

10 April 2025

Dear Unitholders

**Keystone Asset Management Ltd
(Receivers and Managers Appointed) (In Liquidation)
ACN 612 443 008
(KAM or the Company)**

Notice of termination of the Shield Master Fund

1. Background

- 1.1 By orders made on 27 August 2024 in Federal Court of Australia proceeding VID536 of 2024 (the **Proceeding**), Jason Tracy and Lucica Palaghia were appointed receivers and managers (**Receivers and Managers**) of Keystone Asset Management Ltd ACN 612 443 008 (**KAM**), including in its capacity as responsible entity of the Shield Master Fund ARSN 650112 057 (**SMF**) and as trustee of the Advantage Diversified Property Fund (**ADPF**). By orders made on 31 March 2025 in the Proceeding, Lucica Palaghia was replaced as a receiver and manager of KAM with Glen Kanevsky who was appointed as a receiver and manager of KAM. On and from 31 March 2025, Jason Tracy and Glen Kanevsky are the **Receivers and Managers** of KAM.
- 1.2 By orders made in the Proceeding on 5 September 2024, Jason Tracy and Lucica Palaghia were also appointed as administrators of KAM. At the second meeting of creditors held on 2 December 2024, the creditors of KAM resolved to wind up KAM and appoint Jason Tracy and Glen Kanevsky as liquidators (**Liquidators**).
- 1.3 KAM, the Receivers and Managers and the Liquidators have formed the view that the purpose of the SMF cannot be accomplished, and that it is in the best interests of the SMF unitholders to terminate the SMF, including because:
- (1) KAM is in liquidation, no suitable replacement responsible entity of the SMF has been identified to date throughout the administration and liquidation of KAM and it is unlikely that a suitable replacement responsible entity of the SMF will be found;
 - (2) the purpose, return objectives and investment and diversification exposures outlined in the Product Disclosure Statements (PDS) for each class of units in the SMF cannot be achieved, noting the matters outlined in the Receivers and Managers' Financial Position Report dated 27 July 2024 and further report dated 25 September 2024 (together, Financial Position Reports), and the matters outlined in the Administrators' Report, the Administrators' Supplementary VA Second Report to Creditors and the VA Second Supplementary Report to Creditors dated 25 November 2024, 27 November 2024 and 30 November 2024 respectively (**Reports to Creditors**). A copy of the Reports to Creditors can be found at: https://www.alvarezandmarsal.com/am_aus_insolvency/keystone-asset-management-ltd.

- (3) KAM has invested a significant amount of SMF funds into the ADPF. The ADPF has in turn made a number of loans to various special purpose vehicles in relation to potential land and/or property development projects. Many of these loans were made without the typical documentation and protections generally afforded in loan arrangements of a similar nature which has likely resulted in significant losses to the SMF;
- (4) some of the SMF funds may have been misappropriated;
- (5) there appear to have been a number of additional material breaches of the law that may have resulted in further losses to the SMF and SMF unitholders, as outlined in the Financial Position Reports and the Reports to Creditors;
- (6) continuing the existence of the SMF to continue to search for a potential replacement responsible entity of the SMF who can reposition the assets of the SMF classes and achieve the return objectives of the SMF unit classes as disclosed in the SMF PDSs is:
 - (a) unlikely to result in such a replacement responsible entity being found; and
 - (b) may result in further deterioration in the value of the SMF assets.

2. Termination of the SMF

- 2.1 In light of the above, KAM as responsible entity of the SMF has formed the view that it is in the best interests of the SMF unitholders that the SMF be terminated.
- 2.2 The termination date for the SMF is **10 April 2025 (Termination Date)**.
- 2.3 On and from the Termination Date, KAM will collect and realise the assets of the SMF, pay the liabilities of the SMF and the net proceeds of the SMF will be distributed to the SMF unitholders in accordance with the SMF Constitution and the *Corporations Act 2001* (Cth). KAM may pay interim distributions to SMF unitholders throughout the winding-up process when there is sufficient liquidity in the assets of a class of SMF units to do so. SMF assets may be retained for as long as is needed to meet any expenses or liabilities of the SMF. On completion of the winding-up of the SMF and final distribution to SMF unitholders, all SMF units will be cancelled.
- 2.4 No further applications or redemptions in the SMF will be accepted.

3. Further questions

- 3.1 If you have any questions regarding the above, please do not hesitate to contact the Receivers and Managers using the contact details below:

Email: shieldinvestors@alvarezandmarsal.com

Postal Address: Level 25, 20 Bond Street, Sydney NSW 2000

Yours faithfully



Jason Tracy

as joint and several Receiver and Manager and Liquidator of
Keystone Asset Management Ltd ACN 612 443 008 (Receivers and Managers Appointed) (In Liquidation)
as responsible entity of the SMF