

Example 1: A standard investment strategy

Smith SMSF investment strategy

The following document details the investment strategy of Smith SMSF.

The members of the fund are John Smith (aged 48) and Jane Smith (aged 42). Both members of the fund are in accumulation stage and the fund has combined assets (as at 1 January 2024) of \$505,000.

OBJECTIVES

The fund will target an annual return of around 3% above CPI.

The overall composition of the fund's assets and their diversification will be given appropriate consideration. When doing so, members' assets held outside of the SMSF will also be taken into consideration.

The fund can invest in equities (both Australian and global), fixed income and cash and property.

The fund may, depending on the opportunity, consider alternative-type investments for a small portion of the balance, or derivatives. When investing in derivatives, a derivative risk statement outlining the expertise of the trustee will be attached.

After consideration of the expected risk and return of investments, appropriate diversification, the liquidity of certain investments with regard to the fund's expected cash flow requirements and the fund's ability to discharge its liabilities, the trustees have agreed on the following asset allocation targets:

- Equities 0-70%
 - Australian 0-60%
 - Global 0-20%
- Cash or fixed income 0-20%
- Property 10%
 - Listed property trusts 5%
 - Unlisted property trusts 5%
- Alternatives 0-5%

It is understood that the actual allocation to the above asset classes may move outside of these target ranges from time to time. If, due to significant market movements, any asset class becomes significantly over allocated, the trustees will rebalance the portfolio at the earliest opportunity or the next trustee meeting, whichever occurs first.

The trustees have agreed that, at this stage of their lives, a relatively high allocation to growth assets such as equities will help maximise their superannuation in order to achieve a beneficial retirement outcome. Within the allocation to Australian equities, the fund will also seek a significant portion of quality companies that prioritise dividends in order to maximise the fund's income as well as capital gains. A maximum 20% allocation to cash or fixed income should provide the fund some security during volatile market periods and up to 15% allocation to property and alternative assets will improve the fund's overall diversity.

POLICIES

The kind of investment vehicle chosen for an asset class – such as a managed fund, direct investment, exchange-traded fund (ETF) – will be at the discretion of the trustees.

The fund will be sufficiently diversified across asset classes and the kind of investment vehicle chosen for an asset class – which can be as a managed fund, direct equity, or security, or exchange-traded fund (ETF) – will be at the discretion of the trustees.

The fund has no intention of investing in real property at this stage,

A sufficient liquid balance will be maintained to meet regular cash-flow requirements of administration expenses and tax. As the members are in accumulation mode, and will be for some time, there are no current requirements for member benefits to be made. When one, or both of the members, reach retirement or passes away, member benefits and liquidity will be considered as required.

This document will be reviewed annually in June and reviews will be minuted.

INSURANCE

The insurance requirements of the members have been considered to be adequate without taking out a contract of insurance within Smith SMSF with respect to one or more members of the fund.

In reaching this conclusion the following factors were considered:

- The current insurance levels held by members outside the fund (including within other non-SMSF superannuation funds), and
- The impact on Smith SMSF of providing additional enhanced insurance within the fund.

See attached documents of personal policies of both members plus the insurance attached to John Smith's industry super fund in which he still maintains a small balance.

Executed by the Trustees (sign here)

(Trustee 1)

(Trustee 2)