

Watershed Funds Management Managed Account Service Investment Mandate



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

Investment Sub-Adviser:
Watershed Funds Management Pty Ltd
ABN 11 166 324 858

Date Issued: March 2023

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Mason Stevens has appointed Watershed Funds Management Pty Ltd ABN 11 166 324 858 as Investment Sub-Adviser on the Investment Options 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 Watershed Funds Management Pty Ltd (Watershed) ABN 11 166 324 858 AFSL 436357, 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 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, Watershed 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 Watershed has control over that data and nor do they accept any responsibility for verifying or updating that data. Mason Stevens, Watershed 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.

Watershed consent to statements in this document attributable to them or referring to them, and have not withdrawn their consent.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

Contact Details

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1.1 Watershed Funds Management

Watershed Funds Management is an Australian investment manager that delivers client-focused investment solutions to; institutions, intermediaries, financial planners and high net worth investors. The firm was founded in 2009 and has a track record of 10 years plus in managing SMAs.

Watershed is responsible for advising the MDA Provider on the management and performance of the Investment Options available for investment through the Investment Mandate.

The Investment Committee's purpose is to:

- » assess the performance and forecasts of domestic and global investment markets;
- » assess political, economic and demographic influences on domestic and global investment markets;
- » provide guidance on selected investments, asset classes and/or investment managers within the Investment Options; and
- » provide guidance on perceived investment risks and actions seeking to address these investment risks. The establishment and management of the Investment Options are supervised by an experienced Investment Committee comprising the following members:

Adrian Rowley – Head of Equity Strategy

Adrian is a Portfolio Manager and Equity Strategist within the Watershed Funds Management Investment Team. Adrian is a specialist in the delivery of Managed Account Solutions with over 15 years' experience managing funds across multiple platforms, structures and asset classes. Adrian is the Portfolio Manager for the Watershed Australian Share SMA and Income SMA and a member of the Asset Allocation, International Share and Emerging Leaders Investment team.

Ben Bowen – Portfolio Manager

Ben is a Portfolio Manager within our Investment Team with a particular focus on the ASX Mid-Cap Sector. Ben graduated from Harvard University in 1996 with a major in economics. He was then one of four graduate students chosen nationwide to participate in the JB Were Graduate Program which involved a three month rotation through all departments of the investment house. After eighteen months he became an Investment Adviser on the Wholesale Dealing Desk, a role he performed for the next three years, before spending two years in London working as a Derivatives Analyst for Northern Trust. Upon his return to Melbourne Ben worked for a boutique private bank where he was a member of the Investment Committee which dictated the investment policy, the desired asset allocation and the model portfolios used across the \$1BN client base before he joined the team at Watershed in 2011.

Fred Strauss – Portfolio Manager

Fred's role in the Investment Team is to provide investment analysis and research support. He has a strong interest particularly in the US market economy and provides valuable insight into international markets.

Fred has a wide range of experience of more than 25 years in the areas of finance and investment. He has worked alongside Chief Financial Officers and in senior financial roles at large listed and unlisted companies in a range of industries including financial services. He also worked as Group Treasurer for a large listed multi-national paper manufacturer and spent four years working in Investment Banking specializing in the area of Structured Finance. During the past five years his focus has been on portfolio management and investment analysis and research.

Fred is qualified as a Chartered Accountant (CA) and as a Chartered Financial Analyst (CFA). He is a member of the Institute of Chartered Accountants Australia, the CFA Institute (Charlottesville, USA) and the CFA Society of Melbourne.

Hamish Kelso – Associate Portfolio Manager

Hamish is an Associate Portfolio Manager providing support to the Investment Team in trading and execution. Hamish graduated from RMIT university with distinction having completed a Bachelor of Business, majoring in Economics and Finance. He has been with the firm since 2013 transitioning from administration, to a role in the investment management team. His role includes supporting senior portfolio managers, tactical asset allocation changes, implementing investment decisions and ensuring that portfolio strategy is applied correctly.

Graeme Miller – Equity Analyst

Graeme has vast experience in investment research and business analysis and is a CFA Charterholder. His most recent experience has been with Deloitte as a Senior Consultant in their investment wealth and advisory practice. Prior to Deloitte, Graeme was the Head of Research at the Centre for Institutional Investors and earlier held various analytical roles at Mutual Trust, Greencapital and Zenith Investment Partners.

Adam Rowley – Compliance Officer

Adam's role within the Investment Team is to ensure our Compliance regime is maintained and evolves with a changing financial services landscape. Adam is responsible for overseeing the decisions made by the Investment Team with the ultimate goal of protecting capital for our clients when establishing and delivering investment strategies to them. Adam was previously the Chief Operating and Compliance Officer (COO) for a boutique Melbourne advisory firm that operated under their own Australian Financial Services License (AFSL).

1.3 Investment Process

Investment philosophy

The Strategic Asset Allocation for each mandate has been determined by using historical data for each asset class and modelling to determine the optimal risk/reward profile for each underlying risk mandate. Watershed are also been mindful of industry standards for the classification of that multi-asset class and the expectations of the end investor.

Watershed's Tactical Asset Allocation is determined by constantly revisiting prevailing asset allocation and the investment merits of each underlying asset class and making adjustments accordingly where they believe they can exploit any pricing inefficiencies, mindful to always optimise the risk/return characteristics of the overall portfolio.

Watershed will actively move between underlying SMA exposures in keeping with its top-down and bottom-up appraisals of existing markets and asset classes looking for the optimal balance. For instance, there has been greater weightings apportioned to international in the past according to Watershed's view that international markets offered better value and our currency was apt to recede.

Watershed's investment approach combines elements of fundamental and quantitative analysis, top-down and bottom-up views. They don't believe that a single investment style has a permanent edge in delivering superior returns across all asset classes, time horizons and market conditions. Rather, Watershed's methodology forces them to think about which asset allocation is more likely to be effective under various scenarios.

Portfolio construction

The Strategic Asset Allocation for each portfolio has been determined by using historical data for each asset class and modelling to determine the optimal risk/reward profile for each underlying portfolio. Watershed have also been mindful of industry standards for the classification of that multi-asset class and the expectations of the end investor.

Watershed also apply a tactical overlay which is determined by constantly revisiting their prevailing asset allocation and the investment merits of each underlying asset class and making adjustments accordingly where they believe they can exploit any pricing inefficiencies, mindful to always optimise the risk/return characteristics of the overall portfolio.

Watershed's investment approach combines elements of fundamental and quantitative analysis, top-down and bottom-up views. Watershed do not believe that a single investment style has a permanent edge in delivering superior returns across all asset classes, time horizons and market conditions. Rather, Watershed's methodology forces them to think about which asset allocation is more likely to be effective under various scenarios.



1.4 Portfolio Parameters

WATERSHED CONSERVATIVE INVESTMENT OPTION

Feature	Description
Portfolio Name	Watershed Conservative Investment Option
Investment Sub-Advisor	Watershed Funds Management
Inception Date	August 2022
Investment objective	The portfolio aims to outperform the Morningstar Australia Conservative Target Allocation NR AUD Index Benchmark, over five years, after fees.
Investment Strategy and Approach	The portfolio is an actively managed, diversified portfolio of securities across both growth assets such as domestic and global shares, property trusts and defensive assets such as cash and fixed interest securities. The portfolio will generally hold approximately 40% in growth assets and 60% in defensive assets over time. Investment style and approach The portfolio manager's strategy is relatively unconstrained, and the actual asset allocation will deviate significantly from the expected long-term average position to ensure the portfolio is positioned in line with the managers macro-economic views and expected asset class and sector returns to target the portfolio's investment objective.
Benchmark Return	Morningstar Australia Conservative Target Allocation NR AUD Index
Target Return	Outperform the Morningstar Australia Conservative Target Allocation NR AUD Index
Minimum number of securities	1
Maximum number of securities	10
Asset allocation	Allocation range Target Weight
Australian Equities	10% to 50% 20%
International Equities	10% to 40% 15%
Australian Fixed Income	30% to 80% 45%
International Fixed Income	0% to 20% 0%
Alternatives	0% to 15% 5%
Property	0% to 10% 5%
Infrastructure	0% to 10% 0%
Cash (minimum 2% cash)	2% to 50% 10%
Investment universe	Australian equities, international equities, ETFs, listed managed funds, fixed income securities, managed funds, and cash.
Maximum single security or fund weighting	100%
Minimum suggested timeframe	5 years
Minimum initial investment \$	\$200,000
Minimum additional investment \$	\$175,000
Minimum withdrawal	\$175,000
Rebalance frequency	Sub-adviser discretion
Investment manager fee¹	0.55%
Indirect Cost Ratio	0.15%
Performance fee	Nil

1. The Watershed Conservative Investment Option will have exposure to the portfolios disclosed below. The Investment Manager Fee charged on each respective portfolio will not apply if investment to the underlying portfolio is through the Watershed Conservative Investment Option.



WATERSHED BALANCED INVESTMENT OPTION

Feature	Description																										
Portfolio Name	Watershed Balanced Investment Option																										
Investment Sub-Advisor	Watershed Funds Management																										
Inception Date	January 2022																										
Investment objective	The portfolio aims to outperform the Morningstar Australia Balanced Target Allocation NR AUD Index Benchmark, over five years, after fees.																										
Investment Strategy and Approach	The portfolio is an actively managed, diversified portfolio of securities across both growth assets such as domestic and global shares, property trusts and defensive assets such as cash and fixed interest securities. The portfolio will generally hold approximately 60% in growth assets and 40% in defensive assets over time. Investment style and approach The portfolio manager's strategy is relatively unconstrained, and the actual asset allocation will deviate significantly from the expected long-term average position to ensure the portfolio is positioned in line with the managers macro-economic views and expected asset class and sector returns to target the portfolio's investment objective.																										
Benchmark Return	Morningstar Australia Balanced Target Allocation NR AUD Index																										
Minimum number of securities	1																										
Maximum number of securities	10																										
Asset allocation	<table border="1"> <thead> <tr> <th>Allocation range</th> <th>Target Weight</th> </tr> </thead> <tbody> <tr> <td>Australian Equities</td> <td>10% to 70%</td> <td>30%</td> </tr> <tr> <td>International Equities</td> <td>10% to 60%</td> <td>25%</td> </tr> <tr> <td>Australian Fixed Income</td> <td>20% to 60%</td> <td>35%</td> </tr> <tr> <td>International Fixed Income</td> <td>0% to 10%</td> <td>0%</td> </tr> <tr> <td>Alternatives</td> <td>0% to 15%</td> <td>0%</td> </tr> <tr> <td>Property</td> <td>0% to 10%</td> <td>5%</td> </tr> <tr> <td>Infrastructure</td> <td>0% to 10%</td> <td>0%</td> </tr> <tr> <td>Cash (minimum 2% cash)</td> <td>2% to 40%</td> <td>5%</td> </tr> </tbody> </table>	Allocation range	Target Weight	Australian Equities	10% to 70%	30%	International Equities	10% to 60%	25%	Australian Fixed Income	20% to 60%	35%	International Fixed Income	0% to 10%	0%	Alternatives	0% to 15%	0%	Property	0% to 10%	5%	Infrastructure	0% to 10%	0%	Cash (minimum 2% cash)	2% to 40%	5%
Allocation range	Target Weight																										
Australian Equities	10% to 70%	30%																									
International Equities	10% to 60%	25%																									
Australian Fixed Income	20% to 60%	35%																									
International Fixed Income	0% to 10%	0%																									
Alternatives	0% to 15%	0%																									
Property	0% to 10%	5%																									
Infrastructure	0% to 10%	0%																									
Cash (minimum 2% cash)	2% to 40%	5%																									
Investment universe	Australian equities, international equities, ETFs, listed managed funds, fixed income securities, managed funds, and cash.																										
Maximum single security or fund weighting	100%																										
Minimum suggested timeframe	5 years																										
Minimum initial investment \$	\$180,000																										
Minimum additional investment \$	\$100,000																										
Minimum withdrawal	\$100,000																										
Rebalance frequency	Sub-adviser discretion																										
Investment manager fee¹	0.55%																										
Indirect Cost Ratio	0.20%																										
Performance fee	Nil																										

2. The Watershed Balanced Investment Option will have exposure to the portfolios disclosed below. The Investment Manager Fee charged on each respective portfolio will not apply if investment to the underlying portfolio is through the Watershed Balanced Investment Option.



WATERSHED GROWTH INVESTMENT OPTION

Feature	Description																											
Portfolio Name	Watershed Growth Investment Option																											
Investment Sub-Advisor	Watershed Funds Management																											
Inception Date	January 2022																											
Investment objective	The portfolio aims to outperform the Morningstar Australia Growth Target Allocation NR AUD Index Benchmark, over five years, after fees.																											
Investment Strategy and Approach	The portfolio is an actively managed, diversified portfolio of securities across both growth assets such as domestic and global shares, property trusts and defensive assets such as cash and fixed interest securities. The portfolio will generally hold approximately 60% in growth assets and 40% in defensive assets over time. Investment style and approach The portfolio manager's strategy is relatively unconstrained, and the actual asset allocation will deviate significantly from the expected long-term average position to ensure the portfolio is positioned in line with the managers macro-economic views and expected asset class and sector returns to target the portfolio's investment objective.																											
Benchmark Return	Morningstar Australia Growth Target Allocation NR AUD Index																											
Minimum number of securities	1																											
Maximum number of securities	10																											
Asset allocation	<table border="1"> <thead> <tr> <th></th> <th>Allocation range</th> <th>Target Weight</th> </tr> </thead> <tbody> <tr> <td>Australian Equities</td> <td>15% to 75%</td> <td>40%</td> </tr> <tr> <td>International Equities</td> <td>15% to 75%</td> <td>35%</td> </tr> <tr> <td>Australian Fixed Income</td> <td>10% to 40%</td> <td>18%</td> </tr> <tr> <td>International Fixed Income</td> <td>0% to 10%</td> <td>0%</td> </tr> <tr> <td>Alternatives</td> <td>0% to 15%</td> <td>0%</td> </tr> <tr> <td>Property</td> <td>0% to 10%</td> <td>5%</td> </tr> <tr> <td>Infrastructure</td> <td>0% to 10%</td> <td>0%</td> </tr> <tr> <td>Cash (minimum 2% cash)</td> <td>2% to 30%</td> <td>2%</td> </tr> </tbody> </table>		Allocation range	Target Weight	Australian Equities	15% to 75%	40%	International Equities	15% to 75%	35%	Australian Fixed Income	10% to 40%	18%	International Fixed Income	0% to 10%	0%	Alternatives	0% to 15%	0%	Property	0% to 10%	5%	Infrastructure	0% to 10%	0%	Cash (minimum 2% cash)	2% to 30%	2%
	Allocation range	Target Weight																										
Australian Equities	15% to 75%	40%																										
International Equities	15% to 75%	35%																										
Australian Fixed Income	10% to 40%	18%																										
International Fixed Income	0% to 10%	0%																										
Alternatives	0% to 15%	0%																										
Property	0% to 10%	5%																										
Infrastructure	0% to 10%	0%																										
Cash (minimum 2% cash)	2% to 30%	2%																										
Investment universe	Australian equities, international equities, ETFs, listed managed funds, fixed income securities, managed funds, and cash.																											
Maximum single security or fund weighting	100%																											
Minimum suggested timeframe	5 years																											
Minimum initial investment \$	\$150,000																											
Minimum additional investment \$	\$75,000																											
Minimum withdrawal	\$75,000																											
Rebalance frequency	Sub-adviser discretion																											
Investment manager fee¹	0.55%																											
Indirect Cost Ratio	0.20%																											
Performance fee	Nil																											

1. The Watershed Growth Investment Option will have exposure to the portfolios disclosed below. The Investment Manager Fee charged on each respective portfolio will not apply if investment to the underlying portfolio is through the Watershed Growth Investment Option.



WATERSHED HIGH GROWTH INVESTMENT OPTION

Feature	Description
Portfolio Name	Watershed High Growth Investment Option
Investment Sub-Advisor	Watershed Funds Management
Inception Date	August 2022
Investment objective	The portfolio aims to outperform the Morningstar Australia Aggressive Target Allocation Index Benchmark, over five years, after fees.
Investment Strategy and Approach	The portfolio is an actively managed, diversified portfolio of securities across both growth assets such as domestic and global shares, property trusts and defensive assets such as cash and fixed interest securities. The portfolio will generally hold approximately 90% in growth assets and 10% in defensive assets over time. Investment style and approach The portfolio manager's strategy is relatively unconstrained, and the actual asset allocation will deviate significantly from the expected long-term average position to ensure the portfolio is positioned in line with the managers macro-economic views and expected asset class and sector returns to target the portfolio's investment objective.
Benchmark Return	Morningstar Australia Aggressive Target Allocation Index
Target Return	Outperform the Morningstar Australia Aggressive Target Allocation Index
Minimum number of securities	1
Maximum number of securities	10
Asset allocation	Allocation range Target Weight
Australian Equities	20% to 80% 45%
International Equities	20% to 80% 40%
Australian Fixed Income	10% to 40% 8%
International Fixed Income	0% to 20% 0%
Alternatives	0% to 20% 0%
Property	0% to 10% 5%
Infrastructure	0% to 10% 0%
Cash (minimum 2% cash)	2% to 20% 2%
Investment universe	Australian equities, international equities, ETFs, listed managed funds, fixed income securities, managed funds, and cash.
Maximum single security or fund weighting	100%
Minimum suggested timeframe	5 years
Minimum initial investment \$	\$130,000
Minimum additional investment \$	\$75,000
Minimum withdrawal	\$75,000
Rebalance frequency	Sub-adviser discretion
Investment manager fee¹	0.55%
Indirect Cost Ratio	0.15%
Performance fee	Nil

1. The Watershed High Growth Investment Option will have exposure to the portfolios disclosed below. The Investment Manager Fee charged on each respective portfolio will not apply if investment to the underlying portfolio is through the Watershed High Growth Investment Option.



WATERSHED INCOME PORTFOLIO

Feature	Description														
Portfolio Name	Watershed Income Portfolio														
Investment Sub-Advisor	Watershed Funds Management														
Inception Date	January 2022														
Investment objective	The aim of the portfolio is to preserve capital and deliver an income return, of 2% per annum above the benchmark.														
Investment Strategy and Approach	The Watershed Income Model aims to provide a concentrated fixed interest exposure and invests in listed hybrid/bond securities, Exchange Traded Funds, listed managed funds and listed investment companies. The portfolio has a bias towards listed hybrid/bond exposure and highly rated, floating or variable rate fixed interest securities. The portfolio aims to exhibit limited capital volatility over the suggested investment timeframe and is not expected to generate significant long-term capital growth. Issuers of listed hybrid/bond securities must have an investment grade credit rating. The Model's allocations to Exchange Traded Funds, listed managed funds and listed investment companies may contain underlying exposure to fixed interest securities rated below investment grade.														
Benchmark Return	RBA Cash Rate														
Minimum number of securities	10														
Maximum number of securities	20														
Asset allocation	<table border="1"> <thead> <tr> <th>Allocation range</th> <th>Target Weight</th> </tr> </thead> <tbody> <tr> <td>Australian Fixed Income</td> <td>51% - 98%</td> <td>60%</td> </tr> <tr> <td>International Fixed Income</td> <td>0% - 49%</td> <td>8%</td> </tr> <tr> <td>Alternatives</td> <td>0% - 49%</td> <td>30%</td> </tr> <tr> <td>Cash (minimum 2% cash)</td> <td>2% - 20%</td> <td>2%</td> </tr> </tbody> </table>	Allocation range	Target Weight	Australian Fixed Income	51% - 98%	60%	International Fixed Income	0% - 49%	8%	Alternatives	0% - 49%	30%	Cash (minimum 2% cash)	2% - 20%	2%
Allocation range	Target Weight														
Australian Fixed Income	51% - 98%	60%													
International Fixed Income	0% - 49%	8%													
Alternatives	0% - 49%	30%													
Cash (minimum 2% cash)	2% - 20%	2%													
Investment universe	ETFs, listed managed funds, LICs, LITs, fixed income securities, and cash.														
Maximum single security or fund weighting	20%														
Minimum suggested timeframe	3 years														
Minimum initial investment \$	\$25,000														
Minimum additional investment \$	\$10,000														
Minimum withdrawal	\$10,000														
Rebalance frequency	Sub-adviser discretion														
Investment manager fee	0.44%														
Indirect Cost Ratio	0.20%														
Performance fee	Nil														



WATERSHED AUSTRALIAN SHARES PORTFOLIO

Feature	Description						
Portfolio Name	Watershed Australian Shares Portfolio						
Investment Sub-Advisor	Watershed Funds Management						
Inception Date	January 2022						
Investment objective	The aim of the portfolio is to deliver an investment return (before fees) that outperforms the S&P/ASX 200 (TR) Index over a rolling five-year period by 2-3%.						
Investment Strategy and Approach	The portfolio manager believes macro-economic conditions and specific sector cycles drive the majority of share price performance in larger cap stocks; both short and long term and seeks to exploit these cycles to achieve higher investment returns than the Investment style and approach index. Rigorous fundamental analysis is performed to ensure the portfolio holds high quality companies and shifts the allocation between sectors (early, mid or late cycle cyclicals and defensive sectors) given the current and expected economic environment.						
Benchmark Return	S&P/ASX 200 (TR) Index						
Minimum number of securities	15						
Maximum number of securities	30						
Asset allocation	<table border="1"> <thead> <tr> <th>Allocation range</th> <th>Target Weight</th> </tr> </thead> <tbody> <tr> <td>Australian Equities</td> <td>80% - 98%</td> </tr> <tr> <td>Cash (minimum 2% cash)</td> <td>2% - 20%</td> </tr> </tbody> </table>	Allocation range	Target Weight	Australian Equities	80% - 98%	Cash (minimum 2% cash)	2% - 20%
Allocation range	Target Weight						
Australian Equities	80% - 98%						
Cash (minimum 2% cash)	2% - 20%						
Investment universe	ETFs, listed managed funds, LICs, LITs, Australian equities, and cash.						
Maximum single security or fund weighting	35%						
Minimum suggested timeframe	5 years						
Minimum initial investment \$	\$25,000						
Minimum additional investment \$	\$10,000						
Minimum redemption \$	\$10,000						
Rebalance frequency	Sub-adviser discretion						
Investment manager fee	0.66%						
Indirect Cost Ratio	Nil						
Performance fee	Nil						



WATERSHED EMERGING LEADERS PORTFOLIO

Feature	Description
Portfolio Name	Watershed Emerging Leaders Portfolio
Investment Sub-Advisor	Watershed Funds Management
Inception Date	January 2022
Investment objective	The aim of the portfolio is to outperform the S&P/ASX Small Ordinaries (TR) Index over the longer term (five years) by 2-3%.
Investment Strategy and Approach	The portfolio is managed by identifying, and selectively investing in, mispriced listed companies using a fundamental 'bottom-up' stock picking approach. Watershed will also take a 'top down' view on regional and global markets and economies to assist in identifying investment opportunities. Watershed recognises that investment markets are regularly inefficient with regard to the appropriate market pricing of securities, particularly within the market for smaller to mid-cap listed companies. Generally, companies outside the S&P/ASX 100 are not as comprehensively researched as the larger companies. Further, given that many of these smaller companies are typically at the earlier stages of their growth cycle (i.e. emerging growth companies), they are often not fully understood nor appropriately priced by the market relative to their true growth prospects.
Benchmark Return	S&P/ASX Small Ordinaries (TR) Index
Minimum number of securities	15
Maximum number of securities	30
Asset allocation	Allocation range Target Weight
Australian Equities	60% - 98% 98%
Cash (minimum 2% cash)	2% - 40% 2%
Investment universe	ETFs, listed managed funds, LICs, LITs, Australian equities, and cash.
Maximum single security or fund weighting	8%
Minimum suggested timeframe	5 years
Minimum initial investment \$	\$25,000
Minimum additional investment \$	\$10,000
Minimum redemption \$	\$10,000
Rebalance frequency	Sub-adviser discretion
Investment manager fee	0.66%
Indirect Cost Ratio	Nil
Performance fee	Nil



WATERSHED INTERNATIONAL SHARES PORTFOLIO

Feature	Description									
Portfolio Name	Watershed International Shares Portfolio									
Investment Sub-Advisor	Watershed Funds Management									
Inception Date	January 2022									
Investment objective	The aim of the portfolio is to outperform the benchmark over a rolling five-year period by 2% to 3%p.a.									
Investment Strategy and Approach	<p>The portfolio manager identifies, and selectively invests in, listed global companies using a fundamental 'bottom-up' stock picking approach. Watershed will also take a 'top-down' view on economies and industry developments to assist in identifying investment opportunities.</p> <p>Watershed invests in high quality businesses trading at attractive prices with the focus on long term returns. Watershed's investment style incorporates both value and growth considerations and would generally be considered to be style neutral.</p>									
Benchmark Return	MSCI World (ex-Australia) Index Net Total Return (AUD)									
Minimum number of securities	15									
Maximum number of securities	30									
Asset allocation	<table border="1"> <thead> <tr> <th></th> <th>Allocation range</th> <th>Target Weight</th> </tr> </thead> <tbody> <tr> <td>International Equities</td> <td>80% - 98%</td> <td>98%</td> </tr> <tr> <td>Cash (minimum 2% cash)</td> <td>2% - 20%</td> <td>2%</td> </tr> </tbody> </table>		Allocation range	Target Weight	International Equities	80% - 98%	98%	Cash (minimum 2% cash)	2% - 20%	2%
	Allocation range	Target Weight								
International Equities	80% - 98%	98%								
Cash (minimum 2% cash)	2% - 20%	2%								
Investment universe	ETFs, listed managed funds, LICs, LITs, international equities, and cash.									
Maximum single security or fund weighting	35%									
Minimum suggested timeframe	5 years									
Minimum initial investment \$	\$25,000									
Minimum additional investment \$	\$25,000									
Minimum redemption \$	\$25,000									
Rebalance frequency	Sub-adviser discretion									
Investment manager fee	0.66%									
Indirect Cost Ratio	Nil									
Performance fee	Nil									



WATERSHED INTERNATIONAL ETF MANAGED PORTFOLIO

Feature	Description
Portfolio Name	Watershed International ETF Managed Portfolio
Investment Sub-Advisor	Watershed Funds Management
Inception Date	January 2022
Investment objective	The aim of the portfolio is to outperform the MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars over rolling 5-year periods.
Investment Strategy and Approach	The portfolio manager identifies, and selectively invests in, listed global exchange traded funds using a macroeconomic 'top-down' approach. Watershed uses a 'top down' economic approach and relative valuation assessment to determine regional equity allocation. The portfolio is a concentrated portfolio of domestically listed International Exchange Traded Funds that may contain leverage (or market short positions). The portfolio provides exposure to global share markets. Watershed provides a regional overlay based on its in-house global macro view and also manages overall equity market and currency exposure with a relative valuation methodology. Watershed only invests in economies they understand in respect of risk, quality and value. They invest in economies with attractive risk versus reward profiles through various tools available in the ETF universe which includes hedged and unhedged and leveraged instruments. Watershed's investment style incorporates both value and growth considerations and would generally be considered to be style neutral.
Benchmark Return	MSCI World ex-Australia NR Index
Minimum number of securities	1
Maximum number of securities	10
Asset allocation	Allocation range Target Weight
International Equities	80% - 98% 98%
Cash (minimum 2% cash)	2% - 20% 2%
Investment universe	ETFs, listed managed funds, LICs, LITs, international equities, and cash.
Maximum single security or fund weighting	50%
Minimum suggested timeframe	5 years
Minimum initial investment \$	\$25,000
Minimum additional investment \$	\$10,000
Minimum redemption \$	\$10,000
Rebalance frequency	Sub-advisor discretion
Investment manager fee	0.44%
Indirect Cost Ratio	Nil
Performance fee	Nil



WATERSHED ALTERNATIVES MANAGED PORTFOLIO

Feature	Description
Portfolio Name	Watershed Alternatives Managed Portfolio
Investment Sub-Advisor	Watershed Funds Management
Inception Date	January 2022
Investment objective	The aim of the portfolio is to outperform the RBA Cash Rate + 3%.
Investment Strategy and Approach	The strategy is intended to provide exposure to a concentrated portfolio of alternative managed funds. The portfolio provides exposure to markets beyond the conventional investment universe. Watershed provides sole discretion on the managed funds selected that have to meet certain criteria. The portfolio is designed to provide non correlated returns to equity and bond markets providing diversification benefits through market cycles.
Benchmark Return	RBA Cash Rate + 3%
Minimum number of securities	1
Maximum number of securities	10
Asset allocation	Allocation range Target Weight
Australian Equities	0% - 25% 0%
International Equities	0% - 25% 0%
Australian Fixed Income	0% - 15% 0%
International Fixed Income	0% - 15% 0%
Alternatives	70% - 98% 98%
Cash (minimum 2% cash)	2% - 20% 2%
Investment universe	Managed funds and cash.
Maximum single security or fund weighting	50%
Minimum suggested timeframe	5 years
Minimum initial investment \$	\$10,000
Minimum additional investment \$	\$10,000
Minimum redemption \$	\$10,000
Rebalance frequency	Sub-advisor discretion
Investment manager fee	0.44%
Indirect Cost Ratio	Nil
Performance fee	Nil



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 Investment Option 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 Investment Option'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 Investment Option arising from investments in overseas markets.
- » Interest rate risk – Changes in interest rates can influence the value and returns of investment in the Investment Option.
- » 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 Investment Option may experience difficulty in realising its assets.
- » Time horizon risk – There is no assurance that in any time period, particularly in the short term, an Investment Option will achieve its investment objectives. Many of the underlying assets may be volatile particularly over the short term. The Investment Option is suitable for long term investors and is not designed for short term investment.
- » Income risk – The level of income generated on the Investment Option'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 Investment Option invests may fall in value, which may have an impact on the value of the Investment Option.
- » Diversification/Concentration risk – If your Investment Option 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 Investment Option. The Investment Option 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 Investment Option 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 an Investment Option that differs substantially from an industry benchmark and hence your MDA which follows that Investment Option 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.