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**MOMENTUM PERFORMANCE STRATEGIES LIMITED**  
(Incorporated in Bermuda as a limited liability company)

**Directors:**

Fabio Tombesi  
John Cogan  
Alberto La Rocca  
Declan Murray  
Paolo Barbieri  
Chris Wetherhill  
John Collis  
David Smith

**Registered Office:**

Bank of Bermuda Building  
6 Front Street  
Hamilton HM11  
Bermuda

23 December 2008

**Re: Momentum Performance Strategies Limited (the "Company")  
Momentum AllWeather Fund (the "Fund"), a Class Fund of the Company**

**Creation of Delayed Redemption AllWeather Fund**

Dear Shareholder,

We are writing to you as the registered holder of Participating Shares of the Fund.

The purpose of this letter is to notify you of arrangements that the Company has made in respect of the Fund.

We refer to the Prospectus dated 7 November 2006 and the Supplementary Prospectus dated 7 November 2006 (collectively the "**Prospectus**") in respect of the Fund. Capitalised terms used in this letter and not themselves defined shall have the meaning given to them in the Prospectus.

## Delayed Redemption Class Fund

Due to unprecedented market conditions leading to illiquidity and volatility, a portion of the investments in the underlying portfolios in which the Fund is invested consist of illiquid investments in the underlying portfolio of the Fund (the "Illiquid Assets").

Pioneer Alternative Investment Management Limited (the "Investment Manager") acts as investment manager to the Fund, , and has recommended, with effect from 31 December 2008 (the "Effective Date") that we isolate the Fund exposure to the Illiquid Assets into a separate delayed redemption Class Fund of the Company called **DR AllWeather Fund (the "DR Class Fund")**. The creation of the new DR Class Fund will protect existing investors in the Fund from the Illiquid Assets which the Fund have received and which represent approximately 25% of the Net Asset Value of Momentum AllWeather Fund, as at year end. Without the ability to place the Illiquid Assets into a separate Class Fund, the Fund would run the risk of increasing the exposure for remaining investors to the Illiquid Assets.

The Directors therefore consider it is in the best interests of all Shareholders of the Fund to create the new Class Fund, designated "DR AllWeather Fund", that will hold the Illiquid Assets currently held by the Fund respectively.

Accordingly, on the Effective Date, the Fund will transfer the Illiquid Assets in the Fund's portfolio in exchange for shares in the respective DR Class Fund. As a result, the Fund will be holding shares of the DR Class Fund in addition to the remaining liquid investments. After the Effective Date, a Shareholder of a Fund who redeems its holding in the Fund will receive a combination of cash and the relevant DR Class Fund Shares as a partial distribution in-kind. Such Shares will be denominated in US Dollars and will not be hedged to any other currency. Non-redeeming shareholders remaining in the Fund will indirectly own their respective portion of the relevant DR Class Fund Shares through their shareholdings in the respective Fund. **It is important to note that the Fund will not transfer DR Class Fund Shares directly to non-redeeming shareholders.** DR Class Fund Shares will only be transferred to a Shareholder when it redeems its holding in the Fund.

The new DR Class Fund Shares (which are being issued for the sole purpose of holding the Illiquid Assets), will be held directly by the Shareholder and will not be redeemable at the option of the Shareholder until the holdings of the Illiquid Assets, in whole or in part, become liquid. As an Illiquid Asset becomes liquid, holders of the DR Class Fund Shares will receive cash equal to their pro rata holding of the Illiquid Assets in exchange for an equivalent portion of their DR Class Fund Shares. **Non-redeeming shareholders remaining in the Fund should thus see their respective exposure to DR Class Fund Shares reduce over time.** It is currently intended to make any cash payments described above after the Effective Date as soon as we receive cash in respect of the Illiquid Assets. There will be no performance fees charged to the DR Class Fund. Detailed terms of the DR Class Fund Shares are set out in the attached Term Sheet.

**Redeeming Shareholders who will receive the new DR Class Fund Shares should be aware that all DR Class Fund Shares will be denominated in USD and are not hedged to any other currency.**

**Non-redeeming Shareholders who will be indirectly exposed to their respective portion of DR Class Fund Shares should be aware that any currency hedging applicable to the class of**

**share they currently hold will continue, notwithstanding the fact that they have gained indirect exposure to DR Class Fund Shares denominated in USD.**

#### **Fund closed to new subscriptions**

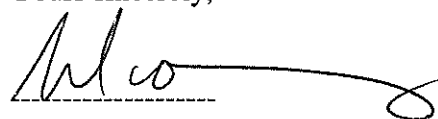
We wish to advise that while the Fund is implementing the arrangements described above it shall be closed to new subscriptions. Details will be available in early 2009 from the contact details above as to when the Fund will re-open for subscriptions.

#### **Exposure to Madoff**

As you may have seen recently in the press, on 11 December 2008, Bernard Madoff, head of Bernard L. Madoff Investment Securities LLC ("**Madoff**"), was arrested by the FBI and appeared before U.S. Magistrate Judge Douglas F. Eaton to face fraud charges and the SEC in the US have also secured an injunction against Mr Madoff and his firm. A portion of the underlying assets of the Fund are invested in, Kingate Global Fund Limited, which in turn invests in Madoff, the Funds exposure to Madoff represented approximately 8.97% of the Net Asset Value of the Momentum AllWeather Fund. This exposure was completely written off in the November 2008 Net Asset Value and will be reflected in any December 2008 redemption proceeds. Any residual rights attaching to the Kingate investment will continue to accrue to the DR Class Fund Shares,

**We do not require any action or response from you on the arrangements described above.** If you have any questions concerning the above, please do not hesitate to contact Michelle Cardwell at Pioneer Alternative Investment Management (Bermuda) Limited on telephone number + 441 296 1019 or email address: [michelle.cardwell@pioneeraltinvest.com](mailto:michelle.cardwell@pioneeraltinvest.com).

Yours sincerely,



Director  
Momentum Performance Strategies Limited