



LOFTUS PEAK  
GLOBAL CHANGE  
MODEL PORTFOLIO

**INVESTMENT MANDATE**  
**1 October 2017**

## IMPORTANT INFORMATION

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This document has been issued by Mason Stevens Limited ABN 91 141 447 207, AFSL 351578 (Mason Stevens). Mason Stevens is the Managed Discretionary Account (MDA) Provider of the MDA Service. Mason Stevens has appointed Loftus Peak Pty Ltd ACN 167 859 332, AFSL 503571 (Loftus Peak) as Program Adviser on the Model Portfolio(s) outlined in this Investment Mandate.

Mason Stevens has appointed a licensed sub-custodian to hold all client monies and financial products in accordance with regulatory requirements. A copy of the agreement under which the appointment of the sub-custodian was made is available for inspection at the registered office of Mason Stevens.

If you are considering using a managed account you must read the Mason Stevens account application, the Model Portfolio information outlined in this document and the Mason Stevens financial services guide.

If you are a retail investor, you must obtain personal advice from a licensed financial adviser on whether a managed account and a particular Model Portfolio is appropriate for you given your personal goals, needs and financial circumstances. This document is produced without consideration of the investment goals, needs or financial circumstances of any person who may read it.

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. Mason Stevens and Loftus Peak and their respective directors, officers, employees, sub-contractors and associates do not assure or guarantee the capital value of your investments will be maintained or the investment performance of any investments acquired through the managed account under any Model Portfolio.

Where there are references in this document to data provided by third parties, neither Mason Stevens or Loftus Peak has control over that data and neither party accepts any responsibility for verifying or updating that data.

Mason Stevens, Loftus Peak and their respective directors, officers, employees and associates may from time to time hold interests in investments of, or earn fees and other benefits from, corporations or investment vehicles which may be held in your managed account under any Model Portfolio.

Mason Stevens has issued this document. Loftus Peak consents to the statements in this document attributable to it or referring to them, and has not withdrawn their consent. Loftus Peak has confirmed the statements attributable to them or referring to it are not misleading or deceptive at the time of issue.

All amounts in this document are quoted in Australian dollars and all fees are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any input tax credits and/or reduced input tax credits).

# 1. THE MASON STEVENS MANAGED ACCOUNT SERVICE

## 1.1 INTRODUCTION

### About Mason Stevens

Mason Stevens Limited is part of the Mason Stevens group of companies (Mason Stevens Group). The Mason Stevens Group is a privately owned financial services firm based in Sydney, founded in 2010. The Mason Stevens Group specialises in offering separately managed accounts supported by a comprehensive investment and administration platform, as well as bespoke investment solutions to both retail and wholesale investors.

### Managed Discretionary Accounts (MDA)

A Managed Discretionary Account (known as a Managed Account) allows you to invest in a professionally managed Model Portfolio(s) that consist of a portfolio of assets that follow a defined investment strategy.

By agreeing to an investment mandate, you will delegate the day-to-day investment decisions of the Model Portfolio(s) to the MDA

Provider, who may be advised or appoint a Program Adviser (e.g. Investment Manager).

A Model Portfolio may invest in the following types of assets:

- Australian and international equities
- Fixed income securities
- Exchange traded funds
- Managed funds
- Listed property
- Cash

Unlike investing in managed funds, investors in managed accounts retain the beneficial ownership of the underlying assets of the Model Portfolio(s). This ultimately means that you will be entitled to any income generated from assets held in the Model Portfolio but will also be liable for any tax consequences.

In addition, there are differences between investing in a managed account and an investor holding the asset directly. The table below outlines the primary differences between the two.

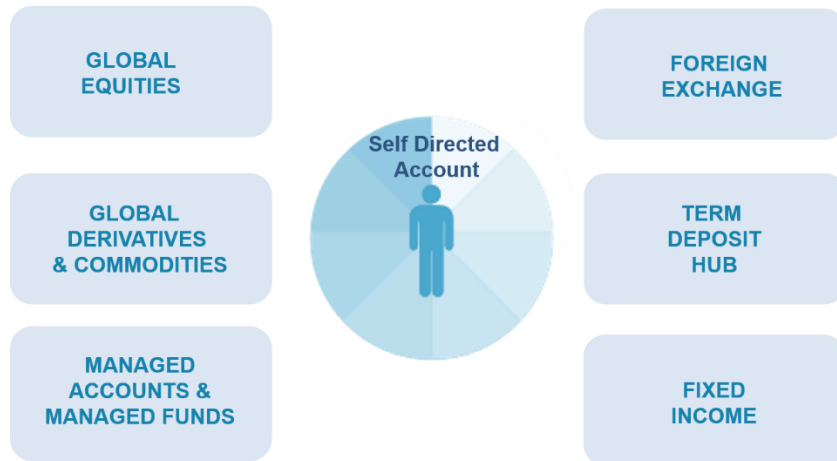
	MDA	Direct Investment
Beneficial Owner	You retain beneficial ownership of all investments. You are entitled to all dividends, franking credits and distributions. The underlying investments are registered in the name of the Custodian appointed by the MDA Provider.	You retain beneficial ownership of all investments. You are entitled to all dividends, franking credits and distributions. The investments are usually registered in your name via CHESS or other market settlement system.
Corporate Actions	As the investments are registered in the Custodian's name any notices for corporate actions are sent to the Custodian. Upon set up of your MDA Service you will be required to provide standing instructions for future corporate actions which the Custodian will implement going forward.	You receive all shareholder notifications on corporate actions directly. You are responsible for communicating with the share registry directly to provide instructions on each actionable corporate action.
Administration	The Custodian structure removes the hassle of paperwork. All contract notes, holding statements, dividend statements can be handled by the Custodian and reported directly to your online account. At the end of financial year the investor is provided with an audited tax report.	All investor communication is sent directly to you. You will need to administrate all your individual investments.

### Self Directed Account (SDA)

In addition to holding selected Model Portfolio(s), you (or your licensed financial adviser) will also have the flexibility to choose your own portfolio of assets and hold those investments in what is known as a Self Directed Account. An SDA allows you, to instruct Mason Stevens to deal in securities or other investments on your behalf on an execution only basis. These securities will be held outside of any Model Portfolio(s) that you choose as part of your Managed Account.

An SDA provide investors with the ability to hold securities across multiple asset classes and multiple international securities exchanges, approved by Mason Stevens.

Mason Stevens will automatically open up an SDA for you on establishment of the Mason Stevens Managed Account Service.



### Benefits of the Managed Account Service

The Managed Account Service (Service) allows you to consolidate other investments you may hold and benefit from consolidated management, execution and reporting. Investors are able to view their holdings in their Managed Account, any transactions and investment performance on a daily basis.

If you are a retail client you can only access the Service through a licensed financial adviser and you must be provided with personal advice. Personal advice will determine whether the Model Portfolio(s) offered and the Service is suitable for you. Your financial adviser will issue you with a Statement of Advice (SOA).

### Suitability of this Managed Account Service

Please note that the Mason Stevens Managed Account Service may not be suitable to your relevant circumstances if you have provided limited or inaccurate personal information to your financial adviser. Furthermore, the Service may cease to be suitable should your relevant circumstances change. You should speak with your financial adviser should your circumstances change at any stage.

## 1.2 PARTIES TO THE INVESTMENT MANDATE

The Investment Mandate is between Mason Stevens and the investor (you) for your investment in your selected Model Portfolio(s).

### Program Adviser

Mason Stevens has appointed Loftus Peak Pty Limited (Loftus Peak) as the Program Adviser of the Loftus Peak Global Change Model Portfolio.

Loftus Peak's responsibilities include:

- to advise the MDA Provider on and manage the Model Portfolio(s) in accordance with the defined portfolio parameters;
- to advise the MDA Provider on the composition of the investment universe for the Model Portfolio(s) and advise of any changes in accordance with the defined portfolio parameters;
- to advise the MDA Provider on corporate actions arising from any direct investments held across the Model Portfolio(s).

### MDA Provider

Mason Stevens is the MDA Provider and administrator of the Service.

Mason Stevens' responsibilities include:

- establishing your Managed Account;
- maintaining records of investments in your Model Portfolio(s) and providing you with up-to-date online reporting;
- implementing transactions in accordance with your instructions or delegated authority;
- changes to the Model Portfolio(s) as instructed by the Program Adviser;
- implementing corporate actions in response to Program Adviser advice;
- arranging the settlement of investments in your Model Portfolio(s);
- recording income on investments held in your Model Portfolio(s) and crediting the cash account;
- supervising compliance of the Program Adviser's portfolio parameters within the Model Portfolio(s).

### Custodian

Mason Stevens is licensed by the Australian Securities and Investments Commission (ASIC) to provide custodial and depositary services to clients.

Mason Stevens has appointed a licensed sub-custodian to hold client monies and all financial products. Our primary sub-custodian is:

National Australia Bank

Level 12

500 Bourke Street

Melbourne VIC 3000

NB: National Australia Bank has engaged Citibank N.A. as its global sub-custodian.

From time to time Mason Stevens may change the appointed sub-custodian.

## 2. INVESTMENT GUIDE

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### 2.1 MODEL PORTFOLIO OBJECTIVE

The Loftus Peak Global Change Model Portfolio (Model Portfolio) aims to deliver a return over the MSCI® All Country World Index (net), over the medium to long term by bringing a disciplined investment process to listed global companies impacted by change.

Business disruption is changing the world, with the leap now analogous to that which took place during the industrial revolution. Over the past 20 years, technology and innovation have changed the face of major sharemarkets globally. The Model Portfolio will attempt to harvest return from this thematic.

Given the nature of global equities and multi-currency exposures, investors should note that they face currency risks as highlighted in the risks section of this agreement. If the Investor wishes to actively manage the currency exposure, they should contact Mason Stevens to assist in the formulation of a specific tailored solution

### 2.2 INVESTMENT STRATEGY

The Model Portfolio offers investors the opportunity to potentially profit from the rapid, exponential growth in innovation.

The Model Portfolio follows a long-only strategy that will result typically in 10 to 35 investments. It will also be able to move to around 50% cash from time to time, when the sharemarket is judged to be overvalued.

The central philosophy of the portfolio is to generate return while managing risks. It will do this by investing the majority of the portfolio in names that Loftus Peak (Program Adviser) believes have profitability or clear paths to it. The balance of the portfolio, when fully invested, will be given over to the emerging leaders which are the new growth companies.

The Model Portfolio does not invest in start-ups.

### 2.3 REBALANCING

The Program Adviser may adjust the market value weights of the underlying investments in the Model Portfolio to ensure that weightings are consistent with the Model Portfolio's investment strategy.

Rebalancing will occur at the discretion of the Program Adviser.

## 2.4 PORTFOLIO PARAMETERS

Feature	Description
<b>Name</b>	Loftus Peak Global Change Model Portfolio
<b>Program Adviser</b>	Loftus Peak
<b>Investment universe</b>	Listed global equities and Cash
<b>Benchmark</b>	MSCI® All Country World Index (net) (\$A)
<b>Investment objective</b>	Aims to deliver a return over the MSCI® All Country World Index (net)
<b>Minimum number of investments</b>	10
<b>Maximum number of investments</b>	35
<b>Minimum cash weighting</b>	2%
<b>Maximum equity weighting</b>	98%
<b>Maximum individual security weighting</b>	20% (at purchase)
<b>Rebalancing</b>	Program Adviser discretion
<b>Minimum initial investment</b>	\$50,000
<b>Minimum additional investment</b>	\$25,000
<b>Minimum withdrawal</b>	\$25,000*
<b>Suggested investment timeframe</b>	5 years

Please note these parameters are not absolutely fixed at all times. The Program Adviser targets these parameters but small variations may develop from time to time due to corporate actions, market share prices, index changes and delays in rebalancing due to the Program Adviser minimising turnover of your investments. The timing of additional investments in your Managed Account may also lead to short-term different balances of cash and securities. Mason Stevens will give you reasonable notice of any significant change to these parameters.

\* Subject to maintaining a minimum account balance of \$50,000. Please refer to "How to invest" for further information.

## 3. ABOUT LOFTUS PEAK

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### 3.1 ABOUT LOFTUS PEAK

Loftus Peak is a bottom-up stock investor that seeks to deliver absolute returns over the medium to long term. Loftus Peak believes that this investment style can be consistently successful by applying the following strategies:

- having an interpretation edge through extensive, proprietary research
- adopting a contrarian investing approach to exploit mispricing of shares
- acting as an investor with a long term mind-set.

Loftus Peak will apply its established investment process to select a concentrated portfolio of global equities impacted by change. This process seeks to identify companies that can deliver attractive shareholder returns through both valuation expansion and compounding of fundamental value.

#### INVESTMENT TEAM

The following members of the Loftus Peak investment team are responsible for management of the Model Portfolio:

#### ALEX POLLAK

##### Executive Director and Research Analyst, Loftus Peak

Alex is a former executive director of Macquarie Group, specialising in analysis of media and technology companies. For over 20 years, he has been a significant contributor to the debate within financial markets about the shifting valuations in this area, in particular identifying the shift in the business model from media to on-line classified advertising.

He was the lead analyst for Seek and Carsales.com, both of which were floated by Macquarie Group.

He is a former finance journalist for the Sydney Morning Herald.

#### PAUL DAVIS

##### Research Advisor, Loftus Peak

Paul's career extends to company director, entrepreneur and private investor with previous roles in engineering, software, internet, venture capital, and investment management.

Paul founded ETrade, which was bought by ANZ for A\$400m. Paul also founded and was Head of Research at TechInvest, a privately held investment manager of global technology equities (1998 to 2010). From 1992 to 1996, he worked at BT Funds Management.

He has a Bachelor of Science in Mechanical Engineering from Stanford University, California, an MBA (University of Otago). He is also a CFA charterholder and former PhD candidate, and a Research Fellow at both Bond and Melbourne University.

#### ANSHU SHARMA

##### Portfolio Manager and Research Analyst, Loftus Peak

Anshu started his career in global disruption investing almost a decade ago at TechInvest. This was followed by a Portfolio Manager and a Technology, Media and Telecommunications Analyst responsibility for Asia region at Eight Investment Partners.

Being mentored by the best in this space early on in his career and having extensively travelled in Asia to meet hundreds of companies, Anshu brings a wealth of experience to investing globally.

He has a M.com from University of New South Wales and a B.Com (Hons) from Delhi University. Also, he holds CIPM® certificate and Chartered Financial Analyst® designation.

#### RICK STEELE

##### Chief Executive Officer, 8IP, and Executive Director, Loftus Peak

Rick has more than 35 years in funds management and government in roles as economist, investment manager and management.

Most recently, Rick has served as Chief Executive Officer at Eight Investment Partners and TechInvest, following more than 10 years at BT Funds Management.



## 4. INVESTMENT RISKS

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### 4.1 INVESTMENT RISKS

Before you make an investment decision, it is important that you understand the risks that can affect your investment. You must be prepared for the risk that your investment does not meet your investment objectives or you lose money on your investment.

Specific investment risks apply to all investments that may have an effect on the value of your Managed Account. The risks of investing in the Model Portfolio may include, but are not limited to, the following factors:

- **Market risk** – Unexpected conditions (i.e. economic, technological or political) can have a negative impact on the returns of all investments within a particular market. General movements in local and international stock markets, prevailing and anticipated economic conditions, investor sentiment, interest rates and exchange rates could all affect the value of listed securities and the investment returns.
- **Company or security specific risk** – Risks which could affect the value of a specific security, such as a fall in the profit performance of a company, may impact adversely on its share price and may also affect the interest rate it has to pay to borrow funds, which in turn, can affect the value of its debt securities.
- **Currency risk** – If the Model Portfolio's investments in international assets are unhedged, a rise in the Australian dollar relative to other currencies will negatively impact investment values and returns. Currency markets can be extremely volatile and are subject to a range of unpredictable forces. It is not the Program Adviser's intention to hedge the foreign currency exposure of the Model Portfolio arising from investments in overseas markets.

Other risks of investment include:

- **Interest rate risk** - Changes in interest rates can influence the value and returns of investment in the Model Portfolio.
- **Credit risk** – Any change in the market perception of the creditworthiness of a security or the credit rating of the issuer of the security may affect the security's value.
- **Program Adviser risk** – This is the risk that the Program Adviser may not achieve their stated investment objectives or that changes in the investment team may impact on the performance of the Program Adviser.
- **Liquidity risk** – The risk that the Model Portfolio may experience difficulty in realising its assets.
- **Time horizon risk** - There is no assurance that in any time period, particularly in the short term, a Model Portfolio will achieve its investment objectives. Many of the underlying assets may be volatile particularly over the short term. The Model Portfolio is suitable for long term investors and is not designed for short term investment.
- **Income risk** - The level of income generated on the Model Portfolio's investments can fall as well as rise and the tax status of such income can change.
- **Asset risk** - Asset risk is the risk that a particular asset or asset class in which the Model Portfolio invests may fall in value, which may have an impact on the value of the Model Portfolio.

- **Diversification/Concentration risk** - If your Model Portfolio is concentrated into one investment or sector, a fall in that investment or sector may have a significant adverse effect on your total Model Portfolio. Diversification is used as a strategy aimed at reducing the impact that volatility in one investment or sector will have on the performance of your overall Model Portfolio. The Model Portfolio will have a relatively higher concentration over time of listed securities but it is not possible to advise in advance the levels of concentration or diversification of issuers, types of investments or industry sectors.
- **Inflation risk** - Your investment may not keep pace with inflation. Broadly, this could mean that prices may increase more than the value of your investments in the Model Portfolio and if this risk eventuates, you would not be able to buy as much with the value of your investments in the future as you could now.
- **Investment risk** - All investments have an inherent level of risk. The general expectation is that a high risk investment offers a higher expected return on investment. Investment risk may result in performance less than you expect or the loss of all of the capital invested or reduction in or no income and possible delays in repayment. Whilst it is the intention of the Program Adviser to implement strategies designed to minimise potential losses, there can be no assurance that these strategies will be successful.
- **Specific portfolio risk** - The Program Adviser's investment approach may result in a Model Portfolio that differs substantially from an industry benchmark and hence the Model Portfolio's investment returns may also differ substantially from industry benchmark returns.
- **Third party risk** - The MDA Provider uses information and services provided by third parties such as sub-custodians and other service providers. Procedures are in place to address risks associated with outsourcing, such as having comprehensive service agreements with service providers. If a service provider advises of an error, it is corrected and if material, it will generally be communicated to you or your advisor (or both).
- **Systems and technology risk** – The MDA Provider relies on the integrity and reliability of the Model Portfolio trading and administration systems used to manage your managed account. To minimise potential risks, established systems operated by experienced system providers are used. The system providers must have back-up arrangements and business continuity plans. In the event that the systems fail there may be delays in processing transactions or in accessing your investment capital and investment returns may differ from those that would have been achieved.

Please note that the risks identified are not meant to be exhaustive as it is not possible to identify every risk factor associated with investing. The appropriate level of risk for you will depend on various factors including your age, investment timeframe, other investments you may hold, and your level of risk tolerance.

Investors who have concerns regarding any of the above risk factors, or any other applicable risks, are encouraged to contact their financial adviser.

## 5. FEES AND COSTS

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

### 5.1 FEES AND COSTS TABLE

The following fees and other costs are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any input tax credits and/or reduced input tax credits) unless otherwise stated. These fees and costs will either be deducted from the cash holding of your account or deducted from the returns of some investments and paid to Mason Stevens. You will be notified of any changes and given not less than 30 days' written notice for any increase.

You should read all of the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs may vary depending on the Model Portfolio(s) you choose. Details of the fees and costs relevant to you are included in the Statement of Advice you will receive from your financial adviser if you are a retail client. The fees you authorise to be paid to your financial adviser will be additional to the fees set out below. All adviser fees must be disclosed to you.

If the Model Portfolio(s) invests in financial products such as managed funds, fees and costs applicable to the underlying investments are set out in the relevant Product Disclosure Statements (PDS) or other disclosure document. All fees and costs are in A\$.

Loftus Peak Global Change Model Portfolio										
Type of fee or cost	Amount	How and when paid								
<b>Fees when your money moves in or out of the Model Portfolio</b>										
<b>Establishment Fee<sup>1</sup></b> The fee to open your investment	Nil	Not applicable								
<b>Contribution Fee</b> The fee on each amount contributed to your investment	Nil	Not applicable								
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable								
<b>Exit fee<sup>1</sup></b> The fee to close your investment	Nil	Not applicable								
<b>Management Costs<sup>2</sup></b> The fees and costs for managing your investment										
<b>Management Fee</b>	1.00% p.a.	The Management Fee is calculated daily and paid monthly in arrears.								
<b>Performance Fee<sup>3</sup></b> Estimated annual Performance Fees you would pay based on previous financial years and reasonable estimates	0.70% p.a.	The Performance Fee is paid when a defined level of outperformance for the Model Portfolio is met. This fee is calculated half yearly and charged directly to your account. Refer to Additional Explanation of Fees and Costs for further information.								
<b>Administration Fee</b>	<table border="1"> <thead> <tr> <th>Account Balance</th> <th>Rate % p.a.</th> </tr> </thead> <tbody> <tr> <td>\$0 - \$500,000</td> <td>0.275</td> </tr> <tr> <td>\$500,001 - \$1,000,000</td> <td>0.220</td> </tr> <tr> <td>&gt;\$1,000,000</td> <td>Nil</td> </tr> </tbody> </table>	Account Balance	Rate % p.a.	\$0 - \$500,000	0.275	\$500,001 - \$1,000,000	0.220	>\$1,000,000	Nil	The Administration Fee is calculated daily and paid monthly in arrears. Administration Fees are calculated on a tiered basis.
Account Balance	Rate % p.a.									
\$0 - \$500,000	0.275									
\$500,001 - \$1,000,000	0.220									
>\$1,000,000	Nil									
<b>Custody Fee</b>	0.055% p.a.	The Custody Fee is calculated daily and paid monthly in arrears.								
<b>Account Service Fee</b>	\$165 p.a.	The cost for the maintenance and operation of your account. It is paid monthly in arrears.								

<b>Indirect Cost Ratio</b>	Nil	The costs incurred indirectly via investment in products such as managed funds. Not all Model Portfolios will necessarily have an ICR. Refer to the Additional Explanation of Fees and Costs section for full information.
<b>Service fees</b>		
<b>Switching Fee</b> The fee to recover the costs of switching all or part of your investment from one Model Portfolio to another.	Nil	Not applicable

1. There are no specific establishment or exit fees for the Model Portfolio however you will incur any relevant transactional and operational costs (including transaction costs) on the initial purchase, sell down or transfer of securities. Please refer to the Additional Explanation of Fees and Costs section for full details.
2. This fee does not include any amounts payable to your financial adviser. Please refer to the Financial Adviser Fees section for further information.
3. The estimated performance fee is based on reasonable estimates and previous financial years. The Performance Fee for the Model Portfolio is 15% of the Outperformance, calculated on an individual account basis.

### Example of annual fees and costs – Loftus Peak Global Change Model Portfolio

This table gives an example of how the fees and costs for the Loftus Peak Global Change Model Portfolio can affect your investment over a one-year period.

You should use the table to compare this investment product with other similar investment products.

Example – Loftus Peak Global Change Model Portfolio		Balance of \$50,000 with a contribution of \$5,000 during the year
<b>Contribution Fee</b>	Nil	For every additional \$5,000 you invest, you will be charged \$0.
<b>Management Costs</b>		
<b>PLUS</b> Management Fee	1.00% p.a.	For advising and managing the Model Portfolio you will be charged <b>\$500</b> each year.
<b>AND</b> Performance Fee*	0.70% p.a.	You will pay approximately <b>\$350</b> in estimated performance fees each year.
<b>AND</b> Administration Fee	0.275% p.a.	To allow for administration costs and expenses you will be charged <b>\$137.50</b> each year.
<b>AND</b> Custody Fee	0.055% p.a.	To allow for the costs of custody of your investments including the fees of any appointed sub-custodian, you will be charged <b>\$27.50</b> each year.
<b>AND</b> Account Service Fee	\$165 p.a.	For the cost of maintaining your account you will be charged <b>\$165</b> each year.
		For every \$50,000 you have in the Model Portfolio you will be charged total <b>management costs</b> of <b>\$1,180</b> each year.
<b>EQUALS total cost of product</b>		If you had an investment of \$50,000 at the beginning of the year and you invest an additional \$5,000 during that year, you would be charged total fees of <b>\$1,180</b> .

This example assumes \$50,000 is invested for the entire year and \$5,000 is invested during the year and that the value of the investment is constant over the year.

\*A performance fee may not be charged each year. The Program Adviser must meet a certain level of outperformance of the hurdle benchmark for the relevant period before it is paid. Refer to Additional Explanation of Fees and Costs for further information regarding the performance fee and performance fee calculation.

You should note that this material relating to fees and costs may change between the time when you read this investment mandate and the time you acquire the product.

## 5.2 TRANSACTIONAL AND OPERATIONAL COSTS APPLICABLE TO THE MODEL PORTFOLIO(S) AND SELF-DIRECTED ACCOUNTS

Transactional and operational costs are incurred in the buying or selling of the assets held by the Model Portfolio(s), including brokerage costs, settlement costs, clearing costs, registration fees, bank charges, Government taxes, stamp duty (if applicable). Such costs are additional to those disclosed in the Fees and Costs Table above and will be indicated where they are relevant to the Model Portfolio(s).

The amount of transactional and operational costs will generally reflect the extent to which the assets of a Model Portfolio are managed. Model Portfolios that are actively managed will have higher transactional and operational costs, but this will not necessarily mean that the returns to investors in the portfolio will be lower. Transactional and operational costs are not necessarily determinative of the performance of the Model Portfolio

or returns paid to an investor. In some cases, Model Portfolios with higher transactional and operational costs may have higher returns when compared to the returns of Model Portfolios that have lower transactional and operational costs.

### Transactional and Operational Costs table

You will be charged transaction costs when the Program Adviser buys or sells securities within your selected Model Portfolio(s). Please refer to “Transaction Costs (Model Portfolios)” in the table below.

In addition, if you (or your financial adviser) transact within your Self Directed Account you will also incur transaction costs outlined in “Transaction Costs (Self Directed Accounts)”.

You are able to view the transactions costs charged to your account in the trade advice confirmations that you receive post execution, transaction costs are a direct deduction from your account and fully transparent.

For any changes to the costs below, you should refer to the Mason Stevens Continuous Disclosure Updates and Information web page, found in the Resources tab at [www.masonstevens.com.au](http://www.masonstevens.com.au). The below costs are accurate as at the date of this Investment Mandate.

Cost	Amount	How and when paid
<b>In-specie Transfer Fee</b>	Should you request a transfer of direct securities in or out of your Self-Directed Account, an in-specie transfer fee of up to \$33.00 for each investment is payable on transfer.	Deducted from your cash balance at the time of the transfer.
<b>Transaction Costs (Model Portfolios)</b>	Domestic equities: 0.55%, no minimum per transaction  International equities: 0.55%, no minimum per transaction	Deducted from your cash balance at the time of the transaction.
<b>Transaction Costs (Self Directed Accounts)</b>	Managed Funds*: \$33.00 per transaction  Fixed Income: 0.55%, minimum \$55.00 per transaction  Domestic equities: 0.55%, minimum \$33.00 per transaction  International equities: 0.825%, minimum \$75.00 per transaction	Deducted from your cash balance at the time of the transaction.

\*Managed Funds into which you may invest may charge a management fee, performance fee or buy/sell spread or on a buy or sell of units in those funds. You should refer to the relevant managed fund product disclosure statement for full details of their fees and charges.

For additional information on the fees and costs applicable to the Service please consult Mason Stevens' Financial Services Guide (FSG).

## 5.3 ADDITIONAL EXPLANATION OF FEES AND COSTS

### Management Costs

The management costs for the Model Portfolio(s) comprise:

- a management fee payable by the MDA Provider to Loftus Peak as Program Adviser for advising and managing the Model Portfolio(s); and
- a performance fee payable by the MDA Provider to Loftus Peak as the Program Adviser when they meet a defined level of outperformance for the Model Portfolio. This fee is a direct charge from your Model Portfolio; and
- an administration fee to cover the costs of administering the Model Portfolio; and
- a custody fee to cover the costs of custody of your investments including the fees and charges of any appointed sub-custodian; and
- an account service fee for the cost of maintaining and operating your Managed Account (please note this is at the account level and not charged per Model Portfolio); and
- indirect costs (Indirect Cost Ratio), if any, based upon information available from the underlying product issuer and reasonable estimates as at the date of this Investment Mandate.

Any administration expenses in excess of the amount provided for in the management cost are paid by us and are not an additional cost to you.

### Performance fee

The Performance Fee for the Model Portfolio is 15% of the Outperformance, calculated on an individual account basis.

The Outperformance is the portfolio value at the end of the Performance Period (after all fees but before performance fees) less the notional value had the investor funds accumulated at the Benchmark returns. The Benchmark return is based on the MSCI All Country World Index (net)

The Outperformance must be positive for a Performance Fee to be paid. Any underperformance (or negative Outperformance) is carried forward to the next or subsequent performance periods where, after indexing by the Hurdle returns, it is offset against future portfolio performance.

Performance periods are half yearly ending on 31 December and 30 June. Returns exclude franking credits.

### Performance fee calculation

The Performance Fee in a Performance Period as at the end of the Performance Period is calculated as follows:

<b>Performance Fee</b>	=	Outperformance x 15% (inclusive of GST) subject to the Outperformance being positive at the end of the Performance Period*
<b>Outperformance</b>	=	$P_E - B_E$
<b><math>P_E</math></b>	=	Portfolio value at the last day of the Performance Period after all fees and charges but before the performance fee payment for that period. Portfolio value for the purposes of this performance fee calculation means the gross market value of investments including cash less liabilities. Hurdle portfolio value at the last day of the Performance Period based on the RBA Cash Rate. This is calculated as follows:
<b><math>B_E</math></b>	=	$\sum_{i=1-0}^E F_i \times \frac{Index_E}{Index_i}$
<b>E</b>	=	Last day of the Performance Period
<b>i</b>	=	Day "i" of the Performance Period



$F_i$  = Amount invested or withdrawn by investors on day “i” of the Performance Period, where  $F_i$  is a positive number for new investments and negative for withdrawals, and  $F_0$  is the Portfolio value as at the end of the previous Performance Period (after all fees) plus the absolute value of any negative Outperformance at the end of the previous Performance Period.

\*Where the Outperformance is negative at the end of the Performance Period, no Performance Fee is payable for that Performance Period and the absolute value of the negative Outperformance is then added to the portfolio value at the start of the next Performance Period to derive  $F_0$  for the next period, but it is only added to the portfolio value for the purpose of calculating the Performance Fee if any, for any subsequent Performance Period.

Based on previous financial years and reasonable estimates, the estimated performance fee you would pay for investment in the Model Portfolio is **0.70% p.a.**

### **Indirect cost ratio**

Where a Model Portfolio’s investment universe includes securities such as managed funds, Exchange Traded Funds (ETFs), Real Estate Investment Trusts (REITs) and Listed Investment Companies (LICs), the issuers of these financial products may charge management costs (including performance fees) and transactional or operational costs. These indirect costs are deducted from the assets of the Model Portfolio (they are not charged to your account directly). You should refer to the relevant product disclosure document for full details on the fees and costs charged. The indirect costs associated with investing in these underlying securities is the ICR and is a percentage of the net asset value of the Model Portfolio. The ICR is a reasonable estimate based on the previous financial year and forward looking portfolio allocations.

The Model Portfolio may at later date invest in managed funds, REITs, ETFs and/or LICs, however, as it does not currently invest in these products, the estimated ICR is **nil**.

### **Differential Fees**

We may negotiate differential fees with ‘wholesale clients’ (as defined in the Corporations Act). Accordingly, a separate investment mandate agreement may be entered into with each investor.

### **Financial Adviser Fees**

Your financial adviser (through your financial adviser’s Licensee) may receive payment in connection with the provision of financial advice to you, including in relation to recommending the Service to you. If you give Mason Stevens a direction to pay monies to your financial adviser for financial advisory services provided to you, you are authorising Mason Stevens to deduct monies from your Managed Account to pay to your financial adviser (through the Licensee of the financial adviser). The level and the type of fees deducted will be determined by you through the agreement between you and your financial adviser. These fees will be set out in your Application, or in such other form agreed to by Mason Stevens. We can only deduct and pay fees to your financial adviser with your consent and we will rely on your Application Form (or in such other form agreed to by Mason Stevens) as evidence of your consent.

## 6. HOW TO INVEST

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### 6.1 APPLICATION AMOUNTS

#### **Minimum initial investment**

A \$50,000 minimum initial investment is required to invest in the Model Portfolio.

#### **Minimum additional investments**

Additional minimum investments of \$25,000 may be made at any time.

For further information please refer to the “Portfolio Parameters” in the Investment Guide section.

#### **Investing in the Model Portfolio**

Generally, your initial investment amount and any subsequent contribution is invested within ten business days, although the Program Adviser will utilise its discretion to gradually implement the strategy considering such factors as market conditions, availability and liquidity of investments, upcoming new issues and economic parcel sizes, so your account’s Model Portfolio may differ from the Model Portfolio due to delays in implementation for these reasons.

Any additional investment amounts may be held in cash until Mason Stevens under the instructions from the Program Adviser undertakes the next rebalance of the Model Portfolio. The timing of the investment of those cash funds is entirely at the discretion of the Program Adviser.

Please note that variations may occur in the composition of your account’s Model Portfolio and the Model Portfolio because of practical issues associated with investing. Factors such as additional investments, withdrawals and the payment of dividends and interest will affect the cash holding and the composition of your Model Portfolio.

### 6.2 INCOME

Income received on investments held in your Model Portfolio will be credited to your cash holding of that Model Portfolio. At the discretion of the Program Adviser, the income may be used to add to existing investments in your Model Portfolio, invested in a new security or investment, or held in cash.

### 6.3 WITHDRAWAL AMOUNTS

You may make a partial withdrawal from the Model Portfolio at any time by notifying Mason Stevens in writing, subject to maintaining a minimum balance of \$50,000.

Mason Stevens will process the withdrawal within one business day after the day we receive a valid instruction from you or your authorised representation, subject to exchange procedures and trading conditions.

If your instruction is to exit from the Model Portfolio, you will incur transaction costs on the sell down of the securities held within the Model Portfolio. No additional charges or levies will apply, however, you may incur a capital loss or be liable for Capital Gains Tax as a result of the exit.

Mason Stevens strongly recommends that you obtain your own tax advice as the result of any withdrawals may vary your tax situation depending on your individual circumstances.

For further information on transacting your Managed Account please refer to “Operating Your Managed Account”.

## 7. ESTABLISHING YOUR MANAGED ACCOUNT

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If you are a retail client and you would like to establish a Managed Account to invest in the Model Portfolio(s) you need to consult with your financial adviser and receive personal financial advice. Your financial adviser will issue you with an SOA that communicates to you that a Managed Account is suitable for your circumstances.

Your financial adviser must conduct an annual review of the Managed Account that you hold and determine the ongoing appropriateness and suitability of the respective Managed Account and Model Portfolio(s) outlined in this Investment Mandate.

If you are a wholesale or sophisticated investor as defined by the Corporations Act, an SOA or Record of Advice is not required to be completed for you, even if personal advice is provided.

Before you decide to invest you should receive and read the following:

- Mason Stevens Account Application;
- Mason Stevens Terms;
- Mason Stevens Financial Services Guide (if you are a retail client); and
- this document, known as the Investment Mandate, which details the Investment Guide of the Model Portfolio(s) you wish to invest in.

### 7.1 THE INVESTMENT MANDATE

This Investment Mandate is between Mason Stevens and the investor (you), for your investment in the Loftus Peak Global Change Model Portfolio (Model Portfolio), which Mason Stevens administers subject to the terms of this Investment Mandate.

### 7.2 OPENING AN ACCOUNT

To open a Managed Account you must complete the Mason Stevens Account Application process. As part of your account application, you will be required to provide identity documentation on all applicants (including any party given authority to operate the account on your behalf) in order to determine the beneficial owners of all accounts. This verification process will take place before your account is opened. If we are unable to process your application because it is incomplete or incorrectly completed, we will contact you or your financial adviser.

Once your account has been accepted you will receive a confirmation that your Managed Account has been opened, to invest in the specific Model Portfolio(s) you have selected. A Self-Directed Account will also be established.

If you choose to buy and sell securities within your Self-Directed Account you will be subject to transactions costs associated with buying and selling securities. These transaction costs will be additional to the transaction costs associated with the Model Portfolio(s).

The confirmation you receive about the information on your Managed Account will contain details of your username and password, which will allow you to access information on your Managed Account at [www.masonstevens.com.au](http://www.masonstevens.com.au).

When you receive the notification you will be able to contribute cash or transfer an existing portfolio of approved investments into your Managed Account (or a combination of both). Not all securities can be transferred into your Managed Account. Your financial adviser will confirm if any of your existing investments cannot be transferred.

The minimum investment requirement for the Model Portfolio is detailed in this document. These minimums will apply unless agreed otherwise by Mason Stevens.

### **Nominating an Authorised Person**

You will be asked to nominate an authorised person (e.g. your financial adviser) on your Managed Account during the account application process. This will allow your financial adviser (or any other person that you nominate) to undertake certain activities in relation to operating your Managed Account, including providing instructions to Mason Stevens to implement. Any authorised person will have the same level of authority on your Managed Account as the investor, however they will be unable to change your nominated bank account. Please refer to “Changing Your Managed Account Details” for further information.

## **7.3 INITIAL CONTRIBUTION**

### **Cash Contribution**

Cash contributions can be made by direct deposit or electronic funds transfer (EFT) to the following bank account details:

**Account Name: Mason Stevens Trust Account**

**Bank: National Australia Bank**

**SWIFT: NATAAU3302S**

**BSB: 083-088**

**Account Number: 16599 7734**

It is important to ensure you include your account number (or account name) as the reference when making a direct deposit or EFT as it assists with the identification of your transaction. If you omit the account number or name, there may be delays in implementing your instructions for your Managed Account.

### **Cash management**

When you invest through the MDA Service, your cash funds are pooled with the cash funds of other clients of the Service. Mason Stevens deposits these cash funds with an Authorised Deposit-taking Institution (ADI), Australia and New Zealand Banking Group ABN 11 005 357 522 (ANZ) or, for amounts to settle pending purchases or receipt of sale proceeds, using our primary sub-custodian National Australia Bank Limited. Your cash funds are managed among the deposit accounts to ensure that amounts are reserved to settle pending purchases and amounts are made available for investment. The current interest rate applicable to your account for cash funds invested through the Service by deposits with ADIs is notified to you via the relevant disclosure document and/or fee schedule or other updated notice provided to you. The rate calculated on your funds will be determined by the interest earned by Mason Stevens on all clients' cash funds on deposit with the respective ADIs after consideration of any fees payable to Mason Stevens for any management and administration of such cash balances and associated payments and services. Mason Stevens will not withdraw your money except where instructed by you, including an authorisation by you in accordance with the terms and any investment mandates you have given

### **Transfer of Investments**

Securities and other investments that you own can be transferred to your Managed Account. To do so you will need to complete the appropriate documentation that will be provided by your financial adviser and your financial adviser will be able to assist you with completing the necessary documentation.

You can only transfer investments to your Managed Account that are beneficially owned by the applicant for the Managed Account and are in the name on the Account Application for the Managed Account. A cost base history per parcel needs to be recorded for each of the investments transferred to your Managed Account before the transfer can be finalised. You should carefully check the details you are providing since Mason Stevens accepts the details you provide and accepts no liability for the information provided.

Investments you wish to transfer in or purchase in your Managed Account, that are not part the Model Portfolio, may be held in a separate account known as a Self-Directed Account, which will be automatically established for you when your account application has been accepted

## 8. IMPLEMENTING AND MANAGING YOUR MODEL PORTFOLIO

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### 8.1 INVESTMENT

Once your Account Application has been accepted and your Managed Account established to invest in the Model Portfolio(s), your cleared funds are invested in securities and other investments at weightings determined by the Program Adviser, consistent with the objectives and strategy of the Model Portfolio which you have nominated.

Generally, your initial investment amount and any subsequent contribution is invested within one month, although the Program Adviser will use its discretion to implement the strategy over time by considering such factors as market conditions, availability and liquidity of investments, upcoming new issues and economic parcel sizes, so your account's Model Portfolio may differ from the Model Portfolio due to delays in implementation for these reasons.

The Program Adviser is responsible for advising on the execution of the transactions to invest your Model Portfolio using brokers or other intermediaries approved by Mason Stevens who will execute upon these instructions.

In managing your account's Model Portfolio, small uneconomic transactions will generally be avoided and a minimum transaction size determined by the Program Adviser may be applied. Purchases and sales of securities may be aggregated with those for other Model Portfolios so that only transactions for the net changes are implemented, and all the changes will be reflected in all of the Model Portfolios, subject to minimum parcels and denominations as set out in the securities' documentations. Any costs associated with the purchase and sale of securities and investments will be apportioned between all relevant Model Portfolios.

The composition of your Model Portfolio managed under a particular Model Portfolio may differ from the current Model Portfolio. The weightings of the securities and other investments in an individual portfolio will be managed with an allowance for the value of the holding to differ from target weightings.

Variations can also occur in the composition of your account's Model Portfolio and the actual Model

Portfolio because of practical issues associated with investing. Factors such as additional investments, withdrawals and the payment of

dividends, coupons and/or interest will affect the cash holding and the composition of your Model Portfolio. The variations in the composition of your Model Portfolio may differ from other clients' Model Portfolios. This may result in variations in the performance between your Model Portfolio and the Model Portfolios of others investing under the same Model Portfolio.

### 8.2 INVESTING IN YOUR MANAGED ACCOUNT

You can open or add to your account by contributing cash or securities. If you transfer in securities to open or add to your account, where they are held within a Model Portfolio, decisions relating to those securities will be the responsibility of the Program Adviser from the time the securities are registered in the name of the sub-custodian and transferred into your Managed Account. The securities are held and managed under the terms of your Managed Account contract and you remain the beneficial owner of the assets.

### **8.3 ONGOING MANAGEMENT**

When you nominate the Model Portfolio, you are instructing Mason Stevens to ensure that your Model Portfolio is invested in accordance with the investment strategy of the Program Adviser. You authorise the Program Adviser to make investment decisions within the investment parameters of the particular Model Portfolio. This includes buying and selling securities, and other investments, acquiring and redeeming units and responding to corporate actions and dividend elections.

Should you wish to avoid investments in a particular company or industry you must provide written notice of your preference to your financial adviser. This will be processed by Mason Stevens once it receives this instruction from your financial adviser. This may be treated by Mason Stevens as terminating your Investment Mandate. Mason Stevens will give effect to that termination either at the end of the month in which it receives your instructions or the subsequent month.

## 9. OPERATING YOUR MANAGED ACCOUNT

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### 9.1 INSTRUCTIONS FROM YOUR AUTHORISED PERSON

When you nominate an authorised person (generally your financial adviser) on your Managed Account, this will allow them to providing certain instructions to Mason Stevens to implement. For example, they will be able communicate to Mason Stevens to invest any cash contributions or to buy or sell securities on your behalf.

If your authorised person has changed you will need to contact Mason Stevens even order for us to update our records.

### 9.2 CASH HOLDINGS

Each Model Portfolio has a cash holding. Income received from securities held in your Model Portfolio will be credited to your cash holding of that Model Portfolio. All fees and expenses are paid from the Model Portfolio to which they relate.

At the discretion of the Program Adviser, the income may be used to add to existing investments in your Model Portfolio, invested in a new security or investment, or held in cash. Mason Stevens will maintain the minimum cash holding of your account by selling or redeeming investments if necessary, after taking into account income received. Please note that the sale or redemption of these investments may result in capital gains and losses being realised.

Interest is calculated on the daily balance and paid monthly at the rate determined by Mason Stevens and as notified to your financial adviser from time to time.

### 9.3 CORPORATE ACTIONS AND VOTING

Program Adviser is responsible for making decisions on any corporate actions arising from investments beneficially held by you in your Model Portfolio(s), and for direction of voting at shareholder meetings, under the terms of the contract with Mason Stevens. Corporate actions include:

- participation in share buy backs or takeover offers;
- rights issues;
- options; and
- any instruments that has attached holder voting rights.

The MDA Provider may receive reports, confirmations and other information relating to the investments of the Model Portfolio(s) in your Managed Account from companies, brokers and other parties with such information being retained by Mason Stevens.

### 9.4 ADDITIONAL INVESTMENT

You can make additional investments into your Managed Account at any time. Please refer to the relevant Model Portfolio for minimum additional investment amounts.

Additional investments can be made by bank deposit, electronic transfer, cheque, or via the transfer of approved securities you own.



## 9.5 WITHDRAWALS

You can request a withdrawal from a Model Portfolio at any time, subject to maintaining the minimum balance in that Model Portfolio, and subject to meeting the minimum withdrawal, by providing a signed authorisation or written request from an authorised email address. Proceeds of the withdrawal will be paid by electronic transfer to your nominated bank account that is stipulated in your application form or as instructed by the authorised signatories for the Managed Account.

If sufficient cash is available in your nominated Model Portfolio, withdrawal is usually completed within three business days. If sufficient cash is not available in your nominated Model Portfolio, Mason Stevens will sell or redeem investments in that Model Portfolio to obtain the cash required. When an event outside Mason Stevens' control affects the ability to sell investments such as suspension of trading in a market, or added liquidity risks in markets makes realising assets difficult, payment will be made as soon as is practical.

## 9.6 CHANGING YOUR MANAGED ACCOUNT DETAILS

To change the contact details of your Managed Account you should complete the Change of Details Form or provide a written request from an authorised email address.

If you wish to change the nominated bank account into which withdrawals are paid or contributions are received, you must complete a Change or Add New Nominated Bank Details Form with original signatures from all persons named as account holders. Once a request has been received Mason Stevens will confirm any change of bank details directly with at least one person named as account holder.

## 9.7 CLOSING YOUR MANAGED ACCOUNT

If you decide to close your Managed Account you can request:

- the disposal of securities in your Model Portfolio(s) and the proceeds to be retained to a Self-Directed Account; **or**
- the disposal of securities in your Model Portfolio(s) and the proceeds be paid to your nominated bank account that you advised to us on your Application Form; **or**
- the transfer of securities in your Model Portfolio(s) into an issuer or broker sponsored holding; **or**
- the transfer of any unlisted securities into a nominated custodial account, subject to the notional amount transferred being of an allowable market parcel; **or**
- a combination of the above.

To close your Managed Account, please complete an Account Closure Form.

If you decide to transfer securities, they must be in the same name as your Managed Account. The Managed Account will generally be closed within ten days of receipt of your request. However, note that the timing will be subject to the sell down of the Model Portfolio(s) and will incur transaction costs.

Prior to closing your Managed Account, all fees and expenses will become due and payable and will be deducted.

## 9.8 GENERAL

Any instructions for your Managed Account must be in writing and provided directly to Mason Stevens or through your nominated authorised person (e.g. your financial adviser).



## **9.9 ELECTRONIC INSTRUCTIONS**

Both you and your financial adviser can use email to provide instructions for your Managed Account via an authorised email address specified on your application form.

In sending any electronic instruction by the terms of the Service you release Mason Stevens from and indemnify Mason Stevens against all losses and liabilities arising as a result of processing an instruction that includes your Managed Account number and a signature that is apparently your signature or that of an authorised signatory of your Managed Account.

You also agree that neither you nor anyone claiming through you has any claim against Mason Stevens or the appointed sub-custodian in relation to any payment or action. You bear the risk of a fraudulent withdrawal request made by a person who has access to your Managed Account number, signature or email account.

## 10. TAXATION

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### 10.1 TAXATION

As the beneficial owner of the assets held in the Model Portfolio(s) in your Managed Account, all income, capital gains and capital losses and their taxation consequences are passed onto you or are attributable to you.

After the end of the financial year you will be provided with details of income, capital gains or losses, tax credits and other items to help you to complete your tax return.

### 10.2 TAX FILE NUMBER OR AUSTRALIAN BUSINESS NUMBER

If you are an Australian resident and have a Tax File Number (TFN) or an Australian Business Number (ABN) or exemption is not quoted, tax will be deducted from any income you earn at the highest marginal rate plus Medicare levy or any other applicable levies or taxes.

### 10.3 TAX ACCOUNTING METHOD

Capital gains tax position can be viewed within your Managed Account. Holdings of an investment will be sold starting with the highest cost parcel held over 12 months. This tax accounting methodology is known as long term, highest cost method.

## 11. REPORTING

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### 11.1 ONLINE REPORTING

Once your Managed Account is established you are granted online access to information on your Managed Account via the secure website [www.masonstevens.com.au](http://www.masonstevens.com.au). Your agreement to access this online reporting will be acknowledged in the application forms provided.

You will separately receive a user name and a password which allows you to access the website and reports for your Model Portfolio(s) in your Managed Account. We suggest you change your password on your first visit to the website. Online reporting allows you to view daily reports for your Model Portfolio(s) as at the previous business day that show:

- transactions affecting your account such as any purchases or sales in investments;
- income transactions including franking credits and withholding tax;
- Model Portfolio valuation; and
- realised and unrealised capital gains.

The Model Portfolio valuation uses 20 minute delayed prices for domestic listed investments when viewing your Model Portfolio. These are supplied by an independent financial data company. Any unlisted investment, held in your portfolio will be valued at least weekly where possible. For unlisted securities, Mason Stevens will provide a price which it reasonably considers reflects the market price of the security, or if it is unable to reasonably determine a market price, it will apply a best estimate of a fair price. (Occasional downtime for maintenance will delay your access and will be kept to a minimum).

### 11.2 ANNUAL REPORT

On an annual basis, you will also receive a report for your Model Portfolio(s) that includes:

- realised gains and losses from the sale of investments;
- income received from investment;
- franking credits received;
- income and expenses; and
- other tax components such as foreign income deferred tax, TFN withholding tax and other items which relate to income received from your investments.

This annual report will assist in the preparation of your tax return. In your report, Mason Stevens will provide you with an annual statement and supporting important information that will assist you and your tax adviser in determining your tax obligations. Since taxation depends on your own circumstances, you should consult your tax agent or accountant when completing your return. Mason Stevens and the Program Adviser do not provide tax or legal advice.

This report will generally be available by the end of September each year and will include a statement from the auditors of Mason Stevens. We usually provide this report and any statement from the auditors of Mason Stevens by emailing you with a link to your account.

## 12. ADDITIONAL INFORMATION

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### 12.1 YOUR MANAGED DISCRETIONARY ACCOUNT CONTRACT

Your Managed Discretionary Account Contract (MDA Contract) comprises:

1. a signed Account Application and confirmation you have read the Terms;
2. the Mason Stevens Financial Services Guide (if you are a retail client);
3. this Investment Mandate;
4. your Statement of Advice from your licensed financial adviser (if you are a retail client).

If there is any inconsistency between the terms of this Investment Mandate and the other terms of your MDA Contract, the terms of this Investment Mandate will prevail.

### 12.2 YOUR MANAGED ACCOUNT

References to “your Managed Account” in this mandate includes all the investments in your designated holdings in the Model Portfolio(s) (unless otherwise specified).

### 12.3 PERIOD OF OPERATION OF THE INVESTMENT MANDATE

This contract remains in force until either party gives a written notice of termination to the other of this Investment Mandate, or your Managed Account.

Please note that if we give you notice of changes to the Investment Mandate, your MDA Contract continues until you give notice of termination of your Managed Account.

Also, if you instruct us to vary your Model Portfolio from the Model Portfolio selected, we will treat that as your notice of termination of your Managed Account unless we tell you otherwise.

Subject to your contract, your Managed Account will be managed in accordance with the terms of this Investment Mandate.

### 12.4 CONTINUOUS DISCLOSURE UPDATES AND INFORMATION

Mason Stevens may from time to time use its website ([www.masonstevens.com.au](http://www.masonstevens.com.au)) to provide updates on disclosure information in its Investment Mandates. For any material changes to this Investment Mandate you will also be notified in writing.

Mason Stevens Continuous Disclosure Updates and Information page can be found under the “Resources” tab on the website.

### 12.5 PRIVACY

By completing your Account Application, you may be providing Mason Stevens with personal information. We also collect your personal information to verify your identity as part of the account application process. Any personal information obtained is collected, stored and disclosed to any third parties in accordance with the Privacy Act 1988 (Cth), the Australian Privacy Principles (APPs) and the Administrator’s Privacy Policy.

For further information of our Privacy Policy please refer to the Mason Stevens website, [www.masonstevens.com.au](http://www.masonstevens.com.au).

## **12.6 ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING (AML/CTF)**

In accordance with the AML/CTF Act, Mason Stevens is required to collect information with respect to the identity of all applicants (including any third parties) in order to determine the beneficial owners of all accounts. As such we may be required to verify your identity and source of your application monies before providing services to you, and to re-identify you if we consider it necessary to do so. Where you supply documentation as part of the account application process relating to the verification of your identity, Mason Stevens keep a record of this documentation for 7 years. If you do not provide the requested documentation there may be a delay in processing your managed account.

Under the provisions of the AML/CTF Act, we also have the right to not provide a designated service to certain circumstances.

## **12.7 FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)**

FATCA is United States (US) tax legislation that assists the US Internal Revenue Service (IRS) to identify and collect tax from US residents for tax purposes that invest in certain financial accounts through non-US entities. If you are a US resident for tax purposes, you should note that Mason Stevens is a 'Foreign Financial Institution' under FATCA. Mason Stevens intends to comply with its FATCA obligations, as determined by either the FATCA regulations or the inter-governmental agreement (IGA) entered into by Australia and the US for the purposes of implementing FATCA and any Australian laws and regulations relating to the IGA. Australia has entered into an IGA with the US. Under these obligations, Mason Stevens will have to obtain and disclose information about certain investors to the ATO or IRS. In order for Mason to comply with its obligations, we will also request that you provide certain information about yourself, including your US Taxpayer Identification Number (if applicable).

## **12.8 COMMON REPORTING STANDARD (CRS)**

The Common Reporting Standard (CRS) is the single global standard for the collection, reporting and exchange of financial account information on foreign tax residents. Australia has signed the OECD Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information. This agreement enables CRS information to be exchanged between jurisdictions' tax authorities where relevant legislation has been adopted. The Australian CRS legislation is effective 1 July 2017 and as a result Mason Stevens is required to collect certain information about foreign tax residents to provide it to the Australian Taxation Office (ATO). The ATO may pass this information onto tax authorities in other jurisdictions who have adopted the CRS. The requirements are similar to those which exist under FATCA, however, there are a greater number of countries in respect of which the ATO may provide information to the respective tax authorities.

## **12.9 CONFLICTS**

Mason Stevens pays Loftus Peak a fee for its role as Program Adviser.

Mason Stevens also charges its investors fees for the services Mason Stevens provides.

Outside of this arrangement, Mason Stevens does not have any relationships or associations which could be expected to influence the provision of this Model Portfolio.

Mason Stevens may from time to time offer financial products and other services outside this Model Portfolio and these will be disclosed separately. Mason Stevens is obligated to act honestly and in the best interests of its clients, exercise due care and diligence, prioritise its clients' interests and not use any information obtained to its own advantage or to cause detriment to the client.

## **12.10 MAKING A COMPLAINT**

Mason Stevens has established an internal process for handling complaints with the view to ensuring the prompt, fair and effective resolution of complaints. If you have a concern or complaint, please tell us so that we can investigate and try to resolve the matter. We aim to resolve most issues within five business days.

If you believe your complaint has not been satisfactorily dealt with, or if you have not received a response, within 45 days, you may wish to contact the Financial Ombudsman Service ('FOS'). FOS is an independent dispute resolution service, registered with the Australian Securities and Investments Commission, which can consider complaints about financial products.

Mason Stevens is a member of FOS (our FOS membership number is 15155). The service is free to our clients.

The contact details for FOS are:

Financial Services Ombudsman Limited  
GPO Box 3  
Melbourne VIC 3001  
T: 1800 36 72 87  
F: 03 9613 6399  
E: [info@fos.org.au](mailto:info@fos.org.au)  
W: [www.fos.org.au](http://www.fos.org.au)

## 13. MDA SERVICE TERMS

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This document sets out the MDA Service Terms for the MDA Contract between the person named as the applicant in the Application Form (**Client**) for this MDA Contract and Mason Stevens Limited ABN 91 141 447 207 AFSL 351576 (**us/we**).

### 1 MDA Contract

1.1 An agreement between Client and us for the MDA Contract is formed when we accept Client's application in an Application Form, as recorded in our records without express notice of that acceptance given to Client (and without requiring any signature or other execution by or on behalf of us or Client).

Client accepts that the agreement is made in this manner and that we rely on Client's acceptance of this.

1.2 Acceptance of Client's Application Form is in our sole discretion.

1.3 The MDA Contract is comprised of the following:

- (a) the Application Form;
- (b) these MDA Service Terms; and
- (c) each Investment Program which is made by or agreed to by Client and us from time to time.

1.4 For the purpose of resolving any inconsistency between the documents specified in clause 1.3, the order of precedence (with highest priority first) is:

- (a) Investment Program;
- (b) these MDA Service Terms; and
- (c) the Application Form.

### 2 Investment Program

2.1 The Investment Program is comprised of the following:

- (a) the Investment Mandate selected by Client in the Application Form;
- (b) all of that part of the Statement of Advice (if any) provided to Client under the heading "Investment Program" which refers to that Investment Mandate, including any documents or other material incorporated by reference in that section of the Statement of Advice. By Client's Application Form, Client authorises the provider of the Statement of Advice to disclose a copy of all or part of the Statement of Advice to us before and after the MDA Contract is established so we may review it, store a copy of it and use that for any and all purposes of establishing, managing and terminating the MDA Contract as set out in these MDA Service Terms and for our compliance with the ASIC MDA Instrument.

(For clarity, this clause incorporates those documents or parts of documents into the MDA Contract as initially provided or otherwise disclosed to us. No later amendments to them are effective unless they are in writing and we expressly agree to them. If no part of any Statement of Advice is provided to us, then paragraph (b) does not apply.)

### 3 MDA Service

3.1 By the MDA Contract, Client appoints us to provide Client with the following services:

- (a) a managed discretionary account service, which includes providing one or more managed discretionary accounts (however they are described or named from time to time, including "Managed Account") using the account service provided by us to Client as agreed from time to time;
- (b) advisory services in relation to the MDA Contract and to our MDA Services;
- (c) management of Client's Property, including with discretionary authority to manage Client's Property, as agreed from time to time by way of an Investment Mandate;
- (d) dealing, advisory and management services in relation to other products or services which are not Financial Products or financial services, as agreed from time to time;
- (e) all ancillary or related dealing, advisory, management and other services,

as amended or varied from time to time, collectively referred to in these MDA Service Terms as the **MDA Service**.

## WARNING:

The key areas of difference between acquiring a financial product directly and through the MDA Service are:

Direct acquisition by you	Acquisition by you through MDA Service
You choose if to buy.	You do not choose each time. Instead, you give us the discretion to choose if and when to buy within the Investment Strategy agreed with you
You choose when to buy, how to place and manage the order for your purchase including the price and limits and you can cancel the order.	We choose when to buy, how much, the price and any other order limits, so long as those features are within your authority given to us.
You can choose where to place your orders.	We place the orders for your account.
Your order is separate from any other order.	We generally make one or more orders for all clients whose Investment Mandate covers the same Financial Products. This may mean that larger aggregate orders might take longer to fill than your own direct order and there might be price averaging across all client orders, which can lead to price benefits or disadvantages on any transaction, though overall these arrangements are expected to benefit you.
You control your own decisions whether to follow an investment strategy or to change it.	We must follow the Investment Mandate agreed with you, which includes the Investment Program and the Investment Strategy for the Investment Mandate. You rely on us to manage your portfolio within the terms of each Investment Mandate.
You decide if and how to respond to corporate actions on your investments.	We will exercise our discretion when managing corporate actions within the Investment Mandate agreed with you.
You control where and how your property is held, which may be in your name.	Our MDA Service includes custody and we appoint sub-custodians. You still have the beneficial interest in your property. The registered legal title will be in the name of the sub-custodian or our name. This may lead to some shareholder benefits not being available and there are risks with holding your property in custody.

## 4 Our obligations

4.1 The following obligations are subject to any specific obligation expressly set out in the MDA Service Terms and to any statutory obligation which may not be affected by the MDA Service Terms. We will:

- (a) perform our obligations under the MDA Contract and Corporations Act section 912AEB as applicable to us honestly and with the degree of care and diligence that a reasonable person would exercise if they were in our position in providing the MDA Service to Client;
- (b) act in Client's best interests in performing our duties in relation to the MDA Services and, if there is a conflict between Client's interests and our interests in performing those duties, give priority to Client's interests;
- (c) not use information which we have obtained by providing MDA Services for the purposes of gaining an improper advantage for us or to cause detriment to Client;
- (d) comply with:
  - (i) each Investment Mandate including the investment strategy in it unless otherwise agreed in writing by Client;
  - (ii) any representations we make to Client in a financial services guide given to Client about how we will provide the MDA Service unless otherwise agreed in writing by Client;
- (e) except to the extent stated differently in an Investment Mandate, we must consider exercising any right that relates to Client's Property and we may act in our discretion, subject to the Investment Mandate and to our other duties set out in these MDA Service Terms; and
- (f) compensate Client for any loss due to any act or omission of any agent or other person engaged in connection with the MDA Service, other than that act or omission of an external MDA custodian or external MDA adviser or a person acting on behalf of either, as if the acts or omissions were our acts or omissions.



## **5 Client's general obligations**

### **5.1 Client must ensure that:**

- (a) the information provided by Client in the Application Form is complete, true and correct as at the time it is supplied; and
- (b) we are promptly notified in writing of any changes to the information in the Application Form;
- (c) we are promptly notified in writing of any changes to Client's authorised representative because we may rely on Client's written notification until Client tells us otherwise despite any other information we might receive from other sources; and
- (d) Client provides us with any information which we require if we decide that we need that information to perform the MDA Service or to comply with law or our internal compliance policies and procedures even if we choose not to tell Client, or we are not allowed to tell Client, the reason for using the information.

5.2 If Client makes the agreement as a body corporate, Client acknowledges that we may at any time request a guarantee or an indemnity (or both) from any or all of Client's directors to secure Client's obligations under the agreement.

## **6 Account**

6.1 A reference in these MDA Service Terms to **Account** is to the account relationship between Client and us which is separately documented and agreed. We will only provide MDA Services by using Client's Account.

6.2 A reference in these MDA Service Terms to a Managed Account is a reference to an account provided by us within the entire Account for which we have Client's authority to manage at our discretion on these MDA Service Terms.

## **7 Client Acknowledgments**

7.1 Client acknowledges and agrees that, in respect of any Managed Account and any MDA Services provided to Client:

- (a) We do not assure, guarantee or represent to Client that any particular investment performance will be achieved, that the capital invested by Client will be maintained or that any particular investment or trading strategy will obtain assured outcomes or meet any performance criteria.
- (b) The discretionary trading of Financial Products is speculative and carries with it the risk of loss of some or the entire amount traded and that Client's liability is not necessarily limited to the balance of the account (or of the entire Account) but may include Client's full liability arising from trading in Financial Products on terms authorised by Client.
- (c) We are authorised, in operating the account, to deal in Financial Products on Client's behalf, without any prior approval from, or consultation with, Client in respect of the purchase, sale and other management of Financial Products, including their exercise or roll-over (subject to the MDA Contract).
- (d) Past performance of any mandate, strategy or investment approach is not a guarantee, assurance or representation of future success, whether regarding accounts of any kind, any investment or trading strategy or mandate or any service or investment.
- (e) Dealing in Financial Products involves the risk of substantial loss as well as the prospect of profit.
- (f) Income (if any) earned for the account may be irregular and the timing of that income might not suit Client's requirements. Income earned outside of Australia may be subject to tax laws applying in those other jurisdictions, including obligations on the payer to make withholdings or to disclose information to tax or other authorities. Income earned in other currencies may fluctuate in unrealised value until converted into Australian currency, and any exchange in currencies may incur losses, charges (including by way of spreads) or fees, reducing the amount available to Client.
- (g) We will not be responsible for any loss or liability incurred by Client if we act or refrain from acting within the discretionary terms authorised by Client, or if any dealing or proposed dealing is interrupted, unable to be completed or unable to take place due to the failure of any telephone, computer or other electronic service or any other third party act or omission.

- (h) We are not obliged to exercise any right or other benefit attached to or granted to a holder of any Financial Products held for Client in the Account (including, but not limited to, voting rights, participation in rights issues, share purchase plans, buy backs, takeover offers or schemes of arrangement) and will not be liable for failure or delay in exercising any of those rights on Client's behalf.
  - (i) We have complete discretion to manage Client's Property (subject to the MDA Contract and to our duties and other obligations which by law cannot be excluded by the agreement). In exercising this discretion, we might expose Client to a range of risks including risk associated with changes in economic cycles, interest rates, investor sentiment and political, social, technological and legal factors as well as changes in a company's management or its business environment as described. These risks may affect the value of Client's Property and the return which Client receives from that Property.
- 7.2 Client is and remains solely liable and responsible for all acts and omissions of its authorised representative even if the act or omissions of the authorised representative were outside their actual or ostensible authority or were in error, or were fraudulent, negligent, in breach of fiduciary duties or criminal.
- 7.3 Client agrees not to make, and waives any right Client may have to make, any claim against us for any loss incurred or suffered by Client which may arise in connection with any act or omission by Client's authorised representative of whatever kind. This clause may be pleaded as a bar to any claim made by Client in respect of asserted liability for us to pay or otherwise compensate Client or restore Client's account.
- 7.4 We may store copies of documents disclosed to us by or on behalf of Client (including any part of any Statement of Advice) and use or rely on those records to perform our obligations under or in respect of the MDA Contract or in relation to actual or reasonably potential or threatened litigation, administration, enforcement or regulatory proceedings, including to enforce our rights and to defend our interests; for arranging and maintaining insurance and otherwise in accordance with our privacy policy from time to time.

## **8 Authorities**

- 8.1 If Client has applied for an MDA Contract, Client authorises us to establish a Managed Account for each Investment Program and to operate and to manage at our discretion Client's Managed Account in accordance with the Investment Program for the respective Managed Account, subject to any instructions issued by Client to us in writing, including in the Application Form. This includes (and is not limited to):
- (a) selection of investments within the limits described in the Investment Mandate;
  - (b) selection of timing of acquisitions and disposals of the investments, including delaying or deferring decisions to transact, whether for the purposes of implementing the Investment Mandate's investment strategy or for general reasons of acting in the best interests of our clients generally;
  - (c) adjusting, delaying or declining investment allocations within the Investment Mandate;
  - (d) interpreting the Investment Mandate;
  - (e) arranging orders, including allowing accumulation, aggregation and price averaging with orders for other clients;
  - (f) decisions in relation to corporate actions on investments in the Managed Account;
  - (g) managing margined Financial Products, limited recourse and non-limited recourse Financial products and any other complex Financial Products; establishing, operating and terminating accounts and other services or Financial Products provided by other persons, including sub-custodians, brokers, settlement agents, clearing agents, deposit product providers, and outsourced service providers.

We do not assure or guarantee the performance of any particular investment, return profits or maintenance of Client's investment arising from any transactions or decisions made under this authority.

## **9 Fees, charges and expenses**

- 9.1 Client owes and must pay the fees and charges, including our account fees and brokerage fees, in relation to the MDA Service provided to Client. Our fees and charges applying at the commencement of the Agreement will be disclosed to Client prior to the commencement of the MDA Service to Client.
- 9.2 Client owes and must pay the expenses and reimburse us for any costs, charges and expenses (including stamp duty and GST on transactions made on Client's behalf) and any fees imposed by a Facility and charges, in all of those cases directly or indirectly arising in relation to transactions for Client or arising from

Client's defaults including Client's failure to pay for or settle Client's transactions or in relation to services provided by other persons which are obtained for the benefit of Client. The amounts of expenses or reimbursements cannot be notified in advance but in any case will be as determined by us as being reasonably based having regard to the actual costs or, if that cannot be reasonably ascertained, as we reasonably determine should be allocated to Client. For clarity, this clause does not require Client to reimburse or otherwise pay us for taxes imposed on us for our taxable income.

- 9.3 We may change our fees and charges from time to time by written notice to Client. The notice may be given by email, letter, message posted to Client's Account or our website service, oral notice or any other effective means of giving notice and the notice will be effective whether or not Client actually read or accessed the notice. We will give not less than seven (7) days' notice of a change taking effect. Client's continued use of the MDA Service after the change takes effect is confirmation of Client's acceptance of the change in fees or charges. If Client does not agree with the change, Client must give us written notice to close Client's Account.
- 9.4 Client authorises us to withdraw from Client's Account such amount as is necessary to pay Client's fees, charges, and reimbursement for expenses and other amounts owing by Client to us under this agreement:
- (a) at such times as is agreed with Client including by way of notification to Client or by a provision in an investment mandate accepted by Client; and
  - (b) if not expressly agreed as provided for above, for transaction fees or charges, as they are incurred and otherwise monthly in arrears.
- 9.5 GST is payable on most fees, charges and payment for expenses and other amounts owing under the agreement. Unless otherwise specified, the fees and charges quoted or notified to the Client are stated inclusive of GST (less any input tax credits and/or reduced input tax credits).

## **10. Client's warranties and undertakings**

10.1 Client warrants and, if applicable to the obligation below, undertakes that:

- (a) Client has the power to enter into and to perform this agreement.
- (b) Client is not under any legal impediment or other impairment which makes, or could make, the terms of this agreement void, voidable or unenforceable.
- (c) Client is not insolvent, under any form of external administration nor has Client agreed to make a settlement with, assignment to, or compromise with, its creditors.
- (d) Client has disclosed all relevant information to us to allow us to perform to the best of our ability our duties to Client.
- (e) All of the statements made by Client in the Application Form, or otherwise for the purposes of applying for this Agreement to be made or for establishing the Account, are true and correct and not misleading or deceptive.
- (f) Client has had a reasonable opportunity to obtain all advisable or necessary independent advice for the purpose of deciding whether to enter into this agreement.

10.2 If Client enters into the agreement as a trustee, Client warrants in Client's personal capacity:

- (a) the trust has been duly constituted and is validly existing in compliance with all applicable laws and its trust deed has been duly executed and duly stamped, in each case in accordance with the laws of each State and Territory of Australia unless otherwise expressly notified to us;
- (b) the trust deed and its constituent documents give the trustee power to carry on all of the business activities now conducted by it in any capacity and to enter into and to comply with its obligations under, and to carry on the transactions contemplated by, this agreement;
- (c) all necessary resolutions have been duly passed and all consents have been obtained and all other procedural matters have been attended to as required by the trust deed, any other document or any law for the entry into, observance and performance by the trustee of its obligations under this agreement;
- (d) each of Client's obligations under, and the transactions contemplated by, this agreement constitutes binding obligations and is completely and lawfully enforceable against the trustee and in respect of the trust's property in accordance with their terms;
- (e) nothing done under this agreement or any instructions given by Client is or will be a breach of any trust;

- (f) the assets of the relevant trust are, and at all relevant times will be, sufficient and available to the trustee in that capacity to discharge Client's obligations and liabilities under this agreement;
- (g) Client is the only trustee of the trust unless all trustees are described in the Application Form and any later change is promptly notified to us;
- (h) no property of the trust has been re-settled, set aside or transferred to any other trust or settlement;
- (i) the trust has not been terminated, nor has the date or any event for the vesting of the trust's property in its beneficiaries occurred;
- (j) no determination has been made to distribute the trust's property on a date which is earlier than the latest date under the trust deed by which the trust's property must be distributed;
- (k) there is no conflict of interest on the trustee's part in entering into this agreement and performing its obligations under it;
- (l) it has an unrestricted right to be fully indemnified, reimbursed or exonerated out of the trust's property in respect of any losses or liabilities incurred by it as trustee and the trust's property is sufficient to satisfy that right of indemnity, reimbursement or exoneration; and
- (m) it has complied with its obligations in connection with the trust.

10.3 Each warranty by Client in this clause or elsewhere in this agreement is deemed to be repeated on each day that this agreement subsists.

## **11. Limitation of Liability**

11.1 Preserved Liability means:

- (a) any liability which by law may not be excluded, limited or qualified; and
- (b) any liability, or duty for which we are liable, specified in the agreement which we have expressly agreed may not be excluded, limited or qualified.

11.2 Subject to a Preserved Liability and except if directly due to our breach of law, negligence, wilful default of the agreement or our dishonesty, to the extent permitted by law, we are not liable to Client for the following:

- (a) our acts or omissions in reliance on Client's obligations under the agreement, Client's instructions or any other information we have relied upon provided by Client including by Client's authorised representative, agent or other representative;
- (b) events or circumstances beyond our reasonable control, including (without limitation) acts of agents and other service providers used by us to perform the MDA Service, currency restrictions, disruption of the normal services by others, liquidation or insolvency by persons who are not related bodies corporate, acts of war or terrorism, riots, revolution or other similar events or acts;
- (c) an act or omission required by law or by a court of competent jurisdiction;
- (d) any actual or asserted fiduciary duty which is not expressly stated in this agreement;
- (e) any payment having been made to a fiscal authority, including but not limited to any taxes, stamp duty or government charges;
- (f) any act or omission of an operator of a securities title, transfer or holding system; and
- (g) economic, indirect or consequential loss, whether or not those losses overlap (including, in any case, but not limited to loss of anticipated profits or savings), whether or not reasonably foreseeable.

11.3 Subject to a Preserved Liability, we are not responsible for any loss or liability incurred by Client to the extent arising from us acting or refraining to act within the discretionary limits authorised by Client, or if any dealing or proposed dealing is interrupted, fails to complete or take place due to the failure of any telephone, computer or other electronic service or third party act or omission.

11.4 To the extent permitted by law, our aggregate liability to Client under the agreement is limited to the fees Client has paid us in the two years preceding the breach or to the supply of the MDA Service again, as we choose. If it is determined by a court that by law we are not permitted to disclaim or to limit our liability to Client or we are not permitted to limit the amount of compensation we may be liable for, or any of those limitations are unenforceable, then those limits are severed from this agreement as though they were not in it from the beginning of this agreement.

## 12. Indemnities

12.1 Subject to a Preserved Liability, Client indemnifies us against all losses, claims, damages, costs and expenses (including all reasonable legal expenses actually incurred) or any other remedies arising directly or indirectly as a result of:

- (a) taxes and other government levies or charges imposed on Client's Property or transactions made for Client;
- (b) Client's breach of this agreement;
- (c) Client's breach of any law or regulation;
- (d) us acting in accordance with Client's instructions or relying on information given by Client or Client's behalf; and
- (e) claims of any kind by any third parties in relation to the MDA Service or Client's Account,

except to the extent the claims, damages, costs and expenses were a result of our negligence, wilful misconduct or fraud or our breach of this agreement (including breach of any duties however they arise). This provision survives termination of the agreement.

## 13. Termination

13.1 You or we may terminate the MDA Contract by giving written notice to the other which is not more than 2 business days. The means of giving the written notice includes but not limited to the means set out in the Account Terms.

13.2 The MDA Contract will be terminated if ASIC notifies us that we may not rely on an exemption relating to the MDA Service. We will tell you that as soon as practicable.

13.3 Upon termination:

- (a) we must not exercise any discretion in relation to Client's Property but must comply with these MDA Service Terms as to how to deal with any Client's Property;
- (b) Client is responsible for giving express instructions to us to unwind Client's positions to transfer them to the control of Client or another person nominated by Client;
- (c) we will use all reasonable endeavours to transfer to Client or Client's nominee (acceptable to us) all of Client's Property and rights in relation to Client's Account, subject to Client providing sufficient details and instructions for this to occur;
- (d) if Client does not provide appropriate instructions regarding the closure of Client's Account, we will close Client's Account (including closing at a time of our choosing Client's open positions and selling Client's other Financial Products at Client's cost and risk) and send (or attempt to send) Client payment for any surplus after deducting all fees, charges and expenses or indemnified amounts;
- (e) Client acknowledges that it may take some time to unwind Client's positions depending on factors such as the relevant markets and liquidity and that will be at Client's cost and risk;
- (f) Client owes and must pay us all our accrued fees, charges and expenses and other costs for reimbursement or indemnification;
- (g) we may deal with Property in Client's Account to settle or to set-off any existing obligations under the Account Terms; and
- (h) unless otherwise specified, we will promptly deliver to Client all final accounts and reports in relation to Client's Account after we transfer to Client's control Client's Property except for tax reporting which will not occur until in the ordinary course following the end of the financial year in which termination occurs;
- (i) our rights and duties in respect of any documents disclosed to us by or on behalf of Client (including any part of any Statement of Advice) survive termination; and
- (j) termination will not affect any transaction properly commenced prior to termination, nor any other claim which either party may have against the other.

13.4 We must have and maintain written policies:

- (a) setting out the steps we will take to ensure that if the MDA Contract is terminated, the Client's Property will be dealt with in accordance with the requirements referred to in clause 13.3; and

(b) that are available to you free of charge on request.

13.5 Termination of the authority to manage does not terminate obligations which accrue up to the time of termination, including any fees for management. Such obligations (including payment obligations) survive termination of this agreement.

#### **14. Laws and regulations**

14.1 All dealings between Client and us are subject to the following (without limiting other applicable laws):

- (a) Corporations Act 2001 (Commonwealth) (including the relevant regulations, ASIC instruments and other legislative instruments);
- (b) Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Commonwealth); and
- (c) rules, customs, usages, practices and regulations of any Facility which is relevant to Client's transactions.

14.2 To the extent any of the laws and regulations referred to in clause 14.1 or otherwise applying is inconsistent with the agreement, the laws and regulations prevail.

#### **15. Complaint Handling**

15.1 If Client has any complaint about the MDA Service, we will follow our dispute resolution policy.

#### **16. General**

16.1 Time is of the essence of performance of a party's obligations under this agreement. If this agreement specifies when the party must perform an obligation or the last time to perform the obligation, the party must perform it by the time specified. Each party must perform all other obligations promptly.

16.2 Client must pay us any sum due under this agreement, including those described in clause 12, fully without deduction or set-off (and irrespective of any counterclaim) whatever.

16.3 A reference to interest in the agreement or to a charge or expense which could include interest will be interest at a rate determined by us as being a reasonable estimate of our direct and indirect costs which give rise to that interest and related or ancillary Services. Those costs need not be interest themselves. We do not need to give reasons or evidence supporting our determinations of the rate of interest.

16.4 A party to the agreement may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this agreement expressly states otherwise.

16.5 If a party to the agreement does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

16.6 A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising, a right or remedy under this agreement.

16.7 By giving its approval or consent, a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

16.8 The rights and remedies provided in this agreement are in addition to other rights and remedies given by law independently of this agreement.

16.9 The indemnities and rights to be reimbursed in this agreement are continuing obligations, independent from the other obligations of the parties under this agreement and continue after this agreement ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity or reimbursement under this agreement.

16.10 All notices must be in English. Unless otherwise specified or agreed, all notices may be given by a person to the other in writing by hand delivery, email, other electronic communication service (including by our website service) or post.

16.11 Nothing in the agreement may be taken as giving rise to a relationship of employment, joint venture or partnership nor as to any agency except as specified in the agreement.

16.12 Failure or neglect by a party to this agreement to enforce any of the provisions of this agreement must not be construed as, nor may be deemed to be, a waiver of their rights under this agreement nor in any way affect the validity of the whole or any part of this agreement nor prejudice our rights to take subsequent action.

- 16.13 If Client is comprised of two or more persons, each person constituting Client is jointly and severally liable for the obligations under these MDA Service Terms. We may discharge our duties to all of the persons who comprise Client by sending notices or payments to any one of the persons. We may act on the instructions of any one of those persons.
- 16.14 An agreement, representation or warranty by two or more persons binds them jointly and each of them individually.
- 16.15 Client may not assign this agreement, because it is personal to Client. We may assign this agreement (including the benefit and the burden of it) by giving not less than twenty (20) business days' notice of that to Client.
- 16.16 Except as specified otherwise, the agreement cannot be amended or varied except in writing and either:
- (a) agreed by or on behalf of the parties; or
  - (b) by us giving not less than ten (10) business days' prior notice to Client.
- 16.17 If any term or other provision of the agreement is held by a court to be illegal, invalid or unenforceable under the applicable law, then that term or provision is to be interpreted as being severed from the agreement and the remaining MDA Service Terms will be unaffected by that.
- 16.18 The agreement is governed by and must be construed in accordance with the laws in force in New South Wales. The parties submit to the non-exclusive jurisdiction of the courts operating in New South Wales.

## 17. Interpretation

### 17.1 In the agreement:

**Account** has the meaning given in clause 6.1.

**Account Terms** means the prevailing terms applicable to the Account (other than the MDA Service terms).

**Application Form** means the application form, completed by or on behalf of Client, which refers to these MDA Service Terms or to the agreement to be made on these MDA Service Terms upon acceptance of the application in the form. The form may be in hardcopy or electronic form and need not be signed by or on behalf of Client in order for it to be effective and binding on Client.

**MDA Service Terms** or to the agreement to be made on these MDA Service Terms upon acceptance of the application in the form. The form may be in hardcopy or electronic form and need not be signed by or on behalf of Client in order for it to be effective and binding on Client.

**ASIC MDA Instrument** means ASIC Corporations (Managed Discretionary Accounts) Instrument 2016/968 made by ASIC, as amended or superseded from time to time. A reference to this instrument includes a reference to any later instrument made by ASIC which substantially replaces or supersedes this instrument.

**Business day** means a week-day in Sydney, New South Wales, other than a public holiday in Sydney.

**Facility** means a facility for a market or exchange in Financial Products, or for clearing and settlement of transactions in Financial Products, or for making payments for those services.

**Financial Product** means any financial product as defined for the purposes of the Corporations Act 2001 (Commonwealth).

**GST** means the tax imposed by A New Tax System (Goods and Services Tax) Act 1999 and A New Tax System (Goods and Services Tax) Transition Act 1999 and related tax imposition Acts of the Commonwealth of Australia.

**Investment Mandate** means a document of that name or description which is referred to in, and incorporated by reference to, an Investment Program.

**Investment Program** means a program for investing Client's Property through an MDA Service.

**Managed Account** has the meaning given in clause 6.2.

**MDA Service** has the meaning given to it in clause 3.1.

**MDA Service Terms** means the terms set out in this document, as amended from time to time.

**Preserved Liability** has the meaning given in clause 11.1.

**Property** means all Financial Products, cash or cash equivalent, choses in action and ancillary rights held

on behalf of Client (whether by us or otherwise for or in the name of, Client) or accruing to Client as a result of the MDA Contract.

**Statement of Advice** means any document of that name or substance which provides personal advice to Client about the MDA Contract and the Investment Program.

17.2 Words in the agreement expressed in the singular include the plural and *vice versa*.

17.3 A reference in the agreement to a document or agreement includes any variation or replacement of it.

17.4 Headings in the MDA Service Terms are for reference only and do not in any way affect the meaning of this agreement.

17.5 Unless the context requires, a reference in the MDA Service Terms to any legislation includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation issued under that legislation or legislative provision.

17.6 A provision of the agreement must not be interpreted against our interests merely because these are standard MDA Service Terms provided by us.



## 14. GLOSSARY

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### **Account Service Fee**

This is the cost for the general maintenance and operation of your managed account by Mason Stevens. It is an annual cost but paid monthly in arrears from your cash balance.

### **Authorised Person**

A person whom you authorise to have access to transact on your Managed Account. Any authorised person will have the same level of authority as the investor and will have their identity verified for AML/CTF purposes.

### **Transaction costs**

This is the cost charged by Mason Stevens to execute securities market transactions on the Model Portfolio(s) or your Self- Directed Account. These costs are deducted from your cash balance at the time of transaction.

### **Management Fee**

The fee paid to the Program Adviser for management of the Model Portfolio(s).

### **Managed Discretionary Account (MDA)**

A Managed Discretionary allows you to invest in professionally managed Model Portfolio(s) that consist of a portfolio of assets that follow a defined investment strategy. The investment decisions are made by a Program Adviser.

### **MDA Contract**

The MDA Contract that you enter into refers to a combination of this Investment Mandate, the SOA provided by your external financial adviser, the Mason Stevens Financial Services Guide and your signed application form.

### **MDA Provider**

Mason Stevens is the licensed MDA Provider of the MDA service. Mason Stevens is authorised under its Australian Financial Services Licence (AFSL) to provide MDA services.

### **Model Portfolio**

A Model Portfolio is a professionally managed portfolio of assets that follows a defined investment strategy and investment parameters.

### **Program Adviser**

Mason Stevens has appointed Loftus Peak as the Program Adviser of the Model Portfolio. The Program Adviser is responsible for the day-to-day investment decisions and management of the Model Portfolio.

### **Reduced Input Tax Credit (RITC)**

These are rules unique to the Australian GST system that allows the partial recovery of input tax credits to be made where the credits relate to certain financial supplies (sales).

### **Self-Directed Account (SDA)**

A SDA is a separate account in your name that permits you or your authorised representative to transact directly in fixed income securities, listed equities, managed funds etc. An SDA is not a MDA.

### **Statement of Advice (SOA)**

The SOA is the document that sets out the personal advice given to you by your licensed external financial adviser. It must include the basis on which the advice is given and information on any payments or benefits the adviser will receive.

# CONTACT INFORMATION

Please contact your financial adviser if you have any queries or require further information.

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