# Bethel Consulting Wholesale Investment Mandate

**Issuer and MDA Provider**
Mason Stevens Limited (MSL)
ABN 91 141 447 207, AFSL 351578

**Investment Sub-Adviser**
Mason Stevens Asset Management Pty Limited (MSAM)
ABN 92 141 447 654

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**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 its Corporate Authorised Representative (CAR 461312), Mason Stevens Asset Management Pty Limited (MSAM), as Investment Sub-Adviser on the portfolios 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 a portfolio as defined in this document.

This document is produced without consideration of the investment goals, needs or financial circumstances of any person who may read it. Before you invest you should obtain personal advice from a licensed financial adviser on whether a particular portfolio 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, MSAM, Bethel Consulting, 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.

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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 with Mason Stevens 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. 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 Mason Stevens Asset Management

MSAM is the investment management arm of the Mason Stevens Group. MSAM was established to provide investors with the opportunity to access professionally managed investment strategies and funds that are typically reserved for institutions and professional investors.

MSAM works with a range of clients including financial advisers, financial intermediaries, family offices and selected wholesale investors in the delivery of tailored investment solutions.

MSAM's management team has many years of senior management and transactional experience in the banking, finance and investment sectors, spanning multiple business cycles and across a range of asset classes, combined with a track record of successfully managing their own wealth.

For information on the MSAM's investment management team, please visit https://www.masonstevens.com.au/about-us/meet-theasset-management-team/.

## 1.2 Bethel Consulting

Bethel Consulting is a firm dedicated to serving ultra-high net-worth clients and family offices. The directors of Bethel Consulting bring decades of unique experience for clients; with a specialisation in developing, fostering and growing Businesses and Family Offices in Australia.

Bethel Consulting combines deep expertise and cultural insight to help clients navigate the Australian landscape with confidence. Ensuring a personalised, discreet approach that prioritises each client's distinct needs and goals.

Working as a team with clients combining local expertise with global perspective, services include:

- Asset Allocation
- Investment Strategy
- Private Equity
- Direct Investment
- Philanthropy
- Business Advisory
- Family Governance

We pride ourselves on being able to advise our clients across a range of disciplines and consider ourselves a "private office" for ultra-high-net-worth clients.

# Investment Guide 2

## 2.1 Investment process

The Managed Portfolio seeks to invest in a risk-adjusted portfolio of AUD-denominated fixed income securities unless stated otherwise. Account monies are invested as per the securities and weights as defined in the Managed Portfolio, with the Managed Portfolio reflecting the current investment views and strategies of the MSAM investment team.

While the primary investment strategy is to actively monitor, manage and reposition a portfolio of securities that meets the investment objectives over the suggested investment time frame, the MSAM investment team will act on shorter term market opportunities it has identified to maximise returns. The Investment Sub-Adviser will have full discretion over the timeframe of when monies are invested and will determine security selection based upon the following criteria:

- Assessed quality of the underlying business, including appropriate ratio analysis
- Sustainability of coupons or other distributions (if applicable)
- Rating of the underlying issuer and rating of the specific issue (if any)
- Balance sheet ranking (if applicable)
- Liquidity of the particular issue
- Duration of the particular issue, or
- Historical volatility of the underlying securities.

In addition to in-house capabilities, the Investment Sub-Adviser will draw on a wide range of research sources.

This will include leading analysts from the major broking houses and investment banks, company briefings and meetings with company executives and independent specialist Australian and international market analysts.

Unless stated otherwise, all securities in the portfolio must have a minimum rating of investment grade or higher by a reputable rating agency at the time of purchase.

It is expected that the performance will be predominantly income in nature however capital gains (and losses) can also be made.

Please note the parameters described thereafter are not absolutely fixed at all times. The Investment Sub-Adviser targets these parameters but small variations may develop from time to time due to corporate actions, market share prices, index changes and delays in rebalancing due to the Investment Sub-Adviser minimising turnover of your investments. The timing of additional investments in your Managed Account may also lead to short-term different balances of cash and securities. Mason Stevens will give you reasonable notice of any significant change to these parameters. Unless otherwise defined in these portfolio parameters, given the nature of fixed income markets, the Investment Sub-Adviser will bring any breaches back within these defined parameters, on a best endeavours basis.

## 2.2 Portfolio parameters

### Bethel Consulting Wholesale Cash Enhanced Managed Portfolio

| Feature | Description | |
|---|---|---|
| **Investment Sub-Adviser** | Mason Stevens Asset Management | |
| **Inception date** | June 2023 | |
| **Investment objective** | Aims to provide a return of 0.40% to 0.65% p.a. above the Benchmark (after fees) over a rolling 1-3 year period | |
| **Investment strategy and approach** | The portfolio seeks to manage yield, credit, interest rate duration and credit spread duration risk in an optimal way to generate superior risk adjusted returns, that are in line with the investment objectives. | |
| **Benchmark return** | RBA Cash Rate | |
| **Investment universe** | Bonds (financial, 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. | |
| **Minimum number of holdings** | 5 | |
| **Maximum number of holdings** | 30 | |
| **Asset allocation** | **Allocation range** | **Target** |
| Australian fixed income | 0% - 98% | 98% |
| Cash (minimum 2% cash) | 2% - 100% | 2% |
| **Maximum single holding weighting** | 25% | |
| **Suggested investment timeframe** | 1-2 years | |
| **Minimum initial investment** | $25,000 | |
| **Minimum additional investment** | $10,000 | |
| **Minimum redemption** | $10,000 | |
| **Rebalance frequency** | Sub-Adviser discretion | |
| **Investment manager fee** | 0.35% | |
| **Indirect Cost Ratio** | Nil | |
| **Performance fee** | Nil | |
| **Transaction fee** | Nil | |

## Bethel Consulting Wholesale Investment Grade Managed Portfolio

| Feature | Description |
|---|---|
| **Investment Sub-Adviser** | Mason Stevens Asset Management |
| **Inception date** | June 2023 |
| **Investment objective** | Aims to provide a return of RBA Cash + 2% p.a. (after fees) |
| **Benchmark return** | RBA Cash Rate |
| **Investment universe** | AUD denominated fixed income securities, including: Bonds (corporate, bank, government), Subordinated Debt Securities, Hybrids, Residential Mortgage-Backed Securities (RMBS), Asset Backed Securities (ABS), Floating Rate Notes (FRN), Cash ETFs, Cash Deposits and Term Deposits. Securities may be unlisted, or listed on an exchange. |
| **Minimum number of holdings**[1] | 5 (subject to market conditions) |
| **Maximum number of holdings** | Investment Sub-Adviser discretion, however, the Managed Portfolio is unlikely to exceed 25 securities |
| **Minimum cash weighting** | 1.5% |
| **Maximum cash weighting** | 100% |
| **Maximum individual holding weighting** | 25% |
| **Maximum single issuer limit** | 15% |
| **Minimum security rating** | BBB-/Baa3 by a reputable rating agency |
| **Maximum security rating BBB-equivalent** | 25% |
| **Sub-investment grade holding limit**[2] | 10% |
| **Maximum Major Australian Bank Additional Tier 1 Hybrid/Preferred Equity Weighting** | 30% |
| **Maximum subordinated bank Tier 2** | 50% |
| **Maximum industrials** | 25% |
| **Maximum banks** | 50% |
| **Maximum REITs** | 25% |
| **Maximum Energy** | 25% |
| **Maximum RMBS / ABS / Securitisation** | 35% |
| **Suggested investment timeframe** | 3-5 years+ |
| **Minimum initial investment** | $100,000 |
| **Minimum additional investment** | $100,000 |
| **Minimum redemption** | $100,000 |
| **Rebalance frequency** | Investment Sub-Adviser discretion |
| **Investment manager fee** | 0.55% |
| **Transaction fees** | Nil |

1. The Investment Sub-Adviser, at its discretion, may from time to time elect to shift the investment portfolio to a higher weighting in cash to accommodate prevailing or expected negative market conditions. During these occasions, the “cash weighting” mandate requirements will supersede the “Minimum number of investments” mandate requirement.
2. Apart from a Major Australian Bank Additional Tier 1 Hybrid/Preferred Equity security, any new investment must initially have an investment grade weighting assigned to it by an external credit rating agency.

## Bethel Consulting Wholesale Fixed Income Investment Portfolio

| Feature | Description |
|---|---|
| **Investment Sub-Adviser** | Mason Stevens Asset Management |
| **Inception date** | September 2016 |
| **Investment objective** | Aims to provide a return of RBA Cash + 3%p.a. (after fees) |
| **Benchmark return** | RBA Cash Rate |
| **Investment universe** | Bonds (corporate, financials, government), Subordinated Debt Securities, Hybrids, Residential Mortgage-Backed Securities (RMBS), Asset Backed Securities (ABS), Floating Rate Notes (FRN), Cash Deposits, Term Deposits, ETFs, Currency Derivatives for risk management purposes (including options, swaps, forwards, and currency ETFs). Securities may be listed on an exchange or unlisted, including repackaged securities, CLNs and CDSs. It may include overseas securities. |
| **Minimum number of holdings**[1] | 5 (subject to market conditions) |
| **Maximum number of holdings** | Investment Sub-Adviser discretion, however, the Investment Option is unlikely to exceed 25 securities |
| **Minimum cash weighting**[2] | 1.5% |
| **Maximum cash weighting** | 100% |
| **Maximum single issuer limit** | 15% |
| **Maximum BBB- equivalent** | 35% |
| **Maximum sub-investment grade/ nonrated weighting**[3] | 20% |
| **Maximum industrials** | 25% |
| **Maximum banks** | 50% |
| **Maximum REITs** | 25% |
| **Maximum Energy** | 25% |
| **Maximum RMBS / ABS / repackaged securities weighting** | 20% |
| **Maximum currency risk** | 15% |
| **Suggested investment timeframe** | 3-5 years |
| **Minimum initial investment** | $100,000 |
| **Minimum additional investment** | $100,000 |
| **Minimum redemption** | $100,000 |
| **Rebalance frequency** | Investment Sub-Adviser discretion |
| **Investment manager fee** | 0.77% |
| **Transaction fees** | Nil |

1. The Investment Sub-Adviser, at its discretion, may from time to time elect to shift the investment portfolio to a higher weighting in cash to accommodate prevailing or expected negative market conditions. During these occasions, the “cash weighting” mandate requirements will supersede the “Minimum number of investments” mandate requirement.
2. At the discretion of the Investment Sub-Adviser, the minimum cash weighting may be increased to ensure the portfolio has sufficient cash to cover the settlement of margin calls arising from foreign currency hedging agreements.
3. Investment Grade refers to a security that has or is expected to have the equivalent to an investment grade credit rating by any of the following three rating agencies: Moody’s, Fitch or S&P at the time of purchase.