

Mitteilung an alle Anteilseigner der Primeo Select Fonds:

Anbei finden Sie die Information der Fondsgesellschaft, folgender Fonds ist betroffen:

KYG7243U1085	Primeo Select - EUR Cap
KYG7242V1077	Primeo Select - USD Dis

Details können Sie der beigefügten Anlage entnehmen. Falls Ihre Kunden diesen Änderungen nicht zustimmen und die Möglichkeit besteht, die Anteile ohne Gebühren seitens der Fondsgesellschaft zurückzugeben, können Sie den Verkauf der Anteile direkt in MoventumOffice erfassen.

Bitte nehmen Sie zur Kenntnis, dass für die Abwicklung dieser Aufträge die im Preis- und Leistungsverzeichnis von Moventum ausgewiesenen Gebühren und die auf MoventumOffice angegebenen Annahmeschlusszeiten gelten.



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BY EMAIL ONLY

13 September 2018

Strictly Private and Confidential

Dear Sir/Madam

Primeo Fund – in official liquidation (the Fund)

You are receiving this update in your capacity as a stakeholder of the Fund.

Representative Proceedings

As you are aware, pursuant to an order of the Grand Court of the Cayman Islands dated 24 November 2014, the Fund was appointed as a representative party in relation to a number of issues which arose in the context of the liquidation of Herald Fund SPC (**Herald**).

This included the "December Redeemer Issue", that is whether December Redeemers (i.e. Herald investors, including the Fund, that validly redeemed their shares with trade dates of 1 December 2008 but in respect of which redemption monies were not paid) and KYC Redeemers (i.e. Herald investors that validly redeemed their shares on or before 1 December 2008 but in respect of which redemption monies were not paid due to outstanding KYC and/or other documentation) (together **Redemption Creditors**) had in fact validly redeemed their shares on 1 December 2008 pursuant to Herald's articles, such that they should be treated as creditors in Herald's liquidation.

On 6 July 2017, the Judicial Committee of the Privy Council (the **Privy Council**) handed down its decision in the relation to the December Redeemer Issue

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(Michael Pearson, additional liquidator of Herald, (**Additional Liquidator**) v Primeo Fund, JCPC 2016/0092) (the **Decision**).

The Privy Council found that both the December Redeemers and the KYC Redeemers validly redeemed their shares and are therefore entitled to prove in respect of their claims to the redemption proceeds under section 139(1) of the Companies Law.

Following the Decision, the liquidators of Herald obtained sanction of the Grand Court to pay the principal amounts owing to Herald's Redemption Creditors. However, Herald did not seek sanction of the Grand Court to pay statutory interest in respect of these amounts.

The Herald liquidators asserted that statutory interest is not payable on the claims of its Redemption Creditors. The Fund disagreed, instead arguing that, as creditors, the Redemption Creditors were entitled to receive statutory interest pursuant to section 149(1) of the Companies Law on their claims.

To resolve this issue, Herald filed a summons on 6 April 2018, attached as Appendix A, seeking directions from the Grand Court.

The Grand Court directed that the issue of the Redemption Creditors' entitlement to statutory interest (the **Statutory Interest Issue**) be determined as a representative proceeding. Pursuant to the Grand Court of the Cayman Islands' (the **Grand Court**) order for directions dated 25 June 2018 (the **Representation Order 2018**), the Fund was appointed as the representative party of the Redemption Creditors whilst Herald's Additional Liquidator was appointed as the representative party for those stakeholders who were not Redemption Creditors. A copy of the Representation Order 2018 is provided at Appendix B.

Statutory interest Decision

The Statutory Interest Issue was heard on 24 July 2018.

In its decision dated 27 August 2018, the Grand Court determined that the Redemption Creditors are entitled to statutory interest on their claims pursuant to section 149 of the Companies Law because those claims had already been proved in the liquidation. A copy of the judgment is appended to this update.

Contrary to the arguments run by the Additional Liquidator, the Grand Court found that the concept of proving in a liquidation is not limited to the formal process of filing a proof of debt and a liquidator adjudicating on the same. Instead, the Grand Court found that a debt will be proved, for the purposes of



section 149, where the debt had been admitted by the liquidators, even where a formal proof of debt had not been submitted.

As Herald had already admitted the Redemption Creditors' claims of principal, and had in fact already made payment of those claims, the Court held that those claims had been proved in the liquidation. As section 149(1) of the Companies Law required the payment of statutory interest on any debt proved in a winding up, the Redemption Creditors were entitled to statutory interest, subject to there being a surplus available after the payment of the principal claims.

As Herald is solvent and such a surplus is therefore available, the Grand Court directed that interest is payable to the Redemption Creditors pursuant to section 149(2) of the Companies Law. This would mean that the Redemption Creditors, including the Fund, will receive statutory interest at a rate of 2.375% for US Dollar claims and 2.25% for Euro claims per annum in respect of the period from the date of the commencement of Herald's liquidation (14 February 2013) until payment of the principal. However, it is not yet known whether the Additional Liquidator will appeal the statutory interest decision.

Implications for the Fund's Liquidation

Although the decision was made in the context of Herald's liquidation, the Grand Court's decision will also have application for the conduct of the Fund's liquidation.

The Liquidators are considering the implications of the Grand Court's ruling and will provide further updates in due course.

Should you have any queries please contact Cassandra Ronaldson at cronaldson@kaloadvisors.com or +1 345 814 4038.

Yours faithfully
For and on behalf of
Primeo Fund – in official liquidation

Gordon MacRae
Joint Official Liquidator