

# DNR Capital Australian Equities Managed Portfolios 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

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Mason Stevens Asset Management (MSAM) is the investment manager of the Fund. MSAM has sub contracted the activities of some of its investment functions to DNR Capital Pty Limited (DNR Capital) ABN 72 099 071 637.



### Important information

This document contains important information about the Mason Stevens ETF Managed Portfolios 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. MSAM has sub contracted the activities of some of its investment functions to DNR Capital Pty Limited (DNR Capital) ABN 72 099 071 637. DNR Capital is a Corporate Authorised Representative of DNR AFSL Pty Limited ABN 39 118 946 400 AFSL 301658. 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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# About the Managed Portfolios

## DNR CAPITAL AUSTRALIAN EQUITIES HIGH CONVICTION MANAGED PORTFOLIO

Feature	Description
<b>Investment manager</b>	DNR Capital  The investment manager is responsible for designing and managing the composition of this managed portfolio to meet the investment objectives and investment strategy detailed below.
<b>Inception Date</b>	July 2020
<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>	To outperform the S&P/ASX 200 Accumulation Index by 4%p.a. (before fees) over a rolling three-year period..
<b>Investment strategy and approach</b>	<p>DNR Capital believes a focus on quality will enhance returns when it s combined with a thorough valuation overlay. DNR Capital seeks to identify quality companies that are mispriced by overlaying a quality filter, referred to as the 'quality web', with a strong valuation discipline.</p> <p>The stock selection process has a strong bottom-up discipline and focuses on investing in quality companies at reasonable prices. The portfolio construction process is influenced by a top-down economic appraisal and also considers that risk characteristics of the portfolio such as stock and sector correlations.</p> <p>The investment strategy of the DNR Capital Australian Equities High Conviction Managed Portfolio results in a portfolio that is high conviction and invests for the medium to long term.</p>
<b>Designed for</b>	Investors with a long-term investment objective focused on achieving portfolio growth, with less focus on generating excess income. The investor is prepared to accept higher volatility in pursuit of higher growth.
<b>Benchmark Return</b>	S&P/ASX 200 Accumulation Index
<b>Indicative number of securities</b>	15-30
<b>Asset allocation</b>	<b>Allocation range %</b>
Australian Equity	80-98
Cash	2-20
<b>Investment universe</b>	Equity securities listed or about to be listed on an Australian Stock Exchange and Cash.
<b>Maximum single security or fund weighting</b>	15%
<b>Minimum suggested timeframe</b>	5 years
<b>Minimum initial investment</b>	\$35,000
<b>Minimum additional investment</b>	\$10,000
<b>Derivative restrictions</b>	The investment manager does not use derivatives directly.

Feature	Description
Investment manager fee	0.80% p.a.
Indirect cost ratio	Nil
Performance fee	Nil
Standard risk measure	<p>6 – High.</p> <p>The estimated likelihood of a negative return is four to 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 Investment Guide for more information about the standard risk measure.</p>



## DNR CAPITAL AUSTRALIAN EQUITIES SOCIALLY RESPONSIBLE MANAGED PORTFOLIO

Feature	Description
<b>Investment manager</b>	DNR Capital  The investment manager is responsible for designing and managing the composition of this managed portfolio to meet the investment objectives and investment strategy detailed below.
<b>Inception Date</b>	July 2020
<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>	To outperform the S&P/ASX 200 Accumulation Index by 4% p.a. (before fees) over a rolling three-year period.
<b>Investment strategy and approach</b>	<p>DNR Capital believes a focus on quality will enhance returns when it is combined with a thorough valuation overlay. DNR Capital seeks to identify quality companies that are mispriced by overlaying a quality filter, referred to as the 'quality web', with a strong valuation discipline. The stock selection process has a strong bottom-up discipline and focuses on investing in quality companies at reasonable prices.</p> <p>The DNR Capital Australian Equities Socially Responsible Managed Portfolio incorporates a negative portfolio screen across pornography, gaming, armaments and tobacco. A positive ESG screen is also used to identify those companies with enhanced ESG policies.</p> <p>The portfolio construction process is influenced by a top-down economic appraisal and also considers the risk characteristics of the portfolio such as stock and sector correlations.</p>
<b>Designed for</b>	Investors who want a competitive return but do not want their portfolio invested in companies that are judged to have a direct involvement in pornography, gaming, armaments and tobacco, or who want to ensure that their money is invested in companies that make a positive difference.
<b>Benchmark Return</b>	S&P/ASX 200 Accumulation Index
<b>Indicative number of securities</b>	15-30
<b>Asset allocation</b>	<b>Allocation range %</b>
Australian Equity	80-98
Cash	2-20
<b>Investment universe</b>	Equity securities listed or about to be listed on an Australian Stock Exchange and Cash.
<b>Maximum single security or fund weighting</b>	15%
<b>Minimum suggested timeframe</b>	5 years
<b>Minimum initial investment</b>	\$35,000
<b>Minimum additional investment</b>	\$10,000
<b>Derivative restrictions</b>	The investment manager does not use derivatives.



Feature	Description
Investment manager fee	0.80% p.a.
Indirect cost ratio	Nil
Performance fee	Nil
Standard risk measure	<p>6 – High.</p> <p>The estimated likelihood of a negative return is four to six 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 Investment Guide for more information about the standard risk measure.</p>



## DNR CAPITAL AUSTRALIAN EQUITIES INCOME MANAGED PORTFOLIO

Feature	Description
<b>Investment manager</b>	DNR Capital  The investment manager is responsible for designing and managing the composition of this managed portfolio to meet the investment objectives and investment strategy detailed below.
<b>Inception Date</b>	July 2020
<b>Holding limit</b>	Up to 100% of your portfolio (other than the minimum cash requirement).
<b>Investment objective</b>	To outperform the S&P/ASX 200 Industrials Accumulation Index (before fees) and deliver higher levels of income relative to the benchmark over a rolling three year period.
<b>Investment strategy and approach</b>	<p>DNR Capital believes a focus on quality will enhance returns when it is combined with a thorough valuation overlay. DNR Capital seeks to identify quality companies that are mispriced by overlaying a quality filter, referred to as the 'quality web', with a strong valuation discipline.</p> <p>The stock selection process has a strong bottom up-discipline and focuses on investing in quality companies at reasonable prices.</p> <p>The DNR Capital Australian Equities Income Managed Portfolio also has a preference for companies that have high and sustainable dividend capacity, strong profit to cash conversion, and relatively assured earnings growth. Companies that generate franking credits predominate.</p> <p>The portfolio construction process is influenced by a top-down economic appraisal and also considers the risk characteristics of the portfolio such as stock sector correlations.</p>
<b>Designed for</b>	Investors who seek a greater level of income than the S&P/ASX 200 Industrials Accumulation Index and who can make use of franking credits.
<b>Benchmark Return</b>	S&P/ASX 200 Industrials Accumulation Index
<b>Indicative number of securities</b>	15-30
<b>Asset allocation</b>	<b>Allocation range %</b>
Australian Equity	80-98
Cash	2-20
<b>Investment universe</b>	Equity securities listed or about to be listed on an Australian Stock Exchange and Cash.
<b>Maximum single security or fund weighting</b>	15%
<b>Minimum suggested timeframe</b>	5 years
<b>Minimum initial investment</b>	\$35,000
<b>Minimum additional investment</b>	\$10,000
<b>Derivative restrictions</b>	The investment manager does not use derivatives.



Feature	Description
Investment manager fee	0.80% p.a.
Indirect cost ratio	Nil
Performance fee	Nil
Standard risk measure	<p>6 – High.</p> <p>The estimated likelihood of a negative return is four to six years in 20 years.</p> <p>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.</p> <p>Please refer to the Mason Stevens Investment Guide for more information about the standard risk measure.</p>



# About the investment manager

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## DNR Capital

Founder in 2001, DNR Capital is an independent Australian investment management company that delivers client-focused, quality, investment solutions to institutions, advisers and individual investors. It is a pioneer in the delivery of individually and separately managed accounts in the Australian market and aims to deliver investment outperformance.

DNR Capital is a signatory to the Principles for Responsible Investment (PRI).

## Investment Philosophy

DNR Capital is high conviction, after-tax focused and invest for the medium-to-long-term. It defines quality companies as being those companies with the following five attributes:

1. Earnings strength (particularly improving return)
2. Superior industry position
3. A sound balance sheet
4. Strong management
5. Low environmental, social and governance (ESG) risk.

DNR Capital believes that quality companies outperform for these reasons:

- » Quality companies generate more capital that can be reinvested to drive sustainable returns over time. This can be achieved via appropriate deployment of capital either internally or via merger and acquisition.
- » Companies in structurally superior industries, with pricing power, can grow above CPI and are more protected against inflation.
- » Higher quality balance sheets help to right out cycles.
- » The ability to value quality companies is enhanced by the sustainability of earnings.
- » Quality companies tend to recognise the benefits of a good ESG policy. Financial analysts tend to ignore ESG risks in terms of valuing companies and identifying risks.

## 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 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 managed portfolio. By investing in this managed portfolio, you instruct Mason Stevens and the Administrator to buy and sell assets on your behalf through the managed portfolio 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 managed portfolios may occur regularly and you may receive a trade notification each time a rebalance or reallocation occurs.