Mason Stevens Wholesale Fixed Income Managed Portfolio

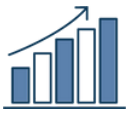
Objective

The Mason Stevens Wholesale Fixed Income Managed Portfolio invests in a portfolio of predominantly Australian Dollars (AUD) denominated fixed income securities that aims to achieve high risk adjusted returns, while delivering regular cash-flow streams via income from coupons.

Targets regular income, distributed as coupons are received. Maximising capital gains is part of the strategy.

Access to attractive investment opportunities that are typically reserved for institutions and professional investors.

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.

Features

Investment objective	Aims to provide a return of RBA Cash + 3% p.a. (after fees)
Benchmark	RBA Cash Rate
Suggested investment timeframe	3-5 years +
Inception date	Sep 2016
Management fees and costs[1]	0.77% p.a.
Minimum initial investment	AUD 200,000

A solution for investors seeking:

A risk managed approach to investment with regular income and capital preservation.

A defensive investment that can provide diversification benefits when complemented with equity strategies.

A cost effective fixed income solution that offers real (inflation adjusted) return.

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

How are the portfolios managed?

Mason Stevens Asset Management is the Investment Manager and controls the asset allocation decisions.

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.

Quarterly 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 Portfolios, please refer to the relevant disclosure documents.

Portfolio Parameters

Investment universe	Bonds (corporates, financials, government), Subordinated Debt Securities, Hybrids, Residential Mortgage-Backed Securities (RMBS), Asset Backed Securities (ABS), Floating Rate Notes (FRN) and Cash Deposits. Securities may be listed on an exchange or unlisted.
Number of investments	5 - 25 (subject to Sub-Advisor discretion & market conditions)
Cash weighting range	1.5% - 100%
Maximum individual security weighting	25%
Maximum sub-investment grade/non-rated weighting	20%
Foreign currency exposure	0% - 100%

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 portfolio.

Meet the team

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