

Investment Strategy Template

Completion Notes

This page provides background and instructions and does not form part of the Investment Strategy document and should be removed from the final printed document.

Superannuation regulations (effective for years commencing 1 July 2012) broadly require SMSF trustees to:

- Consider insurance for members as part of the fund's investment strategy;
- Regularly review their investment strategy;
- Keep money and assets of the fund separate from those held by a trustee; and
- Value assets at market value for reporting purposes – for FY2012/13 and future years.

This Investment Strategy template may assist in meeting the first two of these requirements. It is however only a template which Trustees will need to customise to their specific requirements and circumstances. It is strongly recommended that professional guidance and advice is sought in the preparation of the Fund's Investment Strategy document, if not every year, on a regular basis.

The legislation does not prescribe what time period constitutes "regularly" reviewing an Investment Strategy. General consensus is that anything less than an annual review would probably not be regarded as regular – accordingly we would expect this document to be reviewed, updated if necessary, signed and filed on an annual basis.

As noted above, Trustees are required to consider "whether the trustees of the fund should hold a contract of insurance that provides insurance cover for one or more members of the fund". This does not mean insurance is compulsory for members but it does mean Trustees need to be able to demonstrate their consideration of the requirement for insurance. Whilst the legislation does not specify how this is done most commentators recommend including a comment in either the Investment Strategy or the fund's annual minutes. Note: a fund may elect to have insurance for one member but not for others.

Disclaimers: This is a template only and needs to be tailored for Trustees individual circumstances. This template does not take into account the circumstances of individual trustees and does not represent any form of financial or legal advice. Please obtain advice from your Continuum Financial Planners Pty Ltd financial advisor if you require assistance in regard to asset allocation and/or product selection for your SMSF.

Investment Strategy

(insert name of fund) Superannuation Fund

Background:

The investment strategy outlined below represents an expansion and clarification of the Investment Strategy agreed at the formation of (insert name of fund) Superannuation Fund. This Investment Strategy replaces the Investment Strategy document dated (if applicable, insert date previous Investment Strategy document was approved).

Objectives:

The objective of the fund is to:

- Provide superannuation benefits to members and their dependants to meet their retirement needs.
- Ensure that appropriate mixes of investments are held by the fund to support these needs
- Ensure the fund has sufficient liquidity at all times to meet all commitments
- Maximise the tax effectiveness of fund investments thereby delivering the best long term after tax return for members.

The Investment objective of the trustees is to aim to achieve real medium to longer-term growth. In recognition of the (insert number of years for which planning is required) year investment time frame of members the fund will have a (select: low/high – as appropriate) proportion of growth assets in the portfolio.

Investment Choice:

The Trustees have determined the fund's investments may include but not be limited to all or one of the following: (insert the range of investment assets the trustees have resolved to be appropriate to meet the needs of the members of the fund in the circumstances described above)

The Trustee may from time to time decide to seek professional advice from Accountants, Solicitors or Financial Planners in the formulation or implementation of this or any future investment strategy.

In formulating this strategy the trustees have taken into consideration relevant features of the various investments in accordance with both the fund's objectives and appropriate legislation.

In drafting this investment strategy, the trustees have taken into account all of the circumstances of the fund, including:

- the risks and likely return associated with each investment;
- the range and diversity of investments held by the fund;
- any risks coming from limited diversification;
- the liquidity of the fund's investments;
- the ages and preferences of its members;

- expected cash flow requirements; and
- the ability of the fund to meet its existing and prospective liabilities such as paying benefits to its members.

Policies:

(Where appropriate, include following shaded area(s))

The policies adopted by the Trustees in order to achieve these objectives are:

- Regular monitoring of the performance of the fund's investments, the overall investment mix and the expected cash flow requirements of the fund.
- Re-balancing the fund's investment portfolio due to changes in market conditions through asset sales and new investments as appropriate.

The Trustees will aim to follow the investment strategy, however, they will at all times reserve the right to change the investment mix depending on the market situation and opportunities available to better meet the objectives of the fund.

A copy of the Investment Strategy of the fund will be available to members of the fund on request.

Risk profile and risk tolerance:

(The trustees need to include a statement as to how they have determined the appropriate risk profile to adopt in formulating the portfolio construction that will follow on implementation of the Investment Strategy set out in this document.)

Geared Investments:

(If the trustees are to facilitate geared investments such as Property purchased with limited recourse borrowing arrangement or self funding instalment warrants they need to recognise the additional risk associated with investing in geared investments and include a paragraph demonstrating that they understand those risks as a trustee; and that the members of the fund understand the risk for them personally.)

Insurance:

(The Trustees are obligated to consider whether the Fund should hold a contract of insurance for its members and need to include a statement as to the outcome of such consideration.)

Liquidity:

(The trustees need to demonstrate that they have considered the need for liquidity in the portfolio and to include a statement as to how that is to be applied.)

Asset Allocation:

(The trustees are to show the reason for their determination as to what percentage ranges they will hold the various investment assets that were described earlier in the document, dealing with the liquidity,

volatility, income certainty and other asset-based risk issues they have brought to account – and then to summarise their position by way of a Table, such as follows.)

Growth Assets	Long term range	Current target
• Australian listed equities	0%-0% eg 40-60%	xx%
• International listed equities	0%-0%	yy%
• Australian listed property	0%-0%	ww%
• [Direct Property]	0%-0%	vv%
• [Collectables]	0%-0%	zz%
Defensive assets		
• Cash and term deposits	0%-0% eg 40-60%	xx%
• [Australian cash and bond funds]	0%-0%	yy%
• [International cash and bond funds]	0%-0%	ww%
• [Bullion]	0%-0%	vv%
		100%

All Trustees/Directors of the Trustee Company to sign

Signed & dated

[Trustee/Director of Trustee Company]

[Trustee/Director of Trustee Company]