

# AZ Sestante Managed Portfolio Disclosure Document



Managed Portfolio Disclosure Document issuer:

Diversa Trustees Limited (Trustee)  
ABN 49 006 421638, AFSL 235153,  
RSE Licence No L0000635,  
in its capacity as Trustee of  
Mason Stevens Super (Fund),  
an APRA-regulated fund  
ABN 34 422 545 198

Date Issued: August 2022

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Mason Stevens Asset Management Pty Ltd  
ABN 92 141 447 654 (MSAM) as the investment  
manager of the Fund has appointed AZ Sestante  
Limited (AZ Sestante) ABN 94 106 888 662 AFSL  
351578 as Investment Sub Adviser for the Investment Options  
outlined in this Managed Portfolio Disclosure Document.



### Important Information

This document contains important information about the AZ Sestante Investment Options and is incorporated by reference into the Mason Stevens Super Product Disclosure Statement (PDS). It should be read in conjunction with the Mason Stevens Super Additional Information Guide. These documents are available from your financial adviser or [masonstevens.com.au/super](http://masonstevens.com.au/super)

As at the date of issue the information contained in this document and the PDS is correct under superannuation laws and regulations which may change from time to time. In the event of a material change to information in this document or the PDS the Trustee will notify existing members either via the website or in writing within the time frames required by law. Updated information is available online at [masonstevens.com.au/super](http://masonstevens.com.au/super)

The information contained in this document and the associated PDS is general information only and has been prepared without taking into consideration your investment objectives, circumstances, or your personal financial situation or needs. This document is not intended to be and should not be construed in any way as investment, legal, taxation or financial advice. Before acting on the information in this document you should consider seeking financial advice tailored to your own objectives, circumstances, financial situation and needs.

The Trustee may change the terms and conditions of the Fund as permitted under the Trust Deed. The Trustee may also add, change or close any investment choice or insurance option and this may include making changes to asset allocations, benchmarks and investment strategies without prior notice to you.

The Trustee is required to disclose certain Trustee and Fund information and documentation on its website ([diversa.com.au/trustee](http://diversa.com.au/trustee)), including but not limited to the trust deed, the PDS, the most recent annual report and the names of each material outsourced service provider to the Fund.

All 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. An investment in the Fund is neither a deposit nor liability of Mason Stevens Group of companies, Mason Stevens or the Trustee or any of their associated entities. Fund members and their financial advisers can access account and investment information, as well as make transactions through Mason Stevens' secure online portal. Mason Stevens Asset Management (MSAM) is the investment manager of the Fund. Mason Stevens Limited ABN 91 141 447 207 AFSL 351578 is the Sponsor and Promoter of the Fund, and also the custodian of all Fund assets and has appointed National Australia Bank Limited ABN 12 004 044 937, AFSL 230686 as primary sub-custodian. FNZ Australia Limited ABN 67 138 819 119 (Administrator) is the administrator of the Fund.

### Contact Details

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## PORTFOLIO PARAMETERS

### AZ INVESTMENTS HIGH CONVICTION GLOBAL EQUITIES

Feature	Description
<b>Portfolio Name</b>	AZ Investments High Conviction Global Equities
<b>Investment Sub-Advisor</b>	AZ Sestante
<b>Inception Date</b>	August 2022
<b>Holding Limit</b>	Up to 100% of your portfolio (members are required to maintain their minimum cash balance as stated in the Mason Stevens Super Additional Information Guide).
<b>Investment objective</b>	The return objective is to earn a total return that 2% p.a. in excess of the Benchmark.
<b>Investment Strategy and Approach</b>	The portfolio employs a combination of top down and bottom-up analysis. The process seeks to exploit market trends, strength of trends and potential turning points to make statistically favorable decisions. The aim of the investment strategy is to identify stocks with the highest expected risk adjusted returns in the current market conditions. Markets are made up of buyers and sellers who by nature are not rational and commit cognitive errors that AZIMUT seek to take advantage of. The process is not dogmatic, it is disciplined and is built in order to give self-correcting inputs.
<b>Benchmark Return</b>	MSCI All Country World Index
<b>Minimum number of securities</b>	15
<b>Maximum number of securities</b>	35
<b>Asset allocation</b>	<b>Allocation range</b> <span style="float: right;"><b>Target Weight</b></span>
International Equities	80% - 98% <span style="float: right;">98%</span>
Cash (minimum 2% cash)	2% - 20% <span style="float: right;">2%</span>
<b>Investment universe</b>	International listed securities and cash.
<b>Maximum single security or fund weighting</b>	10%
<b>Minimum suggested timeframe</b>	5-7 years
<b>Minimum initial investment \$</b>	\$50,000
<b>Minimum additional investment \$</b>	\$10,000
<b>Minimum withdrawal</b>	\$10,000
<b>Rebalance frequency</b>	Sub-Adviser discretion
<b>Investment manager fee</b>	0.635%
<b>Indirect Cost Ratio</b>	Nil
<b>Performance fee</b>	Nil
<b>SRM</b>	6  The estimated likelihood of a negative return is four to less than six years in 20 years. The standard risk measure is a way of describing the level of risk of different investment options and provides a guide on the expected number of negative annual returns over any 20-year period. It does not consider all forms of investment risk.  Please refer to the Mason Stevens Super Additional Information Guide for more information about the standard risk measure.



# About the relevant parties

## About AZ Sestante

AZ Sestante Ltd is an AFS licensed entity owned by Azimut Holdings Group. Established in 1989, AZIMUT is Italy's largest independent asset manager.

AZ Sestante, through Azimut, offers expertise in various asset classes backed by more than 100 investment professionals and robust investment infrastructure.

## Investment Process

### Investment philosophy

The portfolio employs a combination of top down and bottom-up analysis. The process seeks to exploit market trends, strength of trends and potential turning points to make statistically favorable decisions. Markets are made up of buyers and sellers who by nature are not rational and commit cognitive errors that AZIMUT seek to take advantage of. The process is not dogmatic, it is disciplined and is built in order to give self-correcting inputs.

The strategy will look to identify stocks with the highest expected risk adjusted returns. This view is obtained through a combination of top down and bottom up analysis and leads the portfolio to exhibit different styles and factors depending on market conditions. Both fundamental as well as quantitative approaches are applied which helps filter down the stock universe.

### Investment process

#### Step 1 – Macro – the Asset Allocation approach

The first step in the process is to reduce the broad investment universe held within the index from approximately 3000 stocks to approximately 1000 stocks by applying a top down macro-economic view around regions and sectors. The focus is on overall exposure and diversification of the sectors, countries, currency, relative values. The focus is also on the business cycle, monetary policy and the general geopolitical situation. The Macro view is produced inhouse by the global team, and will take into consideration current trends and economic expectations over the medium to long term view.

#### Step 2 Quantitative Analysis for stock selection

A quantitative filter is applied to the 1000 stocks to further reduce the universe to around 200. Stocks are screened around market cap, profits, free cash flow, 10-year CAPEX analysis, dividend structure, profitability ratios (ROIC, ROA, EBITA margin etc.), momentum indicators (MACD, RSI etc.) and implied volatility.

#### Step 3 – Fundamental Analysis

The portfolio of stocks is narrowed down using the bottom-up fundamental research from the team of global equity analysts and third-party broker research. In the bottom-up approach emphasis is placed on profitability ratios in order to invest in companies with a high return on invested capital (ROIC). Depending on the specific business, other

metrics are considered such as P/E, P/BV, P/CF, P/S, PEG, dividend yield, free cash flow etc.). The bottom-up analysis also focuses on identifying the potential risks behind every investment.

AZIMUT's in-house global team of analysts rank stocks as overweight, underweight or equal-weight along with the rationale for that ranking. A stock must be ranked equal-weight or overweight to be included in the portfolio. Each analyst is responsible for specific markets, sectors and/or quantitative strategies, depending on his/ her experience and background. External research is also used with regard to views on markets, sectors and individual stocks. This helps form a solid opinion when combined with the inhouse view as to the general market consensus. The external providers showcase macroeconomic and technical data analysis, stock analysis and stock ratings (overweight/ underweight/ equal weight with potential returns), market sentiment and outlook and business valuations.

#### Step 4 – Portfolio Construction

Once the relevant companies are identified on risk-adjusted-return basis, the portfolio manager determines the best time to buy or sell single stocks looking at potential catalysts, sales and earnings momentum, upside/downside risk vs sell side consensus estimates, and technical analysis.

ESG considerations and their application to the stock universe is an integral part of the process when constructing the final stock portfolio. AZIMUT believe that the inclusion of ESG considerations within the investment process will lead to the construction of portfolios that can generate better outcomes for investors.

## How the investment manager manages risk

The investment manager is unable to eliminate all investment risk, but does analyse, manage and aim to reduce the impact of risks by actively monitoring investment markets and portfolios and through the use of carefully considered investment guidelines.

## Labour standards and environmental, social and ethical considerations

The Trustee does not take into account labour standards, environmental, social or ethical considerations when making the investments available. The approach in relation to any consideration of labour, environmental, social or ethical standards as part of the investment decision making process for the portfolio is left by the Trustee to the individual discretion of the investment manager. This investment strategy does not directly measure or incorporate labour, environmental, social or ethical standards as part of the investment decision-making process.

The investment manager is aware that these issues can influence social, business and investor outcomes. In certain circumstances they may consider these issues when



# About the relevant parties

making an investment decision. The investment manager's consideration of labour, environmental, social or ethical considerations are in its own right and not on behalf of the Trustee.

## Execution of strategy

Mason Stevens Limited and its associated entities have been appointed by the Trustee to provide various services in relation to the Fund, including promoter, investment management and custody services. Mason Stevens and the Administrator are responsible for implementing the investment instructions of the investment manager by buying and selling assets, taking into consideration timing, trading costs (such as transaction fees and currency costs, if applicable) and the mandate of the portfolio. In certain circumstances Mason Stevens has the right to vary the Investment Option. By investing in this Investment Option, you instruct Mason Stevens and the Administrator to buy and sell assets on your behalf through the Investment Option as advised by the investment manager.

## Risks

Before you consider investing in this portfolio, it's important you understand the risks that can affect your investments. A summary of key risks is in the PDS.

See the 'Risks' section in the PDS. Please note this is not an exhaustive list of all the risks. The risks relevant to this portfolio reflect the underlying investments. For information about risks regarding your personal situation, please speak to your adviser.

## Trade notifications

When the investment manager trades, or rebalances the portfolios, Mason Stevens (through the Service) may send you an advice notifying you of the trades being undertaken. This is called a trade notification. The rebalance and reallocation of Investment Options may occur regularly and you may receive a trade notification each time a rebalance or reallocation occurs.

