

Clearwater Dynamic Portfolio

INVESTMENT STRATEGY

The investment process is always dynamic, which is why we keep a close eye on our portfolios to ensure that investment objectives are met. Our goal is to help investors create wealth over time through a portfolio designed to deliver long term capital growth by making investments through financial cycles.

This is done by:

1. Positioning the portfolio with the appropriate asset mix to achieve the investment objectives based on forward-looking scenarios, asset class valuation models and ongoing research into financial markets.
2. Combining growth assets in a manner that provides high-growth returns, but includes the appropriate diversification to lower volatility to equity markets. High tolerance and capacity for risk are required.
3. Investing across different markets, investment managers and strategies using a rigorous due diligence process.
4. Using both direct and indirect investments, with the ability to invest a portion of the portfolio in less liquid assets to benefit from the illiquidity premium available.

PORTFOLIO MANAGER COMMENTARY

The Clearwater Dynamic Portfolio (CDP) had another excellent month in March, delivering 1.64% as the markets finished strongly after wrangling with more fears around inflation and interest rates rises. Our return for the last year now stands at 22.57%.

Share markets enjoyed another strong month fuelled by the enormous amounts of liquidity injected into the international monetary system by the world's central banks. This performance suggests that their strategy, which is part of a global response to the COVID crisis, is working as intended.

In fact, it could be said that this cash injection is working so well that some of last year's better-performing managers have now started to struggle. That's because when financial markets work through different stages of the cycle, various investments will inevitably move in and out of favour. Stocks in the tech sector, or those with a high growth trajectory, have experienced a dampener on their enthusiasm despite a positive outlook. In contrast, sectors like banks and mining now have a more favourable outlook due to the anticipation of a consistent economic recovery.

Over the last month, we've seen strong performance from our investment in RARE Infrastructure and the Fidelity India Fund. Our diversification approach has once again illustrated its value as losses from Bennelong have been offset by gains from similar style funds in Pental and Solaris.

We're confident that there's no need for any portfolio changes at this stage. In the meantime, we will continue to carefully invest the available cash, hunting out reasonable but imperfect opportunities.

ECONOMIC AND MARKET COMMENTARY

Against the backdrop of heightened volatility in March, the S&P500 (+4.6%) and the Dow Jones (+6.7%) rounded out their best month since November 2020, with both benchmarks posting new highs in the final week of the month. The Nasdaq 100 (+0.5%) consolidated recent gains as growth names felt the pressure of rising interest rates. In comparison, the Russell 1000 Value Index (+5.9%) outpaced the Russell 1000 Growth Index (+1.7%) by a massive four percentage points after gaining six percentage points in February (being the most significant outperformance since March 2001). The ASX 200 (+2.4%) gained only modestly compared to the global benchmarks, mainly due to the decline in commodity prices. The rotation from Growth into Value and Large-cap into Small-cap continued in Q1 after beginning in October. Rounding out the quarter, the Russell 2000 (+12.8%), S&P 500 Mid-cap (+13.6%) and the Russell Micro-cap (+23.8%) were the best performers. Looking at the US sector level during March, the often defensive Utilities (+10.6%) and Consumer Staples (+8.3%) both bounced during the month, pushing both sectors back into the green for the year. REITs (+6.5%) had another excellent month posting their fifth consecutive month in positive territory. The cyclical sectors also remained strong, led by Financials (+5.8%), Industrials (+8.8%) and Basic Materials (+7.7%). Energy (+2.7%) consolidated recent gains after a blistering start to the year. Since the beginning of 2021, Energy (+30.7%), Financials (+15.8%) and Industrials (+11.4%) are the only sectors in double-digit territory.

ASSET ALLOCATION REVIEW

ASSET CLASSES	NEUTRAL ALLOC.	CURRENT ALLOC.	VARIANCE
Cash	0%	5%	5%
Fixed Income	10%	8%	-2%
Alternative	10%	13%	3%
Property	10%	12%	2%
Australian Equity	30%	28%	-2%
Global Equity	40%	35%	-5%

INVESTMENT OBJECTIVE

Target return	To exceed the Lonsec Traditional Core Model Portfolio High Growth after fees, over a 10 year period.
Timeframe	7 to 10 years
Defensive / Growth	10% defensive / 90% growth
Min Investment	\$1,000
Redemption Liquidity	Approx. 1 - 2 weeks to process; settlement is subject to the underlying investment liquidity

MANAGER PROFILE

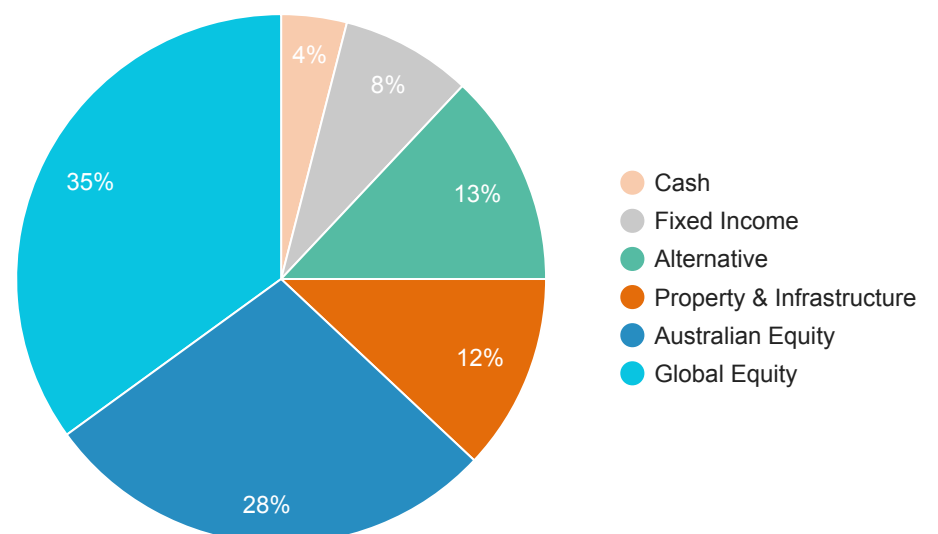
Clearwater Portfolio Management (CPM) - As Portfolio Manager CPM has responsibility for the day to day operations and management of the Clearwater Dynamic Portfolio. CPM oversees the portfolio research and the portfolio construction process. To assist in portfolio research and construction, CPM has engaged specialists to lead the process. CPM also operates an Investment Committee that includes these parties, along with representatives from DMG Financial Planning Pty Ltd and is chaired by the CEO of CPM.

PERFORMANCE REPORT

	1 Month	3 Months	6 Months	1 Year	Since Inception
Clearwater Dynamic Portfolio	1.64%	1.96%	9.14%	22.58%	13.87%
Multisector Aggressive Investor	3.69%	5.39%	13.84%	26.66%	18.42%
S&P/ASX 200 TR	2.44%	4.25%	18.53%	37.46%	12.97%
MSCI World Ex Australia GR	5.15%	6.46%	12.63%	24.16%	30.31%
BBgBarc Global Aggregate TR Hdg	-0.42%	-2.53%	-1.76%	1.15%	5.37%

PORTFOLIO RISK REPORT

MARKET REPORT



Neither Clearwater Portfolio Management Pty Ltd, Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.