

# Schroders 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: May 2024

## Contents

Important Information .....	1
About the Managed Portfolios .....	2
About the relevant parties .....	3

Mason Stevens Asset Management Pty Ltd  
ABN 92 141 447 654 (MSAM) as the investment  
manager of the Portfolios has appointed  
Schroder Investment Management Australia  
Limited, ABN 22 000 443 274 AFSL 226 473 as  
Portfolio Manager on the Managed Portfolios  
outlined in this Managed Portfolio Disclosure  
Document.

# Schroders

### Important Information

This document contains important information about the Schroders 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. 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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**Diversa Trustees Limited**  
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Melbourne VIC 3001



# Portfolio Parameters

## Schroder Concentrated Australian Equity Managed Portfolio

Feature	Description						
<b>Portfolio Name</b>	Schroder Concentrated Australian Equity Managed Portfolio						
<b>Investment Sub-Advisor</b>	Schroders Investment Management						
<b>Inception Date</b>	May 2024						
<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 over the medium term. Aims to deliver alpha through fundamental stock analysis and valuation.						
<b>Investment Strategy and Approach</b>	The investment strategy centres around a style-neutral approach with a focus on large-cap investments while remaining benchmark-aware. Decision-making is guided by a rigorous bottom-up fundamental analysis, ensuring a comprehensive evaluation of individual assets. A minimum of 75% of the Portfolio will be made of ASX100 securities.						
<b>Benchmark Return</b>	S&P/ASX 200 Accumulation Index						
<b>Minimum number of securities</b>	18						
<b>Maximum number of securities</b>	26						
<b>Asset allocation</b>	<table border="1"> <thead> <tr> <th>Allocation range</th> <th>Target Weight</th> </tr> </thead> <tbody> <tr> <td>Australian Equities</td> <td>90% - 98%</td> </tr> <tr> <td>Cash (minimum 2% cash)</td> <td>2% - 10%</td> </tr> </tbody> </table>	Allocation range	Target Weight	Australian Equities	90% - 98%	Cash (minimum 2% cash)	2% - 10%
Allocation range	Target Weight						
Australian Equities	90% - 98%						
Cash (minimum 2% cash)	2% - 10%						
<b>Investment universe</b>	Australian Equities and Cash						
<b>Maximum single security or fund weighting</b>	15%						
<b>Minimum suggested timeframe</b>	7+ years						
<b>Minimum initial investment \$</b>	\$20,000						
<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>	0.66625%						
<b>Indirect Cost Ratio</b>	Nil						
<b>Performance fee</b>	Nil						
<b>SRM</b>	6						



# About the relevant parties

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## Schroders Australia

Established in 1964, Schroder Investment Management Australia Limited is a wholly owned subsidiary of UK-listed Schroders plc and today employs over 100 people and has assets under management of over A\$30 billion, as at 30 June 2023.

Based in Sydney and Melbourne, Schroders Australia manages assets for institutional and wholesale clients across Australian equities, fixed income, private equity, multi-asset, global equities, private debt, insurance linked securities and securitised credit. Schroders believes in the potential to gain a competitive advantage from in-house global research and that rigorous research can translate into superior investment performance. We believe that internal analysis of investment securities and markets is paramount when identifying attractive investment opportunities. Proprietary research provides a key foundation of our investment process and our worldwide network of analysts is one of the most comprehensive research resources dedicated to funds management.

## Investment Philosophy

Schroders is a bottom-up, fundamental, active manager of Australian Equities, with an emphasis on stocks that are able to grow shareholder value in the long term. The investment process focuses on the long-term quality of the business and the average returns achieved through a full business cycle, not the near-term earnings momentum. This long term focus normally results in a relatively low momentum bias in either direction as the process is largely ambivalent to short term earnings direction.

## Investment Process

### Stock coverage

Schroder's provides direct coverage for all S&P/ASX 200 Index stocks. With a sizable team and a focused investment universe, each company is assigned to an analyst. The Head of Research oversees the allocation process for new listings, aligning with industry and sector lines where feasible. Periodic reallocations maintain balanced workloads and facilitate diverse coverage perspectives over time. Pre-allocated stock discussions, managed by the Head of Research, aim to regularly validate valuations, targeting 3-4 discussions per week outside the reporting season.

## Understanding the business model and industry dynamics

Schroder's approach to understanding business models and industry dynamics involves an in-depth analysis of how a business generates revenue, drawing insights from annual reports, presentations, industry data, expert interviews, and on-site visits. Schroder's examines historical financial information for all business divisions, focusing on revenues, margins, capital utilization, cash conversion, and value creation. Key factors driving industry profitability changes, structural threats, and opportunities are also assessed. This historical context informs the future outlook.

## External Meetings

Our external meeting activity is designed to augment our understanding of every business, and incrementally improve our valuation process. Regular external meetings with companies, industry specialists, competitors, regulators, policymakers etc., are specifically aimed at refining our forecasts for the overall industry operating environment, revenue, margins, capital employed and dimensioning risks and opportunities.

## Discount rates and the path to company valuation

We use a building block approach when calculating the discount rate with the major elements being our best estimate of the sustainable risk-free rate and an equity risk premium. Assuming a stream of cashflows is accurately forecast, a lower discount rate/higher multiple means a lower return. Two assumptions are standardised when determining the discount rate.

- » Business stability
- » Business duration

## Other elements of business value

In addition to valuing the cashflow in the forecast period and the longer-term value of the enterprise, there often elements of value, both positive and negative, which are not adequately captured in cashflow valuations.

These include;

- » Debt
- » Financial and insurance valuation
- » Data science
- » Database capture



## Portfolio Construction

The portfolio optimiser (optimiser) is the primary tool utilised in portfolio construction and is vital in translating the company valuations prepared by analysts and validated by the full investment team into an investment portfolio. Having invested significant resource in the valuation process, we believe it is crucial this is not overridden by 'gut feel'. The solver employed in the optimiser is a standard polynomial optimization, with inputs all drawn from the valuation database.

Recognising that the investment strategy has different risk characteristics due to its concentrated nature, there is necessarily greater use of discretion in determining position sizes in the SMA, within fixed risk parameters. These risk parameters include limits on:

- Maximum number of stock positions
- Minimum levels of sector diversification
- Maximum individual stock and sector exposures

Portfolio construction is carried out on a team basis however final decisions and accountability rest with Portfolio Managers in the case of the SMA portfolios.

Portfolio weights are in line with the benchmark with sector limits at +/- 6% relative to the benchmark and max holding weights for individual securities at +/- 4%.

## 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.

