

Quarterly performance report

30 June 2019

Mason Stevens Concentrated Global Equity Managed Portfolio

The Mason Stevens Concentrated Global Equity Managed Portfolio is offered via a Managed Discretionary Account (MDA), also sometimes referred to as a Separately Managed Account (SMA).

Performance as at 30 June 2019¹

	1 mth(%)	3 mths (%)	1 year (%)	Since incep (%pa)
Portfolio	5.16	4.25	3.53	16.38
Benchmark	5.39	5.28	12.14	13.37
+/- Return	-0.23	-1.03	-8.60	3.01

Top five holdings

	%
CASH USD	8.29
Lockheed Martin Corporation (LMT)	6.55
Alphabet Inc Class C (GOOG)	5.95
Alibaba Group Holdings Ltd ADR (BABA)	5.85
Mastercard Inc (MA)	5.82

Market and portfolio review

The last quarter of the 2018/19 financial year has seen continued volatility and changing sentiment across asset classes. During May, the S&P500 fell 6.5%, only to rally 6.8% in June. Market sentiment has broadly continued to be driven by trade and direction of interest rates.

At the time of writing, equity markets are buoyant. Concerns of a slowing domestic economy, the prospect of a US recession in 2020, a slowing European economy and no resolution to Brexit, are largely being ignored. The market instead choosing to focus on dovish central banks and a more conciliatory stance on trade between the United States and China.

Given the low interest rate environment we now face, which would appear to be for an extended period, the market is now chasing yield across asset classes, and PE expansion continues in some sectors, particularly in infrastructure and property related stocks.

With this backdrop in mind, during the quarter (prior to the May sell off) we made some changes to the portfolio, reducing our allocations to AMZN and MSFT, given strong contributions to portfolio performance, seeing it as prudent to take some profits. In addition, we sold Kering which had rallied strongly since its recent addition in February, and sold the positions in Wells Fargo and Nvidia.

We added new positions in Raytheon and Northrop Grumman, complementing the holding in Lockheed Martin, defence is a sector we see as having long term positive fundamentals. We also added a small position in Disney as the company looks to leverage off their existing brands and expand content delivery services.

The cash weighting was increased to 12% given the strong rally we saw from the January lows into the end of April, we see this as temporary at this stage as we look for new opportunities.

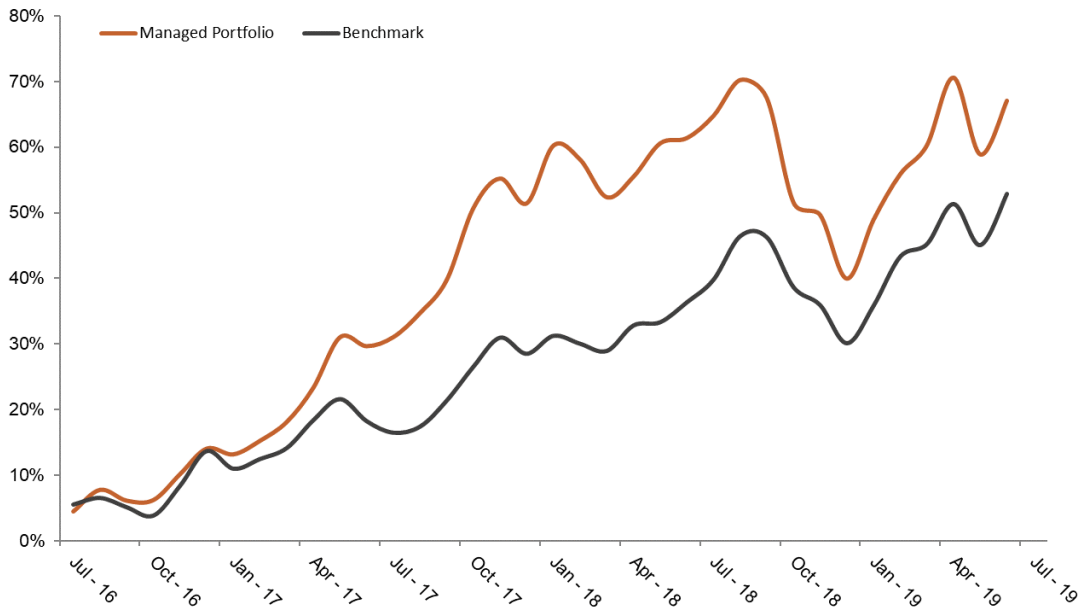
As we navigate reporting season we will look to update portfolio holdings as conditions change and we garner more company specific feedback.

Thank you for your continued support and I hope we all enjoy a rewarding 2019/20.

Chris Alcott - Investment Manager

¹ The Managed Portfolio Benchmark is the MSCI® World Net Total Return Index (\$A). Returns are calculated net of management, performance, administration/custody and transaction fees, but excluding any adviser fees from the Managed Portfolio's inception date of 10 February 2016, and assumes reinvestment of all income (but not franking credits). Returns are based on the theoretical performance of a portfolio which implemented the Managed Portfolio from the inception date based on simplifying assumptions and stock weightings. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, contributions and withdrawals, fees and any customisations. Past performance is not a reliable indicator of future performance and may not be achieved in the future. Each client should also take into account their own taxation situations. All information provided in this Report is correct as at the date of this Report.

Cumulative performance since incep¹



Investment objective & strategy

The Managed Portfolio aims to outperform the MSCI® World Net Total Return Index (\$A) on a rolling 3-year basis after fees and expenses by investing in an actively managed portfolio of direct global equities. Direct equities can be denominated in any currency.

The Managed Portfolio will generally form part of the international equity component of an investor's investment portfolio and may be suitable for investors seeking to generate returns through investing in international equities over at least a 3-year period.

The underlying investments are selected for inclusion in the Managed Portfolio based on their risk-adjusted return opportunity. To create a balance of risk, return and, to a certain extent, liquidity in the portfolio, the Program Adviser will use the following investment criteria as part of the risk management process:

- Maximum exposure to any single security is limited to 15% of the assets of the portfolio, and
- Cash can be up to 15% of the value of the portfolio.

Key features & details

Investment universe	Securities listed on global stock exchanges and cash.
Investment objective	Aims to outperform the MSCI World Net Total Return Index (\$A) on a rolling 3-year basis (after fees)
Benchmark	MSCI® World Net Total Return Index (\$A)
Number of investments	10-20 securities
Max individual security weighting	15%
Min investment amount	A\$50,000
Suggested timeframe	3-5 years +

Portfolio management

The Managed Portfolio is managed by Mason Stevens Asset Management Pty Limited (MSAM) as the Program Adviser. MSAM is part of the Mason Stevens group of companies.

Investment decisions are governed by an Investment Committee that ensures the appropriate discipline and rigour is applied to the investment process.

Investment team

Chris Alcott

Portfolio Manager, Managing Director – Investment Solutions

Other members of the team include: Vincent Hua, Chief Investment Officer; Aaron Rayner, Head of Dealing; Darren Letts, Dealer; Roman Gerber, SMA Manager.

About Mason Stevens

Mason Stevens provides a multi-asset and multi-currency investment administration and managed account service to help produce tailored investment outcomes for advisers and their clients. Clients benefit from efficient portfolio administration, secure online access to their investments, as well as comprehensive reporting

More information

Further information about the Portfolio, including fees and costs, is outlined in the Mason Stevens Concentrated Global Equity Managed Portfolio.

Contact

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to your adviser

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