

DNR Capital Australian Equities Managed Portfolios

Issue date: July 2020

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 Product Disclosure Statement (PDS), the most recent annual report and the names of each material outsourced service provider to the Fund. Please see the Trustee's website (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.

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 make transactions through the secure, online Mason Stevens investment service (Service).

INVESTMENT MANAGER

Mason Stevens Asset Management (MSAM) is the investment manager of the Fund. MSAM has sub contracted the activities of some of its investment functions to DNR Capital Pty Limited (DNR Capital) ABN 72 099 071 637. DNR Capital is a Corporate Authorised Representative of DNR AFSL Pty Limited, ABN 39 118 946 400 AFSL 301658, for specific 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 DNR Capital Australian Equities Managed Portfolios. The information contained in this Disclosure Document is incorporated by reference into the Mason Stevens Super PDS, Mason Stevens Super Additional Information Guide 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 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 masonstevens.com.au/super

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

DNR CAPITAL AUSTRALIAN EQUITIES HIGH CONVICTION MANAGED PORTFOLIO

Investment manager	DNR Capital 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	July 2020						
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 outperform the S&P/ASX 200 Accumulation Index by 4%p.a. (before fees) over a rolling three-year period.						
Investment strategy and approach	<p>DNR Capital believes a focus on quality will enhance returns when it s combined with a thorough valuation overlay. DNR Capital seeks to identify quality companies that are mispriced by overlaying a quality filter, referred to as the 'quality web', with a strong valuation discipline.</p> <p>The stock selection process has a strong bottom-up discipline and focuses on investing in quality companies at reasonable prices. The portfolio construction process is influenced by a top-down economic appraisal and also considers that risk characteristics of the portfolio such as stock and sector correlations.</p> <p>The investment strategy of the DNR Capital Australian Equities High Conviction Managed Portfolio results in a portfolio that is high conviction and invests for the medium to long term.</p>						
Designed for	Investors with a long-term investment objective focused on achieving portfolio growth, with less focus on generating excess income. The investor is prepared to accept higher volatility in pursuit of higher growth.						
Benchmark Return	S&P/ASX 200 Accumulation Index						
Indicative number of securities	15-30						
Asset allocation¹	<table><thead><tr><th>Asset class</th><th>Allocation range %</th></tr></thead><tbody><tr><td>Australian equity</td><td>80-98</td></tr><tr><td>Cash²</td><td>2-20</td></tr></tbody></table>	Asset class	Allocation range %	Australian equity	80-98	Cash ²	2-20
Asset class	Allocation range %						
Australian equity	80-98						
Cash ²	2-20						
Investment universe	Equity securities listed or about to be listed on an Australian Stock Exchange and Cash.						
Maximum single security or fund weighting	15%						
Minimum suggested timeframe	5 years						

DNR CAPITAL AUSTRALIAN EQUITIES HIGH CONVICTION MANAGED PORTFOLIO (cont)

Minimum initial investment \$50,000

Minimum additional investment \$25,000

Derivative restrictions The investment manager does not use derivatives directly.

Investment manager fee 0.80% p.a.

Indirect cost ratio Nil

Performance fee Nil

Standard risk measure 6 - High

The estimated likelihood of a negative return is four to 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 forms of investment risk. Please refer to the Mason Stevens Investment Guide for more information about the standard risk measure.

1 Allocation of assets may be within the allocation range stated. The above target weight is indicative only. At any point in time the actual allocation may be very different to the target weights stated in this document.

2 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.

DNR CAPITAL AUSTRALIAN EQUITIES SOCIALLY RESPONSIBLE MANAGED PORTFOLIO

Investment manager	DNR Capital	
	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	July 2020	
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 outperform the S&P/ASX 200 Accumulation Index by 4% p.a. (before fees) over a rolling three-year period.	
Investment strategy and approach	<p>DNR Capital believes a focus on quality will enhance returns when it is combined with a thorough valuation overlay. DNR Capital seeks to identify quality companies that are mispriced by overlaying a quality filter, referred to as the 'quality web', with a strong valuation discipline. The stock selection process has a strong bottom-up discipline and focuses on investing in quality companies at reasonable prices.</p> <p>The DNR Capital Australian Equities Socially Responsible Managed Portfolio incorporates a negative portfolio screen across pornography, gaming, armaments and tobacco. A positive ESG screen is also used to identify those companies with enhanced ESG policies.</p> <p>The portfolio construction process is influenced by a top-down economic appraisal and also considers the risk characteristics of the portfolio such as stock and sector correlations.</p>	
Designed for	Investors who want a competitive return but do not want their portfolio invested in companies that are judged to have a direct involvement in pornography, gaming, armaments and tobacco, or who want to ensure that their money is invested in companies that make a positive difference.	
Benchmark return	S&P/ASX 200 Accumulation Index	
Indicative number of securities	15-30	
Asset allocation¹	Asset class	Allocation range %
	Australian equity	80-98
	Cash ²	2-20
Investment universe	Equity securities listed or about to be listed on an Australian Stock Exchange and Cash.	
Maximum single security or fund weighting	15%	
Minimum suggested timeframe	5 years	

DNR CAPITAL AUSTRALIAN EQUITIES SOCIALLY RESPONSIBLE MANAGED PORTFOLIO (cont)

Minimum initial investment	\$50,000
Minimum additional investment	\$25,000
Derivative restrictions	The investment manager does not use derivatives.
Investment manager fee	0.80% p.a.
Indirect cost ratio	Nil
Performance fee	Nil
Standard risk measure	6 - High The estimated likelihood of a negative return is four to six 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 forms of investment risk. Please refer to the Mason Stevens Investment Guide for more information about the standard risk measure.

1 Allocation of assets may be within the allocation range stated. The above target weight is indicative only. At any point in time the actual allocation may be very different to the target weights stated in this document.

2 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.

DNR CAPITAL AUSTRALIAN EQUITIES INCOME MANAGED PORTFOLIO

Investment manager	DNR Capital	
	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	July 2020	
Holding limit	Up to 100% of your portfolio (other than the minimum cash requirement).	
Investment objective	To outperform the S&P/ASX 200 Industrials Accumulation Index (before fees) and deliver higher levels of income relative to the benchmark over a rolling three year period.	
Investment strategy and approach	<p>DNR Capital believes a focus on quality will enhance returns when it is combined with a thorough valuation overlay. DNR Capital seeks to identify quality companies that are mispriced by overlaying a quality filter, referred to as the 'quality web', with a strong valuation discipline.</p> <p>The stock selection process has a strong bottom up-discipline and focuses on investing in quality companies at reasonable prices.</p> <p>The DNR Capital Australian Equities Income Managed Portfolio also has a preference for companies that have high and sustainable dividend capacity, strong profit to cash conversion, and relatively assured earnings growth. Companies that generate franking credits predominate.</p> <p>The portfolio construction process is influenced by a top-down economic appraisal and also considers the risk characteristics of the portfolio such as stock sector correlations.</p>	
Designed for	Investors who seek a greater level of income than the S&P/ASX 200 Industrials Accumulation Index and who can make use of franking credits.	
Benchmark return	S&P/ASX 200 Industrials Accumulation Index	
Indicative number of securities	15-30	
Asset allocation¹	Asset class	Allocation range %
	Australian equity	80-98
	Cash ²	2-20
Investment universe	Equity securities listed or about to be listed on an Australian Stock Exchange and Cash.	
Maximum single security or fund weighting	15%	
Minimum suggested timeframe	5 years	

DNR CAPITAL AUSTRALIAN EQUITIES INCOME MANAGED PORTFOLIO (cont)

Minimum initial investment	\$50,000
Minimum additional investment	\$25,000
Derivative restrictions	The investment manager does not use derivatives.
Investment manager fee	0.80% p.a.
Indirect cost ratio	Nil
Performance fee	Nil
Standard risk measure	6 - High The estimated likelihood of a negative return is four to 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 forms of investment risk. Please refer to the Mason Stevens Investment Guide for more information about the standard risk measure.

- 1 Allocation of assets may be within the allocation range stated. The above target weight is indicative only. At any point in time the actual allocation may be very different to the target weights stated in this document.
- 2 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

DNR CAPITAL

Founded in 2001, DNR Capital is an independent Australian investment management company that delivers client-focused, quality, investment solutions to institutions, advisers and individual investors. It is a pioneer in the delivery of individually and separately managed accounts in the Australian market and aims to deliver investment outperformance.

DNR Capital is a signatory to the Principles for Responsible Investment (PRI).

INVESTMENT PHILOSOPHY

DNR Capital is high conviction, after-tax focused and invest for the medium-to-long-term. It defines quality companies as being those companies with the following five attributes:

1. Earnings strength (particularly improving return)
2. Superior industry position
3. A sound balance sheet
4. Strong management
5. Low environmental, social and governance (ESG) risk.

DNR Capital believes that quality companies outperform for these reasons:

- Quality companies generate more capital that can be reinvested to drive sustainable returns over time. This can be achieved via appropriate deployment of capital either internally or via merger and acquisition.
- Companies in structurally superior industries, with pricing power, can grow above CPI and are more protected against inflation.
- Higher quality balance sheets help to right out cycles.
- The ability to value quality companies is enhanced by the sustainability of earnings.
- Quality companies tend to recognise the benefits of a good ESG policy. Financial analysts tend to ignore ESG risks in terms of valuing companies and identifying risks.

How the investment manager manages 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 have 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, please 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.