

TERRIGAL SLSC

INVESTMENT POLICY

Introduction

The Directors have determined that a formalised investment policy is to be used for the ongoing investment of some of the assets owned by TERRIGAL SLSC. The funds invested are to be referred to as the xxx account (e.g. could refer to as capital account). Idea here is to separate them from operational funds.

The aim of the policy is to:

- Define TERRIGAL SLSC's investment objectives and tolerance to risk
- Specify the investment guidelines and standards for monitoring investment performance
- Set the type and frequency of reporting
- Define who should monitor investment performance and decisions

Statement of General Investment Principles to be Observed

- Investments must be done in a prudent manner recognising that TERRIGAL SLSC has been given custodianship of the funds
- Investments must be within the laws of the land
- Investments must be made in line with the constitution
- Investments within Board designated risk parameters
- Generation of returns within Board designated scope given risk/return relationship
- The purpose of the investment must be clearly understood and the term of the investment should follow its purpose
- The impact of market forces, inflation, taxation and other legislation must be considered when making investments

The Directors will select investments, which correspond to the agreed policy, however, from time to time, may approve an investment outside the agreed policy and sector allocations.

These investments will be classified as non-standard investments. The Directors will justify in writing any non-standard investment showing they have researched the risk/return relationship, liquidity, and ongoing monitoring of the investments. They will also demonstrate they have or have access to the appropriate level of expertise needed to make decisions regarding non-standard investments.

Investment Objective - need to decide how much money will be invested in each sub section below

Short Term (up to 3 years) – how many \$xxxxx

Build liquid investments to a level that in the event that the operating expenses of TERRIGAL SLSC could be covered for 12 months-thus providing time for alternative funding to be sourced and an orderly re-structure of operations.

Medium Term (3-5 years) how many \$xxxxx

To build a diversified investment portfolio producing sufficient income (interest & dividends) to assist with the annual expenses of TERRIGAL SLSC.

Long Term (5 years +) how many \$xxxxx

To build a diversified investment portfolio to produce sufficient income and capital gains to provide:

- An alternative income source if needed
- Funding for future projects

Source of Investment Funds

Funds available for investment may include the following:

Operational & Club Purposes

- Club Profits
- Investment income (interest & dividends)
- Bequests from members
- xxxxxx

Investment Management

Ongoing overview of the investments would be monitored by an investment sub-committee comprising four members of suitably qualified persons as follows;

- TERRIGAL SLSC Director
- TERRIGAL SLSC Treasurer
- Chairman –Industry qualified Financial Advisor
- Independent Individual with suitable experience

The role of the sub-committee would be to:

- Recommend the investment spread of initial funds
- Monitor ongoing the performance of the investments
- Report investment performance quarterly to the TERRIGAL SLSC Board along with recommendations to adjust/transfer/move funds between investments understanding that at all times the TERRIGAL SLSC Board must approve any change/withdrawal/movement of funds prior to actioning same.
- Ensure the funds at all times are invested within the risk guidelines approved by TERRIGAL SLSC Board
- Provide investment updates to the members as needed

Committee Appointment and Review

TERRIGAL SLSC reserve the right to make committee changes if required. The expected tenure will be as follows:

- TERRIGAL SLSC Director – reviewed annually
- TERRIGAL SLSC Treasurer
- Chairman – during the term of their agreement with TERRIGAL SLSC
- Independent Individual with suitable experience – reviewed every two years

Investment Policy Considerations

The Directors, in formulating this investment policy, have considered the following aspects:

- Ability to meet future liabilities
- Diversification
- Duration of policy
- Liquidity
- Risk/return relationships
- The security of assets

Investment Return Objectives and Risk Profile – to be determined with Fortunity

TERRIGAL SLSC is considered to generally have a balanced risk profile given the funds placed into custody have generally been given for a specific purpose and TERRIGAL SLSC is really the custodian of funds for the benefit of TERRIGAL SLSC.

The Directors have reviewed the risk profile and return objectives and detailed these in the table below:

Balanced Investment Objective	
Investment Objective	To provide for a balanced investment return by investing predominantly in growth assets with a moderate exposure to defensive assets
Suitability	Directors should expect short to medium term fluctuations in the value of the investments. There is a probability of a negative return over short to medium term for those investments invested in growth assets
Income/Growth Objective	More growth than income
Liquidity	Usually within 30 days if using a managed fund
Minimum Investment Term	4 years
Expected Long Term Return	CPI +3.5%pa

Asset Allocation – to be determined with Fortunity

The Directors will monitor the investment policy by imposing an asset allocation benchmark as follows.

	Asset Allocation			Authorised Range	
	Current %	Benchmark %	Variance %	Min %	Max %
Cash	0%	5%	5%	0%	100%
Term Deposits	100%	10%	90%	0%	70%
Australian Fixed Interest	0%	15%	15%	0%	40%
International Fixed Interest	0%	10%	10%	0%	40%
Australian Shares	0%	25%	30%	0%	40%
International Shares	0%	20%	20%	0%	25%
Property Securities	0%	10%	10%	0%	15%
Other (*)	0%	5%	0%	0%	10%
Total	100%	100%			

In developing the above benchmarks, the Directors have considered risk/return parameters of each of the investment classes.

Investment Risk, Diversification & Return

The Directors wish to implement a policy to produce a diversified portfolio that meets the investment objective. The Directors understand the relationship between risk and return and that to increase the chance of higher returns for an investment portfolio, it will usually be necessary to increase the level of volatility associated with that portfolio.

The Directors understand that investment risk is borne by TERRIGAL SLSC. They will attempt to reduce portfolio risk by diversification and product selection, however, fluctuations in investment returns may affect the level of distribution available to meet the investment objective.

An increased level of risk is here understood to mean an increase in the likelihood of a loss of invested capital over any investment time horizon, as well as increased variation in returns over consecutive periods.

Given that risks can change over time because of business and economic cycles, this investment policy is appropriate for an investment period of 7+ years, although subject to a review annually.

Authorised Investments

The Directors shall have absolute discretion in the selection of investments, provided they are satisfied that such investments will generate the returns to achieve the investment objective.

To ensure the investments selected are appropriate, the Directors may employ the services of licensed Investment Advisors to facilitate investment selection.

The Directors may invest in the following investment classes:

- Cash and Term Deposits: bank accounts and term deposits with terms from 30 days to more than one year.
- Fixed Interest Securities: bonds, debentures, hybrid securities, and Mortgages with terms exceeding one year
- Property: direct, indirect through investment trusts
- Australian Equities: direct and indirect investment through investment trusts
- International Equities: direct and indirect investment through investment trusts
- Other: including but not limited to derivatives.

Liquidity

The Directors approach to managing liquidity is to ensure, as far as possible, that each investment has liquidity under both normal and stressed investment conditions.

On-Going Monitoring of the Investment Process & Performance

A performance report comparing fund classes to recognised benchmarks should be submitted quarterly to the TERRIGAL SLSC Board for consideration.

If the Directors engage, the services of licensed Investment Advisors it is expected any quarterly performance reporting in relation to the long term funds will be prepared by this individual/company.

Declaration

Director - TERRIGAL SLSC

Director - TERRIGAL SLSC

Date