

Initium Capital 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: January 2024

Mason Stevens Asset Management Pty Ltd
ABN 92 141 447 654 (MSAM) as the investment
manager of the Managed Portfolio has appointed
Initium Capital Pty Ltd ABN 644 439 592, AFSL
527072 as Investment Sub-Adviser for the
Managed Portfolios outlined in this Managed
Portfolio Disclosure Document.

INITIUM
CAPITAL

Contents

Important Information	1
Portfolio Parameters.....	2
About the relevant parties	5

Important Information

This document contains important information about the Initium 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

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

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), 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 Citibank N.A. New York and Citigroup Pty Limited 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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Melbourne VIC 3001



Portfolio Parameters

INITIUM MOD-CON MANAGED PORTFOLIO

Feature	Description																														
Portfolio Name	Initium Mod-Con Managed Portfolio																														
Investment Sub-Advisor	Initium																														
Inception Date	January 2024																														
Holding limit	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)																														
Investment objective	To provide enhanced returns above the index through a portfolio of ETFs and direct equities over a period of 2 or more years, net of fees and costs.																														
Investment Strategy and Approach	Initium will utilise a core-satellite approach with larger holding to core defensive ETFs, Managed Funds and listed bonds over a period of 2 or more years, net of fees and costs.																														
Benchmark Return	Morningstar Australia Conservative Target Allocation NR AUD Index																														
Indicative number of securities	2 - 30																														
Asset allocation	<table><tr><th></th><th>Range</th><th>Target</th></tr><tr><td>Australian Equities</td><td>5% - 30%</td><td>15%</td></tr><tr><td>International Equities</td><td>5% - 30%</td><td>15%</td></tr><tr><td>Australian Fixed Income</td><td>20% - 60%</td><td>25%</td></tr><tr><td>International Fixed Income</td><td>20% - 60%</td><td>25%</td></tr><tr><td>Alternatives & Other</td><td>0% - 20%</td><td>2%</td></tr><tr><td>Property</td><td>5% - 40%</td><td>10%</td></tr><tr><td>Infrastructure</td><td>0% - 15%</td><td>6%</td></tr><tr><td>Cash (minimum 2% cash)</td><td>2% - 18%</td><td>2%</td></tr><tr><td>Total</td><td></td><td>100%</td></tr></table>		Range	Target	Australian Equities	5% - 30%	15%	International Equities	5% - 30%	15%	Australian Fixed Income	20% - 60%	25%	International Fixed Income	20% - 60%	25%	Alternatives & Other	0% - 20%	2%	Property	5% - 40%	10%	Infrastructure	0% - 15%	6%	Cash (minimum 2% cash)	2% - 18%	2%	Total		100%
	Range	Target																													
Australian Equities	5% - 30%	15%																													
International Equities	5% - 30%	15%																													
Australian Fixed Income	20% - 60%	25%																													
International Fixed Income	20% - 60%	25%																													
Alternatives & Other	0% - 20%	2%																													
Property	5% - 40%	10%																													
Infrastructure	0% - 15%	6%																													
Cash (minimum 2% cash)	2% - 18%	2%																													
Total		100%																													
Investment universe	Equities, Managed funds, ETFs, Fixed Income securities, LITs, LICs																														
Maximum single security or fund weighting	70%																														
Minimum suggested timeframe	1 Year																														
Minimum initial investment \$	\$10,000																														
Minimum additional investment \$	\$10,000																														
Minimum withdrawal	\$10,000																														
Rebalance frequency	At the discretion of the Investment Sub-Advisor																														
Investment manager fee	0.35%																														
Indirect Cost Ratio	0.28%																														
Performance fee	Nil																														
SRM	4																														



INITIUM BALANCED MANAGED PORTFOLIO

Feature	Description
Portfolio Name	Initium Balanced Managed Portfolio
Investment Sub-Advisor	Initium
Inception Date	January 2024
Holding limit	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)
Investment objective	To provide enhanced returns above the index through a portfolio of ETFs, Managed funds and direct equities over a period of 2 or more years, net of fees and costs.
Investment Strategy and Approach	Initium will utilise a core-satellite approach with lesser weighting to defensive assets and increasing allocations to thematic allocations with some direct equity exposure.
Benchmark Return	Morningstar Australia Balanced Target Allocation NR AUD Index
Indicative number of securities	2 - 30
Asset allocation	Range Target
Australian Equities	15% - 60% 25%
International Equities	15% - 60% 16%
Australian Fixed Income	15% - 60% 20%
International Fixed Income	15% - 60% 20%
Alternatives & Other	0% - 20% 2%
Property	5% - 30% 10%
Infrastructure	0% - 15% 5%
Cash (minimum 2% cash)	2% - 30% 2%
Total	100%
Investment universe	Equities, Managed funds, ETFs, Fixed Income securities, LITs, LICs
Maximum single security or fund weighting	70%
Minimum suggested timeframe	1 Year
Minimum initial investment \$	\$10,000
Minimum additional investment \$	\$10,000
Minimum withdrawal	\$10,000
Rebalance frequency	At the discretion of the Investment Sub-Advisor
Investment manager fee	0.35%
Indirect Cost Ratio	0.25%
Performance fee	Nil
SRM	5



INITIUM HIGH GROWTH MANAGED PORTFOLIO

Feature	Description																				
Portfolio Name	Initium High Growth Managed Portfolio																				
Investment Sub-Advisor	Initium																				
Inception Date	January 2024																				
Holding limit	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)																				
Investment objective	To provide enhanced returns above the index through a portfolio of ETFs, Managed funds and direct equities over a period of 2 or more years, net of fees and costs.																				
Investment Strategy and Approach	Initium will utilise a core-satellite approach with Core allocation to index-like ETFs / Funds with higher weighting to thematic and some direct equities both Australian and US.																				
Benchmark Return	Morningstar Australia Aggressive Target Allocation NR AUD Index																				
Indicative number of securities	2 - 30																				
Asset allocation	<table><tr><th>Range</th><th>Target</th></tr><tr><td>Australian Equities</td><td>25% - 70%</td></tr><tr><td>International Equities</td><td>25% - 70%</td></tr><tr><td>Australian Fixed Income</td><td>0% - 20%</td></tr><tr><td>International Fixed Income</td><td>0% - 20%</td></tr><tr><td>Alternatives & Other</td><td>2% - 20%</td></tr><tr><td>Property</td><td>2% - 30%</td></tr><tr><td>Infrastructure</td><td>0% - 15%</td></tr><tr><td>Cash (minimum 2% cash)</td><td>2% - 30%</td></tr><tr><td>Total</td><td>100%</td></tr></table>	Range	Target	Australian Equities	25% - 70%	International Equities	25% - 70%	Australian Fixed Income	0% - 20%	International Fixed Income	0% - 20%	Alternatives & Other	2% - 20%	Property	2% - 30%	Infrastructure	0% - 15%	Cash (minimum 2% cash)	2% - 30%	Total	100%
Range	Target																				
Australian Equities	25% - 70%																				
International Equities	25% - 70%																				
Australian Fixed Income	0% - 20%																				
International Fixed Income	0% - 20%																				
Alternatives & Other	2% - 20%																				
Property	2% - 30%																				
Infrastructure	0% - 15%																				
Cash (minimum 2% cash)	2% - 30%																				
Total	100%																				
Investment universe	Equities, Managed funds, ETFs, Fixed Income securities, LITs, LICs																				
Maximum single security or fund weighting	70%																				
Minimum suggested timeframe	1 Year																				
Minimum initial investment \$	\$10,000																				
Minimum additional investment \$	\$10,000																				
Minimum withdrawal	\$10,000																				
Rebalance frequency	At the discretion of the Investment Sub-Advisor																				
Investment manager fee	0.35%																				
Indirect Cost Ratio	0.31%																				
Performance fee	Nil																				
SRM	7																				



About the relevant parties

About Initium

Initium Capital was founded in September 2020 by Bo Zhuang and Victor Huang. Initium began by providing advice to Ultra-High-Net-Worth (UHNW) and Family Office clients before transitioning to managing their own managed fund in 2022.

Investment Philosophy

Each portfolio will adopt a core + satellite investment methodology. The Core of each portfolio will comprise between 50-95% of investment exposures and will largely rely on a quality driven investment process to select low cost-index-like securities and financial products to buy-and- hold adhering to a passive investment methodology.

Satellite allocations will make up between 5-50% of investment exposures which adopt an overarching thematic philosophy consisting of both passive and actively managed financial products. The satellite allocations will consist of ETFs, managed funds and direct equities with an Australian and US bias.

Core Management Style

Given the passive investment style used to managed core exposures – there will be a long-term outlook on the performance of core assets. As such, core allocations will rebalance less frequently (+6-monthly) and less significantly than satellite allocations resulting in low portfolio turnover targeting <15% of FUM.

This style of portfolio management we describe as tilting.

The Core of the portfolios will tilt on spectrum of risk-on to risk off assets in accordance with the macroeconomic outlook of the investment manager and Investment Committee.

Core Selection Process

Assets of in the Core allocations will comprise of low-cost index-like assets meeting the below criteria:

Minimum Morningstar Medallist Rating	Silver
Minimum AUM for ETFs and Managed Funds	500M AUD
Minimum Market Cap for Equities	1B
Minimum Credit Rating	BBB
Minimum Research Rating*	Investment Grade or higher
Maximum Management Fee	0.55%

*For Australian Unlisted Managed Investment Schemes only

Other securities and financial products may be considered and included to the portfolios at the discretion of the Investment Committee.

Satellite Management Style

Satellite allocation will predominantly adopt an active investment style pursuant to a thematic investment philosophy. Thematic investing is a forward-looking investment approach that seeks to capitalise on megatrends and long-term structural change.

Given the active investment style used to managed satellite exposures – there will be a medium-term outlook on the performance of satellite assets. As such, satellite allocations will rebalance more frequently (Quarterly at minimum) and more significantly than core allocations. This will result in higher portfolio turnover than core allocations.

Satellite Selection Process

The Investment Committee will formulate and put forth investment themes to be considered for satellite allocations. Initium Capital and its nominated portfolio managers will leverage quantitative and qualitative research to analyse each investment- such as Morningstar Adviser Research Centre. Initium Capital, in their discretion, incorporate the themes into satellite allocations of each portfolio whilst abiding Strategic Asset Allocation framework.

Satellite allocations will comprise of both listed and unlisted assets available on Mason Stevens whilst meeting the below criteria:

I. Minimum Morningstar Medallist Rating	Bronze
II. Minimum AUM for ETFs and Managed Funds	200M AUD
III. Minimum Market Cap for Equities	250M
IV. Minimum Credit Rating	BBB
V. Minimum Research Rating	Investment Grade

*For Australian Unlisted Managed Investment Schemes only

Other securities and financial products may be considered and included to the portfolios at the discretion of the Investment Committee

Strategic Asset Allocation Process

The portfolio construction process is adhering to a SAA framework. The objective here is to set an SAA which maximises return for each risk level. In determining the ideal SAA, will first assess the SAA weights of peers within the industry for each of the various risk buckets. From there, will adjust the SAA weights based on the analysis of a number of quantitative and qualitative variables which is overlayed with Portfolio Managers fundamental macro-economic outlook.

The below inputs are modelled by the portfolio managers when arriving at macro-economic outlook:

- » Inflation rates
- » Interest rates
- » Interest rate differentials (IRDs) – 10-2 Year Treasury Yield Spreads
- » GDP
- » PMI
- » Retail Sales
- » Net Exports
- » Average Equity P/E
- » Commodity Prices
- » Residential Home sales and Prices

Once a macro-economic outlook is established – strategic asset allocation framework will be implemented in the selection of assets within the Core + Satellite design of each portfolio.

The below strategic asset allocation framework will be implemented across each managed portfolio. The portfolios can be categorised into 3 Investor Risk-Profiles:

- » Moderately Conservative
- » Balanced
- » High Growth

The risk profile determines the strategic asset allocation between growth and defensive assets.

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 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.