

# Loftus Peak Managed Portfolio Investment Mandate



Investment Mandate issuer:  
Mason Stevens Limited  
ABN 91 607 515 122 AFSL 482234

Investment Sub-Adviser:  
Loftus Peak Pty Limited  
ACN 167 859 332, AFSL 503571  
(Loftus Peak)

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Mason Stevens has appointed Loftus Peak Pty Limited ACN 167 859 332, AFSL 503571 (Loftus Peak), as Investment Sub-Adviser on the portfolio 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 Loftus Peak Pty Limited (Loftus Peak) ACN 167 859 332 AFSL 503571 as Investment Sub-Adviser on the portfolios outlined in this Investment Mandate.

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, Loftus Peak 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, Loftus Peak has control over that data and nor do they accept any responsibility for verifying or updating that data. Mason Stevens, Loftus Peak 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 Portfolio.

Loftus Peak consent to statements in this document attributable to them or referring to them, and have not withdrawn their consent. Loftus Peak 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 of 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](http://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](http://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.

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## 1.1 About Loftus Peak

Founded in 2014, Loftus Peak is a global fund manager with a focus on investment in listed disruptive businesses. Loftus Peak will invest in some of the best and fastest-growing companies in the world – companies that they believe are driving change across industries globally, constructed on the basis of strict criteria at carefully determined valuations. The investment team seeks to invest where they believe the world will be in years to come and so has a long investment timeframe. Holdings may include large capitalisation names like Apple, Google (Alphabet) and Alibaba, as well as many others that Loftus Peak expects to be household names in the future. This approach to investment across a wide range of industries globally lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

### Investment team

The following members of the Loftus Peak investment team are responsible for management of the Managed Portfolio:

**ALEX POLLAK**  
**Chief Investment Officer and Executive Director,**  
**Loftus Peak**

Alex is a former executive director of Macquarie Group, specialising in analysis of media and technology companies. For over 20 years, he has been a significant contributor to the debate within financial markets about the shifting valuations in this area, in particular identifying the shift in the business model from media to online classified advertising.

He was the lead analyst for Seek and Carsales.com, both of which were floated by Macquarie Group.

He is a former finance journalist for the Sydney Morning Herald.

**ANSHU SHARMA**  
**Portfolio Manager, Loftus Peak**

Anshu started his career in global disruption investing more than a decade ago at TechInvest. This was followed by a Portfolio Manager and a Technology, Media and Telecommunications Analyst responsibility for the Asia region at Eight Investment Partners.

Being mentored by the best in this space early on in his career and having extensively travelled in Asia to meet hundreds of companies, Anshu brings a wealth of experience to investing globally.

He has a M.Com from University of New South Wales and a B.Com (Hons) from Delhi University. Also, he holds a CIPM® certificate and Chartered Financial Analyst® designation.

**RICK STEELE**  
**Chief Executive Officer, and Executive Director,**  
**Loftus Peak**

Rick has more than 35 years in funds management and government in roles as economist, investment manager and management.

Most recently, Rick has served as Chief Executive Officer at Eight Investment Partners and TechInvest, following more than 10 years at BT Funds Management.



## 2.1 The Managed Portfolio

The following pages contain descriptions for the Managed Portfolio that is available through this Investment Mandate.

Your financial adviser may also tailor a Portfolio for you using this Managed Portfolio. Each Managed Portfolio is managed in accordance with an agreement between the Investment Sub-Adviser and the MDA Provider.

With advice from your financial adviser you may choose to invest in the following Managed Portfolio:

- » Loftus Peak Global Change Managed Portfolio.

## 2.2 Managed Portfolio objective

The objective of the Managed Portfolio aims to deliver a return over the MSCI All Country World Index (net) (\$A), over the medium to long term by bringing a disciplined investment process to listed global companies impacted by change.

Business disruption is changing the world, with the leap now analogous to that which took place during the industrial revolution. Over the past 20 years, technology and innovation have changed the face of major sharemarkets globally. The Managed Portfolio will attempt to harvest return from this thematic.

Given the nature of global equities and multi-currency exposures, investors should note that they face currency risks as highlighted in the risks section of this agreement.

If the investor wishes to actively manage the currency exposure, they should contact Mason Stevens to assist in the formulation of a specific tailored solution.



## 2.4 LOFTUS PEAK GLOBAL CHANGE MANAGED PORTFOLIO

### Investment Strategy and Process

The Managed Portfolio offers investors the opportunity to potentially profit from the rapid, exponential growth in innovation.

The Managed Portfolio follows a strategy that will result typically in 10 to 35 investments. It will also be able to move to around 20% cash from time to time, when the sharemarket is judged to be overvalued, and to invest in exchange traded funds to manage portfolio risk.

The central philosophy of the portfolio is to generate return while managing risks. It will do this by investing the majority of the portfolio in names that Loftus Peak (Investment Sub-Adviser) believes have profitability or clear paths to it.

The balance of the portfolio, when fully invested, will be given over to the emerging leaders which are the new growth companies.

The Managed Portfolio does not invest in start-ups.

Feature	Description
Investment Sub-Adviser	Loftus Peak
Investment universe	Listed global equities, exchange traded funds and cash
Benchmark	MSCI All Country World Index (net) (\$A)
Investment objective	Aims to deliver a return over the MSCI All Country World Index (net) (\$A)
Minimum number of investments	10
Maximum number of investments	35
Minimum cash weighting	2%
Maximum equity weighting	98%
Maximum individual security weighting	20% (at purchase)
Rebalancing	Investment Sub-Adviser discretion
Minimum initial investment	\$150,000
Minimum additional investment	\$25,000
Minimum withdrawal	\$25,000*
Suggested investment timeframe	5 years
Management fee	1.00% p.a.
Indirect Cost Ratio (ICR)	Nil
Performance fee	15% The percentage Performance Fee is payable on the amount of outperformance of the Benchmark and is subject to a high-water mark. This fee is calculated half yearly and charged to your Managed Account. Refer to the Additional explanation of fees and costs section in the Mason Stevens Global Investment Services Guide for further information.



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 risk 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 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.

