

Cutcher & Neale Managed Portfolios

Issue date: March 2018

About this Managed Portfolio Disclosure Document

ISSUER AND TRUSTEE

This Managed Portfolio Disclosure Document (Disclosure Document) is issued by Diversa Trustees Limited (Trustee) ABN 49 006 421 638, AFSL 235153, RSE Licence No L0000635, in its capacity as Trustee of Mason Stevens Super (Fund), an APRA-regulated fund ABN 34 422 545 198.

The Trustee is required to disclose certain Trustee, Fund information and documentation on a website. This includes, but is not limited to, the following: the trust deed, the PDS, the most recent annual report and the names of each material outsourced service provider to the Fund. Please see the Trustee's website (www.diversa.com.au/trustee).

SPONSOR AND PROMOTER

Mason Stevens Limited (Mason Stevens) ABN 91 141 447 207, AFSL 351578, is the Sponsor and Promoter of the Fund.

Mason Stevens has sub contracted some of its Promoter activities to Cutcher & Neale Financial Services Pty Ltd (Cutcher & Neale), ABN 22 160 682 879, AFSL 433814.

An investment in the Fund is neither a deposit nor liability of Mason Stevens Group of companies, Mason Stevens or the Trustee or any of their associated entities.

Fund members and their financial advisers can access account and investment information, as well as making transactions through the secure, online Mason Stevens investment service (Service).

INVESTMENT MANAGER

Mason Stevens Asset Management (MSAM) ABN 92 141 447 654 is the investment manager of the Fund. MSAM has sub contracted the activities of some of its investment functions to Cutcher & Neale, for specific financial products or strategies within Mason Stevens Super.

CUSTODIAN

Mason Stevens Limited is the custodian of all Fund assets and has appointed National Australia Bank Limited ABN 12 004 044 937, AFSL 230686 as primary sub-custodian.

ADMINISTRATOR

FNZ Australia Limited ABN 67 138 819 119 (Administrator) is the administrator of the Fund.

IMPORTANT INFORMATION

This Disclosure Document is a summary of significant information about the Cutcher & Neale managed portfolios. The information contained in this Disclosure Document is incorporated by reference into the Mason Stevens Super PDS and the Mason Stevens Super Investment Guide. It should be read in conjunction with these documents, and the disclosure documents of any insurance policies, managed funds or other Managed Portfolios. These documents are available from your financial adviser or www.masonstevens.com.au/super

This Disclosure Document, and other documents, is not intended to be, and should not be construed in any way as, investment, legal, taxation or financial advice.

As at the date of issue the information contained in this Disclosure Document and associated PDS is correct under superannuation laws and regulations. However, these laws and regulations may change. In the event of a material change to any information in this Disclosure Document and associated PDS, irrespective of whether it is adverse or not, the Trustee will notify existing members either via the website or in writing within the time frames required by law. Updated information is available online at www.masonstevens.com.au/super

The PDS, including other documents, is not intended to be, and should not be construed in any way as, investment, legal, taxation or financial advice.

The information contained in the Disclosure Document and associated PDS is general information only and has been prepared without taking into consideration your investment objectives, circumstances, or your personal financial situation or needs. Before acting on the information in this Disclosure Document you should consider seeking financial advice tailored to your own objectives, circumstances, financial situation and needs.

As permitted by the Trust Deed, we may change the terms and conditions of the Fund. The Trustee may also add, change or close any investment choice or insurance option and this may include making changes to asset allocations, benchmarks and investment strategies without prior notice to you.

All investment involves risk, potentially resulting in (but not limited to) delays in payment of withdrawal proceeds and the loss of income and capital invested.

Past performance is not necessarily indicative of future performance.

Mason Stevens Super is only available through licensed financial advisers. To invest, contact your financial adviser.

About the managed portfolios

CUTCHER & NEALE CONSERVATIVE PORTFOLIO

Investment manager	Cutcher & Neale The investment manager is responsible for designing and managing the composition of this managed portfolio to meet the investment objectives and investment strategy detailed below.		
Inception date	March 2018		
Holding limit	Up to 100% of your portfolio (members are required to maintain their minimum cash balance as stated in the Mason Stevens Super Additional Information Guide).		
Investment objective	To invest in asset classes that provides a relatively low risk investment return with high levels of liquidity.		
Investment strategy and approach	Investment portfolio split is 60% defensive assets and 40% growth assets. High exposure to fixed interest securities, but also some exposure to equity and property markets.		
Designed for	This managed portfolio may be suited to investors comfortable with a portfolio of diversified investments with an emphasis on fixed interest. The investment manager will aim to achieve positive performance predominantly through income and a small amount of capital growth with low levels of volatility over a period of 3 years or more, net of fees and costs.		
Target return	CPI +1% pa		
Indicative number of securities	5-10		
Asset allocation	Asset class	Target weight %	Allocation range %
	Australian equities	20	0-30
	International equities	15	0-20
	Fixed interest	55	0-60
	Listed property	5	0-20
	Cash ¹	5	5-30
Portfolio income	All income derived from this portfolio will be retained in the portfolio.		
Investment universe	Investments are limited to cash, bonds, equities, managed funds or exchange traded funds (ETFs).		
Maximum single security or fund weighting	20%		
Minimum suggested timeframe	3-5 years		

CUTCHER & NEALE CONSERVATIVE PORTFOLIO (cont)

Minimum investment	\$2,000
Derivative restrictions	The investment manager does not use derivatives directly. Underlying managed funds may utilise derivatives.
Investment manager fee	0.55%pa
Indirect cost ratio	The estimated ICR at the date of this Disclosure Document is 0.14% pa, however changes to underlying investments will result in changes to the ICR. This fee may include a performance fee charged by the underlying investments.
Performance fee	Nil
Standard risk measure	<p>Low to medium</p> <p>The estimated likelihood of a negative return is one to less than two years in 20. The standard risk measure is a way of describing the level of risk of different investment options and provides a guide on the expected number of negative annual returns over any 20-year period. It does not consider all form of investment risk. Please refer to the Mason Stevens investment guide for more information about the standard risk measure.</p>

¹ A cash management rate will apply to the cash account portion you hold in the managed portfolio. Please refer to the Mason Stevens Super investment guide for further information.

CUTCHER & NEALE BALANCED PORTFOLIO

Investment manager	Cutcher & Neale The investment manager is responsible for designing and managing the composition of this managed portfolio to meet the investment objectives and investment strategy detailed below.		
Inception date	March 2018		
Holding limit	Up to 100% of your portfolio (members are required to maintain their minimum cash balance as stated in the Mason Stevens Super additional information guide).		
Investment objective	To provide the investor with exposure to fully franked, reliable dividend income from companies listed on the ASX, as well as long term growth opportunities from international equities via ETFs. The portfolio will also maintain exposure to low risk asset classes such as fixed interest that offer lower level of volatility than growth oriented asset classes.		
Investment strategy and approach	Investment portfolio split is 40% defensive assets and 60% growth assets. Slightly higher exposure to equity and property markets, than to fixed interest securities.		
Designed for	This managed portfolio may be suited to investors comfortable with a balanced portfolio of investments across growth and defensive asset classes. This managed portfolio will aim to achieve a satisfactory market related return over the longer term (at least five years) with potential for moderate capital volatility in the shorter term.		
Target return	CPI +2% pa		
Indicative number of securities	5-12		
Asset allocation	Asset class	Target weight %	Allocation range %
	Australian equities	25	0-40
	International equities	30	0-35
	Fixed interest	35	0-50
	Listed property	5	0-20
	Cash ¹	5	2-25
Portfolio income	All income derived from this portfolio will be retained in the portfolio.		
Investment universe	Investments are limited to cash, equities, managed funds or ETFs.		
Maximum single security or fund weighting	20%		
Minimum suggested timeframe	4-6 years		

CUTCHER & NEALE BALANCED PORTFOLIO (cont)

Minimum investment	\$2,000
Derivative restrictions	The investment manager does not use derivatives directly. Underlying managed funds may utilise derivatives.
Investment manager fee	0.55%pa
Indirect cost ratio	The estimated ICR at the date of this Disclosure Document is 0.17% pa, however changes to underlying investments will result in changes to the ICR. This fee may include a performance fee charged by the underlying investments.
Performance fee	Nil
Standard risk measure	Medium The estimated likelihood of a negative return is two to less than three years in 20. The standard risk measure is a way of describing the level of risk of different investment options and provides a guide on the expected number of negative annual returns over any 20-year period. It does not consider all form of investment risk. Please refer to the Mason Stevens investment guide for more information about the standard risk measure.

¹ A cash management rate will apply to the cash account portion you hold in the managed portfolio. Please refer to the Mason Stevens Super investment guide for further information.

CUTCHER & NEALE GROWTH PORTFOLIO

Investment manager Cutcher & Neale
 The investment manager is responsible for designing and managing the composition of this managed portfolio to meet the investment objectives and investment strategy detailed below.

Inception date March 2018

Holding limit Up to 100% of your portfolio (other than the minimum cash requirement).

Investment objective The portfolio will aim to provide reliable dividend yields and growth potential via investments in companies listed on the ASX, as well as exposure to long term capital growth opportunities from investment in international equities via ETFs. The portfolio will also maintain a relatively low exposure to low risk asset classes that provide liquidity.

Investment strategy and approach Investment portfolio split is 20% defensive assets and 80% growth assets. Portfolio has a high exposure to equities and property to provide long term capital growth. Small defensive exposure should slightly reduce the short term fluctuations in value.

Designed for This managed portfolio may be suited to investors comfortable with a balanced portfolio of investments with a moderate tilt towards the higher growth asset classes of Australian and international shares. The managed portfolio is designed with a long term time horizon of five years or more. It will exhibit some volatility in the short term.

Target return CPI +3% pa

Indicative number of securities 5-15

Asset allocation	Asset class	Target weight %	Allocation range %
	Australian equities	35	0-40
	International equities	40	0-45
	Fixed interest	15	0-30
	Listed property	5	0-25
	Cash ¹	5	2-20

Portfolio income All income derived from this portfolio will be retained in the portfolio.

Investment universe Investments are limited to cash, equities, managed funds or ETFs.

Maximum single security or fund weighting 20%

Minimum suggested timeframe 5-7 years

CUTCHER & NEALE GROWTH PORTFOLIO (cont)

Minimum investment	\$2,000
Derivative restrictions	The investment manager does not use derivatives directly. Underlying managed funds may utilise derivatives.
Investment manager fee	0.55%pa
Indirect cost ratio	The estimated ICR at the date of this Disclosure Document is 0.16% p.a., however changes to underlying investments will result in changes to the ICR. This fee may include a performance fee charged by the underlying investments.
Performance fee	Nil
Standard risk measure	Medium to high The estimated likelihood of a negative return is three to less than four years in 20. The standard risk measure is a way of describing the level of risk of different investment options and provides a guide on the expected number of negative annual returns over any 20-year period. It does not consider all form of investment risk. Please refer to the Mason Stevens investment guide for more information about the standard risk measure.

¹ A cash management rate will apply to the cash account portion you hold in the managed portfolio. Please refer to the Mason Stevens Super investment guide for further information.

CUTCHER & NEALE HIGH GROWTH PORTFOLIO

Investment manager Cutcher & Neale
The investment manager is responsible for designing and managing the composition of this managed portfolio to meet the investment objectives and investment strategy detailed below.

Inception date March 2018

Holding limit Up to 100% of your portfolio (other than the minimum cash requirement)

Investment objective The portfolio will provide reliable, tax efficient dividend yields and growth potential via investment in companies listed on the ASX and exposure to long term capital growth opportunities from investment in international equities via ETFs. The portfolio will also maintain a small exposure to low risk asset classes that provide liquidity.

Investment strategy and approach Investment portfolio split is 0% defensive assets and 100% growth assets. The portfolio has no exposure to defensive assets and is likely to produce minimal income.

Designed for This managed portfolio may be suited to investors comfortable with a portfolio of investments predominantly in Australian and international shares. Due to the inherently high levels of volatility associated with these asset classes, this managed portfolio is suited to people with an investment horizon of at least seven years. It is not suitable for investors requiring a high level of income.

Target return CPI +4% pa

Indicative number of securities 15-25

Asset allocation	Asset class	Target weight %	Allocation range %
	Australian equities	38	0-70
	International equities	55	0-60
	Fixed interest	0	0-20
	Listed property	5	0-30
	Cash ¹	2	2-15

Portfolio income All income derived from this portfolio will be retained in the portfolio.

Investment universe Investments are limited to cash, equities, managed funds or ETFs.

Maximum single security or fund weighting 20%

Minimum suggested timeframe 7+ years

CUTCHER & NEALE HIGH GROWTH PORTFOLIO (cont)

Minimum investment	\$2,000
Derivative restrictions	The investment manager does not use derivatives directly. Underlying managed funds may utilise derivatives.
Investment manager fee	0.55%pa
Indirect cost ratio	The estimated ICR at the date of this Disclosure Document is 0.17% pa, however changes to underlying investments will result in changes to the ICR. This fee may include a performance fee charged by the underlying investments.
Performance fee	Nil
Standard risk measure	High The estimated likelihood of a negative annual return is four to less than six years in 20 years. The standard risk measure is a way of describing the level of risk of different investment options and provides a guide on the expected number of negative annual returns over any 20-year period. It does not consider all form of investment risk. Please refer to the Mason Stevens Investment Guide for more information about the standard risk measure.

¹ A cash management rate will apply to the cash account portion you hold in the managed portfolio. Please refer to the Mason Stevens Super investment guide for further information.

About the investment manager

CUTCHER & NEALE

Cutcher & Neale is an accounting and financial advisory firm established in 1953.

In 1994, Cutcher & Neale expanded into investment services including wealth management, and financial planning. This division is known as Cutcher & Neale Investment Services.

Since 1994, the Investment Services division has been operating direct investment portfolios for clients using a similar investment philosophy and style to the portfolios offered under this service.

INVESTMENT PHILOSOPHY

Investment strategy and robust asset allocation can assist with maximising the benefits and minimising the risk across client portfolios. This is a key part of achieving clients' individual goals and objectives.

Cutcher & Neale has a structured approach to portfolio construction and security selection, which has been the basis of their investment management service for over 20 years. This approach is built on the following principals:

- Strategic asset allocation is a key driver of portfolio performance and is subject to regular review
- Long term, low turnover portfolios are preferred
- Investments are made within the context of a structured investment committee and thematic based investment methodology to identify key technology, demographic and economic trends and position portfolios to capture opportunities that may arise from these themes.

Individual securities are assessed for intrinsic value, liquidity, ratio analysis including price to earnings ratio, plus current and future dividend potential. Analysis is conducted in-house and is supported by broker research and a network of third party relationships the group accesses. Securities are predominantly large-cap stocks with small caps accessed as economic circumstances dictate.

Cutcher & Neale draws on research, opinions and data from a broad array of domestic and global providers. This flexibility and rigour behind the investment approach enhances the value in their client solution.

INVESTMENT PROCESS

The Cutcher & Neale's investment process incorporates a multi-step process in constructing and managing its investment portfolios. All decisions are taken within an investment committee where ideas are debated, discussed and documented.

Asset allocation

Cutcher & Neale's initial focus is on the delivery of high quality asset allocation within which investment decisions are taken. Cutcher & Neale believe that this is a key determinant of portfolio performance over time.

Macroeconomic trends and analysis

Cutcher & Neale starts by identifying regions, sectors, and themes that appear attractive and offer compelling value or momentum. These may be driven by economic, demographic, political or strategic factors (among others), and are derived from a broad selection of research, data, and critical analysis on diverse and nuanced insight.

Stock identification

An intensive process that draws on available research and market opinions to identify the companies that are best placed to exploit these opportunities. Factors such as intrinsic valuation, dividend potential, financial metrics such as price to earnings ratios, and fit with a preferred thematic are taken into consideration.

Risk management

An overarching focus on protecting client investments remains at the heart of the Cutcher & Neale investment process. This involves actively managing exposures across sectors, themes and geographic regions, and the use of cash as a strategic tool. Whilst Cutcher & Neale actively track and measure index correlations and benchmarks, they are not bound by them.

How does the investment manager manage risk?

The investment manager is unable to eliminate all investment risk, but does analyse, manage and aim to reduce the impact of risks by actively monitoring investment markets and portfolios and through the use of carefully considered investment guidelines.

Labour standards and environmental, social and ethical considerations

The Trustee does not take into account labour standards, environmental, social or ethical considerations when making the investments available. The approach in relation to any consideration of labour, environmental, social or ethical standards as part of the investment decision making process for the portfolio is left by the Trustee to the individual discretion of the investment manager. This investment strategy does not directly measure or incorporate labour, environmental, social or ethical standards as part of the investment decision-making process.

The investment manager is aware that these issues can influence social, business and investor outcomes; in certain circumstances they may consider these issues when making an investment decision. The investment manager's consideration of labour, environmental, social or ethical considerations are in its own right and not on behalf of the Trustee.

Execution of strategy

Mason Stevens Limited and its associated entities has been appointed by the Trustee to provide various services in relation to the Fund, including promoter, investment management and custody services. Mason Stevens and the Administrator are responsible for implementing the investment instructions of the investment manager by buying and selling assets, taking into consideration timing, trading costs (such as transaction fees and currency costs, if applicable) and the mandate of the portfolio. In certain circumstances Mason Stevens has the right to vary the managed portfolio. By investing in this managed portfolio, you instruct Mason Stevens and the Administrator to buy and sell assets on your behalf through the managed portfolio as advised by the investment manager.

Risks

Before you consider investing in this portfolio, it's important you understand the risks that can affect your investments. A summary of key risks is in the PDS.

See the 'Risks' section in the PDS. Please note this is not an exhaustive list of all the risks. The risks relevant to this portfolio reflect the underlying investments. For information about risks regarding your personal situation speak to your adviser.

Trade notifications

When the investment manager trades, or rebalances the portfolios, Mason Stevens (through the Service) may send you an advice notifying you of the trades being undertaken. This is called a 'trade notification'. The rebalance and reallocation of managed portfolios may occur regularly and you may receive a trade notification each time a rebalance or reallocation occurs.

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