Mason Stevens Wholesale Cash Enhanced Portfolio

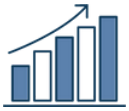
Objective

The Mason Stevens Wholesale Cash Enhanced Managed Portfolio invests in a portfolio of Australian Dollars (AUD) denominated fixed income securities that aims to outperform the RBA cash rate by 40-65 basis points (after fees) using very liquid AUD fixed income securities.

Targets regular income, distributed as coupons. Maximising capital gains is part of the strategy using investment grade only securities with a target average rating of A+/AA- or better.

Access to relatively shorter dated and higher rated instruments that provide attractive returns.

Direct beneficial ownership of securities.



Flexible solution that allows for the rebalancing of the underlying investment weightings in the Managed Portfolio, acting as a cushion to changing market conditions and can take advantage of market weakness.

Features

Investment objective	Aims to provide a return of 40-65 basis points p.a. above the Benchmark (after fees) over a rolling 1-3 year period.
Benchmark	RBA Cash Rate
Availability	Wholesale clients only, as defined by the Corporations Act
Management fees and costs [1]	0.35% p.a
Minimum initial investment	AUD $25,000
Minimum additional investment	AUD $10,000
Liquidity	Daily

A solution for investors seeking:

A better return than can be achieved from term deposits with greater liquidity.

A greater return than can be achieved from cash management accounts.

Regular income that is attractive for the rating and to target capital preservation.

A cash plus substitute that provides enhanced income with liquidity, low credit risk and low fees.

How are the portfolios managed?

Mason Stevens Asset Management is the Investment Manager.

Security selection is conducted using thorough bottom-up credit research coupled with a strong sense of relative value and timing.

Daily management and observation of market and portfolio exposure.

Monthly Investment Committee to discuss economic outlook, sector views and risk management.

1 Calculated daily and paid monthly in arrears. This does not include underlying fees and costs of individual investments. For all fees and costs associated with the Managed Portfolio, please refer to the relevant disclosure document.

Portfolio Parameters

Investment universe	All in AUD Bonds (financials, government, corporates), Residential Mortgage-Backed Securities (RMBS), Asset Backed Securities (ABS), Floating Rate Notes (FRN), Major Bank T2 and Cash Deposits. Securities may be listed on an exchange or unlisted.
Weighted average life	1-2 years
Number of investments	5 - 30 (subject to Sub-Advisor discretion & market conditions)
Cash weighting range	2% - 20%
Maximum individual security weighting	25%

Why invest in Fixed Income ?

- **Predictability** – The regular income stream from fixed income investments can provide some predictability and stability to overall returns.
- **Diversification potential** – Fixed income performance varies compared to equity and other financial asset markets.
- **Income generator** – Fixed income returns can provide a regular flow of income, as cashflows are known in advance of investment.
- **Risk-adjusted return** – Investing in credit can provide a repeatable and sustainable source of value in fixed income markets. Historically, investment returns from good quality credit assets have more than compensated investors for the risk of loss.
- **Less volatility** – Historically, Australian fixed income exhibits less volatility than domestic equity and REITs.

What to be aware of

- Before you make an investment decision, it is important that you understand the risks that can affect your investment being able to meet its objective or retain value.
- The risks that may impact the Managed Portfolio include, but are not limited to factors such as, market risk, company or security specific risk, and currency risk.
- Please refer to the Investment Mandate for a full list of potential risks linked to the Manged Portfolio.

Meet the team

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