are no members in the pension phase who are drawing an income stream from the fund or who require access to lump sums.

As the members of the fund approach the pension phase, or if there is a change in circumstances where one or more of the members becomes eligible to draw an income stream or take a lump sum payment, the Trustee(s) will rebalance the portfolio and where necessary sell investments to ensure enough cash is available for the payment of the benefits.

#### Insurance Cover

The Trustee(s) acknowledge the requirement under Superannuation law to consider whether the fund should hold insurance policies, namely life insurance and total and permanent disability insurance on behalf of their members.

The Trustee(s) of the fund have reviewed the member’s superannuation benefits, their family and other circumstances and have decided only to take out insurance cover for one of more members of the fund where:

* The insurance is appropriate in terms of the amount of cover being provided;
* The premiums relating to the insurance cover are reasonable;
* The premiums are comparative with existing insurance cover which may be in place under existing superannuation fund accounts;

The Trustee(s) also acknowledge there may be circumstances where maintaining existing cover attached to an existing APRA regulated superannuation account may be the best outcome for members. For example where an employer pays additional contributions to cover the cost of the insurance premiums or where the member has pre-existing medical conditions which may make it difficult to obtain appropriate retail insurance cover.

**Director Resolution**

# **\*|SMSF TRUSTEE COMPANY|\* - ACN \*|COMPANY A.C.N.|\***

**ADOPTION OF INITIAL INVESTMENT STRATEGY**

## **\*|SMSF NAME|\***

It is noted that the Trustee(s) have formulated investment objectives for the fund and an investment strategy to achieve those objectives having regard to the whole of the circumstances of the fund, including:

* the risk involved in making, holding and realising, and the likely return from the fund’s investments having regard to its objectives 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 entity in being exposed to risks from inadequate diversification;
* the liquidity of the entity's investments having regard to its expected cash flow requirements including:
  + the ability of the entity to discharge its existing and prospective liabilities;
  + the fund profile;
  + anticipated future contributions;
  + past investment performance; and
  + the current investment portfolio and asset mix,

The Truste(s) resolved to adopt the investment objectives of the fund being “The Trustees of the fund have the objective of maintaining the fund in line with the governing rules of the fund and SISA and through its investment strategy seeking to maximise the superannuation benefits of all members of the fund having regard to risk and reward” and adopt and implement the investment strategy herein.

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# **The Director(s)**

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Signed, Sealed and Delivered by \*|SMSF Trustee Company|\* - ACN \*|Company A.C.N.|\* by the Directors:

|  |  |  |
| --- | --- | --- |
| {{Sig\_es\_:signer1:signature}} |  | {{Sig\_es\_:signer2:signature}} |
| \*|Member 1|\* |  | \*|Member 2|\* |
|  |  |  |

Date: **{{Dte\_es\_:signer1:date}}**