

Franklin Templeton Global Equity Ex-Australia Managed Portfolio Investment Mandate



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

Investment Sub-Adviser:
Franklin Templeton Australia Limited
(Franklin Templeton)
ABN 76 004 835 849 AFSL 240827

Date Issued: February 2022

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Mason Stevens has appointed Franklin Templeton Australia Limited ABN 76 004 835 849 AFSL 240827 (Franklin Templeton) as Investment Sub-Adviser on the Managed Portfolio(s) outlined in this Investment Mandate.



**FRANKLIN TEMPLETON
INVESTMENTS**

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 Franklin Templeton Australia Limited ABN 76 004 835 849 ASL 240827, 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 Managed Portfolios 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, Franklin Templeton 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 Franklin Templeton has control over that data and nor do they accept any responsibility for verifying or updating that data.

Mason Stevens, Franklin Templeton 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.

Franklin Templeton consent to statements in this document attributable to them or referring to them, and have not withdrawn their consent. Franklin Templeton 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 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.



1.1 About Franklin Templeton

Franklin Templeton Australia Limited (Franklin Templeton) is a wholly owned subsidiary of Franklin Resources, Inc. (operating worldwide as Franklin Templeton Investments) which is one of the largest publicly-traded investment management companies in the world, with offices in over 30 countries and over 9,000 staff globally. The company is listed on the New York Stock Exchange under the ticker BEN, and is a constituent of the S&P 500 Index.

Since 1947, Franklin Templeton has been dedicated to delivering exceptional asset management for institutional, retail, and high-net-worth clients, bringing together multiple world-class investment teams in a single firm, supported by the strength and resources of one of the world's largest asset managers.

1.2 Investment team

Franklin Templeton's approach to investment for this Managed Portfolio is based on fundamental bottom up stock analysis to identify and select quality growth companies with sustainable business models and proven management teams that are focused on the creation of shareholder value.

The founding members of the investment team have been managing equity portfolios together for over 15 years, with almost 70 years combined experience between them.

For this Managed Portfolio, the role of the Investment Sub-Adviser is limited to making recommendations to Mason Stevens. The Investment Sub-Adviser is not responsible for determining the appropriateness or suitability of the portfolio for any investor.

The following members of the Franklin Templeton investment team are responsible for management of the Managed Portfolio:

COLEEN F. BARBEAU **Senior Vice President, Director of Global Growth Portfolio Management** **Franklin Equity Group**

Coleen is a senior Vice President and the director of Global Growth Portfolio Management for the Franklin Equity Group. She is responsible for leading global equity strategies and managing global and non-U.S. institutional equity portfolios. Coleen also assists in the management of select non-U.S. and global equity funds.

Prior to joining Fiduciary Trust (acquired by Franklin Templeton in 2001) in 1983, she was with Shearson/American Express. She entered the financial services industry in 1981.

Coleen holds a B.A. from Montclair State University.

DONALD G. HUBER, CFA **Senior Vice President, Portfolio Manager,** **Franklin Equity Group**

Donald G. Huber is a senior Vice President and Portfolio Manager responsible for managing institutional and retail global large-cap equity portfolios. Donald also serves as the investment team's dedicated ESG Coordinator, a role focused on ensuring effective integration of ESG into the team's fundamental, bottom-up analysis to provide a more comprehensive view of the potential risks and rewards of an investment.

Prior to joining Franklin Templeton in 2002, Donald was with JPMorgan Chase and predecessor organisations, where he focused on portfolio management, strategic planning and relationship management in private and corporate banking. He entered the financial services industry in 1981.

Donald holds a B.B.A. from the University of Michigan. He is a member of the New York Society of Security Analysts and a Chartered Financial Analyst (CFA) charter holder.

Coleen and Donald work closely with the other portfolio managers in the Franklin Equity Group and are supported by a further 11 investment professionals with an average 22 years investment experience each.



2.1 Managed Portfolio Objective

The investment objective of the Franklin Concentrated Global Equity ex-Australia Managed Portfolio (the Managed Portfolio) is to outperform the MSCI World ex Australia Index (Net Dividends), in Australian dollar terms after fees and expenses (but before taxes), over the medium to longer term.

2.2 Investment Strategy

The Franklin Concentrated Equity ex-Australia Managed Portfolio will comprise of a portfolio of international equities. The strategy's investment philosophy is a disciplined investment process which aims to build a concentrated yet diversified portfolio that seeks to generate a strong risk adjusted return. The strategy adopts a stock selection process focused on fundamental company research and analysis, in addition to a consistent valuation approach. This approach aims to identify quality growth companies with sustainable business models, attractive levels of free cash flow and proven management with a strong track record that is focused on the creation of shareholder value.

2.3 Portfolio Parameters

Feature	Description
Name	Franklin Concentrated Global Equity ex-Australia Managed Portfolio
Investment Sub-Adviser	Franklin Templeton
Investment universe	Listed global equities and cash
Benchmark	MSCI [®] World ex-Australia Index (net) (\$A)
Investment objective	Aims to deliver a return over the MSCI World ex-Australia Index (net)
Management fee	0.66% p.a
Indirect cost ratio (ICR)	Nil
Minimum number of investments	15
Maximum number of investments	25
Asset Allocation	Allocation range % Target weight %
International Equities	90 to 100 98
Cash	1.5 to 10 2
Minimum cash weighting	1.5%
Maximum equity weighting	100%
Maximum individual security weighting	8% (at purchase)
Rebalancing	Investment Sub-Adviser discretion
Minimum initial investment	\$50,000
Minimum additional investment	\$50,000
Minimum withdrawal	\$50,000
Suggested investment timeframe	5 years



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 Managed Account. The risks of investing in the Managed Portfolio 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-Adviser's intention to hedge the foreign currency exposure of the Managed Portfolio arising from investments in overseas markets.

Other risks of investment include:

- » **Interest rate risk** – Changes in interest rates can influence the value and returns of investment in the Managed Portfolio.
- » **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 their 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 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 not 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 total Managed Portfolio. 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 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 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 in the Managed Portfolio 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 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. 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 Managed Portfolio 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 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.

