

Abichandani Family Superannuation Fund
Suite 3.04, Level 3, 29-31 Solent Circuit BAULKHAM HILLS NSW 2153

Investment Strategy Financial Year 2019- 2020

Forward Looking

Background

The Trustees of the fund have devised this Investment strategy for the fund considering the objective of the fund and in line with the governing rules of the fund and superannuation law. Through this investment strategy the trustees are seeking to maximise the superannuation benefits for all its members of the fund having regard to risk and reward of each type of investment.

Among other things, the Trustees have considered and determined that the funds current asset mix of assets is appropriate for its members for the financial year. Trustees have given regard to the members' age and their in-ability to withdraw from the fund their superannuation interests for retirement purposes in devising a strategy for the next financial year.

Manoj Abichandani is of 57 Years of age and eligible for retirement in two years time. His Fund balance on 30th June 2019 was \$X,XXX,XXX Plus he has other superannuation interests. Vandna will retire at age 60 and has over 10 years to retirement. Maalini is only 23 years old and will be accumulation phase for next 40 years approx.

INVESTMENT OBJECTIVES

To maximise returns and minimise the risks of investment of the fund's assets in managing and providing superannuation benefits to members and their dependants in meeting their retirement needs.

To ensure all investments are consistent with the governing rules of the fund and appropriate Superannuation Legislations and the fund's investment strategy.

To earn regular rental income from the properties via Abichandani Family Unit Trust and XY Unit Trust. The fund also wants to develop 60 Windsor Road, Windsor Road Kellyville NSW with Windsor Kelly Property Trust which own 58 Windsor Road, Kellyville NSW.

If funding is required for this project, then trustees will consider diluting their interest in XY Unit Trust and sell the property owned by Abichandani Family Unit Trust.

RISK & RETURN ON INVESTMENTS

Each investment decision will be made with due regard to the associated, risk and expected return. The Trustees will seek financial advice where necessary.

To maximise overall returns of the fund's investments and minimise the exposure of risk from any particular investment, the fund will try to maintain a diversified portfolio.

However, considering the low returns on cash & money market and fixed interest investments, the Trustees have decided that they will not invest much of the fund in this asset class.

Further, considering the current high share market locally in Australia and overseas, the Trustees have decided that they will not invest much of the fund in this asset class. Also these markets are exposed to international events such as Corona Virus which can mean capital loss to the fund.

Names of Members and their Ages - IS Tailored to the fund

Material Asset Listed in IS

Clear Investment Objectives

An Alternative Plan to meet Fund Objectives

Reason why a Diversified Portfolio is not suitable

Age and ability to Withdraw

Discussions with other members of the fund must be minuted

After discussions with the members of the fund, the Trustees have determined that they will invest most of the fund (66% or more) in direct & in-direct property via trusts and keep at least \$100,000 in cash for unforeseen circumstances. The cash balance is steadily increasing with contribution and distributions from trusts. The Trustees are seeking to develop property at Kellyville.

LIQUIDITY OF FUNDS ASSETS

Liquidity for unforeseen circumstances

Each investment decision will be made with due regard to the cash flow requirements of the fund. The trustee(s) will consider the liabilities (current and prospective) of the fund and ensure adequate cash is maintained by the fund to meet its liabilities as and when they fall due.

Reasons WHY investing in those assets will achieve Retirement Goals

The fund's liquidity needs will be considered at the time of each investment and also during the regular review of the fund's portfolio and investment strategy. The Trustees have considered and determined that the current investment provides the fund with interest income provides the fund with all the necessary expenses of the fund for the next year.

Regular review of Investment Strategy as member Circumstances change

The Trustees are aware that once **Manoj** reach pensionable age or are temporary or permanently disabled or they will need to withdraw from the fund due to compassionate of other grounds, the fund will need higher cash flows - **under these circumstances, income from the current assets are adequate to pay Manoj retirement benefits.** The Trustees have decided that they will revisit this investment strategy and amend this investment strategy to invest in more liquid asset class such as shares and cash when Manoj is over 75 years of age and will need to withdraw more from the fund.

RISK ASSOCIATED WITH LIMITED DIVERSIFICATION

The Trustees have given due consideration to the current objectives of the fund, the current market risks of losing capital and returns of investing & holding one asset or one asset class.

Consider Risks of Limited Diversification

Must be specific to the fund and not General

After all considerations, the Trustees have come to the conclusion that the property purchased by the fund via **Windsor Kelly Trust** is of good quality and will hold and increase in value in the near future. This is **due to a train station which opened in Norwest Boulevard** and general shortage of office space. Further, the two properties in Wigram Street which are owned by the fund via the property trusts are leased, **tenants are good and the rental return is assured** as the tenants are in profits and will continue to lease the property from the Trusts.

The Trustee in deciding to **hold most of the fund assets (Over 90%) in three properties** via trusts and one land direct land or one asset class with about \$250,000 in cash. This undiversified portfolio also **considered the age of all the current members** of the fund, **their wishes,** current global investment climate and the funds cash requirements to meet its commitments current and next year's expenses.

Conclusion **WHY & HOW** Limited Diversification is OK

The Trustees (and members of the fund) are aware of risks associated with limited diversification of assets, but have decided that holding only one property and one asset class is an appropriate investment strategy for this and next financial year.

The trustees understand that they have the right to make any investment that is permitted under the superannuation rules, the

fund's governing rules and may amend this investment strategy, in the future, to ensure that fund investments are consistent with the investment strategy of the fund and meet the investment objectives of the fund.

Trustees will keep a close eye on the commercial property market in Harris Park and Kellyville area and the global share & interest earnings investment market and should there be opportunities available to the fund, reconsider to amend the current investment mix to meet the objectives of this fund.

ASSET CLASS

The funds asset classes as at the beginning of the year (1st July 2019) and as close of the year (30th June 2020) are as below with the trustees asset allocation for the following year:

Asset Class	Assets 01/07/2019	Assets 30/06/2020	Current Assets	Asset Allocation 2020 - 21	Asset Allocation 2020 - 21
	\$	\$	%	Min %	Max %
Cash & Money Market	253,790	350,000	7%	5%	10%
Australian Fixed Interest	-				
Australian Managed Funds	-				
Direct and Indirect Property	X,XXX,XXX	X,XXX,XXX	93%	80%	90%
Australian Shares	-				
International Shares	-				
Total Assets	X,XXX,XXX	X,XXX,XXX	100%	100%	100%

INSURANCE COVER

Asset Allocation should not be 0% to 100%

The Trustee(s) will assess the need of insurance for all members and will seek financial insurance advice where necessary to ensure all members are adequately insured. Insurance policies may be held by the fund or by members personally. Since Manoj & Vandna have life insurance cover in the superannuation fund, they have reviewed the policy and decided to continue with this insurance.

Trustees have considered insurance for all the assets of the fund against fire and other natural perils. Since the property is owned via a Trust - the Trustees have ensured that the property is insured by the trust. The property in Kellyville is a development site and no insurance is taken out by Windsor Kelly Trust.

REVIEW

The investment strategy will be reviewed regularly and at least once a year at the end of financial year.

The investment strategy may be revised as appropriate where the trustee(s)' investment objectives change or to include a particular class or type of investment. The fund's investment portfolio will be reviewed at least quarterly.

Signed as acceptance to the above Investment strategy

BY THE TRUSTEES OF THE FUND:

DATED - 05/11/2019

DATED Before the Audit Date

Signed by at least 2 Directors - All Members is better

Manoj Abichandani
Chairperson of the Trustee Company
ABICHANDANI RETIREMENT SMSF PTY LTD
A.C.N 076-926-040

Vandna Abichandani
Chairperson of the Trustee Company
ABICHANDANI RETIREMENT SMSF PTY LTD
A.C.N 076-926-040