

Mason Stevens Financial Services Guide



Preparation date: August 2024

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.

About this financial services guide

It is intended that this FSG will assist you in determining 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 statement (**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.

Incorporation by reference

The Mason Stevens Global Investment Services Guide (**GIS Guide**) dated August 2023 is incorporated by reference into this FSG. The GIS Guide is available at masonstevens.com.au/investorguide. In particular, you should refer to the *Fees, charges and costs section* of that document and if you intend to invest in any non-limited recourse financial products.

This document contains the following information:

- » About us
- » How to contact us
- » 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.

About us

We hold an AFSL issued by the Australian Securities and Investments Commission (**ASIC**) and we are part of the Mason Stevens Group of companies (**Mason Stevens Group**), a privately owned financial services firm based in Sydney, founded in 2010.

We specialise in offering managed discretionary accounts (**MDAs**) supported by a comprehensive investment and administration platform, nominee and custody services and bespoke investment solutions to both retail and wholesale investors.

As a Managed Discretionary Account Provider, a Responsible Entity for ASIC-registered managed investment schemes, the Trustee of unregistered managed investment schemes and Promoter of an APRA-regulated superannuation fund we are associated with the following entities:

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



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

Provide financial product advice about:

Deposit and payment products limited to:

- » basic deposit products
- » deposit products other than basic deposit products

Derivatives

Foreign exchange contracts

Debentures, stocks or bonds issued or proposed to be issued by a government

Life products including

- » 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
- » 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.

Interests in managed investment schemes including investor directed portfolio services

Interests in managed investment schemes limited to MDA services

Securities

Standard margin lending facility

Superannuation

Deal in a financial product by issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:

Derivatives

Foreign exchange contracts

Interests in managed investment schemes limited to:

- » own managed investment scheme only
- » MDA services.

Apply, acquire, vary or dispose of a financial product

Deposit and payment products limited to:

- » basic deposit products
- » deposit products other than basic deposit products

Derivatives

Foreign exchange contracts

Debentures, stocks or bonds issued or proposed to be issued by a government

Life products including:

- » 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
- » 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,

Interests in managed investment schemes including investor directed portfolio services

Interests in managed investment schemes limited to MDA services

Securities

Standard margin lending facility

Superannuation

Underwriting

- » interests in managed investment schemes, and
- » an issue of securities

Provide custodial or depositary services

Operate custodial or depositary services other than investor directed portfolio services



Our products and services

Your Adviser may recommend you open a Mason Stevens Global Investment Service Account (**GIS Account**) which comprises:

- » SDP - Self-Directed Portfolio, and
- » MDA - which is our MDA service.

By opening a GIS Account, you will have access to invest in a broad range of investments including:

- » Managed investment schemes
- » Mason Stevens' Managed Portfolios
- » Managed Portfolios managed by other investment managers or licensees (where they are appropriately authorised)
- » Australian listed securities
- » International listed securities
- » Foreign currency
- » Hybrid securities
- » Derivatives (such as exchange traded options)
- » Fixed income securities
- » Term deposits

Role of Your Adviser

The MDA and the SDP are only available to retail clients who are receiving personal advice from a licensed or authorised adviser who has registered with Mason Stevens (**Your Adviser**). Your Adviser must provide you with a Statement of Advice (**SOA**) or Record of Advice (**ROA**) for any personal advice they provide you. You can request a copy of any advice given to you by Your Adviser for a period of 7 years.

The SOA provided by Your Adviser is an important document and you should keep it for future reference. Among other things, it will contain the advice, the basis on which the advice is given and information about fees and associations which may have influenced the provision of the advice and accordingly this advice may not be independent, impartial or unbiased.

If you invest in the MDA, Your Adviser should consider and refresh your Investment Program¹ at least every 13 months or when or if your situation changes. When you are given advice on particular financial products, Your Adviser should also provide you with the applicable PDS.

Should you change Your Adviser please contact us so that we can update our records.

Self-Directed Portfolio (SDP)

Our SDP is a nominee and custody service as described in *ASIC Corporations (Nominee and Custody Services) Instrument 2016/1156*. Under this arrangement, assets you invest in are held in custody for you and you retain sole discretion to decide what (but not necessarily when) assets will be acquired or disposed of through the nominee and custody service.

Mason Stevens will automatically open an SDP for you when you establish a GIS Account with us. The SDP requires you and Your Adviser to instruct us to deal in any securities or other financial products on your behalf.

If you also invest in an MDA, any securities held in the SDP will be held separately from any securities held within your MDA.

Managed Discretionary Account (MDA)

The MDA is a service which allows you to invest in a professionally managed portfolio of investments (eg. by an agreed investment guide) and delegate the day-to-day investment decisions to us. We may provide an investment guide or appoint a third party, known as an Investment Sub-Adviser. As the provider of the MDA, we will undertake the role of administration, custody and reporting for the service. If you are accessing the MDA service you must also enter into an MDA contract or agreement. Our MDA service is operated under *ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968 (ASIC MDA Instrument)*.

The MDA requires you to delegate the investment management and trading discretion for securities and other financial products, to us as the MDA provider. This is an important legal right, and you should be aware of it.

Decisions regarding the portfolio composition, participation in corporate actions and timing of buys and sells are at our discretion (unless you have also appointed an investment sub-adviser). Even if there is an investment sub-adviser, we retain an overall discretion to arrange transactions.

As required by the ASIC MDA Instrument, you must enter into a formal agreement, known as the MDA contract prior to setting up an MDA with us.

The MDA contract is the combination of:

- » a signed application form (this could be a wet signature or by electronic means), that confirms the correctness of all the information you have provided, that you have read the Services Agreement and also provides some important warnings
- » the MDA Service Terms, and
- » the relevant Investment Program, discussed in the section below.

¹ Refer to page 4 below for further explanation on what we mean by an "Investment Program".

The Investment Program within your MDA

In order to meet the regulatory requirements as set out by ASIC, an MDA contract must include a clear and concise Investment Program. Your Adviser's SOA to you should include a specific heading "Investment Program". It will also refer to and incorporate particulars of the investment products, securities and other assets (Investment Mandate) which has been specifically selected for you.

The Investment Program will contain the following information:

- » The nature and scope of the discretions that we will be authorised and required to be exercised (and by whom).
- » Any significant risks associated with the investments.
- » The basis on which it is considered that the investment is suitable for you.

You should also be aware that to meet the legal requirements, the Investment Program being recommended to you should remind you of the importance of the accuracy and completeness on which it is based and also that it has been;

- » Prepared in your best interests and gives priority to your interests
- » Likely to be "fit for purpose" and likely to put you in a better financial position.

Your Investment Program should be reviewed at least every 13 months or when or if your situation changes.

Nature of Mason Stevens' advice

It is important for you to understand that while we are legally permitted to provide you with personal advice, we generally do not do so, and that the only advice we provide is general advice. When we provide general advice to you, we act for you. Where we provide other services (such as arranging, dealing and other product or investment functions), these are generally performed subject to contracts and the authorisations and requirements of our license and legal duties.

The general advice we provide to you as a retail client does not take into account your objectives, financial situation or needs.

Custody of your assets

Investors' assets in either the SDP or MDA are held on your behalf by us on a pooled basis but note that we keep your SDP and MDA assets separate from one another.

We are licensed by ASIC to provide custodial services to clients and have appointed a licensed sub-custodian to hold most financial products and some client monies. The remaining client monies are held directly in a pooled account with an Authorised Deposit-taking Institution (ADI), as disclosed later in this FSG. As at the date of this FSG, our primary sub-custodian is Citibank N.A. New York and Citigroup Pty Limited. For further information, please refer to the *Outsourcing and external service providers* section.

As part of our custodial role, if you receive franking credits on specific securities (where available) and incur capital gains or losses, we will record these on your behalf, and we will manage all communications from the companies in which you are invested and will collect and maintain the information in your online account. Some benefits that accrue to the holders of financial products (such as shareholder discounts) might not be available for your benefit. In that case, we do not compensate or provide other adjustments if the benefit is not available.

Outsourcing and external service providers

We may outsource to third parties some operational activities. Where these activities are undertaken by an external third party, they will be subject to a due diligence process prior to appointment. This due diligence process involves understanding their capabilities, experience and competence in delivering these services. External service providers are selected in accordance with internal policies and are approved by our board of directors.

In the case of some MDAs, a third-party Investment Sub-Adviser may be appointed to perform investment management activities including portfolio composition, strategy and timing of buys and sells for a particular portfolio. If this applies to you, prior to investing, you will be provided with additional disclosure detailing the Investment Sub-Adviser's investment objectives and strategy, and any specific risks associated with the investment strategy. An Investment Sub-Adviser may be a third-party professional investment manager or, in some cases where they are properly authorised, Your Adviser or an affiliate of Your Adviser.

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 arrangement we have with them. In addition, the ongoing due diligence review is tabled to the board of directors.

At the date of this FSG, the following external service providers have been appointed to perform a material outsourced activity on our behalf:

Sub-custodian

Citibank N.A. New York and Citigroup Pty Limited

Administrator

FNZ (Australia) Pty Limited ABN 67 138 819 119

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.

2 See Regulatory Guide 179: Managed discretionary accounts, paragraphs 179.135 to 179.145.

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 us 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:

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

The risks identified here 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 Adviser will advise you of the relevant risks associated with your investment strategy.

There are specific risks which apply where you invest in non-limited recourse products. See below and in the GIS Guide in the section *Non-limited recourse products*.

Significant risks of investing through an MDA

There are significant risks associated with investing through an MDA. You will not control the day-to-day investment decisions in relation to the MDA and will be bound by the decisions made in relation to your MDA. This may lead to losses as well as profits.

MDA clients rely on investment of their funds and assets in accordance with the Investment Program and the applicable 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. We exercise our discretion in how and when to implement the investment strategy and adapt to market conditions.

Implementation of the Investment Program or Investment Mandates may lead to more transactions, different transaction sizes, or failing to transact, at times chosen. This may lead to more transaction costs incurred while pursuing the investment strategy. While it is our intention that the implementation of the investment strategy will over time lead to greater investment returns, 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 stated objectives.

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

Non-limited recourse products

Non-limited recourse products are typically financial products which are “marginated”, meaning you pay a fraction of the full face value of the investment but remain liable to pay more if there is a shortfall (eg. 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). These products can result in significant returns, but they are higher in risk, and can also produce significant losses.

When preparing your SOA, Your Adviser will supply you with information on the types of products involved, the significant risks of those products, information around your maximum liability and any relevant loan to value ratios.

Refer to the GIS Guide in the section on Non-limited recourse products.

How can you provide instructions to us?

For both SDP and MDAs in general, enquiries regarding your investments should be made to Your Adviser in the first instance so that they can contact us on your behalf. However, you can contact us directly by using the contact details contained in this FSG. You or Your Adviser or 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 underlying financial 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.



How are we remunerated?

We are remunerated through the fees that we may charge you to administer your SDP and/or MDA. These fees are disclosed in the relevant disclosure documents and in the *Fees, charges and costs* section of the GIS Guide³ which is incorporated into this FSG by reference. You should also note that there are separate costs relating to the fees we charge and the fees charged in respect of underlying investments including managed portfolios and managed funds. You should take both of these into account in assessing the SDP or MDA.

We may receive approved product fees for making various financial products available through the platform. These are flat dollar fees, not linked to volume and do not come out of your account.

We may also receive referral fees with respect to wholesale clients only.

MSAM, a corporate authorised representative of MSL and member of our Corporate Group, has entered into arrangement with some advisers to act as an Investment Sub-Adviser to provide investment management related services (**Investment Office Services**). In such arrangements, MSAM is remunerated through fees paid to it by the Investment Sub-Adviser, or through the retention of a portion of the investment management fee charged on a specific Mason Stevens Managed Portfolio you invest in.

Our 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 Adviser (through Your Adviser's licensee) may receive payment in connection with the provision of financial advice to you, including in relation to recommending our service to you. If you give us a direction or fee deduction authority to pay monies to Your Adviser for financial advisory services provided to you or passing on some benefit to Your Adviser, we will deduct those monies from your SDP.

The level and the type of fees deducted will be determined by you as agreed between you and Your Adviser. These fees will be set out in your SOA, fee deduction authority, application form, investment allocation form, fee disclosure statement or in such other form agreed to by us. We can only deduct and pay fees to Your Adviser with your express written consent.

Disclosure of conflicts of interest

We have relationships with various parties whereby we pay or receive fees. These parties may include, but are not limited to, brokers, investment managers, banks, financial planners and other referral sources.

We also have a relationship with MSAM and members of our corporate group as noted above.

We have documented processes for managing conflicts by controlling, avoiding and disclosing relevant conflicts of interests.

Record keeping

We will ensure that accurate records of client information provided to us for the establishment and maintenance of your account 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

We have professional indemnity and fraud insurance arrangements in place. The insurance satisfies the requirements of section 912B of the *Corporations Act 2001 (Cth)*. These insurance arrangements cover claims relating to the services and products we offer and the conduct of our current and former staff (if we are responsible for the conduct of the staff member at the time of the relevant conduct).

Continuous disclosure updates and information

From time to time, we may use our website masonstevens.com.au to provide updates on disclosures in our offer documents. For any material changes you will be notified in writing. Our continuous disclosure updates and information can be found under the Resources tab on the website.

Privacy policy

By completing your Account Application, you may be providing Mason Stevens with personal information. We also collect your personal information to verify your identity as part of the account application process. Any personal information obtained is only used, collected, stored or disclosed to any third parties for reasons which assist us to provide services to you and as contemplated by the *Privacy Act 1988 (Cth)*, the Australian Privacy Principles (**APPs**) and the Mason Stevens' Privacy Policy.

Mason Stevens or any of its third parties may be located or perform services overseas. As a result, your personal information may be disclosed to a recipient in a foreign country, including New Zealand and the United Kingdom. If this happens we will seek by contract or other means to ensure personal information is protected.

For further information of our Privacy Policy please refer to the Mason Stevens website masonstevens.com.au.

Questions about Privacy

Our Privacy Policy is available online at masonstevens.com.au or as hardcopy upon request. The policy provides information about how you can access the personal information we hold about you as well as how we handle complaints. You can access your personal information or lodge a complaint by contacting us on **1300 988 878** or by emailing wealth@masonstevens.com.au.

If you have any complaints or questions about the privacy of your information please contact our Privacy Officer by email on wealth@masonstevens.com.au. If your complaint is not resolved to your satisfaction, you may write to:

Office of the Australian Information Commissioner
GPO Box 5218
Sydney NSW 2001

³ The GIS Guide is available online at <https://masonstevens.com.au/investorguide>



If you have a complaint?

We have 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 Officer
Mason Stevens Limited
Level 26, 420 George Street
Sydney NSW 2000

If you believe your complaint has not been satisfactorily dealt with or if you have not received a response within 30 days you can contact us directly or you may wish to contact the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Mason Stevens is a member of AFCA (membership number 15155).

The contact details for AFCA are:

Australian Financial Complaints Authority

GPO Box 3

Melbourne VIC 3001

T: 1800 931 678

E: info@afca.org.au

W: www.afca.org.au

How to contact us

You can contact us on the details below:

Level 26, 420 George Street
Sydney NSW 2000

T: 1300 988 878

E: wealth@masonstevens.com.au

W: masonstevens.com.au

