

13 September 2009

VAM Alternative Strategy Fund - Liquidation

We write to inform you that the Directors of VAM Global Funds (Lux) have resolved to close and liquidate the VAM Alternative Strategy Fund (the "Fund") which will result in a pay-out of the proceeds to the shareholders.

The Luxembourg Regulator has approved the suspension of the NAV calculation as of 31st July 2009 and the liquidation of the sub fund as of 31st August 2009.

The Fund's performance since launch (USD class: -13.8% vs HFRX Global Hedge Index -16.4%) has been in line with the hedge fund of fund asset category, however, the Fund currently faces redemptions of over US\$ 2.8 million and cannot raise sufficient liquidity to meet these in the short term. Whilst it might have been possible to suspend the Fund, it is the view of the Directors that, given the relatively small size of the Fund (US\$ 18.9 million), the level of requested redemptions and the limited liquidity of the Fund's investments, it is necessary to close the Fund, liquidate the assets and return these to shareholders as quickly as possible. This decision has been taken in order to ensure an equal treatment of all shareholders. Also, this decision and action are much in line with current market conditions and follow similar action by a number of other similar funds.

We propose to reimburse current liquid assets as soon as possible and to then pay out the proceeds of the more illiquid holdings of the Fund as and when these become available. Payments will be effected each time at least US\$ 4 million have been encashed, which should result in a maximum of five payments being made. The Board may, however, decide to pay out smaller amounts, taking into consideration the repayment schedule of the Fund's investments.

On this basis, we expect to pay out as follows:

- By end October 2009: \$ 5 million
- By end January 2010: \$ 2 million

This amounts to some 36% of the Fund. Further proceeds will become due through 2010 and we will keep shareholders informed when these are made.

It is important to note that, whilst some of the Fund's holdings may be currently suspended due to market conditions, these do continue to hold a value and we expect them to re-open in due course in order that redemptions can be met.

Some shareholders have shares in the Ark Discovery "Side pocket" holding. This remains in place and we continue to actively pursue reimbursement of shareholder funds from this holding. The "Side pocket" is not impacted by the liquidation of the Fund.

We will keep you informed on the progress of reimbursement of proceeds from the VAM Alternative Strategy Fund.

In addition, we will be contacting you to inform you of alternative fund choices that VAM can offer to your clients.

Best regards,

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