

Mason Stevens Global Technology Managed Portfolio

(as advised by Tekne Capital Management)

Performance Report as at 30 September 2020



Investment objective & strategy

The principal objective of the Mason Stevens Global Technology Managed Portfolio (Managed Portfolio) is to be a globally oriented, concentrated portfolio with a focus on liquid, listed securities that aim to achieve positive returns over a long-term investment time horizon. The target return of the portfolio is to achieve a return that exceeds the NASDAQ Composite Total Return Index after fees in AUD, with a suggested investment time frame of more than five years.

The Managed Portfolio seeks to invest in a portfolio of listed securities with a core focus on capturing alpha arising globally in and around technology, media, telecommunications and related sectors, unless stated otherwise.



The Mason Stevens Global Technology Managed Portfolio (as advised by Tekne Capital Management) is a Managed Discretionary Account (MDA).

Portfolio performance as at 30 September 2020¹

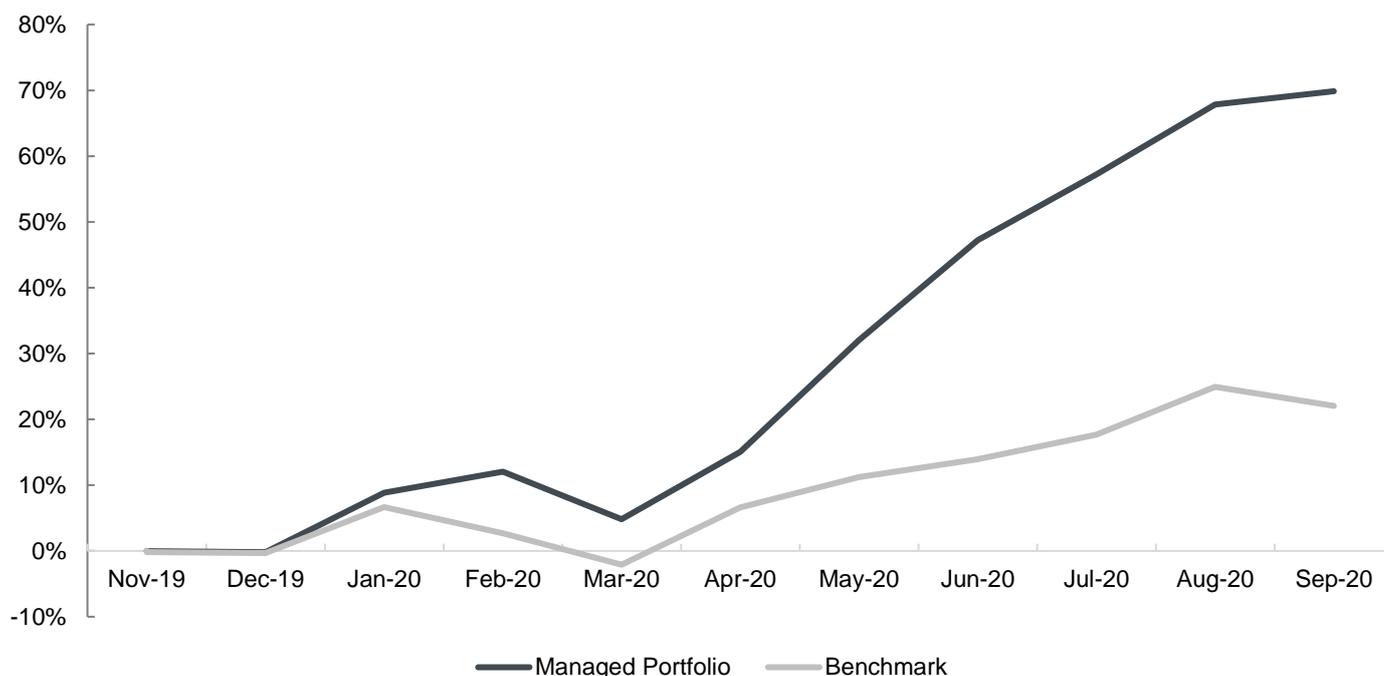
	1mth (%)	3 mths (%)	6 mths (%)	1yr (%)	Since inception (%)
Portfolio	1.21	15.39	62.09	n/a	69.87
Benchmark	-2.32	7.12	24.65	n/a	22.05
Excess Return	3.52	8.27	37.44	n/a	47.82

Top 5 Holdings

Sea Limited	19.7%
ADYEN	14.1%
Square Inc	11.5%
Agora Inc	10.7%
Alibaba Group	8.7%

Past performance is not a reliable indicator of future performance.

¹ The Managed Portfolio Benchmark is the NASDAQ Composite Total Return Index (in AUD). 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 27/11/2019 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 security 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.



Portfolio commentary

September proved to be another strong month for technology stocks globally. As we have written previously, our focus is to own the best companies levered to the trend of global technology adoption, and we do not try and time markets or trade around positions. While near-term uncertainties remain, we remain steadfast in our conviction that we own the right stocks to generate returns for the next 3-5 years.

Global e-commerce was again the best performing sector in the Portfolio:

Sea Limited (SE) rolled out a new product called SeaTalk, which focuses on video conferencing, workplace chat, and employee management. We believe SE has a massive opportunity to lead digital transformation for small and medium businesses in South-east Asia. This also highlights SE's close collaboration with Tencent, who saw success in bringing WeChat work to the market during Covid and recently reported that the product had achieved 100m active users.

Alibaba held an investor day where they highlighted the long-term opportunity to gain share in China in the coming decade. Specifically, they outlined an addressable market of 1.2bn eCommerce customers in China. Daniel Zhang, Alibaba's CEO, outlined three ambitious goals for Alibaba to achieve by 2036:

1. Serve 2bn consumers worldwide
2. Create 100m new jobs for small and medium businesses
3. Enable 10m businesses to achieve profitability

Square (SQ) continues to benefit from the accelerated shift away from cash:

Square released a report showing that the percentage of merchants who have gone cashless is materially higher in the post-Covid world.

- Feb 2020: 5.4% of SQ merchants were cashless
- Apr 2020: 23.2% of SQ merchants were cashless
- Aug 2020: 13.4% of SQ merchants were cashless

Digital transformation and cloud adoption continues to be a focus during the crisis:

GDS formally announced plans to list in Hong Kong and raise ~USD2bn in an IPO. While this is a technical catalyst, listing in Hong Kong will create incremental buyers and detach GDS from political risks such as delisting or trade war commentary.

Xero held their annual conference where management highlighted a deeper integration with Stripe, PayPal, and Square. Management also addressed medium-term plans to translate the Xero accounting software into Spanish, expanding the addressable market of users. We believe Xero has a tremendous opportunity to grow subscribers internally, and creating a strong offering for non-English users is the first step on that journey.

Key Features

Investment universe

Listed securities and cash

Investment objectives

NASDAQ Composite Total Return Index
(in AUD)

Benchmark

Aims to provide a return above the NASDAQ
Composite Total Return Index (after fees)

Max individual security weighting

25%

Min investment

US \$50,000

Suggested timeframe

5+ years

Portfolio Manager

Vincent Hua - Chief Investment Officer
Beeneet Kothari – Managing Partner, Tekne
Capital Management

Portfolio management

The Managed Portfolio is managed by Mason Stevens Asset Management Pty Limited (MSAM) as the Investment Sub-Adviser. MSAM is part of the Mason Stevens group of companies. MSAM is advised by Tekne Capital Management LLC.

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

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.

About Tekne Capital

Tekne Capital Management is an investment partnership with a focus on securities and geographies where it has an investment experience and track record. The team's industry knowledge and investing pedigree enable them to assess opportunities where they believe there is a gap between market expectations and market outcome.

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