Mason Stevens Australian Fixed Income Managed Portfolio

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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Important Information

This document contains important information about the Mason Stevens Australian Fixed Income Managed Portfolio 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 and the Mason Stevens Super Investment 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 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.

About the Managed Portfolio

PORTFOLIO PARAMETERS

MASON STEVENS AUSTRALIAN FIXED INCOME MANAGED PORTFOLIO

Feature	Description	
Investment manager	Mason Stevens Asset Management The portfolio manager is responsible for designing and managing the composition of this managed portfolio to meet the investment objectives and investment strategy detailed below.	
Inception date	October 2018	
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	The objective of the Mason Stevens Australian Fixed Income Managed Portfolio is to invest in a portfolio of AUD denominated securities that aims to achieve high risk adjusted returns, while delivering regular cash- flow streams via income from coupons with minimal capital volatility. The managed portfolio will have a focus on income and preservation of capital.	
Investment strategy and approach	The managed portfolio seeks to invest in a risk adjusted portfolio of AUD-denominated fixed income securities. Securities are determined using a fundamental quantitative and qualitative screening process, that screens the investment universe for securities that optimise the portfolio's risk adjusted return, whilst maintaining consistency with the investment objective.	
Designed for	This managed portfolio may be suited to investors comfortable with a portfolio of diversified investments with an emphasis on fixed interest. The portfolio manager will aim to achieve positive performance predominantly through income and a small amount of capital growth with low levels of volatility over a period of 3 years or more, net of fees and costs.	
Target return	RBA +2% pa (net of fees and costs)	
Indicative number of securities	5-50	
Minimum cash	2%	
Maximum cash	100%	
Asset allocation[1]	**Target weight %**	**Allocation range %**
Fixed interest	98	0-98
Cash[2]	2	2-100
Portfolio income	All income derived from this portfolio will be retained in the portfolio.	
Investment universe	Investments are limited to AUD denominated fixed income securities, including: Bonds (corporate, bank, government), Subordinated Debt Securities, Hybrids, Residential Mortgage-Backed Securities (RMBS), Asset Backed Securities (ABS), Floating Rate Notes (FRN), Cash Deposits and Term Deposits. Securities may be unlisted, or listed on an exchange.	

Feature	Description
Maximum single security weighting	25%
Minimum security rating	BBB-/Baa3 by a reputable rating agency
Sub-investment grade holding limit[3]	10%
Maximum Major Australian Bank Additional Tier 1 Hybrid/Preferred Equity Weighting	30%
Minimum suggested timeframe	3+ years
Minimum initial investment	$20,000
Minimum additional investment	$5,000
Derivative restrictions	The investment manager does not use derivatives directly.
Investment manager fee	0.55% p.a.
Transactional and operational costs[4]	0.21%p.a.
Indirect Cost Ratio (ICR)	The estimated ICR at the date of this Disclosure Document is nil, however changes to underlying investments will result in changes to the ICR. This fee may include a performance fee charged by the underlying investments.
Performance fee	Nil
Standard risk measure	3 – Low to Medium. The estimated likelihood of a negative return is 1 to less than 2 years in 20. 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 form of investment risk. Please refer to the Mason Stevens Investment Guide for more information about the standard risk measure.

1. Allocation of assets may be within the allocation range stated. The above target weight is indicative only. At any point in time the actual allocation may be very different to the target weights stated in this document.
2. A cash management rate will apply to the cash account portion you hold in the managed portfolio. Please refer to the Mason Stevens Super Investment Guide for further information.
3. Apart from a Major Australian Bank Additional Tier 1 Hybrid/Preferred Equity security, any new investment must initially have an investment grade weighting assigned to it by an external credit rating agency.
4. Transactional and operational costs are incurred in the buying or selling of the assets held by the Managed Portfolio including brokerage costs, settlement costs, clearing costs, registration fees, bank charges, Government taxes, stamp duty (if applicable) and the bid/ask spread on fixed income securities bought and sold at market. These costs are paid out of the assets of the Managed Portfolio not your account.

About the Investment Manager

Mason Stevens Asset Management

Mason Stevens Asset Management (MSAM) is the investment management arm of the Mason Stevens Group. MSAM was established to provide investors with the opportunity to access professionally managed investment strategies and funds that are typically reserved for institutions and professional investors.

MSAM works with a range of clients including financial advisers, financial intermediaries, family offices and selected wholesale investors in the delivery of tailored investment solutions.

Investment process

The Managed Portfolio seeks to invest in a risk-adjusted portfolio of AUD-denominated fixed income securities unless stated otherwise. Account monies are invested as per the securities and weights as defined in the Managed Portfolio, with the Managed Portfolio reflecting the current investment views and strategies of the MSAM investment team.

While the primary investment objective is to actively monitor, manage and reposition a portfolio of securities that meets the investment objectives over the suggested investment time frame, the MSAM investment team will act on shorter term market opportunities it has identified to maximise returns.

The investment manager will have full discretion over the timeframe of when monies are invested and will determine security selection based upon the following criteria:

- Assessed quality of the underlying business, including appropriate ratio analysis;
- Sustainability of coupons or other distributions (if applicable);
- Rating of the underlying issuer and rating of the specific issue, if any;
- Balance sheet ranking, if applicable;
- Liquidity of the particular issue;
- Duration of the particular issue; or
- Historical volatility of the underlying securities.

In addition to in-house capabilities, the investment manager will draw on a wide range of research sources. This will include leading analysts from the major broking houses and investment banks, company briefings and meetings with company executives and independent specialist Australian and international market analysts.

Unless stated otherwise, all securities in the portfolio must have a minimum rating of investment grade or higher by a reputable rating agency at the time of purchase.

It is expected that the performance will be predominantly income in nature however capital gains (and losses) can also be made.

How does the investment manager manage 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 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.