

Mason Stevens Global Technology Managed Portfolio Investment Mandate



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

Investment Sub-Adviser:
Mason Stevens Asset Management
Pty Limited
ABN 92 141 447 654

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Mason Stevens has appointed Mason Stevens Asset Management Pty Limited (**MSAM**) as Investment Sub-Adviser 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**) as the Managed Discretionary Account (MDA) Provider of the MDA Service. Mason Stevens has appointed Mason Stevens Asset Management Pty Limited (**MSAM**), ABN 92 141 447 654, as Investment Sub-Adviser on the Managed Portfolio outlined in this document. MSAM is a Corporate Authorised Representative (CAR 461312) of Mason Stevens.

In this document, **MDA** refers to a Managed Account provided by Mason Stevens which follows the investment strategy and parameters of the 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 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 and MSAM 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, neither Mason Stevens nor MSAM has control over that data and nor do they accept any responsibility for verifying or updating that data. Mason Stevens, MSAM 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.

MSAM consent to statements in this document attributable to them or referring to them, and have not withdrawn their consent.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

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The Mason Stevens Managed Account Service

1.1 Introduction

ABOUT MASON STEVENS

Mason Stevens Limited is part of the Mason Stevens group of companies (**Mason Stevens Group**). The Mason Stevens Group is a privately owned financial services firm based in Sydney, founded in 2010. The Mason Stevens Group specialises in offering separately managed accounts supported by a comprehensive investment and administration platform, as well as bespoke investment solutions to both retail and wholesale investors.

Managed Discretionary Account (MDA)

A Managed Discretionary Account allows you to invest following a professionally managed portfolios (**Managed Portfolios**) that consists of a portfolio of assets that follow a defined investment strategy. You as the investor will delegate the day-to-day investment decisions for the Managed Portfolios to Mason Stevens, who may be advised by or appoint an Investment Sub-Adviser. You retain beneficial ownership of all assets within the MDA.

A Managed Portfolio may invest in the following types of assets:

- » Australian and international equities
- » Fixed income securities
- » Exchange traded funds
- » Managed funds
- » Listed property
- » Cash

Unlike investing in managed funds, investors in MDAs retain the beneficial ownership of the underlying assets. This ultimately means that you will be entitled to any income generated from assets held in the MDA but will also be liable for any tax consequences.

In addition, there are differences between investing in an MDA and an investor holding the asset directly. The table below outlines the primary differences between the two.

	MDA Service	Direct Investment
Beneficial owner	You retain beneficial ownership of all investments. You are entitled to all dividends, franking credits and distributions. The underlying investments are registered in the name of the Sub-Custodian appointed by the MDA Provider or its delegate.	You retain beneficial ownership of all investments. You are entitled to all dividends, franking credits and distributions. The investments are usually registered in your name via CHESS or other market settlement system.
Corporate actions	Since the investments are registered in the Custodian's name any notices for corporate actions are sent to the Custodian. Upon set up of your MDA Service you will be required to provide standing instructions for future corporate actions which the Custodian will implement going forward.	You receive all shareholder notifications on corporate actions directly. You are responsible for communicating with the share registry directly to provide instructions on each actionable corporate action.
Administration	The Custodian structure removes the hassle of paperwork. All contract notes, holding statements, dividend statements can be handled by the Custodian and reported directly to your online account. At the end of the financial year the investor is provided with an annual report which provides information to assist them with their tax return.	All investor communication is sent directly to you. You will need to administer all your individual investments.

Benefits of the Service

The Mason Stevens Managed Account Service (Service) allows you to consolidate other investments which you may hold and benefit from consolidated management, execution and reporting. Investors are able to view their holdings in their MDA, any transactions and investment performance on a daily basis.

If you are a retail client you can only access the Service through a licensed financial adviser and you must be provided with personal advice. Personal advice will determine whether the Managed Portfolio offered and the

Service are suitable for you. Your financial adviser will issue you with a Statement of Advice (**SOA**).

Suitability of this Service

Please note that the Mason Stevens Managed Account Service may not be suitable to your relevant circumstances if you have provided limited or inaccurate personal information to your financial adviser. Furthermore, the Service may cease to be suitable should your relevant circumstances change. You should speak with your financial adviser should your circumstances change at any stage.



1.2 Parties to the Mandate

The Investment Mandate is between Mason Stevens and the investor (**you**) for your investment in your selected Managed Portfolios.

Investment Sub-Adviser

Mason Stevens has appointed Mason Stevens Asset Management (**MSAM**) as the Investment Sub-Adviser of the Mason Stevens Global Technology Managed Portfolio (**Managed Portfolio**).

MSAM will manage the Managed Portfolio and is advised by Tekne Capital Management LLC (**Tekne Capital Management**). MSAM's responsibilities include:

- » advising the MDA Provider on and managing the Managed Portfolio(s) in accordance with the defined portfolio parameters
- » advising the MDA Provider on the composition of the investment universe for the Managed Portfolios and advising of any changes in accordance with the defined portfolio parameters, and
- » advising the MDA Provider on corporate actions arising from any direct investments held across the Managed Portfolio(s).

MDA Provider

Mason Stevens is the MDA Provider and administrator of the Service.

Mason Stevens' responsibilities include:

- » establishing your Managed Account
- » maintaining records of investments in your Managed Portfolios and providing you with up-to-date online reporting
- » implementing transactions in accordance with your instructions or delegated authority
- » changes to the Managed Portfolios as advised by the Investment Sub-Adviser
- » implementing corporate actions in response to Investment Sub-Adviser advice
- » arranging the settlement of investments in your MDA
- » recording income on investments held in your MDA and crediting the cash account, and
- » supervising compliance of the Investment Sub-Adviser's portfolio parameters within the Managed Portfolios.

Custodian

Mason Stevens is licensed by the Australian Securities and Investments Commission (**ASIC**) to provide custodial and depositary services to clients.

Mason Stevens has appointed a licensed sub-custodian to hold client monies and financial products. Our primary sub-custodian is:

National Australia Bank
Level 12
500 Bourke Street
Melbourne VIC 3000

National Australia Bank has engaged Citibank N.A. as its global sub-custodian. From time to time Mason Stevens may change the appointed sub-custodian.



2.1 About 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 further information on the MSAM investment management team, please refer to masonstevens.com.au.

2.2 Adviser to the Investment Team

ABOUT TEKNE CAPITAL MANAGEMENT

Tekne Capital Management is an investment partnership with a focus on securities and geographies where it has an investment experience and track record. The team's industry knowledge and investing pedigree enable them to assess opportunities where they believe there is a gap between market expectations and market outcome.

BEENEET KOTHARI

Managing Partner, Tekne Capital Management

Prior to founding Tekne Capital Management, Mr. Kothari was a Managing Director and Portfolio Manager at PointState Capital, a multi-billion dollar global macro investment firm. Before joining PointState at launch in January 2011, Mr. Kothari was a Managing Director and Portfolio Manager at Duquesne Capital Management, a thirty-year old investment firm founded by Stanley F. Druckenmiller. At Duquesne, Mr. Kothari managed a global technology, media and telecom portfolio and helped manage the fund's overall technology exposure. He joined Duquesne as an analyst in September 2005 and became Managing Director four years later in 2009. Prior to joining Duquesne, Mr. Kothari worked at Morgan Stanley as an investment banking analyst after graduating from the University of Pennsylvania in 2004. He graduated from the University of Pennsylvania's joint-degree program in Management and Technology with dual degrees from Wharton and Engineering, and also earned a Master's in Biotechnology, in four years. He graduated with honors including the prestigious Dean's Award for excellence from Wharton, awarded to the top student in each graduating class. Mr. Kothari lives in New York City.

INVESTMENT COMMITTEE

Mason Stevens has established an Investment Committee that operates under delegated authority of the Board of Mason Stevens Limited. The Investment Committee focuses on research, overall asset allocation, and relative value analysis and from time to time may prepare investment policy advice, using their skills and experience to cover all asset classes.

The Investment Team for the Managed Portfolio report to the Investment Committee on a periodic basis.



3.1 Managed Portfolio Objective

The principal objective of the Mason Stevens Global Technology Managed Portfolio (Managed Portfolio) is to be a globally oriented, concentrated portfolio with a focus on liquid, listed securities that aim to achieve positive returns over a long-term investment time horizon.

The target return of the portfolio is to achieve a return that exceeds the NASDAQ Composite Total Return Index after fees in AUD, with a suggested investment time frame of five plus years. It is a Managed Portfolio consisting of listed securities and cash.

3.2 Investment Strategy

The Managed Portfolio seeks to invest in a portfolio of listed securities with a core focus on capturing alpha arising globally in and around technology, media, telecommunications and related sectors, unless stated otherwise. Account monies are invested as per the securities and weighting parameters as described for the Managed Portfolio, with the Managed Portfolio reflecting the current investment views and strategies of the Tekne Capital Management investment team.

The investment process involves actively monitoring, managing and repositioning a portfolio of securities that meets the investment objectives over the suggested investment time frame. The Investment Team will focus on securities, sectors and geographies where Tekne Capital Management has investment experience and track record. The team recognises that a robust and ongoing due diligence is the best risk management tool and also implements a rigorous analytical framework to target securities at significant discounts to their assessment of intrinsic values with visible catalysts for re-rating in the future.

3.3 Rebalancing and Asset Weightings

The MDA Provider and the Investment Sub-Adviser will periodically review the assets held for your selected Managed Portfolios to ensure that weightings are consistent with the underlying Managed Portfolio's investment strategy as advised by the Investment Sub-Adviser. If the actual holdings in your portfolios do not align with the reference target set, your portfolios are rebalanced as closely as possible. A rebalance may not occur every time your portfolios are reviewed and remains at the MDA Provider's discretion based on the Investment Sub-Adviser's advice.

Following a rebalance, the assets held in your MDA may be different from the target sets of your chosen portfolios. If a rebalance or an investment instruction relevant to your portfolios requires a trade of less than the minimum trade size at market or less than an odd lot (in certain international markets), then this trade generally does not occur. There are no transaction costs charged on this portfolio.¹

You should also be aware that each Managed Portfolio has a minimum investment amount which is set taking into consideration the investment strategy and the number and type of assets held in the Managed Portfolio. In some cases, investing the minimum investment amount may not be sufficient for you to acquire every asset in the Managed Portfolio. If you have close to the minimum amount allocated to a Managed Portfolio, this may result in holdings in an asset that would be less than the minimum market trade size, and therefore it may not be executed. All of the above may increase the differences between the investment performance of your portfolios and that of your chosen underlying strategies.

1. Transacting in international securities (including foreign exchange) will incur an additional cost for foreign currency conversion. Please refer to the Foreign exchange services in the Global Investment Service Guide for further information.



3.4 Portfolio Parameters

Feature	Description
Name	Mason Stevens Global Technology Managed Portfolio
Investment Sub-Adviser	Mason Stevens Asset Management
Investment universe	Listed securities and cash
Benchmark	NASDAQ Composite Total Return Index (in AUD)
Management Fee	1.10% p.a. Accrued daily and charged monthly to clients in AUD, based on the daily AUD equivalent of the client's balance.
Performance Fee¹	12.80% p.a. The percentage Performance Fee is payable on the amount of outperformance of the benchmark and is subject to a high-water mark. ² Any underperformance of the benchmark is carried forward to future performance fee calculation periods and must be made up before a performance fee is payable again. Where underperformance of the benchmark is carried forward to a future performance fee calculation period, the amount of underperformance carried forward will be added onto the benchmark return of that future performance fee calculation period, and this will form the high-water mark for the portfolio. This fee is calculated half yearly and charged to your MDA. Refer to the <i>Additional explanation of fees, charges, and costs</i> section in the Mason Stevens Global Investment Services Guide for further information.
Maximum number of investments³	Investment Sub-Adviser discretion, however, the Managed Portfolio is unlikely to exceed 25 securities.
Minimum cash weighting	2.0%
Maximum cash weighting	25%
Maximum individual security weighting	25%
Currency	AUD
Rebalancing	Investment Sub-Adviser discretion
Minimum initial investment	\$20,000
Minimum additional investment	\$10,000
Minimum withdrawal	\$10,000 ⁴
Suggested investment timeframe	Five plus years

1. At the time of this mandate, the Managed Portfolio is new with no performance history, therefore an estimate performance fee cannot be provided. In future periods if the portfolio outperforms the benchmark a performance fee will be incurred according to the calculation methodology. Outperformance is calculated as: actual MDA balance at the end of the performance period in AUD less the notional MDA balance at the end of the performance period in AUD had the MDA balance and capital cash flows generated the benchmark returns (in AUD). The actual MDA balance is net of all fees, including the Management Fees but before the Performance Fee itself.

2. Any underperformance to the benchmark from previous performance periods since inception have to be made up before any performance fee is payable.

3. The Investment Sub-Adviser, at its discretion, may from time to time advise to shift the 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 any requirement to hold a minimum number of investments in the portfolio.

Please note these parameters 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 MDA 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 markets, the Investment Sub-Adviser will advise on bringing any breaches back within these defined parameters, on a best endeavours basis.

4. Subject to maintaining a minimum account balance of \$20,000. Please refer to the *Managing your MDA* section in the 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 MDA. The risks of investing by following the strategy and parameters of 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-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 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 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 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 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 following 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 your MDA which follows that Managed Portfolio 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.

