

MASON STEVENS LIMITED



# FINANCIAL SERVICES GUIDE

1 October 2017

## ABOUT THIS FINANCIAL SERVICES GUIDE

This Financial Services Guide (FSG) is issued by Mason Stevens Limited (Mason Stevens, we, our or us), ABN 91 141 447 207, AFSL 351578. This FSG is designed to provide you with important information regarding our financial services to assist you in deciding whether to use any of these financial services.

This document contains the following information:

- About Mason Stevens
- How to contact Mason Stevens
- General information about the products and services we provide
- How we are paid for our services
- How others are paid in connection with the services we provide
- Complaints handling
- Our fees and charges

It is intended that this FSG assist you to determine whether to use any of the financial products or services described in this document. If you choose to use any of our financial products or services you may also receive other documents, such as an offer document or Product Disclosure Document (PDS). These documents contain specific information in relation to the financial product or service and you must read this information carefully before making a decision to invest.

### ABOUT MASON STEVENS

Mason Stevens Limited holds an AFSL issued by the Australian Securities and Investments Commission (ASIC) and is part of the Mason Stevens Group of companies (the Mason Stevens Group). The Mason Stevens Group is a privately owned financial services firm based in Sydney, founded in 2010.

Mason Stevens specialises in offering managed discretionary accounts supported by a comprehensive investment and administration platform (the MDA Service or Service), as well as bespoke investment solutions to both retail and wholesale investors.

Under our AFSL we are authorised to provide the following services on behalf of to retail and wholesale clients:

Financial service	Classes of financial products
<b>1. Provide financial product advice</b>	(a) deposit and payment products limited to: (I) basic deposit products; (II) deposit products other than basic deposit products; (b) derivatives; (c) foreign exchange contracts; (d) debentures, stocks or bonds issued or proposed to be issued by a government; (e) life products including: (I) investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and (II) life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; (f) interests in managed investment schemes including: (I) investor directed portfolio services; (g) interests in managed investment schemes limited to: (I) MDA services; (h) securities; (i) standard margin lending facility; and (j) superannuation;
<b>2. Deal in a financial product by</b>	(a) issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products: (I) derivatives; (II) foreign exchange contracts; and (III) interests in managed investment schemes limited to: (a) own managed investment scheme only; (b) MDA services;

<b>3. Apply, acquire, vary or dispose of a financial product</b>	<ul style="list-style-type: none"> <li>I. deposit and payment products limited to: <ul style="list-style-type: none"> <li>(a) basic deposit products;</li> <li>(b) deposit products other than basic deposit products;</li> </ul> </li> <li>II. derivatives;</li> <li>III. foreign exchange contracts;</li> <li>IV. debentures, stocks or bonds issued or proposed to be issued by a government;</li> <li>V. life products including: <ul style="list-style-type: none"> <li>(a) investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and</li> <li>(b) life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;</li> </ul> </li> <li>VI. interests in managed investment schemes including: <ul style="list-style-type: none"> <li>(a) investor directed portfolio services;</li> </ul> </li> <li>VII. interests in managed investment schemes limited to: <ul style="list-style-type: none"> <li>(a) MDA services;</li> </ul> </li> <li>VIII. securities;</li> <li>IX. standard margin lending facility; and</li> <li>X. superannuation; and</li> <li>(c) Underwriting: <ul style="list-style-type: none"> <li>(I) interests in managed investment schemes; and</li> <li>(II) an issue of securities;</li> </ul> </li> </ul>
<b>4. Provide custodial or depositary services</b>	<ul style="list-style-type: none"> <li>(a) operate custodial or depository services other than investor directed portfolio services.</li> </ul>

Mason Stevens Limited is a Managed Discretionary Account (MDA) Provider, a Responsible Entity for ASIC-registered managed investment schemes, the Trustee of unregistered managed investment schemes and Sponsor and Promoter of an APRA-regulated superannuation fund.

Mason Stevens Limited is associated with the following entities:

- Mason Stevens Asset Management Pty Limited (CAR 461312);
- 2020 DirectInvest Pty Limited (CAR 336649);
- MS Custodial Services Nominees Pty Limited (CAR 1254410).

### **MANAGED DISCRETIONARY ACCOUNT SERVICES**

The Mason Stevens MDA Service (MDA Service or Managed Account) allows you to invest in a professionally managed portfolio of investments (e.g. by an agreed investment guide) and delegate the day-to-day investment decisions to Mason Stevens, Mason Stevens may provide an investment guide or it may appoint a third party, known as a Program Adviser. Mason Stevens as the MDA Provider will undertake the role of administration, custody and reporting for the Service. The MDA Service can only be accessed through an External MDA Adviser or, in limited cases, by one of our representatives and if you are a retail client you must be provided with personal advice and issued a Statement of Advice (SOA). Before accessing the Service you must enter into an MDA contract or agreement.

### **EXTERNAL MDA ADVISER**

To invest in the MDA Service, retail clients must have an approved External MDA Adviser and have received personal advice, on an initial and ongoing basis, regarding the financial products and services available through Mason Stevens. The External MDA Adviser must provide you with a Statement of Advice (SOA) for any personal advice.

## INVESTOR SUITABILITY

Please note that the MDA Service may not be suitable to your relevant circumstances if you have provided limited or inaccurate personal information to your financial adviser. Furthermore, the MDA 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.

## NATURE OF ADVICE

Whilst providing personal advice to clients is not one of Mason Stevens's core business activities, we may provide certain retail clients with personal financial product advice with respect to investing in any of the financial products and services offered by Mason Stevens. In all other circumstances Mason Stevens will only provide general advice.

We are obliged to warn you that our general advice provided to you as a retail client does not take into account your objectives, financial situation or needs. Therefore, we recommend that you take all reasonable steps to fully understand the outcomes of specific products and strategies adopted in relation to utilising the financial products or services provided by Mason Stevens and whether they are suitable for you.

While Mason Stevens believes the general financial product advice and information we provide is accurate and reliable, Mason Stevens, its directors, officers and associates assume no responsibility for the appropriateness for you of that general advice.

Mason Stevens **will not** provide personal advice to retail clients who are clients of a licensed financial adviser and you must receive personal advice from your own licensed or authorised financial adviser (referred to as an 'External MDA Adviser' in this FSG) in order to access Mason Stevens' services.

## PERSONAL FINANCIAL PRODUCT ADVICE

If a Mason Stevens representative or an External MDA Adviser provides you with personal advice you must be given a SOA when that advice is first provided to you. The SOA will contain the advice, the basis on which it is given and information about fees and associations which may have influenced the provision of the advice.

**If you have a direct relationship with a Mason Stevens representative and you are investing via our MDA Service (Managed Account) we must review the MDA Investment Program at least once every 13 months to ensure it remains appropriate for you. Alternatively, if your External MDA Adviser has issued you with an SOA to invest in the MDA Service, they will review the MDA investment program.**

If our representative or the External MDA Adviser provides further advice to you and your personal circumstances have not significantly changed, and that further advice is related to the advice provided to you in a previous SOA, and the further advice is not in writing, you may request a copy of the record of that further advice at any time up to 7 years from the date the further advice was provided to you.

You can request the record of the advice by contacting us (where it was Mason Stevens' further advice) or your financial adviser in writing or by telephone or by email.

In the event your financial adviser makes a recommendation to acquire a particular financial product (other than securities), the financial adviser should also provide you with an offer document or Product Disclosure Statement (PDS) containing information about the particular product, which will enable you to make an informed decision in relation to the acquisition of that product.

Your financial adviser is also required to review your Managed Account's Investment Program and MDA contract at least every 13 months, and Mason Stevens requires your financial adviser to confirm to us that this review has been conducted.

Should you change your financial adviser please contact us so that we can update our records.

## OUR PRODUCTS AND SERVICES

Your financial adviser may recommend you access our services through:

1. A Managed Account, which is our MDA Service; or
2. A Self-Directed Account.

By electing to use a Managed Account or Self-Directed Account you will have access to invest in a broad range of investment assets including:

- Australian and international equities;
- Fixed income securities;
- Hybrid securities;
- Derivatives (such as exchange traded options).

## MANAGED ACCOUNTS

A Mason Stevens Managed Account is a MDA service operated under ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968 (ASIC MDA Instrument).

As an MDA Service, a Mason Stevens Managed Account requires you to delegate the investment management and trading discretion for securities and other financial products, to Mason Stevens as the MDA Provider.

You can select an investment mandate managed by a professional investment manager or your financial adviser (known as a Program Adviser or Investment Sub-Adviser) or one of Mason Stevens' model portfolios (Model Portfolio). The decisions regarding the portfolio composition, participation in corporate actions and timing of buys and sells are at the discretion of the Program Adviser or Masons Stevens (as appropriate). Even if there is a third party Program Adviser, you give Mason Stevens your authority to arrange the transactions.

As required by the ASIC MDA Instrument, you must enter into a formal agreement, known as the MDA contract prior to accessing this Service.

The MDA contract is the combination of:

- a signed Application Form (this could be a wet signature or by electronic means), confirming all information provided in it and confirming you have read the Terms, and giving you some warnings;
- the MDA Service Terms; and
- the relevant Investment Program. The Investment Program is prepared by your adviser in accordance with the requirements of Division 3 of Part 7.7 and Division 2 of Pt 7.7A of the Corporations Act 2001 (Commonwealth). It sets out key information, including the investment strategy, and also covers opinions on the suitability of the Investment Program and the MDA contract.

We provide Investment Mandates to disclose more detail about each Model Portfolio. This includes more details about the investment objectives, the people involved and the particular fees for each Model Portfolio.

Your adviser's statement of advice to you should include a specific heading "Investment Program". It will also refer to and incorporate the Investment Mandate which has been advised for you and you select.

The investment program will contain the following information:

- the nature and scope of the discretions that we will be authorised and required to exercise;
- any significant risks associated with the MDA contract;
- the basis on which it is considered that the MDA contract is suitable for you; and
- warnings that the MDA contract may not be suitable for you if you have provided limited or inaccurate information about your relevant circumstances; and
- may cease to be suitable if your relevant circumstances change.

Unless you are a retail client with a direct relationship with a Mason Stevens representative you are required to obtain independent advice before entering into an MDA Service, to ensure it is appropriate for your personal financial needs, objectives and circumstances. This independent advice will be provided by your adviser, referred to as an External MDA Adviser.

## **SELF-DIRECTED ACCOUNTS**

Self-Directed Accounts are accounts which allow you, as the client, or your financial adviser, as your authorised representative, to instruct Mason Stevens to deal in securities and other financial products on your behalf. These accounts are client directed and you determine the composition of your portfolio. Any securities held in a Self-Directed Account will be held outside of any Model Portfolio(s) that you choose to invest in as part of your Managed Account.

## **CUSTODY OF YOUR ASSETS**

Investors' assets in a Self-Directed Account or a Managed Account are held on your behalf by Mason Stevens. Mason Stevens is licensed by the ASIC to provide custodial services to clients and has appointed a licensed sub-custodian to hold financial products and some client monies. The remaining client monies are held directly in an account with an ADI, as disclosed later in this FSG. As at the date of this FSG, Mason Stevens' primary sub-custodian is National Australia Bank Limited, please refer to "External Service Providers" for further information.

As part of Mason Stevens' custodial role, if you receive franking credits on specific securities (where available) and incur capital gains or losses, Mason Stevens will manage all communications from the companies in which you are invested on your behalf and will collect and maintain the information for you in your Mason Stevens account which you can access online.

Some benefits that accrue to the holders of financial products (such as shareholder discounts) might not be available for your benefit. Mason Stevens does not compensate or provide other adjustments if the benefit is not available.

## **EXTERNAL SERVICE PROVIDERS**

Mason Stevens may outsource to third parties some operational activities of the MDA Service. Where these activities are undertaken by an external third party to Mason Stevens, the external service provider will be subject to a due diligence process prior to appointment. This due diligence process involves understanding the external service provider's capabilities, experience and competence in delivering these activities to the MDA Service. External service providers are selected in accordance with internal policies and are approved by the board of directors.

On an annual basis, an ongoing due diligence review is performed on the external service provider to ensure they continue to have the operational capacity and competence to continue to deliver the services outlined in the contractual arrangements with Mason Stevens. In addition, the ongoing due diligence review is tabled to the board of directors.

At the date of this FSG, Mason Stevens has appointed the following external service providers that perform a material outsourced activity on behalf of Mason Stevens:

### **Sub-custodian**

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.

In the case of some Managed Accounts, a third party Program Adviser (e.g. an Investment Sub-Advisor) may be appointed to perform investment management activities including portfolio composition, strategy and timing of buys and sells for a particular portfolio. You will be provided with a disclosure document (e.g. Investment Mandate) from Mason Stevens detailing the Program Adviser's investment objectives and strategy, and any specific risks associated with the investment strategy prior to investment through the Managed Account. A Program Adviser may be a professional investment manager or your licensed financial adviser.

Our relationships with external service providers may mean that we disclose your personal information to organisations involved in providing, managing or administering the product or service in which you are invested such as third party suppliers, printers and posting services. Refer to the Privacy Policy for further information.

## INVESTMENT RISKS

All investments have a certain amount of risk, you must be prepared for the risk that you lose money on your investment or your investment does not meet your investment objectives. By investing through the MDA Service you will have access to a diverse range of investments and strategies across multiple asset classes. As such the investment return, and level of risk, will differ for each investment or strategy chosen. Generally investments that have the potential for higher long term returns may also carry a greater level of short term risk.

Before you make an investment decision, it is important that you obtain personal advice about your financial circumstances and also understand the risks that can affect your investment. Some of the potential risks associated with investing include the following:

- Investment manager risk
- Operational risk
- Legislative risk
- Investment risk
- Company risk
- Inflation risk
- Market risk
- Diversification risk
- Counterparty risk
- Interest rate risk
- Derivatives risk
- Currency risk
- Liquidity risk
- Credit risk

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. Your financial adviser will advise you of the relevant risks associated with your investment strategy.

## SIGNIFICANT RISKS OF INVESTING THROUGH A MDA

There are significant risks associated with entering into an MDA Contract and investing through the MDA Service. The client will not control the day-to-day investment decisions in relation to the account, and will be bound by the decisions of Mason Stevens. This may lead to losses as well as profits.

Clients rely on Mason Stevens investing their funds and assets in accordance with the investment guide selected by the client as outlined in the relevant Investment Mandate. If the investment guide is not implemented as disclosed, there may be losses or lost opportunities, in addition to the potential for profits. Mason Stevens will exercise its discretion in the course of implementing the investment guide. Clients will rely on Mason Stevens choosing how to implement the investment strategy and adapt to market conditions.

Implementation of the investment guide may lead to more transactions, or failing to transact, at times chosen by (or on behalf of) Mason Stevens. This may lead to more transaction costs incurred while pursuing the investment strategy. While it is the intention of Mason Stevens that implementing the investment strategy will over time lead to greater investment returns for the client's MDA, the judgment on a particular trade may be incorrect and result in a loss, or net profits may take longer or not eventuate, contrary to the objectives of the investment guide.

Investing through MDA services also carries the general risks of the underlying investments, including derivatives, securities and over-the-counter contracts such as foreign exchange contracts (see above). Derivatives and foreign exchange contract trading in particular have a very high degree of investment risk, and a client could sustain a total loss of capital and be liable for substantial losses in addition to the amounts contributed by the client.

## NON-LIMITED RECOURSE PRODUCTS

Your MDA's investment guide will disclose whether your MDA portfolio assets may include non-limited recourse products. This depends on the particular investment strategy for your investment guide and the particular features of the financial products, so it is not possible to disclose in this FSG any specific features in advance of your selection of an investment guide non-limited recourse products.

Non-limited recourse products are typically financial products which are margined, meaning you pay a fraction of the full face value but remain liable to pay more if there is a shortfall (e.g., your financial product is revalued, triggering the requirement for you to pay more margin cover, or you suffer a loss when your position is closed and your account does not cover the shortfall).

Non-limited recourse products may be exchange traded derivatives or they may be over-the-counter margined products. Not all exchange traded derivatives and over-the-counter margined products are non-limited recourse products.

If you are a retail client and your selected investment guide allows your MDA portfolio assets to include non-limited recourse products, it will also disclose (or incorporate by reference to other disclosures given to you):

- the types of non-limited recourse products that may be included in your account's portfolio assets;
- information about the key features of those types of products (including any significant risks associated with investing in those types of products) that may be material to the decision of a person as a retail client whether to acquire those types of products;
- information about the degree of leverage that may apply in relation to each type of product and in relation to the client portfolio assets of the client as a whole, including:
  - if the maximum potential liability of a person holding a type of product is unlimited—a statement to that effect; and
  - otherwise—the maximum value of the ratio between the maximum potential liability of a person holding that type of product and the amount payable by the person to acquire that type of product;
- a clear and prominent example illustrating in dollars the risk of the potential liability of a person who holds each type of product;
- information about the policy of Mason Stevens for communicating and satisfying margin calls or requirements to provide collateral or make payments in relation to each type of product;
- information about the policy of Mason Stevens for closing positions at a loss in relation to each type of product.

## **HOW CAN YOU PROVIDE INSTRUCTIONS TO US?**

In general, enquiries regarding your investments should be made to your financial adviser in the first instance so that they can contact us on your behalf.

However, you can contact Mason Stevens directly by using the contact details set out at the front of this guide. You or your authorised representative can provide instructions to us by telephone, mail, or email. Any instructions relating to change of details, withdrawals or transfers must be made in writing and duly signed unless email authorisation has been granted on your account.

Some products and services may have their own rules around how to provide instructions or carry out certain transactions. You will find information on these rules in the relevant disclosure documents for the product or service.

## **WITHDRAWALS AND TRANSFERS**

You may notify us at any time of your intention to sell some of or your entire investment portfolio or transfer your portfolio to another provider. This instruction should be provided to us in writing and we will act in accordance with your instructions. You should discuss the implication of early terminations of your portfolio in particular any impact on performance with your financial adviser. The sale or transfer of securities may result in expenses such as transaction costs being incurred.

## **CORPORATE ACTIONS**

If you wish to provide instructions to us in relation to corporate actions (including proxy voting) or otherwise regarding the financial assets held in your Self-Directed Account, please contact Mason Stevens to determine if your account is eligible to vote. You should note that in the case of Managed Accounts, the Program Adviser may advise whether or not the portfolio in which you are invested will participate in corporate actions and you may not have the option to provide instructions regarding your preferences without withdrawing from the investment guide.



## **NETTING**

Instructions may be received from different investors to buy and sell interests in the same financial product or security. These instructions may be offset by Mason Stevens so that only one net order is made to purchase or sell the security. If this occurs, and subject to the net request being accepted, investors who dispose of an investment will have that disposal effected and recorded by Mason Stevens. Similarly investors who acquire an investment will have that acquisition effected and recorded by Mason Stevens. Netting may reduce transaction costs and Mason Stevens is entitled to retain any resulting benefit that may be gained, in respect of and including the buy/sell spread on underlying investments.

## **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 ABN 12 004 044 937. 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 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 account terms and any investment mandates you have given. See the Fee and Costs section for further information.

## **FOREIGN EXCHANGE SERVICES**

As part of the MDA Service, Mason Stevens provides you or the Program Adviser the capability (if required) to instruct and execute on foreign exchange transactions. Mason Stevens in the provision of such activities incurs specific expenses in relation to the execution, booking, reconciliation and the maintenance of specific technology systems which enables Mason Stevens to provide the most efficient and cost effective service in this regard. Whilst no specific fees or costs are charged for this service, Mason Stevens may recover some of these costs through the pricing provided to you on each transaction settled to your account.

## **HOW ARE WE REMUNERATED?**

Mason Stevens is remunerated through the fees that we may charge you. These fees are disclosed in the relevant disclosure documents and in the Fees and Costs section of this FSG.

Mason Stevens' employees and directors are remunerated by way of salary and other employee benefits. They may also be eligible for a discretionary bonus which is based on achievement of pre-determined business objectives such as contribution to profit, client service, risk management and leadership/team contribution. In addition, staff may also receive other benefits including, reduced fees in connection with using Mason Stevens products and services.

Your financial adviser will disclose in their SOA and Fee Disclosure Statement how they are remunerated.

## **DISCLOSURE OF CONFLICTS OF INTEREST**

Mason Stevens has relationships with various parties whereby it pays fees or receives fees. These parties may include, but are not limited to, brokers, investment managers, banks, financial planners and other referral sources.

Mason Stevens has documented processes for managing conflicts by controlling, avoiding and disclosing relevant conflicts of interests.

## **RECORD KEEPING**

Mason Stevens will seek to ensure that comprehensive and accurate records of client profiles, together with any personal advice provided in an SOA are properly maintained for seven years in accordance with legal requirements. Your information will also be maintained in accordance with our Privacy Policy.

## **COMPENSATION ARRANGEMENTS**

Mason Stevens has professional indemnity and fraud insurance arrangements in place. The insurance satisfies the requirements of section 912B of the Corporations Act 2001 (Commonwealth).

These insurance arrangements cover claims relating to the services and products Mason Stevens offers and the conduct of current and former Mason Stevens staff (if Mason Stevens is responsible for the conduct of the staff member at the time of the relevant conduct).

## **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 disclosures in its offer documentation. For any material changes you will be notified in writing. Mason Stevens' continuous disclosure updates and information can be found under the "Resources" tab on the website.

## **PRIVACY POLICY**

Mason Stevens is committed to collecting and using your personal information in a way that respects your privacy, in accordance with our Privacy Policy, the Australian Privacy Principles (APPs), the Privacy Act 1988 (Cth) and any other legal or regulatory obligation.

By completing your application, you may be providing us personal information. We may collect your personal information for the purposes of:

- processing and accepting your application;
- carrying out and administering investments including but not limited to, monitoring, auditing, evaluating, modelling data and reporting to you in connection with your Investments;
- offering you products or services;
- answering queries;
- dealing with complaints;
- conducting our internal business operations (including meeting any relevant legal requirements); and
- managing client relationships and improving the products and services we provide.

If you do not provide the information requested in the Application Form, or if the information you provide us is incomplete or inaccurate, we may be delayed in, or prevented from, processing or accepting your application. We may also be delayed in or prevented from providing to you any products or services, administering your Investments, providing information to you or otherwise meeting our obligations to you.

## **Questions about Privacy**

Our Privacy Policy is available online at [www.masonstevens.com.au](http://www.masonstevens.com.au) or as hard copy upon request. The Policy provides information about how you may access your personal information held by us as well as complain about our handling of your personal information and how we will handle any request or complaint. In particular, you can arrange for access to your personal information or lodge a complaint by contacting us on 1300 988 878 or by email on [info@masonstevens.com.au](mailto:info@masonstevens.com.au).

If you have any complaints or questions about the privacy of your information please contact our Privacy Officer by email on [info@masonstevens.com.au](mailto:info@masonstevens.com.au). If your complaint is not resolved to your satisfaction, you may write to the Office of the Australian Information Commissioner at GPO Box 5218, Sydney NSW 2001.

## **IF YOU HAVE A COMPLAINT?**

Mason Stevens has established an internal process for handling disputes 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.

Your complaint can be addressed to:

The Complaints Manager  
Mason Stevens Limited  
GPO Box 5003  
Sydney NSW 2001

If you believe your complaint has not been satisfactorily dealt with or if you have not received a response within 45 days you can contact us directly or you may wish to contact the Financial Ombudsman Service (FOS). You may refer the matter to FOS if you have invested in the MDA Service or any other non-super financial product.

FOS is an independent external dispute resolution service, registered with ASIC, which can consider complaints about financial products. Mason Stevens is a member of FOS (Membership number 15155). FOS is a free service to our clients.

Financial Services Ombudsman Limited  
GPO Box 3  
Melbourne VIC 3001  
T: 1800 367 287  
F: 03 9613 6399  
E: [info@fos.org.au](mailto:info@fos.org.au)  
W: [www.fos.org.au](http://www.fos.org.au)

If your complaint relates to a superannuation financial product and you don't believe your complaint has not been satisfactorily dealt with, or if you have not received a response, within 90 days, you may wish to contact the Superannuation Complaints Tribunal (SCT). The SCT is an independent body set up by Federal Government to review decisions relating to members of superannuation funds.

Superannuation Complaints Tribunal  
Locked Bag 3060  
Melbourne VIC 3001  
T: 1800 884 114  
F: 03 8635 5588  
E: [info@sct.gov.au](mailto:info@sct.gov.au)  
W: [www.sct.gov.au](http://www.sct.gov.au)

Please see SCT's website for more information regarding the SCT and the types of complaints that it is able to accept.

## 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.

You may be charged fees for financial services or products that you receive from Mason Stevens. These rates are inclusive of any Goods and Services Tax (GST) and less any input tax credits and reduced input tax credits (RITC) and are subject to change from time to time. You will be notified of any changes and given not less than 30 days' written notice for any increase.

Fees and costs charged to you will depend on the type of financial products you choose to invest or transact, the level of service required and the size of the transactions. In some cases, fees may be subject to negotiation between you, your financial adviser and Mason Stevens. Fees and costs, once disclosed and agreed, will be charged to your account at the time of the relevant transaction or in arrears.

## FEES AND COSTS TABLE

The table below shows the fees and costs that you may be charged under the MDA Service. The fees and costs are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any input tax credits and reduced input tax credits) unless otherwise stated. These fees are paid from your account or from the return of your investments.

You should read all the information about fees and costs, including the additional explanation information, as it is important to understand how fees and costs may impact your investments (including returns) in the MDA Service.

Mason Stevens Managed Discretionary Account										
Type of fee or cost	Amount	How and when paid								
<b>Fees when your money moves in or out of the Model Portfolio(s)</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>	The Management Fee for each Model Portfolio is set out in the relevant Investment Mandate	The Management Fee is calculated daily and paid monthly in arrears.								
<b>Performance Fee</b>	The Performance Fee for each Model Portfolio, where applicable, is disclosed in the relevant Investment Mandate.  It will be disclosed as an estimate incurred annually based on previous financial years and reasonable estimates.	The Performance Fee is calculated periodically and is a direct charge to your account.								
<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>	0.00% to 2.50% p.a.	The costs incurred indirectly via investment in products such as managed funds. Not all Model Portfolios will necessarily have an ICR. Refer to the relevant Model Portfolio's Investment Mandate.
<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(s) 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. Administration and Custody Fees may differ across differing Investment Mandates. Please refer to the relevant Investment Mandate document.

## Example of annual fees and costs – Mason Stevens Concentrated Global Equity Model Portfolio

This table gives an example of how the fees and costs for the Mason Stevens Concentrated Global Equity 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 – Mason Stevens Concentrated Global Equity 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	0.88% p.a.	For advising and managing the Model Portfolio you will be charged <b>\$440</b> each year.
<b>AND</b> Performance Fee	Nil	Based on previous financial years and reasonable estimates, the estimated performance fee for the Model Portfolio is <b>\$0</b> 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.
<b>AND</b> Indirect Cost Ratio	Nil	For the indirect costs associated with investing in the underlying assets of the Model Portfolio you will be charged approximately <b>\$0</b> each year.
		For every \$50,000 you have in the Model Portfolio you will be charged total <b>management costs</b> of <b>\$770</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 and costs of <b>\$770*</b>

\*The Model Portfolio used in this example does not have a performance fee or incur indirect costs.

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.

You should note that this general disclosure relating to fees and costs may change between the time when you read this Financial Services Guide and the time you acquire the product.

## Transactional and operational costs applicable to the Model Portfolios 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 for guidance but more importantly the relevant Investment Mandate.

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 FSG.

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>	<p>Managed Funds*: Up to 1.65% of transaction value.</p> <p>Fixed Income**: Up to 0.55% of transaction value.</p> <p>Domestic equities: Up to 0.33% of transaction value</p> <p>International equities: Up to 0.55% of transaction value</p>	Deducted from your cash balance at the time of the transaction.
<b>Transaction Costs (Self Directed Accounts)</b>	<p>Managed Funds: \$33.00 per transaction</p> <p>Fixed Income: 0.55%, minimum \$55.00 per transaction</p> <p>Domestic equities: 0.55%, minimum \$33.00 per transaction</p> <p>International equities: 0.825%, minimum \$75.00 per transaction</p>	Deducted from your cash balance at the time of the transaction.

\* Managed Funds into which Model Portfolios may invest may charge a buy/sell spread 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 any fees and charges.

\*\*At the time of transacting in fixed income securities, a “bid/ask spread” may be incurred. A bid/ask spread is the industry terminology for the amount by which the ask price exceeds the bid price for an asset in the market.



It is considered that the difference between the amount paid for the fixed income asset and the value of the asset at the time of purchase based on its selling price is a transaction cost. You should be aware that the spread is an indirect cost, not charged directly to your account, and will depend on the type of instrument, size of order, timing of the transaction, execution quality, liquidity of the underlying market and actions of other market participants during execution etc.

## **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 the Program Adviser for advising and managing the Model Portfolio; and
- a performance fee payable by the MDA Provider to the Program Adviser when they meet a defined level of outperformance for the Model Portfolio for which they manage. 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 Fees**

The Performance Fee for a Model Portfolio is typically calculated as a certain percentage (%) of Outperformance, and is charged on an individual account basis. 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 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 Benchmark returns, it is offset against future portfolio performance.

You should refer to the relevant Investment Mandate for full disclosure on any performance fees. Estimated performance fees quoted in the mandates are based on previous financial years and reasonable estimates going forward.

### **Indirect Cost Ratio (ICR)**

If a Model Portfolio's investment universe includes securities such as managed funds, Exchange Traded Funds (ETFs), Real Estate Investment Trusts (REITs) or 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 by any managed funds, ETFs or LICs held. 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 an estimate based on the information publicly available to us (usually sourced from the relevant Product Disclosure Statement).

### **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.

## ADDITIONAL FEES AND COSTS SCHEDULE

Fee or Cost	Amount (% or \$)
<p><b>Credit interest on cash balances</b> This is the fee payable to Mason Stevens for the management and portfolio administration of your cash balance.</p> <p>This fee is calculated daily and is payable at the end of each month. It is deducted out of the funds we deposit with the ADIs and is not separately deducted from your cash balance.</p> <p>Refer to Cash Management section for further information.</p>	<ul style="list-style-type: none"><li>• The cash interest on cash balances is</li><li>• The difference between the interest rate we earn on the bank accounts we maintain at Australian Authorised Deposit taking Institutions (ADIs) in which we deposit the cash that constitutes your cash balance; and</li><li>• The interest rate we pay you for your cash holding, which is generally 0.50% below the RBA Cash Rate.</li></ul>
<p><b>Default fee on negative cash balances</b> Should your cash balance become negative at any time, a default fee may be payable to Mason Stevens on the negative amount.</p> <p>This fee is calculated daily, accrued to your cash balance monthly in arrears and deducted from any future contributions to your cash balance.</p>	<ul style="list-style-type: none"><li>• The default fee on negative cash balances is +5.00% above the RBA Cash Rate.</li></ul>
<p><b>Special service fee</b> This is the fee payable to Mason Stevens for non-standard services such as cost base calculations and adjustments. It would be deducted from your cash balance upon the completion of your request.</p>	Up to \$475 per hour.
<p><b>Placement fee</b> Mason Stevens may receive a placement fee for initial public offerings (IPOs) and primary issues. This is paid by the product issuer or its manager.</p>	Up to 5.50% of the placement amount.

## HOW TO CONTACT US

You can contact Mason Stevens by telephone, mail or email on the below contact details.

### Mason Stevens Limited

Address: Level 21, 9 Castlereagh Street Sydney NSW 2000  
Telephone: 1300 98 88 78  
Email: [info@masonstevens.com.au](mailto:info@masonstevens.com.au)  
Website: [www.masonstevens.com.au](http://www.masonstevens.com.au)