BetaShares Capital Managed Account Service Investment Mandate

Investment Mandate issuer:
Mason Stevens Limited
ABN 91 141 447 207 AFSL 351578

Investment Sub-Adviser:
BetaShares Capital Limited
ABN 78 139 566 868

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Contact Details

Mason Stevens Limited
Level 26, 420 George Street
Sydney NSW 2000
T: 1300 988 878
E: wealth@masonstevens.com.au
W: masonstevens.com.au

BetaShares Capital Ltd
Level 6, 50 Margaret Street
Sydney NSW 2000
T: 1300 487 577
W: betashares.com.au

Mason Stevens has appointed BetaShares Capital Limited ABN 78 139 566 868 as Investment Sub-Adviser on the Investment Options outlined in this Investment Mandate.

Important Information

This Investment Mandate is issued by Mason Stevens Limited ABN 91 141 447 207 AFSL 351578 (Mason Stevens) as the Managed Discretionary Account (MDA) Provider of the MDA Service. Mason Stevens has appointed BetaShares Capital Limited (BetaShares) ABN 78 139 566 868 AFSL 341181, as Investment Sub-Adviser on the Investment Options outlined in this document.

In this document, MDA refers to a Managed Account provided by Mason Stevens which follows the investment strategy and parameters of the Investment Options as defined in the Investment Guide section of this document.

This document is produced without consideration of the investment goals, needs or financial circumstances of any person who may read it. If you are a retail investor, you must obtain personal advice from a licensed financial adviser on whether a particular Investment Options is appropriate for you given your personal goals, needs and financial circumstances.

Investment involves risk, potentially resulting in (but not limited to) delays in payment of withdrawal proceeds and the loss of income and capital invested. Past performance is not necessarily indicative of future performance. Mason Stevens, BetaShares and their respective directors, officers, employees, subcontractors and associates do not assure or guarantee the capital value of your investments will be maintained, or the investment performance of any investments acquired through this MDA Service.

Where there are references to data provided by third parties, none of Mason Stevens, nor BetaShares has control over that data and nor do they accept any responsibility for verifying or updating that data. Mason Stevens, BetaShares and their respective directors, officers, employees and associates may from time to time hold interests in investments of, or earn fees and other benefits from, corporations or investment vehicles which may be held in your Investment Options.

BetaShares consent to statements in this document attributable to them or referring to them, and have not withdrawn their consent. BetaShares has confirmed the statements attributable to them or referring to them are not misleading or deceptive at the time of issue.

All amounts in this document are in Australian dollars and all fees are inclusive of GST net the effect of any reduced input tax credits. This document should be read in conjunction with the Mason Stevens Financial Services Guide (FSG), the Mason Stevens Global Investment Service Guide (Guide) including the Mason Stevens MDA Service Terms (which together form the Investment Mandate).

The FSG contains information on Mason Stevens and the MDA Service and is available at masonstevens.com.au/fsg. This document is incorporated by reference into the Guide which contains important information on the fees and costs you pay when you establish an account and use the MDA Service. It also contains information on how to operate your account and how to contribute into your account once it is opened as well as the risks of investing. It is available at masonstevens.com.au/investorguide. If you are unable to access the online information, your adviser or Mason Stevens can provide the information free of charge.

About the relevant parties 1

1.1 About BetaShares Capital

BetaShares is a leading Australian fund manager specialising in exchange traded funds (ETFs) and other Funds traded on the Australian Securities Exchange (ASX).

Since launching their first ETF more than a decade ago, BetaShares has grown to become one of Australia's largest managers of ETFs.

BetaShares offers cost-effective, simple and liquid access to the broadest range of ETF investment solutions available on the ASX, covering almost every asset class and investment strategy.

Betashares Investment Committee members:

David Bassanese – Chief Economist

David is responsible for developing economic insights and portfolio construction strategies for adviser and retail clients. Prior to BetaShares, David was an economic columnist for The Australian Financial Review (AFR) for over a decade. Prior to the AFR, David spent several years in the financial markets as a senior economist and interest rate strategist at Bankers Trust and Macquarie Bank. He started his career as a Commonwealth Treasury official, after which he spent three years as a research economist at the Organisation for Economic Cooperation and Development (OECD) in Paris, France. David is the author of Australia's most comprehensive book on the local ETF market. He graduated with First Class Honours from the University of Adelaide, and a Master in Public Policy from the J.F. Kennedy School of Government at Harvard University.

Louis Crous – Chief Investment Officer

Louis is responsible for overseeing the portfolio management function at BetaShares. Before joining BetaShares, Louis was a Senior Investment Product Specialist at nabInvest, the direct management business of National Australia Bank, where his responsibilities included developing new investment products for retail and institutional clients. Prior to nabInvest, he worked on the Equity Derivatives desk for Rand Merchant Bank in Sydney, London and Johannesburg, and most recently was responsible for the Structured Investment Products business in Australia. Louis holds a professional qualification as a Chartered Accountant (CA (SA)) and is also a CFA Charterholder. He has a Bachelor of Business Science (First Class Hons) and Post Graduate Diploma in Accounting from the University of Cape Town, South Africa.

Cameron Gleeson– Senior Investment Strategist

Cameron's responsibilities span investment strategy, assisting clients with portfolio construction across all asset classes and product development. He is a voting member of the firm's Investment Committee. Prior to joining Betashares, Cameron was a portfolio manager at Macquarie Asset Management, and was responsible for the structuring and management of Macquarie's listed and unlisted structured product offering. Cameron's other experience includes Head of Product at Bell Potter Capital and working on JP Morgan's Equity Derivatives desk. He holds a Bachelor of Commerce from the University of Western Australia and a Master of Commerce (Hons) from the University of New South Wales.

Thong Nguyen – Head of Dealing

Thong is responsible for the portfolio management function at BetaShares. Before joining BetaShares, Thong was an Equity Analyst at a boutique Funds Management company (Three Pillars Portfolio Managers), where his responsibilities included systems development, risk management and securities analysis across a broad range companies on the Australian Securities Exchange. Prior to TPPM, he worked in the Future Directions multi-manager team at AMP Capital Investors where he was responsible for the manager selection and portfolio construction of a number of multi-manager funds. Thong is a CFA Charter holder and has a Bachelor degree in Actuarial Studies with Honours and a Bachelor degree in Commerce (majoring in Finance) from the Australian National University.

Chamath De Silva – Head of Fixed Income

Chamath is responsible for supporting the portfolio management function of the business. Prior to joining BetaShares, Chamath was a fixed income trader at the Reserve Bank of Australia, working in their foreign reserve operations in Sydney and London. Chamath is a CFA® charter holder and also holds a Bachelor of Commerce degree (First Class Honors in Finance) from the University of Melbourne.

1.2 Investment Process

Investment philosophy

The Dynamic ETF portfolios aim to provide optimised asset allocations for a range of different investor risk profiles.

The portfolios are based on several underlying principles. Firstly, the portfolios focus on only a core set of major asset classes. BetaShares believe this provides a sufficient level of diversification and opportunity for attractive returns without undue complexity and – once implemented within an actual investment portfolio – trading costs.

The portfolios use passive exchange traded funds (ETFs) chosen by the BetaShares Investment Committee to provide low cost diversified exposure to the asset allocations provided within the Asset Allocation service. The main criteria in choosing ETFs are their value and ability to offer returns that at least match (before fees) expected returns from each relevant asset class. Value is not just related to cost, or management expenses. Where appropriate, ETFs may be chosen that are not the lowest cost exposures for a given asset class, but offer the potential for enhanced returns (over and above that provided by the traditional benchmark for the asset class) due, for example, to "smart beta" indexing strategies.

Portfolio construction

BetaShares formulates its Strategic Asset Allocation (SAA) using internally derived expected asset class return and volatility projections based on in house proprietary modelling. BetaShares focuses on 7 major asset classes covering:

Growth Assets:

- Australian Shares
- Global Shares
- AREITs
- Global Infrastructure

Defensive Assets:

- Australian Fixed Interest
- Global Fixed Interest
- Alternatives (Gold)
- Cash

The SAA process is static by its very nature and is also highly sensitive to certain quantitative assumptions and frameworks. Traditional techniques – such as asset class risk and return forecasting, mean-variance optimisation, and comprehensive scenario testing – are still very much the backbone of the process. Forecast standard deviations and correlations are based on historical trends to a greater extent, with increasing weight given to more recent observations to reflect the evolving nature of investment markets.

DAA tilts relative to the SAA are considered along the following dimensions:

- Growth vs defensive assets
- Australian vs international equities
- Property vs Australian equities
- Australian vs international bonds
- Global Infrastructure vs international shares
- Australian fixed bonds vs cash and floating rate bonds
- Government vs Corporate Australian Fixed-Rate Bonds

Three underlying processes are used when considering DAA tilts along the dimensions described above.

1. Rolling 1-year projected asset class return modelling. Base case 1-year projected returns are developed for each asset class based on key projections with regard to interest rates, earnings growth and equity valuations. Underlying this process is the implicit assumption that asset class valuations should tend to revert to assumed longer-run fair value estimates over time.
2. Quarterly DAA chartbook. The chartbook includes trends in asset class performance and valuations and trends in a range of economic variables considered to be key drivers of asset class performance over time. These inputs are considered as part of the decisions as to any tilts to certain asset classes are warranted.
3. Qualitative Fundamental Asset Class Driver Analysis. Qualitative consideration is given to current and likely future trends in what are considered fundamental drivers of performance of each asset class, such as interest rates, exchange rates, commodity prices, economic growth and inflation.

Once SAA and DAA optimal weightings have been determined, the Investment Committee will then determine the actual ETF positions.

The criteria for selection includes but is not limited to:

- Choice of relevant asset class benchmarks;
- The underlying investment strategy of the ETP;
- Past and future expected ETP return performance in terms of total returns, and the weighting between income and growth components;
- Tracking error;
- Liquidity of the underlying exposures (bid ask spread);
- Fees;
- Reputation of the ETP issuer;
- Total cost of ownership;
- Intra-asset class views.

The tools used in the selection and evaluation of the investment vehicles include:

- ASX Monthly Investment Products Update
- Bloomberg returns data
- ETP provider websites
- Research house ratings, i.e. Morningstar, Lonsec

The investment committee will regularly assess the underlying ETF positions, with the analysis primarily focused on quantitative measures. This will be through:

- Attribution analysis
- Income analysis
- Analysis of the benefit of intra asset class decisions

1.3 Portfolio Parameters

BETASHARES DYNAMIC ETF CONSERVATIVE INVESTMENT OPTION

Feature	Description	
Portfolio Name	BetaShares Dynamic ETF Conservative Investment Option	
Investment Sub-Advisor	BetaShares Capital	
Inception Date	March 2022	
Investment objective	The portfolio aims to provide attractive risk-adjusted returns over time, subject to a level of overall return volatility suitable for investors considered to have a “low” risk profile in accordance with the Australian Prudential Regulation Authority’s (APRA) “standard risk measure”, or SRM.	
Investment Strategy and Approach	The Portfolio aims to produce total returns of CPI + 1.5% p.a. over a rolling 5-year period, subject to a likelihood of no more than 1 negative return year, on average, every 20-years. The Portfolio aims to enhance risk-adjusted returns over time through dynamic asset class tilts. The Portfolio aims to achieve its objective through exposure to a diversified range of asset classes using relevant exchange traded funds (ETFs).	
Benchmark Return	CPI + 1.5%	
Minimum number of securities	1	
Maximum number of securities	15	
Asset allocation	**Allocation range**	**Target Weight**
Australian Equities	2.5%-10%	8%
International Equites	2.5%-20%	12%
Australian Fixed Income	10%-60%	39%
International Fixed Income	5%-35%	26%
Alternatives & Other	0%-30%	0%
Property	0%-15%	0%
Infrastructure	0%-15%	0%
Cash (minimum 2% cash)	2%-45%	15%
Investment universe	ETFs and cash	
Maximum single security or fund weighting	40%	
Minimum suggested timeframe	5 years+	
Minimum initial investment $	$10,000	
Minimum additional investment $	$10,000	
Minimum withdrawal	$10,000	
Rebalance frequency	Sub-adviser discretion	
Investment manager fee	0.09225%	
Indirect Cost Ratio	0.19%	
Performance fee	Nil	

BETASHARES DYNAMIC ETF MODERATE INVESTMENT OPTION

Feature	Description	
Portfolio Name	BetaShares Dynamic ETF Moderate Investment Option	
Investment Sub-Advisor	BetaShares Capital	
Inception Date	March 2022	
Investment objective	The portfolio aims to provide attractive risk-adjusted returns over time, subject to a level of overall return volatility suitable for investors considered to have a "low to medium" risk profile in accordance with the Australian Prudential Regulation Authority's (APRA) "standard risk measure", or SRM.	
Investment Strategy and Approach	The Portfolio aims to produce total returns of CPI + 2.25% p.a. over a rolling 5-year period, subject to a likelihood of no more than 2 negative return year, on average, every 20-years. The Portfolio aims to enhance risk-adjusted returns over time through dynamic asset class tilts. The Portfolio aims to achieve its objective through exposure to a diversified range of asset classes using relevant exchange traded funds (ETFs).	
Benchmark Return	CPI + 2.25%	
Minimum number of securities	1	
Maximum number of securities	15	
Asset allocation	**Allocation range**	**Target Weight**
Australian Equities	5%-35%	14%
International Equites	5%-35%	21%
Australian Fixed Income	15%-55%	33%
International Fixed Income	5%-30%	22%
Alternatives & Other	0%-30%	0%
Property	0%-15%	0%
Infrastructure	0%-15%	0%
Cash (minimum 2% cash)	2%-35%	10%
Investment universe	ETFs and cash	
Maximum single security or fund weighting	40%	
Minimum suggested timeframe	5 years+	
Minimum initial investment $	$10,000	
Minimum additional investment $	$10,000	
Minimum withdrawal	$10,000	
Rebalance frequency	Sub-adviser discretion	
Investment manager fee	0.09225%	
Indirect Cost Ratio	0.21%	
Performance fee	Nil	

BETASHARES DYNAMIC ETF BALANCED INVESTMENT OPTION

Feature	Description	
Portfolio Name	BetaShares Dynamic ETF Balanced Investment Option	
Investment Sub-Advisor	BetaShares Capital	
Inception Date	March 2022	
Investment objective	The portfolio aims to provide attractive risk-adjusted returns over time, subject to a level of overall return volatility suitable for investors considered to have a "medium" risk profile in accordance with the Australian Prudential Regulation Authority's (APRA) "standard risk measure", or SRM.	
Investment Strategy and Approach	The Portfolio aims to produce total returns of CPI + 3.25% p.a. over a rolling 5-year period, subject to a likelihood of no more than 3 negative return year, on average, every 20-years. The Portfolio aims to enhance risk-adjusted returns over time through dynamic asset class tilts. The Portfolio aims to achieve its objective through exposure to a diversified range of asset classes using relevant exchange traded funds (ETFs).	
Benchmark Return	CPI + 3.25%	
Minimum number of securities	1	
Maximum number of securities	15	
Asset allocation	**Allocation range**	**Target Weight**
Australian Equities	7.5%-40%	20%
International Equites	7.5%-40%	27.50%
Australian Fixed Income	10%-45%	27%
International Fixed Income	5%-30%	18%
Alternatives & Other	0%-40%	0%
Property	0%-15%	0%
Infrastructure	0%-15%	2.5%
Cash (minimum 2% cash)	2%-30%	5%
Investment universe	ETFs and cash	
Maximum single security or fund weighting	40%	
Minimum suggested timeframe	5 years+	
Minimum initial investment $	$10,000	
Minimum additional investment $	$10,000	
Minimum withdrawal	$10,000	
Rebalance frequency	Sub-adviser discretion	
Investment manager fee	0.09225%	
Indirect Cost Ratio	0.21%	
Performance fee	Nil	

BETASHARES DYNAMIC ETF GROWTH INVESTMENT OPTION

Feature	Description	
Portfolio Name	BetaShares Dynamic ETF Growth Investment Option	
Investment Sub-Advisor	BetaShares Capital	
Inception Date	March 2022	
Investment objective	The portfolio aims to provide attractive risk-adjusted returns over time, subject to a level of overall return volatility suitable for investors considered to have a “medium to high” risk profile in accordance with the Australian Prudential Regulation Authority’s (APRA) “standard risk measure”, or SRM.	
Investment Strategy and Approach	The Portfolio aims to produce total returns of CPI + 4% p.a. over a rolling 5-year period, subject to a likelihood of no more than 4 negative return year, on average, every 20-years. The Portfolio aims to enhance risk-adjusted returns over time through dynamic asset class tilts. The Portfolio aims to achieve its objective through exposure to a diversified range of asset classes using relevant exchange traded funds (ETFs).	
Benchmark Return	CPI + 4%	
Minimum number of securities	1	
Maximum number of securities	15	
Asset allocation	**Allocation range**	**Target Weight**
Australian Equities	15%-50%	28%
International Equites	15%-50%	39%
Australian Fixed Income	2.5%-35%	16%
International Fixed Income	0%-20%	12%
Alternatives & Other	0%-40%	0%
Property	0%-20%	0%
Infrastructure	0%-20%	3%
Cash (minimum 2% cash)	2%-15%	2%
Investment universe	ETFs and cash	
Maximum single security or fund weighting	40%	
Minimum suggested timeframe	5 years+	
Minimum initial investment $	$10,000	
Minimum additional investment $	$10,000	
Minimum withdrawal	$10,000	
Rebalance frequency	Sub-adviser discretion	
Investment manager fee	0.09225%	
Indirect Cost Ratio	0.20%	
Performance fee	Nil	

BETASHARES DYNAMIC ETF HIGH GROWTH INVESTMENT OPTION

Feature	Description	
Portfolio Name	BetaShares Dynamic ETF High Growth Investment Option	
Investment Sub-Advisor	BetaShares Capital	
Inception Date	March 2022	
Investment objective	The portfolio aims to provide attractive risk-adjusted returns over time, subject to a level of overall return volatility suitable for investors considered to have a “high” risk profile in accordance with the Australian Prudential Regulation Authority’s (APRA) “standard risk measure”, or SRM.	
Investment Strategy and Approach	The Portfolio aims to produce total returns of CPI + 5.5% p.a. over a rolling 5-year period, subject to a likelihood of no more than 6 negative return year, on average, every 20-years. The Portfolio aims to enhance risk-adjusted returns over time through dynamic asset class tilts. The Portfolio aims to achieve its objective through exposure to a diversified range of asset classes using relevant exchange traded funds (ETFs).	
Benchmark Return	CPI + 5.5%	
Minimum number of securities	1	
Maximum number of securities	15	
Asset allocation	**Allocation range**	**Target Weight**
Australian Equities	20%-60%	36%
International Equites	25%-65%	50.50%
Australian Fixed Income	0%-20%	8%
International Fixed Income	0%-15%	0%
Alternatives & Other	0%-40%	0%
Property	0%-25%	0%
Infrastructure	0%-25%	3.50%
Cash (minimum 2% cash)	2%-15%	2%
Investment universe	ETFs and cash	
Maximum single security or fund weighting	40%	
Minimum suggested timeframe	5 years+	
Minimum initial investment $	$10,000	
Minimum additional investment $	$10,000	
Minimum withdrawal	$10,000	
Rebalance frequency	Sub-adviser discretion	
Investment manager fee	0.09225%	
Indirect Cost Ratio	0.20%	
Performance fee	Nil	

Risks of investing 2

Before you make an investment decision, it is important that you understand the risks that can affect your investment. You must be prepared for the risk that your investment does not meet your investment objectives or you lose money on your investment.

Specific investment risks apply to all investments that may have an effect on the value of your MDA. The risks of investing by following the strategy and parameters of the Investment Option may include, but are not limited to, the following factors:

- Market risk – Unexpected conditions (i.e. economic, technological or political) can have a negative impact on the returns of all investments within a particular market. General movements in local and international stock markets, prevailing and anticipated economic conditions, investor sentiment, interest rates and exchange rates could all affect the value of listed securities and the investment returns.
- Company or security specific risk – Risks which could affect the value of a specific security, such as a fall in the profit performance of a company, may impact adversely on its share price and may also affect the interest rate it has to pay to borrow funds, which in turn, can affect the value of its debt securities.
- Currency risk – If the Investment Option's investments in international assets are unhedged, a rise in the Australian dollar relative to other currencies will negatively impact investment values and returns. Currency markets can be extremely volatile and are subject to a range of unpredictable forces. It is not the Investment Sub-Adviser's intention to hedge the foreign currency exposure of the Investment Option arising from investments in overseas markets.
- Interest rate risk – Changes in interest rates can influence the value and returns of investment in the Investment Option.
- Credit risk – Any change in the market perception of the creditworthiness of a security or the credit rating of the issuer of the security may affect the security's value.
- Investment Sub-Adviser risk – This is the risk that the Investment Sub-Adviser may not achieve its stated investment objectives or that changes in the investment team may impact on the performance of the Investment Sub-Adviser.
- Liquidity risk – The risk that the Investment Option may experience difficulty in realising its assets.
- Time horizon risk – There is no assurance that in any time period, particularly in the short term, an Investment Option will achieve its investment objectives. Many of the underlying assets may be volatile particularly over the short term. The Investment Option is suitable for long term investors and is not designed for short term investment.
- Income risk – The level of income generated on the Investment Option's investments can fall as well as rise and the tax status of such income can change.
- Asset risk – Asset risk is the risk that a particular asset or asset class in which the Investment Option invests may fall in value, which may have an impact on the value of the Investment Option.
- Diversification/Concentration risk – If your Investment Option is concentrated into one investment or sector, a fall in that investment or sector may have a significant adverse effect on your total MDA. Diversification is used as a strategy aimed at reducing the impact that volatility in one investment or sector will have on the performance of your overall Investment Option. The Investment Option will have a relatively higher concentration over time of listed securities but it is not possible to advise in advance the levels of concentration or diversification of issuers, types of investments or industry sectors.
- Inflation risk – Your investment may not keep pace with inflation. Broadly, this could mean that prices may increase more than the value of your investments following the Investment Option and if this risk eventuates, you would not be able to buy as much with the value of your investments in the future as you could now.
- Investment risk – All investments have an inherent level of risk. The general expectation is that a high risk investment offers a higher expected return on investment. Investment risk may result in performance less than you expect or the loss of all of the capital invested or reduction in or no income and possible delays in repayment. Whilst it is the intention of the Investment Sub-Adviser to implement strategies designed to minimise potential losses, there can be no assurance that these strategies will be successful.
- Specific portfolio risk – The Investment Sub-Adviser's investment approach may result in an Investment Option that differs substantially from an industry benchmark and hence your MDA which follows that Investment Option might have investment returns which also differ substantially from industry benchmark returns.
- Third party risk – The MDA Provider uses information and services provided by third parties such as subcustodians and other service providers. Procedures are in place to address risks associated with outsourcing, such as having comprehensive service agreements with service providers. If a service provider advises of an error, it is corrected and if material, it will generally be communicated to you or your advisor (or both).
- Systems and technology risk – The MDA Provider relies on the integrity and reliability of the trading and administration systems used to manage your managed account. To minimise potential risks, established systems operated by experienced system providers are used. The system providers must have backup arrangements and business continuity plans. In the event that the systems fail there may be delays in processing transactions or in accessing your investment capital and investment returns may differ from those that would have been achieved.

Please note that 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.

Investors who have concerns regarding any of the above risk factors, or any other applicable risks, are encouraged to contact their financial adviser.