

Mitteilung an alle Anteilseigner der Kingate Global Fonds:

Anbei finden Sie die Information der Gesellschaft, folgender Fond ist betroffen:

VGG5255Z1146 Kingate Global USD - in liquidation DIS

Details können Sie der beigefügten Anlage entnehmen.

DR FUNDS LIMITED

Registered Office:

Argonaut House,
5 Park Road,
Hamilton HM 09,
Bermuda.

Private and Confidential

17 September 2021

Re: Investment in Kingate Global Fund Ltd ("KGF")

Dear Shareholder,

The Board ("the Board") of Directors of DR Funds Limited ("DR"), last corresponded with you on 17 February 2021. In that letter we informed you that after several years of protracted negotiations, not helped by the imposition of the Covid-19 pandemic, an agreement was reached with the Trustee in Bankruptcy of Bernard L. Madoff investment Securities LLC ("the Trustee") and as a result the Liquidator of KGF had received significant cash, resulting in an invitation to all stakeholders to register claims for the Liquidator's review.

On behalf of shareholders, the Board liaised with HSBC Continental Europe, Luxembourg, the custodian of DR's KGF asset and HSBC Nominees Limited, the shareholder of record to submit the DR claim which has been acknowledged, confirmed, and registered by the Liquidator.

In an update letter dated 22 December 2020, the Liquidator advised that \$304 million had been received on behalf of KGF and its affiliated, smaller fund Kingate Euro Fund Limited ("KEF"). Since the date of that letter, a further \$20.5 million has been received by the Liquidator. The Liquidator has consistently declined to reveal the allocation of this cash between the two funds pending ongoing verification of the allocation.

In the 22 December 2020 letter the Liquidator committed to a "full report including a receipts and payments account in early 2021". To date that full report has not been issued. With HSBC's support the Board established a direct and open dialogue with the Liquidator and has challenged the Liquidator to produce the report. We are now told the full report will be issued during "Q3/Q4". Therefore, the Board in turn expects to provide a detailed report to DR shareholders, before the year end. This is encouraging.

The main reason for the delay is the complication of a claim by Deutsche Bank that prior to the settlement with the Trustee, they, Deutsche Bank, had agreed with the Liquidator to acquire DR's claims at a significant discount. This is strenuously refuted by the Liquidator but is now the subject of litigation. This has delayed the progress of the liquidation. However, when we questioned further, the Liquidator did confirm that "whilst we do have the DB complaint to contend with, this is not slowing us down in tackling the various other legal issues surrounding potential distributions"; more encouragement as we are aware there are additional claims the Liquidator is pursuing. From our discussions, we are reassured

that the Liquidator is acting in a manner as expeditiously as possible. We will however maintain this dialogue and pressure.

The Board mentioned in the last letter the need to update the customer due diligence ("CDD") which had become outdated since the 2018 distributions and indeed some shareholders not in good order in 2018 had not received that distribution. Centaur Fund Services (Luxembourg) SA ("Centaur") were engaged to remediate the share register for CDD, and the Board is delighted to say Centaur has done an outstanding job. The 2018 backlog has been cleared and today 78% of shareholders are compliant with every expectation we will achieve 100% compliance or thereabouts very soon. The Board thanks all shareholders who have provided the documentary support required to perform this task.

The Board remains committed to a successful resolution of this matter for the benefit of all DR shareholders. It is challenging and at times frustrating. All shareholders should be aware that the Directors and the consultant are working without compensation for now. All professional time is being logged and cross-verified. The short-term funding the Board arranged and disclosed in the 17 February 2021 letter is being used to settle third party costs such as registered office, Government fees and Centaur.

The Board will report to shareholders again before the end of the year and immediately upon receiving an update from the Liquidator. If any shareholders have questions, please direct them initially to our consultant Michelle Cardwell at michelle@pillars.bm

Yours faithfully,



Christopher Wetherhill
President