

Argyle Funds SPC Inc. (“Argyle”), ARC (EURO) Fund, ARC (USD) Fund (All in Official Liquidation) (together “the Companies”)

FAQs

The Joint Official Liquidators (“JOLs”) understand that this is a difficult time for investors and there will be considerable uncertainty as to what may happen following the Companies being placed into liquidation. The liquidations are at a very early stage but the JOLs have prepared this list of frequently asked questions and answers to help deal with investor’s initial queries.

1. What is the status of the Companies?

The Companies were placed into Voluntary Liquidation in the Cayman Islands on 26 April 2016, by the sole holder of the Companies’ management shares. Andrew Morrison and David Griffin of FTI Consulting in the Cayman Islands were appointed as Joint Voluntary Liquidators (“JVLs”) of the Companies on this date.

Under Cayman Islands law, if the directors of a Company do not sign a declaration of solvency (the "Declaration of Solvency") within 28 days from the date of the commencement of a voluntary liquidation, the voluntary liquidators are required by law to make an application to bring the liquidation of the Companies under the supervision of the Grand Court of the Cayman Islands (the "Court"). The directors of the Companies confirmed in writing to the JVLs that they would not be signing Declarations of Solvency. As such, the JVLs filed petitions on 6 May 2016 to bring the liquidations of the Companies under the supervision of the Court and for the JVLs to be appointed as official liquidators of the Companies.

On 31 May 2016, orders were made by the Court, pursuant to which the voluntary liquidations of the Companies were brought under the supervision of the Court (the “Orders”). In accordance with the provisions of the Orders, the appointment of the JVLs automatically terminated and Andrew Morrison and David Griffin were appointed as the JOLs of the Companies with effect from the date of the Orders.

2. What is the role of the JOLs?

The JOLs act as independent officers of the Court. Their main function is to collect, realise and distribute the assets of the Companies to their creditors and/or contributories and wind up the Companies’ affairs. For the purposes of acting in this role, the JOLs are empowered, as agents of the Companies, to collect, take possession, retain, manage and realise the Companies’ property.

In addition, the JOLs are empowered to investigate the reasons surrounding the failure of the Companies and their affairs generally. The JOLs are in the process of collecting the Companies’ books and records from the Companies’ directors and other service providers in order to conduct an independent assessment of the financial position of the Companies.

3. When will I be updated regarding the progress of the liquidation?

The JOLs have given notice of the first meetings of creditors or contributories in respect of ARC (EURO) Fund, ARC (USD) Fund and Argyle’s segregated portfolios (the “Portfolios”), which are taking place over the period from 6 July 2016 to 14 July 2016. The purpose of the meetings is to:

1. Provide an update regarding the conduct of the liquidations to date;
2. Establish a liquidation committee for each Portfolio and ARC (EURO) Fund and ARC (USD) Fund; and
3. To deal with such other matters or resolutions as the JOLs think fit or which the Court directs.

A report of the JOLs' progress and initial findings was circulated in advance of, and will be discussed at, the meetings. Creditors or contributories will have the opportunity to ask questions at the meetings.

Additional information as to the function and powers of a liquidation committee will be provided if and when the liquidation committees are being formed. However, the primary role of a liquidation committee will be to represent the interests of the general body of creditors or contributories and act as a consultative body to assist the JOLs.

4. How much of my investment am I likely to get back and what is the anticipated timing of any return?

It is too early in the liquidation process to make any estimate of the timing or amount of the return to creditors or contributories. As soon as the JOLs are in a position to provide further information, this will be communicated to creditors and contributories.

5. Are the JOLs aware of my investment in the Companies?

As part of the JOLs' assessment of the financial position of the Companies, they are seeking to establish from the books and records of the Companies the amount that is owed to each creditor or contributory. If you have received correspondence from the JOLs in relation to your investment, the JOLs will write to you prior to making any distribution of the Companies' assets to confirm details of the amount owed to you and give you the opportunity to raise any queries. If you have not received any correspondence from either the JOLs or a custodian through which you invested, please contact the JOLs at the details below.

6. Can I redeem my investment?

No, the JOLs are unable to accept any redemptions following their appointment.

7. Can I transfer my investment to another holder?

Should you wish to transfer your investment to another holding, the general requirements are as follows:

- a. either the transferor or the transferee will need to make an application to the Court for an order validating the transfer of the shares pursuant to Section 99 of the Companies Law (2013 Revision);
- b. a letter must be written to the judge presiding over this matter in the Cayman Islands ("the Judge") by either the transferee or transferor, which must be supported by an affidavit and the draft order being sought for the transfer of the shares; and
- c. the affidavit must confirm that: (a) the shares in the company are fully paid; and (b) the JOLs do not oppose the transfer.

The JOLs' can enquire with their Cayman Islands' legal counsel whether they would be able to assist either the transferor or the transferee with the preparation and submission of the application letter and the supporting affidavit to the Judge. Please note that the transferor or the transferee will be required to pay for their services accordingly. In addition, the JOLs are likely to incur costs in the region of US\$1,000 per transfer for undertaking the necessary work to confirm that the subject shares are fully paid and also providing their consent in writing to the transfer of the shares.

In order to proceed on the basis set out above, the JOLs will require an upfront deposit of US\$1,000 per transfer on account for the JOLs' costs (plus an upfront fee in respect of their legal counsel's time costs should you wish to use their services) which will be incurred in performing this work, together with an undertaking from the applicant to meet any additional costs which may be incurred by the JOLs (and their legal advisors should you require their services) for work arising out of or in connection with the application for the validation order. In addition, the JOLs will also require evidence to demonstrate that the subject shares are fully paid up by the transferor.

Should you wish to proceed on the above basis, please contact the JOLs on + 1 345 743 6830 or send an email to argyleliquidations@fticonsulting.com.

8. How will the costs and expenses of the liquidation be paid?

The JOLs' fees and expenses will be paid out of the Companies' assets, when there are sufficient amounts available and after certain priority expenses have been paid. The basis and amount of the JOLs' fees must be reviewed by the liquidation committee (if and when one is established) and approved by the Court. Information in relation to the JOLs' costs and expenses will be reported to creditors or contributories on a periodic basis during the liquidations.

In respect of Argyle, in accordance with order of the Court dated 31 May 2016, the JOLs' remuneration and disbursements shall be attributed to the Portfolios on whose behalf the work was performed. In the event that work is performed on behalf of or for the benefit of more than one Portfolio, the JOLs' remuneration shall be apportioned in such manner as the JOLs consider fair and equitable.

In the event that the assets of a Portfolio are insufficient to discharge the remuneration and/or disbursements of the JOLs, the remuneration and disbursements shall be paid out of the general assets of Argyle.

9. Who is FTI Consulting?

FTI Consulting is a global business advisory firm with over 4,300 employees based in 27 countries and 81 cities worldwide. FTI Consulting operates globally through a network of wholly owned and locally registered subsidiaries. The Corporate Finance/Restructuring practice in the Cayman Islands specialises in assisting companies and their stakeholders in relation to a wide variety of engagements, including formal insolvency appointments, restructuring advisory services, enforcement of security, fraud and other investigations, commercial disputes and regulatory intervention. Given the international and complex nature of the majority of assignments in the Cayman Islands, our local team of professionals is often supported by experts from various disciplines in our international offices.

In addition to the Cayman Islands, FTI Consulting has a significant presence in the other key jurisdictions which are likely to be relevant to the liquidation of the Companies. The JOLs will therefore have the ability to draw on local staff and resources from other offices, if required.

Both Andrew Morrison and David Griffin have considerable experience dealing with liquidations of distressed investment funds and other companies registered in the Cayman Islands. Both of the JOLs have over 16 years of experience in insolvency and restructuring matters, including several years based in the Cayman Islands.

10. Who should I contact if I need further information?

Key information and documentation in respect of the progress of liquidation will be posted to the website periodically.

In the meantime, if you have any urgent queries please either call the Cayman Islands office of FTI Consulting on + 1 345 743 6830 or send an email to argyleliquidations@fticonsulting.com.

The JOLs' postal address in the Cayman Islands is: PO Box 30613, KY1-1203 Grand Cayman, Cayman Islands.

Any correspondence sent by international courier should be sent to Suite 3212, 53 Market Street, Camana Bay, Grand Cayman KY1-1203, Cayman Islands.