

2 May 2025

Dear investor

Clearwater Diversified Fund

Clearwater Dynamic Fund

Please vote to approve a new investment manager

Snapshot

1. the Funds' responsible entity has sent to you a Notice of Meeting
2. You are being asked to vote to approve Pellucid as each fund's new investment manager
3. This letter gives information about Pellucid and why the change is proposed
4. It is important that you vote: you can vote by email.

A change in investment manager is proposed

Equity Trustees Limited (**EQT**) is the responsible entity of the Clearwater funds:

- Clearwater Diversified Fund ARSN 163 142 292 | APIR SLT0039AU, and
- Clearwater Dynamic Fund ARSN 632 489 377 | APIR ETL6685AU,

(the **Funds**)

EQT was requisitioned by investors in each Fund to hold a meeting of investors to consider a resolution to replace Clearwater Portfolio Management Pty Limited (**Clearwater**) with Pellucid Asset Management Pty Limited ABN 99 684 229 534 (**Pellucid, us, we**) as the investment manager of each Fund.

Please note that, if successfully passed, the Resolution will not automatically result in Pellucid replacing Clearwater as the investment manager of each Fund. The reason for this is set out in the Notices of Meeting.

About Pellucid

A fresh approach

Pellucid has been established with the sole purpose of acting as investment manager to the Funds.

What Pellucid believes could be done better

Pellucid believes that aspects of Fund's operations could be improved materially, including:

- ✓ individual investment selection,
- ✓ portfolio asset allocation,
- ✓ portfolio diversification,
- ✓ liquidity management,
- ✓ conflicts management, and
- ✓ risk management.

Pellucid Asset Management Pty Ltd

ABN: 99 684 229 534 | ACN: 684 229 534 | Ph 03 5144 4422
Corporate Authorised Representative of DMG Financial Planning Pty Ltd
ABN 22 095 967 525 AFSL 238354

What Pellucid brings to the table

Pellucid's management team – discussed below- would bring decades of financial services professionalism to the Funds which it believes will result in best of breed portfolio management founded on:

- ✓ strong process implementation,
- ✓ commitment to understanding and meeting investor objectives,
- ✓ diligent management of conflicts of interest,
- ✓ high transparency, and
- ✓ effective liquidity management.

It believes that improving these will maximise the opportunity for the Fund to be true to its stated parameters which include:

Diversified Fund

- ✓ diversified portfolio
- ✓ a neutral position of 70% growth and 30% defensive
- ✓ investing across different markets, investment managers and strategies.
- ✓ utilising rigorous portfolio construction and risk management techniques
- ✓ managing risk and preserving capital as a high priority
- ✓ medium risk,
- ✓ targeting after fee and expense returns of 4% pa above the RBA 1-month bank bill swap rate, over rolling 5-year periods.

Dynamic Fund

- ✓ diversified portfolio
- ✓ long-term average exposure of 90% growth and 10% defensive
- ✓ an actively managed mix of listed securities and managed funds
- ✓ investing across growth assets (including shares, listed property, and alternatives) and defensive assets (including cash and fixed interest)
- ✓ high risk
- ✓ targeting after fee and expense returns of 6% pa above the RBA 1-month bank bill swap rate, over rolling 10-year periods.

Pellucid proposes that should it become investment manager it will work diligently to improve perceived shortcomings.

DMG origins

The investors who have requisitioned this meeting are advised by DMG Financial Planning group. Information about the group can be found here: www.dmgpartners.com.au.

DMG shares Pellucid's view that a change in the investment manager will maximise the opportunity for the Fund to be true to its stated parameters. It believes that the change would be in the best interests of its clients who invest in the Fund, and also those of other investors in the Fund.

DMG's management team has been working with Pellucid, a newly established fund manager, with the view that it replace Clearwater.

Although Equity Trustees will remain responsible at the end of the day for the operation of the Fund, DMG considers it important that DMG remains close to Pellucid's operations. To this end:

- DMG will ultimately be responsible for Pellucid: DMG will authorise Pellucid to conduct its financial services business under DMG's own Australian financial services licence,
- three of DMG's management team – Ben Lancaster, Charles Bagguley and Mathew Johns - and will act as executive directors,
- a respected investment professional - Brendan Foley - will act as an independent board and investment committee chair, and
- the investment committee will comprise a majority of seasoned and independent investment professionals, again with a respected investment professional with Bart Dowling and with Brendan acting as an independent chair.

Initially members of DMG’s management team will (through their investing companies) hold all of Pellucid’s shares, but the intention is to bring on board key stakeholders such as involved investment professionals as the business matures.

Our management and investment teams

Dr Bart Dowling

Independent chair, Investment committee

Bart is a seasoned investment strategist with over 30 years of experience in global financial markets, asset allocation, and economic analysis. He has advised institutional clients with combined FUM exceeding A\$600m and previously managed multi-asset portfolios of over A\$12b.

His career spans roles at Merrill Lynch (New York, London, Australia), AXA, and Select Investment Partners, where he specialised in macro strategy, derivative-based trading, and portfolio construction.

He holds a PhD in Economics from the University of Melbourne and a Masters in Mathematical Finance from Oxford. Bart is the author of *Evolutionary Finance* and has received numerous industry awards for research and innovation.

Brendan Foley

**Independent non-executive director
Board chair**

Brendan brings over 35 years of global experience in professional services, technology, and investment management as a serial entrepreneur, executive director, and investor. He has a proven track record of supporting entrepreneurial CEOs with both finance and strategic advice.

He co-founded Select Asset Management in 2002, which grew to over \$900m in FUA and \$700m in FUA. Brendan is also the co-founder and a director of Inception Asset Management, a Sydney-based wholesale investment manager focused on private markets and alternative strategies.

A Chartered Accountant (Ernst & Young) and member of the AICD, Brendan holds BSc and BAcc degrees from the University of the Witwatersrand, South Africa.

Ben Lancaster

Executive director

Ben is a Director at DMG Financial and leads the firm’s Financial Planning team.

With over 25 years in financial planning and accounting, he brings deep expertise. Ben is passionate about helping clients reach their goals and supporting the growth of his team.

Ben has been a consistent member of the investment committee of the Diversified Fund and Dynamic fund since inception. He has a deep understanding of the purpose of the funds and the connection to Unit Holders.

He holds a Bachelor of Commerce, Diploma of Financial Planning, and is a CFP & CTA

Mathew Johns

Executive director

Mathew joined DMG in 1996 and rose from trainee to Chartered Accountant before becoming Managing Director in 2014. After 10 years in the role, he stepped back to focus on client service and mentoring future leaders.

He has advised clients across agriculture, retail, and engineering, with strong expertise in business management and taxation.

He completed the Gippsland Community Leadership Program (2019) and the Count Leadership Development Program (2022), and was named Count Leader of the Year in 2023.

Charles Bagguley

Executive director

Charles is a Director, CFP and CEO at DMG Partners with extensive experience in Financial Planning and Management. Charles is passionate about client satisfaction, strategic planning, risk management and the successful implementation of strategic and operational projects. Charles has gained significant hands-on experience in all facets of Financial Planning including administration, investment research, paraplanning, process management, financial advice, business development, strategic planning, governance and management.

Will other things change?

Mostly no.

The name of the Fund would change, to reflect Pellucid rather than Clearwater. Fresh versions of the Fund's key documents will be issued:

- the Product Disclosure Statement
- the Reference Guide, and
- the Target Market Determination.

But Pellucid's anticipates that most aspects of the Fund's operations will remain materially unchanged including:

- fees and costs,
- the investment mandate,
- the Fund's risk profile,
- withdrawals and applications processing frequency,
- minimum application and withdrawal and account balance amounts,
- complaints resolution,
- the Fund remaining registered under the Corporations Act, and
- ASIC being the principal regulator administering the laws which govern the Fund,

with no material changes to the Fund's trust deed.

Portfolio refresh

We expect to refresh each Fund's portfolio over time.

The strong preference going forward will be primary exposure to mainstream, proven underlying fund managers. We will seek to move away from illiquid investments which have accumulated in each Fund and also way from those investments which we do not consider contribute appropriately to the overall targeted risk-reward balance. This refresh will not happen overnight: for example, we may not be able to exit illiquid positions, or exit them on terms we consider reasonable, for some time.

We also expect to strategically review the performance targets for each Fund. It is important that investor expectations are aligned with us building risk resilient and appropriately liquid portfolios where performance is underpinned by quality investment exposure.

Fees and costs

As noted above, we anticipate that fees and costs will remain unchanged. We are committed to reducing fees when we consider it appropriate and practicable. Fees and costs levels are always a balancing act: we consider it very important that the Funds are as competitive as is practicable, but we also need to ensure that the cost structure supports appropriate governance and portfolio management systems which we believe are needed to ensure that the Fund operates true to label and within risk, reward, volatility and quality parameters.

Questions?

We have prepared this information, not EQT.

If you have questions?

About the meeting or your investment

contact EQT

Equity Trustees Limited

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www.eqt.com.au/insto

About Pellucid

contact us

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Yours sincerely

Ben Lancaster

Managing Director