



To All Investors and Creditors

9 August 2018

***Subject: Ross Asset Management Limited (In Liquidation) - “the Company or RAM”***

***Distribution Application***

We write to advise that on 8 August 2018 the High Court released its decision on the distribution directions application heard on 22 June 2018. We are pleased to have reached this important milestone as it now means that monies held by the liquidators can be returned to investors. Subject to confirming whether any party intends to appeal the decision we anticipate being in a position to pay an interim distribution to investors within the next four months.

We summarise the main orders granted by the Court below.

- The assets of RAM and Dagger Nominees Limited (In Liquidation) are now pooled so that the assets of both companies are all available to pay investor and creditor claims.
- There is one common pool of assets from which both investors’ and other creditors’ claims will be paid.
- An Investor who had already received from RAM more than they had contributed (with both contributions and payments CPI adjusted), is not eligible for a distribution.
- Purported transfers of value between RAM portfolios are to be recognised for the purpose of a distribution, but limited to the available net contributions balance in the transferring portfolio at the time of transfer, unless the Liquidators consider that the particular circumstances of the transfer or purported transfer are extraordinary, such that this approach would be unjust or ineffective.
- Investor claims for distribution are to be calculated using the Net Contributions Model. Both Company assets and assets held on trust for investors will be distributed according to that model. Contributions and withdrawals will be adjusted for inflation (using the Consumer Price Index) to calculate their value at the date of liquidation.
- The Liquidators’ costs are entitled to be paid from the resulting combined pool of funds held. The Liquidators must report to the High Court at the end of the Liquidation to obtain final approval of costs deducted.
- Various ancillary orders to assist with the distribution process.



A copy of the judgment is available on our website along with all other relevant documents in relation to the application.

<https://www.pwc.co.nz/services/business-recovery/liquidations/ross-group.html>

### ***Next Steps***

Any appeal of the decision by a party to the application must be filed by 5 September 2018. The Liquidators will not be appealing the decision. As the amicus curiae is not a party to the application, he has no right to appeal the decision. We are making enquiries with the other parties to the application to assess whether an appeal is likely.

Once that period has passed, and assuming no party seeks to appeal the decision, we will write to all investors setting out their claim as calculated using the approach ordered by the Court. Investors will then have a period of time in which to agree the claim, or to object providing evidence of why the calculations are incorrect.

Assuming the decision is not appealed we would anticipate being in a position to pay an interim distribution before the end of 2018. We hope to provide a more accurate timing for a distribution when we provide investors with their claim for agreement.

### **Clawback action**

In relation to clawback action we advise that there remain only 19 investors where we continue to pursue claims. Of those we have legal proceedings underway against 12 of those investors who have claims with a face value of approximately \$6.4 million. We have agreed settlements with the remaining seven investors but settlement agreements have not yet been finalised. Those settlements total \$586,000.

We appreciate your ongoing patience throughout this process.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Fisk', with a large loop at the end.

John Fisk  
Liquidator