

Mason Stevens Wholesale Global Opportunities 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 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 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 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 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, 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. 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. Valor Asset Management and Valor Financial Group 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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1.1 About Mason Stevens Asset Management

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

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.

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

Members by invitation

Mason Stevens Asset Management may periodically invite qualified experts in various fields to have input into the committee or to be a temporary member of the Investment Committee on an invitational basis. These members may include:

- » Asset class specialists;
- » Technical market analysts; and
- » Independent research providers.



2.1 The Managed Portfolio

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

The Managed Portfolio is managed in accordance with an agreement between the Investment Sub-Adviser and the MDA Provider. The following Managed Portfolio is available to wholesale clients only, as defined by the Corporations Act:

- » Mason Stevens Wholesale Global Opportunities Managed Portfolio

The investment parameters for the portfolios are detailed in this document.

The parameters set out for the Managed Portfolio are not absolutely fixed at all times. The Investment Sub-Adviser targets these parameters, but variations may develop from time to time due to events including corporate actions, market share price movements, 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 Portfolio may also lead to short-term differences in the balances of cash and securities.

It is at the sole discretion of the MDA Provider to accept investments and redemptions below the minimum investment amount, and there is no guarantee that the portfolio objective of the Managed Portfolio will be achieved. The Managed Portfolio may invest in a range of listed equities and fixed income securities. An estimated range for the indirect cost ratio (ICR) has been provided to allow for variances in potential future portfolio allocations. The ICRs may be updated from time to time via a notice on the Mason Stevens website, under Continuous Disclosure Updates and Information.

2.2 Investment philosophy

The focus of the portfolio is to identify and capitalise on short term opportunities in the market. MSAM will achieve this through participation in market events such as Initial Public Offerings (IPO), placements and capital raisings. This may extend to bond issuances from time to time.

The portfolio is intended to operate where investors pool together cash in wait of an investment opportunity. By doing so, this provides the Investment Sub-Advisor with the ability to readily take advantage of investment opportunities the moment they arise, without needing time to raise capital. This is especially important when investing in market events such as IPOs, placements and capital raisings, as the turnaround to take up these market events can be as little as 2 to 48 hours. As such, the ability to place a bid on these investment opportunities as they arise can typically be the deciding factor behind successfully taking up an investment opportunity.

The intention of the portfolio is not to pool together funds and invest in one large investment opportunity. The portfolio will aim to take up multiple investment opportunities arising

from market events, whenever the portfolio manager identifies an appropriate investment opportunity, and will not result in the return of capital once an investment opportunity is realised.

2.3 Investment process

The Investment Sub-Adviser will take up investment opportunities within the equity and fixed Income space. The investment opportunities will include IPOs, placements and capital raisings.

The security selection process will be driven primarily by fundamental bottom up analysis. The process for security selection will differ slightly depending on the investment opportunity.

The process for selecting which IPO to participate in will include, but is not limited to, the following factors;

- » Indicative market capitalisation
- » Valuation based on forward/current earnings
- » Quality of the underlying business including;
 - » Market sector growth
 - » Management team capability
 - » Existing capital reserves
 - » Proposed use of capital from the IPO
 - » Geographic exposure of underlying operations
 - » Sources of revenue
- » Geography/exchange of the IPO and ability to access it
- » Market sentiment and demand for the IPO

The process for selecting which placements and capital raisings to participate in is an extension of the process for selecting IPOs. However, given the availability of additional market information, the selection process for placements and capital raisings will also include, but is not limited to, the following factors;

- » Performance leading in to capital raising/placement
- » Where available, short term performance immediately after previous capital raising/placement (1 day / 7 day performance)
- » Discount to last traded price
- » Purpose of capital raising

If the Investment Sub-Adviser chooses to take up bond issuances, participation will be driven by, but not limited to, the following factors;

- » Quality of the issuer's underlying business, including;
 - » Balance sheet health
 - » Management capability
 - » Sector outlook
 - » Intrinsic value of business
- » Investment grade or above credit rating
- » Liquidity of secondary market following primary issuance

2.3 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.



2.4 Portfolio Parameters

Mason Stevens Wholesale Global Opportunities Managed Portfolio

Feature	Description
Portfolio Name	Mason Stevens Wholesale Global Opportunities Managed Portfolio
Investment Sub-Advisor	Mason Stevens Asset Management
Availability	This Managed Portfolio is open to wholesale clients only, as defined by the Corporations Act. Investors must provide an accountant's certificate confirming their status as a wholesale client.
Inception Date	April 2021
Investment objective	Deliver strong investment returns and provide efficient access to IPOs, capital raisings and placements.
Investment Strategy and Approach	Fundamental bottom up approach in selecting ideal investment opportunities. MSAM will look to achieve the target return by capitalising on short term mis-pricings and volatility which typically occur when a key market event such as IPOs, capital raising and placements occur.
Benchmark Return	10% p.a.
Target Return	10% p.a.
Minimum number of securities	1
Maximum number of securities	25
Asset Allocation	Allocation range
Australian Equities	0% - 98%
International Equities	0% - 98%
Australian Fixed Income	0% - 98%
International Fixed Income	0% - 98%
Alternatives	0% - 98%
Property	0% - 98%
Infrastructure	0% - 98%
Cash (minimum 2% cash)	2% - 100%
Investment universe	Australian listed securities, international listed securities, pre-IPO securities, fixed income securities, cash
Maximum single security or fund weighting	98%
Minimum suggested timeframe	3 years
Minimum initial investment	\$25,000
Minimum additional investment	\$10,000
Minimum withdrawal¹	\$10,000
Rebalance frequency	Investment Sub-Advisor discretion
Investment manager fee	0.50%

¹ The ability to withdraw funds from the portfolio may be impacted during periods between when a bid for an IPO, capital raising, placement or other similar market event, has been made and prior to when the stock can be traded on the market. Under these circumstances, the Investment Sub-Advisor will attempt to fulfil withdrawal requests on a best endeavours basis.



Feature	Description
Indirect Cost Ratio	Nil
Performance fee ²	<p>20%</p> <p>The percentage Performance Fee is payable on the amount of outperformance of the benchmark and is subject to a high-water mark³. 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 Additional explanation of fees, charges, and costs section in the Mason Stevens Global Investment Services Guide for further information.</p>

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



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 Portfolio. 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 any international assets held by the Managed Portfolio 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.
- » Custody and margining risk – Mason Stevens is custodian for derivatives held for all of its clients, including for accounts which do not include the Managed Portfolio. While Mason Stevens allocates derivatives to its clients in its records, as with other investment, the derivatives may be aggregated in the accounts of sub-custodians and clearing participants of exchanges. This can lead to derivative assets which are beneficially held for a client being available to meet the margin or other exchange obligations arising due to other derivatives held for Mason Stevens in the same account. This can expose a client's assets to being lost, due to meeting those other obligations (i.e., without any default by the client).

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.

