Mason Stevens Select Opportunities Fund

Performance Report as at 30 June 2022

MASON STEVENS

Investment Objective and Strategy

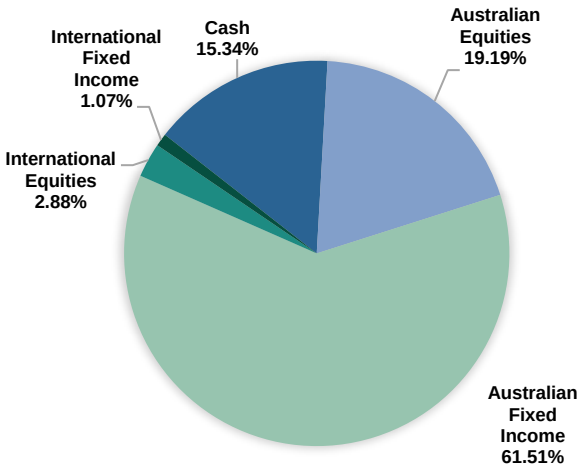
The Mason Stevens Select Opportunities Fund targets returns in excess of 5.0% pa above the RBA cash rate (after fees and expenses) through an actively managed portfolio of domestic and international securities. It is for wholesale investors only.

Fund performance as at 30 June 2022[1]

	1mth (%)	3mths (%)	6mths (%)	1yr (%)	3yrs (% p.a.)	5yrs (% p.a.)	Inception (% p.a.)	Inception Cumulative (%)
Fund	-1.59	-2.12	-2.13	1.50	0.01	1.68	1.86	10.19
Benchmark	0.06	0.10	0.13	0.15	0.30	0.78	0.81	4.35
Excess Return	-1.65	-2.22	-2.26	1.35	-0.29	0.90	1.05	5.84

Past performance is not a reliable indicator of future performance.

1 The Benchmark is the RBA cash rate. Returns are calculated using the exit price, net of fees, assuming reinvestment of distributions and excludes franking credits. Returns are calculated from the Fund's inception date of 27/3/17. Individual returns will vary depending on date of initial investment.



Pricing	
NAV	$0.9203
Entry price	$0.9231
Exit price	$0.9175
Portfolio statistics	
Equity holdings	10
Fixed income positions	30
Open option positions	0
Fixed income holdings - interest rate duration	1.13
Key features	
Minimum investment (AUD)	$100,000
Additional minimum investment (AUD)	$25,000
Suggested investment timeframe	3-5 yrs
Distributions	Annual

Top five holdings

1	Cash
2	Woolworths Group Ltd
3	Commonwealth Bank Aust - 25/07/2022
4	Liberty Series 2020-1 SME Tranche F
5	CSL Limited

Contact us

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Performance and market overview

The final quarter of the financial year was a brutal one for risk assets. The move in the interest rate curve in the US and domestically, continued energy cost pressures, wage pressures, supply chain constraints and the atrocities in Ukraine, continued to weigh heavily.

The Fund navigated this backdrop with large holdings in outright cash, short-dated senior major bank debt, continued strong cashflow generation from other fixed income holdings and a more defensively positioned equity exposure.

We were able to declare a distribution of 7.5 cents given the income flows and some gains made during the year (the unit price has adjusted accordingly). We finished the financial year with circa 22% in equities and given market forces, this was the major contributor to the -2.1% return for the quarter.

During the quarter, the Australian stock market was down approximately 12%, the S&P500 fell 16% and the Nasdaq fell 22%. Australian Government 10-year Bond prices fell a further 8% for the quarter, with prices down circa 25% since last October when the 10-year rate was approx. 1.2%.

Given the crash in government bonds, we added a small holding to this market, as well as to some fixed rate investment-grade major bank subordinated bonds. At the time of writing, the government bonds have been sold at a profit, and we continue to look for strong credit paying coupon returns we haven't seen for some years.

We did deploy a small percentage in some US equities towards the end of the quarter and have remained active, albeit with a small percentage of fund assets.

Given the strong move in the interest rate curve, and the fact that the majority of our fixed income holdings are floating rate coupons with wide relative coupon margins, we look well positioned to take advantage of a higher interest rate environment. That being said, as stated above, our focus has been to add more fixed rate exposures given the compounding effect of widening credit spreads and a dramatically steeper yield curve versus six months ago.

Post the carnage of the last quarter, the new year has started more positively. We will see if that continues.

Thank you for your support throughout the year.

- Chris Alcott