

SMSF Investment Strategy (2022, 2023, 2024)

Fund Objectives

The SMSF aims to achieve long-term capital growth through a diversified investment portfolio, including traditional asset classes and alternative investments such as cryptocurrency, while adhering to the sole purpose test of providing retirement benefits to members.

Investment Composition

- The SMSF portfolio includes a mix of:
 - Traditional assets (e.g., shares, managed funds, term deposits)
 - Cryptocurrency investments, capped at a reasonable percentage of total assets to manage risk.

Acknowledgment of Risks in Cryptocurrency

Cryptocurrency investments carry inherent risks, including but not limited to:

1. **Volatility Risk:** Cryptocurrencies are highly volatile, with significant price fluctuations.
2. **Regulatory Risk:** The regulatory landscape for cryptocurrencies is evolving, which may impact their value or legality.
3. **Liquidity Risk:** Converting cryptocurrency to fiat may be subject to delays or challenges, particularly during high market volatility.
4. **Security Risk:** Crypto assets are stored in wallets subject to hacking or loss if security protocols are inadequate.
5. **Market Risk:** Cryptocurrencies may experience sharp declines due to macroeconomic factors or loss of confidence in the market.

Specific Strategies for Each Year

1. **2022:**
 - **Active Trading:** Cryptocurrency trading was undertaken during this year to capitalize on market opportunities.
 - **Risk Management:** Trades were executed with limits on exposure to individual cryptocurrencies, and profits were periodically realized to mitigate downside risks.
 - **Compliance:** Trades were documented, and records maintained for audit purposes.
2. **2023 and 2024:**
 - **Long-Term Holding:** Cryptocurrencies were held as part of a diversified portfolio, with no active trading.
 - **Risk Management:** Focused on maintaining a secure storage in Binance and adhering to asset allocation limits to avoid overexposure to crypto assets.

- **Monitoring:** The market was regularly monitored to reassess the viability of holdings and ensure alignment with the fund's objectives.

Risk Mitigation Measures

1. **Diversification:** Cryptocurrency holdings are limited to a percentage of the overall portfolio
2. **Security:** Crypto assets are stored in Binance with multi-factor authentication, minimizing the risk of loss through cyberattacks.

Expected Returns

Cryptocurrency investments are expected to provide high-risk, high-reward potential. The fund acknowledges the speculative nature of this asset class and its impact on overall portfolio performance.

Review and Monitoring

The SMSF investment strategy is reviewed annually or more frequently if market conditions or member circumstances change. Adjustments will be made to align with the fund's objectives and regulatory requirements.

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