

Date: 16 July 2024

**Re: Notice to Members**

The Board of Keystone Asset Management Limited (ABN 58 512 443 008 / AFSL 49147) (**Keystone**) provides the following update in relation to each class of the Shield Master Fund (the **Shield Master Fund**).

*Changes to the Board Composition*

Paul Chiodo resigned from the board of Keystone, effective 27 May 2024. Brett Spork also resigned from the Board of Keystone for health reasons, effective 27 May 2024. Keystone is looking to appoint additional directors to its board in due course.

Changes to the board of the investment manager, CF Capital Investments Pty Ltd, are as follows:

1. Louie Kortesis resigned as director effective 27 May 2024.
2. Daniel Hunter was appointed as director effective 27 May 2024.
3. Paul Chiodo resigned as director effective 17 June 2024.
4. Simon Milne (the CEO of CF Capital Investments Pty Ltd) was appointed as director effective 17 June 2024.

Paul will continue in his role as director of Chiodo Corporation Pty Ltd, which is the development manager for the property development projects that the Shield Master Fund has invested in through an underlying fund Advantage Diversified Property Fund (**ADPF**) (a wholly owned sub-trust of the Shield Master Fund).

*ASIC Court Proceeding – ASIC’s application*

On 17 June 2024, ASIC filed an application in the Federal Court of Australia against Keystone and Paul Chiodo seeking:

1. Interim orders (explained further below).
2. To appoint receivers or receivers and managers to Keystone as responsible entity of the Shield Master Fund and as trustee for ADPF and the Quantum PE Fund.
3. Further or in the alternative to #2 above, to ‘freeze’ the property of Keystone as responsible entity/trustee for:
  - a. the Shield Master Fund;
  - b. the ADPF; and
  - c. the Quantum PE Fund.
4. To restrain Paul Chiodo from travelling.

*ASIC Court Proceeding – interim orders*

On 18 June 2024, ASIC obtained interim orders from the Court ‘ex parte’ (that is, without Keystone at the hearing).

At a high level, these orders:

1. Temporarily ‘froze’ the property of Keystone, the Shield Master Fund, the ADPF and the Quantum PE Fund, subject to certain exceptions.

2. Required Paul Chiodo to temporarily deliver his passport to the Court to prevent him from travelling.
3. Dealt with certain administrative matters.

The temporary orders set out at #1 and #2 immediately above were in place from 18 June 2024 to 26 June 2024. Paul Chiodo's passport was returned to him on 24 June 2024.

ASIC Court Proceeding – current status

At a Court hearing on 24 June 2024, the Court made orders proposed by Keystone largely with ASIC's consent with the effect that no receiver has been appointed and the management of Keystone remains with its current board.

While the freezing orders will remain in place over the property of Keystone, the Shield Master Fund, the ADPF and the Quantum PE Fund, Keystone is able to enter into certain transactions once validated and approved by Deloitte. Deloitte may approve a transaction where in the opinion of Deloitte the transaction is in the best interest of members.

Until further notice, Deloitte will also control all bank accounts held in the name of Keystone or the Shield Master Fund and ADPF and will provide a report to the Court in late July on the financial position of the Shield Master Fund and the ADPF.

All news reporting that suggests receivers were appointed on 26 June 2024 to Keystone, the Shield Master Fund or the ADPF is incorrect.

ASIC Court Proceeding – next steps

A further hearing is expected to be held in early September 2024, when the Court will further consider next steps.

In advance of that hearing, Keystone is continuing to cooperate with ASIC and finalise its governance review. Keystone will review and consider Deloitte's report on the financial position of the Shield Master Fund and the ADPF and will determine the appropriate structure of the Shield Master Fund and the ADPF investments in the best interests of members going forward.

What does this mean for Members?

As explained in Keystone's communication to members on 2 April 2024, in the interests of all members the Shield Master Fund remains closed to redemptions and new investments, while Keystone undertakes the next steps set out above.

We will continue to keep Members updated.

For further information please do not hesitate to contact [invest@kam.limited](mailto:invest@kam.limited).

Yours sincerely



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