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9 August 2018

To the Creditors and Registered Shareholders

By Email

Dear Sir or Madam

**FAIRFIELD SENTRY LIMITED, FAIRFIELD SIGMA LIMITED AND FAIRFIELD LAMBDA LIMITED (ALL IN LIQUIDATION)
("COLLECTIVELY THE FUNDS")**

The Joint Liquidators wish to update creditors and shareholders on the proceedings pending the Southern District of New York against the investors who redeemed prior to the winding up of the Funds ("the U.S. Redeemer Actions").

On August 6, 2018, Bankruptcy Judge Bernstein issued a Memorandum Decision and Order Regarding the Defendants' Motions to Dismiss for Want of Jurisdiction (the "Order") in the In re Fairfield Sentry Limited, et al. litigation pending in the Bankruptcy Court for the Southern District of New York. The Order deferred for another day deciding whether the motions to dismiss should be granted or denied (in part or in whole), and instead the Bankruptcy Court left open for further development among the parties and the Bankruptcy Court the issue of how the Court could approach threshold jurisdictional issues in a manner that would allow the Court ultimately to rule on all the issues presented by the motions to dismiss.

In the Order, the Bankruptcy Court rendered two decisions. First, it held for the Joint Liquidators on the issue of federal bankruptcy subject matter jurisdiction, ruling that "*it [the Bankruptcy Court] has 'related to' subject matter jurisdiction over the U.S. Redeemer Actions.*" Second, the Bankruptcy Court disagreed with the Joint Liquidators on the effect of the forum selection clause in the Subscription Agreement, holding that it does not apply to the U.S. Redeemer Actions. However, because the Liquidators had presented the Bankruptcy Court with various alternative bases for U.S. personal jurisdiction in addition to the forum selection clause, the Bankruptcy Court recognized and ruled that its "disposition of the effect of the forum selection clause in the Subscription Agreement does not resolve the Foreign Defendants' jurisdictional objections."

The Bankruptcy Court left to be decided the manner in which these remaining personal jurisdictional issues will be resolved, which it deemed the prudent course "*[b]efore going any further and reaching the merits*" of the arguments on the remaining issues raised in the motions to dismiss. The Bankruptcy Court will schedule a further hearing, likely in September 2018, to hear the parties' suggestions and consider potential approaches, including the Bankruptcy Court's own suggestion that a "more efficient procedure may be the

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agreement by the Foreign Defendants to be bound by the Court's determination of the motions, without otherwise waiving any objections to personal jurisdiction."

Should you have any queries of a more general nature please contact the Joint Liquidators via fairfieldsentry@krys-global.com , fairfieldsigma@krys-global.com or Fairfieldlambda@krys-global.com.

Yours faithfully

For and on behalf of

FAIRFIELD SENTRY LIMITED, FAIRFIELD SIGMA LIMITED and FAIRFIELD LAMBDA LIMITED (All in Liquidation)



Charlotte Caulfield
Joint Liquidator