ECP Asset Management Managed Account Service Investment Mandate

For wholesale/sophisticated investors only

Investment Mandate issuer:

Mason Stevens Limited
ABN 91 141 447 207 AFSL 351578

Investment Sub-Adviser:

ECP Asset Management Pty Ltd,
ABN 26 158 827 582 CAR 441986

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Contents

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

ECP Asset Management
Level 4, 388 George Street Sydney
NSW 2000
T: +61 2 8651 6800
E: distribution@ecpam.com
W: https://ecpam.com/

Mason Stevens has appointed ECP Asset Management Pty Ltd, ABN 26 158 827 582 a Corporate Authorised Representative (CAR 441986) of EC POHL & CO PTY LTD AFSL 421704, as Portfolio Manager on the Managed Portfolios 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). Mason Stevens is the Managed Discretionary Account (MDA) Provider of the MDA Service.

In this document, **MDA** refers to a Managed Account provided by Mason Stevens which follows the investment strategy and parameters of a Managed Portfolio 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 Managed Portfoio 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, ECP and their respective directors, officers, employees, sub-contractors 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 the managed account under any Managed Portfolio.

Where there are references in this document to data provided by third parties, none of Mason Stevens or ECP has control over that data and nor do they accept any responsibility for verifying or updating that data.

Mason Stevens, ECP 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 managed account under any Managed Portfolio.

ECP consent to the statements in this document attributable to them or referring to them, and have not withdrawn their consent. ECP have 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 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 ECP Asset Management

ECP Asset Management Pty Ltd (ABN 26 158 827 582) was established in 2012 by Dr Manny Pohl and Jared Pohl. A boutique investment manager 100% owned by its staff, there is an absolute alignment of interests between the staff and the clients. The team of six investment professionals have a total of over 85 years investment experience.

1.2 Investment Committee

Dr Manny Pohl – Chief Investment Officer

Prior to founding ECP, Manny built Hyperion Asset Management Limited into one of the most successful boutique managers in Australia. He has served on the boards of several major corporations in Australia, London and in South Africa.

Manny has over 35 years of investment experience, initially as Head of Research for leading South African broking firm, Davis Borkum Hare, followed by Westpac Investment Management. He holds Engineering and MBA degrees from the University of Witwatersrand, and a Doctorate in Business Administration (Economics) from Potchefstroom University.

Jared Pohl – Portfolio Manager/Analyst

Jared co-founded ECP Asset Management in 2012. Prior to co-founding the business, he was a part of the highly successful investment team at Hyperion Asset Management Limited. He has more than 18 years' experience in company analysis and equity investing.

During his time at Hyperion, Jared was seconded to Wasatch Advisors Inc., a subsidiary of Wasatch Funds, Inc. based in Salt Lake City. He is a Director of A Sound Life Charity, an Advisory member for the Bond University Business School and a Director of ECP Emerging Growth Pty Ltd. Jared holds a Bachelor of Commerce, Bachelor of Information Technology and MBA from Bond University.

Andrew Dale – Portfolio Manager/Analyst

Andrew has more than 24 years' experience in financial services. Prior to joining ECP in 2014, he was Managing Director, Global Natural Resources with Macquarie Bank based in Hong Kong. He has also held positions with ABN Amro and Yahoo, as well as KPMG. Andrew has a Bachelor in Accounting and Finance from the University of NSW.

Sam Brynes – Portfolio Manager/Analyst

Sam joined ECP in 2016. Prior to joining the team at ECP, Sam spent 8 years at Bell Potter Securities as a Small Caps Research Analyst, where he covered a range of small and mid cap industrials and cyclicals. Sam is a CFA Charterholder and holds a Bachelor of Commerce (Accounting & Finance).

Damon Callaghan, CFA - Portfolio Manager/Analyst

Damon joined ECP in 2017 having previously held positions at Fidelity International from 2013 to 2017, covering various sectors including Property, Mining, Energy and Utilities. Prior to this he worked in equity research at various Investment Banks including Nomura and J.P. Morgan, covering Small Caps, Telecommunications & Media.

Damon is a CFA Charterholder and completed his Bachelors of Commerce at University of New South Wales with High Distinction.

Jason Pohl – Portfolio Manager/Analyst

Jason joined ECP in 2012 as an Investment Analyst and is responsible for identifying investment opportunities, company specific research and the firm's ESG efforts.

Prior to ECP Asset Management, Jason worked at Ashurst. Jason holds a Bachelor of Commerce majoring in Finance and Accounting and a Bachelor of Laws specialising in Corporate and Commercial Law. Jason is admitted as a Lawyer in the Supreme Court of New South Wales.

Annabelle Miller – Portfolio Manager/Analyst

Prior to joining ECP in 2022, Annabelle previously worked at PM Capital as an investment analyst from 2014 to 2022. During this time, she covered numerous global sectors including consumer staples, consumer discretionary, pharmaceuticals, technology and materials. Prior to this, Annabelle spent two years at Perpetual Investments as a research analyst. Annabelle holds a Bachelor of Commerce majoring in Economics and Finance from the University of Sydney.

Justin Warton – Portfolio Manager/Analyst

Prior to joining ECP in 2021, Justin was an investment analyst at First Sentier Investors from 2015 to 2021 inclusive, most recently as a member of the Emerging Companies team, leading the coverage of Small Cap Technology and Consumer stocks. Prior to this he also held roles covering Global Infrastructure, both in the listed and unlisted space. Justin completed his Bachelors of Commerce (Liberal Studies) at the University of New South Wales, graduating with Distinction.

2.1 Investment Philosophy

Investment Philosophy

ECP Asset Management's investment philosophy is based on the belief that a business's economics drive long-term returns. Their strategy focuses on investing in high-quality, growing businesses that can generate predictable, above-average economic returns. Consequently, the Fund targets top franchises in stable, high Positive Peace countries for superior long-term performance.

ECP believes that quality franchises exhibit the following qualitative characteristics:

1) A clear business model with a growth profile and defensible market position.
2) Managed by a team who have been able to execute on their stated strategic objectives over time; and
3) The business has maintained a strong financial position.

These companies also generally exhibit the following accounting-based measures:

1) They are highly profitable - they exhibit sustained high returns on equity and invested capital.
2) They are growing - they have an ability to consistently grow revenues above system growth; and
3) They are not leveraged - they do not hold large amounts of debt on their balance sheet (low capital intensity).

2.2 Investment Process

The first stage of ECPAM's research process involves creating an initial research agenda called the "butchers' paper" for each company that passes through the quantitative filters. This 1–2-page document outlines the company's operations, the market it operates in, prevailing market trends, and how the company has achieved its results over time. This document is developed through high-level discussions with management and desktop research. It establishes the research agenda for any further analysis on the company.

Research Template

The key focus of the investment report is to identify the extent to which the circumstances that enabled the historical financial results to be achieved are able to be replicated into the future. The report looks at the following factors, and how they combine through our six pillar framework (Industry, Business, Competitive Environment, Financials, Management, Sustainability) to ensure sustainable excess returns over time.

- **Industry Pillar**
  The industry drivers and trends that ECP are looking for are a large market, low number of competitors and clear and easy to identify success factors. These factors help support the growth in the business and allows the company to generate excess returns in the industry.
- **Business Pillar**
  Based on the current market conditions, ECP assesses the strategy set in place by the management of the company. This strategy is compared with the strategy that ECP believes makes sense given the trends in place. In addition to the comparison, ECP analysis the company's business model to determine how they make money, and to see if this business model is supportive of their strategy.
- **Competitiveness Pillar**
  ECP looks to identify whether the business has a favourable competitive position and if it has a sustainable competitive advantage. Considers the customer power, supplier power, the threat of new entrants (barriers to entry and exit) and the relevance of substitute products. The degree to which the company exerts a dominant market position generally results in their ability to extract higher margins for their products.
- **Management Pillar**
  ECP examines the management ability of prospective companies to get an understanding of the role that management has played in generating the historical performance of the company and how likely they will be able to replicate those results in future. In their experience, senior level management has a direct impact on the future financial performance of a company.
- **Financial Pillar**
  The purpose of ECP's financial due diligence is to assess the company's history in both the quality of cash flows and the profitability of the business, as well as critically analysing what future financials will look like. These are crucial to understanding if the forecasts are predictable; and whether or not we believe the business will start to generate or continue to generate sufficient returns on invested capital for the risk employing in the business.

Research Template (continued)

- **Sustainability Pillar**
  To determine a company's long-term sustainability, ECP evaluates three key characteristics. First, ECP assesses the external factors that may impact market predictability over time and the company's ability to manage these risks. ECP seeks businesses with a low risk of issues related to Political, Economic, Social, Technological, Environmental, or Legal (PESTLE) factors that could affect performance predictability. Second, ECP evaluates the company's Environmental, Social, and Governance (ESG) credentials, focusing on current practices rather than future scenarios. Lastly, ECP examines the company's Dynamic Capabilities, which reflect its ability to sustain a competitive advantage by redeploying and reconfiguring resources to meet evolving customer demands and competitor strategies. Only the best businesses possess these dynamic capabilities.

Financial Modelling and Valuation

The final stage of ECP's research process involves financial modelling and valuation. Once a company is identified as a quality franchise, the team builds three-way financial statements to forecast earnings and dividends over the next five years. These projections form the basis for calculating the Internal Rate of Return (IRR). To proceed to the portfolio construction phase, the forecasted IRR must exceed the threshold IRR.

Portfolio Construction

All stocks that pass the detailed investment stage are considered investment grade, except for incubator stocks, which make up no more than 10% of the portfolio. Incubator stocks are companies that may not currently meet all criteria but are expected to do so in the future. These stocks require a higher valuation and therefore have a smaller weighting. The financial modelling phase calculates the IRRs of the underlying securities, which are then mapped to portfolio weights. These weights are adjusted to reflect the underlying risks, including uncertainties around the IRRs and liquidity.

2.3 PORTFOLIO PARAMETERS

ECP Global Growth Managed Portfolio

Feature	Description	
Portfolio Name	ECP Global Growth Managed Portfolio	
Investment Sub-Advisor	ECP Asset Management	
Inception Date	September 2024	
Investment objective	To outperform the MSCI World Index in AUD by 2-4% over a rolling 5-year time frame.	
Availability	The ECP Global Growth Managed Portfolio is available to Wholesale Clients Only.	
Investment Strategy and Approach	The ECP Global Growth Portfolio is designed for investors seeking medium to long term capital growth potential by investing in a diversified portfolio of global stocks comprising listed companies that are listed in a recognised stock exchange. The portfolio will invest in a number of high-quality growth businesses that have the ability to generate predictable, above average economic returns to produce superior investment performance over the long term.	
Benchmark Return	MSCI World Index in AUD	
Minimum number of securities	12	
Maximum number of securities	40	
Asset Allocation	**Allocation range**	**Target**
Australian Equities	0% - 30%	0%
International Equities	70% - 98%	98%
Cash (minimum 2% cash)	2% - 20%	2%
Investment universe	International Equities, Australian Equities and Cash	
Maximum single security or fund weighting	10%	
Minimum suggested timeframe	5 years	
Minimum initial investment $	$400,000	
Minimum additional investment $	$10,000	
Minimum withdrawal	$10,000	
Rebalance frequency	Sub-adviser discretion	
Investment manager fee	0.825%	
Indirect Cost Ratio	Nil	
Performance fee	Nil	

Risk of investing 3

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 you investment objectives or you lose your money on your investment.

Specific risks apply to all investments that may have an effect o the value of your Managed Portfolio. The risks of investing in the Managed Portfolios 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 Managed Portfolio'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-Advisers intention to hedge the foreign currency exposure of the underlying assets arising from investments in overseas markets.

Other risk of investment include:

- Interest rate risk - Changes in interest rates can influence the value of returns of investment in the Managed Portfolio.
- Credit risk - Any change in the market perception of the credit worthiness of a security or the credit rating of the issues of the security may affect the security's value.
- Liquidity risk - The risk that the Managed Portfolio may experience difficulty in realising its assets.
- Time horizon risk - There is no assurance that in any time period, particularly in the short term, a Managed Portfolio will achieve its investment objectives. Many of the underlying assets may be volatile particularly over the short term. The Managed Portfolio is suitable for long term investors and is designed for short term investment.
- Income risk - The level of income generated on the Managed Portfolio'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 Managed Portfolio invests may fall in value, which may have an impact on the value of the Managed Portfolio.
- Diversification/Concentration risk - If your managed Portfolio is concentrated into one investment or sector, a fall in that investment or sector may have a significant adverse effect on your overall Managed Portfolio. The Managed Portfolio 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 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 a Managed Portfolio that differs substantially from an industry benchmark and hence the Managed Portfolio's investment returns may also differ substantially from industry benchmark returns.
- Third party risk - The MDA Provider uses information and services provided by third parties such as sub-custodians and other service providers. Producers 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 managed your managed account. To minimise potential risks, established systems operated by experienced system providers are used. The system providers must have back-up 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.