

Mason Stevens Financial Services Guide



Preparation date: 20 October 2023

This Financial Services Guide (**FSG**) is issued by Mason Stevens Limited (**Mason Stevens, we, our or us**), ABN 91 141 447 207, AFSL 351578. This FSG is designed to provide you with important information regarding our financial services to assist you in deciding whether to use any of these financial services.

This document contains the following information:

- » About us
- » How to contact us
- » General information about the products and services we provide
- » How we are paid for our services
- » How others are paid in connection with the services we provide
- » Complaints handling
- » Our fees and charges.

About this financial services guide

It is intended that this FSG will assist you in determining whether to use any of the financial products or services described in this document. If you choose to use any of our financial products or services you may also receive other documents, such as an offer document or product disclosure statement (**PDS**). These documents contain specific information in relation to the financial product or service and you must read this information carefully before making a decision to invest.

Incorporation by reference

The Mason Stevens Global Investment Services Guide (**GIS Guide**) dated August 2023 is **incorporated by reference** into this FSG. The GIS Guide is available at masonstevens.com.au/investorguide. In particular, you should refer to the Fees and Costs section of that document and if you intend to invest in any non-limited recourse financial products.

About us

We hold an AFSL issued by the Australian Securities and Investments Commission (**ASIC**) and we are part of the Mason Stevens Group of companies (Mason Stevens Group), a privately owned financial services firm based in Sydney, founded in 2010.

We specialise in offering managed discretionary accounts supported by a comprehensive investment and administration platform, Nominee and Custody Services and bespoke investment solutions to both retail and wholesale investors.



Under our AFSL we are authorised to provide the following services on behalf of retail and wholesale clients:

Provide financial product advice about:

Deposit and payment products limited to:

- » basic deposit products
- » deposit products other than basic deposit products

Derivatives

Foreign exchange contracts

Debentures, stocks or bonds issued or proposed to be issued by a government

Life products including

- » investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds, and
- » life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds,

Interests in managed investment schemes including investor directed portfolio services

Interests in managed investment schemes limited to MDA services

Securities

Standard margin lending facility

Superannuation

Deal in a financial product by issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:

Derivatives

Foreign exchange contracts

Interests in managed investment schemes limited to:

- » own managed investment scheme only
- » MDA services.

Apply, acquire, vary or dispose of a financial product

Deposit and payment products limited to:

- » basic deposit products
- » deposit products other than basic deposit products

Derivatives

Foreign exchange contracts

Debentures, stocks or bonds issued or proposed to be issued by a government

Life products including:

- » investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds, and
- » life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds,

Interests in managed investment schemes including investor directed portfolio services

Interests in managed investment schemes limited to MDA services

Securities

Standard margin lending facility

Superannuation

Underwriting

- » interests in managed investment schemes, and
- » an issue of securities

Provide custodial or depositary services

Operate custodial or depositary services other than investor directed portfolio services



As a Managed Discretionary Account (MDA) Provider, a Responsible Entity for ASIC-registered managed investment schemes, the Trustee of unregistered managed investment schemes and Sponsor and Promoter of an APRA-regulated superannuation fund we are associated with the following entities:

- » Mason Stevens Asset Management Pty Limited (CAR 461312)
- » 2020 DirectInvest Pty Limited (CAR 336649)
- » MS Custodial Services Nominees Pty Limited (CAR 1254410).

Nominee and Custody Services

Our Self-Directed Portfolio (**SDP**) is a nominee and custody service as described in *ASIC Corporations (Nominee and Custody Services) Instrument 2016/1156*. Under this arrangement, assets you invest are held in custody for you and you retain sole discretion to decide what (but not necessarily when) assets will be acquired or disposed of through the nominee and custody service.

Managed Discretionary Account (MDA) Service

The Mason Stevens MDA Service (MDA Service, Managed Account) allows you to invest in a professionally managed portfolio of investments (eg. by an agreed investment guide) and delegate the day-to-day investment decisions to us. We may provide an investment guide or appoint a third party, known as an Investment Sub-Adviser. As the MDA Provider, we will undertake the role of administration, custody and reporting for the service. The MDA Service can only be accessed through an External MDA Adviser or, in limited cases, by one of our representatives and, if you are a retail client, you must be provided with personal advice and issued a Statement of Advice (SOA). Before accessing the MDA Service you must enter into an MDA contract or agreement. Our MDA Service is operated under *ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968 (ASIC MDA Instrument)*.

External MDA Adviser

To invest in the MDA or SDP, retail clients must have an approved External MDA Adviser and have received personal advice, on an initial and ongoing basis, regarding the financial products and services we offer. The External MDA Adviser must provide you with a SOA for any personal advice.

Investor suitability

The MDA or SDP may not be suitable to your relevant circumstances if you have provided limited or inaccurate personal information to your financial adviser. Furthermore, the MDA or SDP may cease to be suitable should your relevant circumstances change. You should speak with your financial adviser if your circumstances change at any stage.

Nature of advice

Whilst providing personal advice to clients is not one of our core business activities, we may provide certain retail clients with personal financial product advice with respect to investing in any of the financial products and services we offer. In all other circumstances, we will only provide general advice. When we provide advice to you, we act for you. Where we provide other services (such as arranging, dealing and other product or investment functions), these are generally performed subject to contracts and the authorisations and requirements of our licence and legal duties.

We are obliged to warn you that the general advice we provide to you as a retail client does not take into account your objectives, financial situation or needs. Therefore, we recommend that you take all reasonable steps to fully understand the outcomes of specific products and strategies adopted in relation to utilising the financial products or services we provide and whether they are suitable for you.

While we believe the general financial product advice and information we provide is accurate and reliable, Mason Stevens, our directors, officers and associates assume no responsibility for the appropriateness of that general advice for you.

We **will not** provide personal advice to retail clients who are clients of a licensed financial adviser. You must receive personal advice from your own licensed or authorised financial adviser (referred to as an **External MDA Adviser** in this FSG) in order to access our services.



Personal financial product advice

If one of our representatives, or an External MDA Adviser, provides you with personal advice you must be given an SOA when that advice is first provided to you. The SOA will contain the advice, the basis on which it is given and information about fees and associations which may have influenced the provision of the advice and accordingly this advice may not be independent, impartial or unbiased.

If you have a direct relationship with one of Mason Stevens' representatives and you are investing via the MDA Service, we must review the MDA Investment Program at least once every 13 months to ensure it remains appropriate for you. Alternatively, if your External MDA Adviser has issued you with an SOA to invest in the MDA Service, they will review the MDA Investment Program.

If our representative, or the External MDA Adviser, provides further advice to you and your personal circumstances have not significantly changed, and that further advice is related to the advice provided to you in a previous SOA, and the further advice is not in writing, you may request a copy of the record of that further advice at any time up to seven years from the date the further advice was provided to you.

You can request a record of the advice by contacting us (where it was our further advice) or your financial adviser.

In the event your financial adviser makes a recommendation to acquire a particular financial product (other than securities), they should also provide you with an offer document or product disclosure statement (PDS) containing information about the particular product, which will enable you to make an informed decision in relation to the acquisition of that product.

Your financial adviser is also required to review your MDA Investment Program and MDA contract at least every 13 months, and we require confirmation from your financial adviser that this has occurred.

Should you change your financial adviser please contact us so that we can update our records.

Our products and services

Your financial adviser may recommend you open a Mason Stevens Global Investment Service Account (**GIS Account**) which comprises:

- » Self-Directed Portfolio, and/or
- » Managed Account, which is our MDA Service.

By opening a GIS Account you will have access to invest in a broad range of investments including:

- » Managed investment schemes
- » Australian listed securities
- » International listed securities
- » Foreign currency
- » Hybrid securities
- » Derivatives (such as exchange traded options).
- » Fixed income securities
- » Term deposits

Self-Directed Portfolio (SDP)

Mason Stevens will automatically open an SDP for you when you establish a GIS Account with us.

The SDP allows you and your financial adviser to instruct us to deal in securities and other financial products on your behalf. Any securities held in the SDP will be held outside of any Managed Portfolios that you choose to invest in as part of your Managed Account.

Managed Accounts

As an MDA Service, the Managed Account requires you to delegate the investment management and trading discretion for securities and other financial products, to us as the MDA Provider.

You can select an investment mandate managed by a professional investment manager or your financial adviser (known as an Investment Sub-Adviser) or one of Mason Stevens' Managed Portfolios. Decisions regarding the portfolio composition, participation in corporate actions and timing of buys and sells are at the discretion of either the Investment Sub-Adviser or us (as appropriate). Even if there is a third-party Investment Sub-Adviser, you give us your authority to arrange the transactions.

As required by the ASIC MDA Instrument, you must enter into a formal agreement, known as the MDA contract prior to setting up a Managed Account.

The MDA contract is the combination of:

- » a signed application form (this could be a wet signature or by electronic means), that confirms the correctness of all the information you have provided, that you have read the Services Agreement and also provides some warnings
- » the MDA Service Terms, and
- » the relevant investment program. The investment program is prepared by your financial adviser in accordance with the requirements of Division 3 of Part 7.7 and Division 2 of Pt 7.7A of the Corporations Act 2001 (Cth) and sets out key information, including the investment strategy, and also covers opinions on the suitability of the investment program and the MDA contract.

The investment mandates we provide disclose further information about each Managed Portfolio, including the investment objectives, the people involved and the particular fees.

Your financial adviser's SOA to you should include a specific heading "Investment Program". It will also refer to and incorporate the investment mandate which has been specifically selected for you.

The investment program will contain the following information:

- » The nature and scope of the discretions that we will be authorised and required to be exercised.
- » Any significant risks associated with the investment.
- » The basis on which it is considered that the investment is suitable for you.

- » Warnings that the investment may not be suitable for you if you have provided limited or inaccurate information about your relevant circumstances and may cease to be suitable if your relevant circumstances change.

Unless you are a retail client with a direct relationship with a one of our representatives, you are required to obtain independent advice before entering into an MDA contract to ensure it is appropriate for your personal financial needs, objectives and circumstances. This independent advice will be provided by your financial adviser.

Custody of your assets

Investors' assets in the SDP or Managed Account are held on your behalf by us on a pooled basis. We are licensed by ASIC to provide custodial services to clients and have appointed a licensed sub-custodian to hold most financial products and some client monies. The remaining client monies are held directly in a pooled account with an Authorised Deposit-taking Institution (ADI), as disclosed later in this FSG. As at the date of this FSG, our primary sub-custodian is Citibank N.A. New York and Citigroup Pty Limited. For further information, please refer to the *External service providers* section.

As part of our custodial role, if you receive franking credits on specific securities (where available) and incur capital gains or losses, we will record these on your behalf, and we will manage all communications from the companies in which you are invested and will collect and maintain the information in your online account.

Some benefits that accrue to the holders of financial products (such as shareholder discounts) might not be available for your benefit. In that case, we do not compensate or provide other adjustments if the benefit is not available.

External service providers

We may outsource, to third parties, some operational activities. Where these activities are undertaken by an external third party, they will be subject to a due diligence process prior to appointment. This due diligence process involves understanding their capabilities, experience and competence in delivering these services. External service providers are selected in accordance with internal policies and are approved by the board of directors.

In the case of some Managed Accounts, a third-party Investment Sub-Adviser may be appointed to perform investment management activities including portfolio composition, strategy and timing of buys and sells for a particular portfolio. Prior to investing through the Managed Account, you will be provided with a disclosure document (eg. investment mandate) from us detailing the Investment Sub-Adviser's investment objectives and strategy, and any specific risks associated with the investment strategy. An Investment Sub-Adviser may be a professional investment manager or your licensed financial adviser.

On an annual basis, an ongoing due diligence review is performed on the external service provider to ensure they continue to have the operational capacity and competence to continue to deliver the services outlined in the contractual arrangement we have with them. In addition, the ongoing due diligence review is tabled to the board of directors.

At the date of this FSG, the following external service providers have been appointed to perform a material outsourced activity on our behalf:

Sub-custodian

Citibank N.A. New York and Citigroup Pty Limited

Administrator

FNZ (Australia) Pty Limited ABN 67 138 819 119

Our relationships with external service providers may mean that we disclose your personal information to organisations involved in providing, managing or administering the product or service in which you are invested such as third-party suppliers, printers and posting services. Refer to the Privacy Policy for further information.

Investment risks

All investments have a certain amount of risk. You must be prepared for the risk that you lose money on your investment or your investment does not meet your investment objectives. By investing through us you will have access to a diverse range of investments and strategies across multiple asset classes. As such the investment return, and level of risk, will differ for each investment or strategy chosen. Generally, investments that have the potential for higher long-term returns may also carry a greater level of short-term risk.

Before you make an investment decision, it is important that you obtain personal advice about your financial circumstances and also understand the risks that can affect your investment. Some of the potential risks associated with investing include the following:

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|---------------------------|------------------------|
| » Investment manager risk | » Diversification risk |
| » Operational risk | » Counterparty risk |
| » Legislative risk | » Interest rate risk |
| » Investment risk | » Derivatives risk |
| » Company risk | » Currency risk |
| » Inflation risk | » Liquidity risk |
| » Market risk | » Credit risk |

The risks identified are not meant to be exhaustive as it is not possible to identify every risk factor associated with investing. The appropriate level of risk for you will depend on various factors including your age, investment timeframe, other investments you may hold, and your level of risk tolerance.

Your financial adviser will advise you of the relevant risks associated with your investment strategy.

There are specific risks which apply where you invest in non-limited recourse products. See below and in the GIS Guide in the section *Non-limited recourse products*.



Significant risks of investing through an MDA

There are significant risks associated with entering into a Managed Account. You will not control the day-to-day investment decisions in relation to the account and will be bound by the decisions we or your appointed advisers or sub-advisers make. This may lead to losses as well as profits.

Clients rely on investment of their funds and assets in accordance with the investment guide they select and as outlined in the relevant investment mandate. If the investment guide is not implemented as disclosed, there may be losses or lost opportunities, in addition to the potential for profits. We exercise our discretion in how to implement the investment strategy and adapt to market conditions.

Implementation of the investment guide may lead to more transactions, or failing to transact, at times chosen. This may lead to more transaction costs incurred while pursuing the investment strategy. While it is our intention that the implementation of the investment strategy will over time lead to greater investment returns, the judgment on a particular trade may be incorrect and result in a loss, or net profits may take longer or not eventuate, contrary to the objectives of the investment guide.

Investing through our services also carries the general risks of the underlying investments, including derivatives, securities and over-the-counter contracts such as foreign exchange contracts. Derivatives and foreign exchange contract trading in particular have a very high degree of investment risk, and you could sustain a total loss of capital and be liable for substantial losses in addition to the amounts contributed.

Non-limited recourse products

Non-limited recourse products are typically financial products which are margined, meaning you pay a fraction of the full face value but remain liable to pay more if there is a shortfall (eg. your financial product is revalued, triggering the requirement for you to pay more margin cover, or you suffer a loss when your position is closed and your account does not cover the shortfall).

When preparing your SOA, your adviser will supply you with information on the types of products involved, the significant risks of those products, information around your maximum liability and any relevant loan to value ratios.

Refer to the GIS Guide in the section on *Non-limited recourse products*.

How can you provide instructions to us?

For both Managed Accounts and SDP in general, enquiries regarding your investments should be made to your financial adviser in the first instance so that they can contact us on your behalf.

However, you can contact us directly by using the contact details contained in this FSG. You or your adviser or authorised representative can provide instructions to us by telephone, mail, or email. Any instructions relating to change of details, withdrawals or transfers must be made in writing and duly signed unless email authorisation has been granted on your account.

Some products and services may have their own rules around how to provide instructions or carry out certain transactions. You will find information on these rules in the relevant disclosure documents for the product or service.

How are we remunerated?

We are remunerated through the fees that we may charge you to administer your Managed Account or SDP. These fees are disclosed in the relevant disclosure documents and in the *Fees and Costs* section of the GIS Guide.

We may receive approved product fees for making various financial products available through the platform. These are flat fees, not linked to volume and do not come out of your account.

We may also receive referral fees in respect of wholesale clients only.

MSAM, a corporate authorised representative of MSL and member of our Corporate Group, may enter into an agreement with an Investment Sub-Adviser to provide investment management related services (**Investment Office Services**). In such arrangements, MSAM is remunerated through fees paid to it by the Investment Sub-Adviser, or through the retention of a portion of the investment management fee charged on a Managed Portfolio you invest in.

Our employees and directors are remunerated by way of salary and other employee benefits. They may also be eligible for a discretionary bonus which is based on achievement of pre-determined business objectives such as contribution to profit, client service, risk management and leadership/team contribution. In addition, staff may also receive other benefits including reduced fees in connection with using Mason Stevens products and services.

Your financial adviser (through your financial adviser's licensee) may receive payment in connection with the provision of financial advice to you, including in relation to recommending the service to you. If you give us a direction to pay monies to your financial adviser for financial advisory services provided to you, you are authorising us to deduct monies from your Managed Account or SDP to pay to your financial adviser (through the licensee of the financial adviser). The level and the type of fees deducted will be determined by you through the agreement between you and your financial adviser. These fees will be set out in your SOA, application form and investment allocation form, or in such other form agreed to by us. We can only deduct and pay fees to your financial adviser with your consent and we will rely on your application form and investment allocation form (or any other agreed form) as evidence of your consent.

Disclosure of conflicts of interest

We have relationships with various parties whereby we pay or receive fees. These parties may include, but are not limited to, brokers, investment managers, banks, financial planners and other referral sources.

We also have a relationship with MSAM and members of our corporate group as noted above.

We have documented processes for managing conflicts by controlling, avoiding and disclosing relevant conflicts of interests.



Record keeping

We will seek to ensure that comprehensive and accurate records of client profiles, together with any personal advice provided in an SOA are properly maintained for seven years in accordance with legal requirements. Your information will also be maintained in accordance with our Privacy Policy.

Compensation arrangements

We have professional indemnity and fraud insurance arrangements in place. The insurance satisfies the requirements of section 912B of the *Corporations Act 2001 (Cth)*.

These insurance arrangements cover claims relating to the services and products we offer and the conduct of our current and former staff (if we are responsible for the conduct of the staff member at the time of the relevant conduct).

Continuous disclosure updates and information

From time-to-time, we may use our website masonstevens.com.au to provide updates on disclosures in our offer documents. For any material changes you will be notified in writing. Our continuous disclosure updates and information can be found under the *Resources* tab on the website.

Privacy policy

By completing your Account Application, you may be providing Mason Stevens with personal information. We also collect your personal information to verify your identity as part of the account application process. Any personal information obtained is only used, collected, stored or disclosed to any third parties for reasons which assist us to provide services to you and as contemplated by the *Privacy Act 1988 (Cth)*, the Australian Privacy Principles (APPs) and the Mason Stevens' Privacy Policy.

Mason Stevens or any of its third parties may be located or perform services overseas. As a result, your personal information may be disclosed to a recipient in a foreign country, including New Zealand and the United Kingdom. If this happens we will seek by contract or other means to ensure personal information is protected.

For further information of our Privacy Policy please refer to the Mason Stevens website, masonstevens.com.au.

Questions about Privacy

Our Privacy Policy is available online at masonstevens.com.au or as hard copy upon request. The policy provides information about how you can access the personal information we hold about you as well as how we handle complaints. You can access your personal information or lodge a complaint by contacting us on 1300 988 878 or by emailing wealth@masonstevens.com.au

If you have any complaints or questions about the privacy of your information please contact our Privacy Officer by email on wealth@masonstevens.com.au. If your complaint is not resolved to your satisfaction, you may write to:

Office of the Australian Information Commissioner
GPO Box 5218
Sydney NSW 2001

If you have a complaint?

We have established an internal process for handling disputes with the view to ensuring the prompt, fair and effective resolution of complaints. If you have a concern or complaint, please tell us so that we can investigate and try to resolve the matter. We aim to resolve most issues within five business days.

Your complaint can be addressed to:

The Complaints Officer
Mason Stevens Limited
Level 26
420 George Street
Sydney NSW 2001

If you believe your complaint has not been satisfactorily dealt with or if you have not received a response within 30 days you can contact us directly or you may wish to contact the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Mason Stevens is a member of AFCA (membership number 15155). The contact details for AFCA are:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
T: 1800 931 678
E: info@afca.org.au W: www.afca.org.au

How to contact us

You can contact us on the details below:

Level 26
420 George Street
Sydney NSW 2000

Tel: 1300 988 878
Email: wealth@masonstevens.com.au
Website: masonstevens.com.au

