Joint Liquidators' Analysis of Estimated Outcomes As at 31 October 2024

In respect of "The Funds":

Fairfield Sentry Limited
Fairfield Sigma Limited
Fairfield Lambda Limited

(All In Liquidation)

23 November 2024

KRyS GLOBAL

Cayman Islands
British Virgin Islands
Bermuda
Guernsey
Singapore
USA

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Purpose

The purpose of this document is to provide Registered Shareholders with an update on the projection of future outcomes, based on the Joint Liquidators {“Liquidators”} current knowledge and belief.

This document sets out the Liquidators’ estimated range of possible outcomes as at 31 October 2024, based on a number of assumptions. It is therefore important that the analysis is read in conjunction with the ‘Notes and Assumptions’. It is also important to acknowledge that the range of litigation outcomes (“Clawback Claims”) are estimated based on a range of recoveries possible taking into consideration the possibility of settlement or enforcing a successful judgement, net of contingent fees due to attorneys and the amounts that will be shared with the US Trustee. For the purposes of this analysis, the range of recoveries fall within two extremes that are still potentially possible at this juncture of the litigation and will be potentially addressed in a decision pending from the Second Circuit Court of Appeals (New York) later this year or in the first quarter of 2025. Those possibilities include that the Liquidators’ Clawback Claims are dismissed in their entirety, or at the other end, the possibility that the Liquidators’ are permitted to continue to progress the entire set of claims they have made.

Purpose (continued)

Pursuant to the terms of the Settlement Agreement with the US Trustee, even if the Liquidators' Clawback Claims were fully dismissed, the estates are entitled to collect 40% of any recoveries on subsequent transferee claims by the US Trustee against Fairfield investors up to the liability cap against the Funds. The higher range contemplates the possibility of a higher allocation with the claims still pending and also the possibility that the Liquidators may make recoveries after the US Trustee reaches the liability cap. The range of litigation outcomes is in no way reflective of the Liquidators' views on the merits of the litigation. Any litigation is inherently risky but the JLs continue to be of the view that the prospects of success for the Funds in the various litigation actions are strong.

Registered Shareholders will be aware that three distributions totaling $38.50 per share have been declared to Registered Shareholders of Sentry and one distribution of $10 per share to the Registered Shareholders of Sigma.

Summary

In summary, based on the total net investment loss sustained by the current Registered Shareholders, as at the date of the JLs appointment, the JLs estimate that the potential net asset position and projected recovery ranges for Registered Shareholders are as follows:

FUND	Sentry		Sigma		Lambda	
	Low	High	Low	High	Low	High
Net assets available for future distribution	612,753,333	1,796,758,384	60,629,202	155,592,471	-	8,066,543
Projected recovery on loss	21%	51%	14%	28%	0%	30%

Analysis of Outcomes

The table below shows the Liquidators' low and high estimated range of outcomes as at 31 October 2024 for each Fund:

ESTIMATED RANGE OF OUTCOMES							
FUND	**Sentry**		**Sigma**		**Lambda**		**Notes**
	Low	**High**	**Low**	**High**	**Low**	**High**	
Assets							
Unencumbered cash	44,943,304	44,943,304	3,720,313	3,720,313	-	-	**1**
Interest earned on cash reserves	2,307,925	12,378,923	490,360	2,630,125	-	-	**2**
Pending Clawback Claim settlements	10,099,074	10,099,074	1,313,203	1,313,203	-	-	**3**
SIPC claim distributions	-	65,887,270	-	-	-	-	**4**
Clawback claims net of costs and net of compromise allocations	682,209,696	1,718,178,623	26,400,000	66,000,000	-	4,137,246	**5**
Distributions from Sentry	-	-	30,033,441	88,036,957	-	4,173,622	**6**
	739,559,999	**1,851,487,193**	61,957,317	161,700,597	-	8,310,868	
Liabilities							
Potential claim for SIPC	(90,225,230)	-	-	-	-	-	**7**
Provisions for unsecured creditors	(24,681,530)	-	-	-	-	-	**8**
Future professional fees and expenses	(11,899,906)	(54,728,810)	(1,328,114)	(6,108,126)	(53,125)	(244,325)	**9**
	(126,806,666)	**(54,728,810)**	**(1,328,114)**	**(6,108,126)**	**(53,125)**	**(244,325)**	
Net assets available for future distribution	**612,753,333**	**1,796,758,384**	**60,629,202**	**155,592,471**	**-**	**8,066,543**	**10**
Future distributions per share	**$131**	**$384**	**$19**	**$49**	**$0**	**$40**	
Distributions per share declared to date	**$39**	**$39**	**$10**	**$10**	-	-	
Projected distribution per share	**$169**	**$423**	**$29**	**$59**	**$0**	**$40**	**11**
Net investment loss	**3,842,565,152**	**3,842,565,152**	**666,660,474**	**666,660,474**	**26,870,087**	**26,870,087**	**12**
Projected recovery on loss	**21%**	**51%**	**14%**	**28%**	**0%**	**30%**	**13**

Notes and Assumptions

1. Cash balance at October 31, 2024, less the Liquidators' fees and expenses up to that date. This excludes cash held in escrow for distributions for Registered Shareholders who are ineligible for distributions at this time.

2. Interest earned on cash held in escrow and other cash not required for short term liquidation activities is held in interest generating term deposit accounts and is available for general liquidation purposes. Interest was accrued on the basis of 3.5% for the years 2024 2026, 3% for 2027, 2.5% for 2028, and 2% for 2029 on a declining balance on cash held in escrow of 10% per annum. The high estimate assumes that the Liquidators are successful in their appeal to the Second Circuit and there is pending litigation against the defendants who are also Registered Shareholders. The low estimate assumes that the Clawback Claims are dismissed in their entirety by the Second Circuit and the cash held in escrow is released in mid 2025.

3. Projected recoveries from negotiated settlements with defendants awaiting Court approval, net of contingent legal costs and allocations to US Trustee, pursuant to the Settlement Agreement with the US Trustee.

Notes and Assumptions

4. Sentry's admitted SIPC claim in the Madoff bankruptcy is $230m. To date the US Trustee has paid distributions of $164.1m. There is currently an appeal before the Judicial Committee of the Privy Council as to whether the Liquidators had sanction to make an appeal to the Second Circuit to disapprove the sale of the SIPC claim to Farnum. While the Liquidators believe that the issue of whether they had sanction will have no implications on the SIPC claim in the Madoff bankruptcy, they have conservatively projected that the proceeds of any future distributions could be at risk if they lose the appeal.

5. The Liquidator are currently pursuing the Clawback Claims. See Purpose for discussion of the range of litigation outcomes estimated for the purposes of this analysis. Pursuant to a Compromise Agreement sanctioned by the Court, upon recoveries collected by Sigma and Lambda, a portion of the funds are re-allocated to Sentry based on the terms of the Compromise Agreement.

Notes and Assumptions

6. Projected distributions to Sigma and Lambda as shareholders of Sentry are based on the projected estimated distribution outcomes for Sentry and subject to the terms of the Compromise Agreement referenced in the previous note. Also pursuant to sanction of the Court, Sentry has been lending funds to Lambda to pay the costs of Lambda to pursue the Clawback Claims and other administrative matters. The loan earns interest. To the extent Lambda receives a distribution from Sentry, the loan is required to be repaid.

7. See Note 4. While the Liquidators think it is very unlikely (and believe that any such claim would be fundamentally misconceived and unmeritorious), they have conservatively estimated a possible damages claim for the difference between the distributions received to date from the Madoff bankruptcy and the contract terms for the sale to Farnum in the event that the Judicial Committee of the Privy Council determines the Liquidators did not have sanction to make the appeal to the Second Circuit to disapprove the sale of the SIPC claim to Farnum (though as stated in Note 4 above, the Liquidators believe that the absence of sanction would have no implication on the SIPC claim in any event).

8. The estimated range of creditor provisions is based on potential and current claims filed in the liquidations and represents the Liquidators' best estimate of the range of possible outcomes, based on the information in their possession regarding the claims and potential appeals.

Notes and Assumptions

9. The estimated future fees and expenses are based on the two extremes for Clawback Claims discussed in the Purpose.

10. This represents the Liquidators' range of estimates of total net asset recoveries, based on the assumptions noted above.

11. The projected distribution per share is based on the number of current shares held at the time of the statement and is inclusive of distributions declared to date.

12. The net investment loss is the Liquidators' estimate of the amount subscribed less the amount redeemed, with a nil value assigned to those Registered Shareholders that redeemed more than they subscribed.

13. The projected recovery on loss represents, in percentage terms, the projected distribution per share as a percentage of net investment loss. The purpose of providing this calculation is to permit Registered Shareholders to compare the percentage recoveries in the Funds to those made in the Madoff bankruptcy.

Disclaimers

- This document has been prepared in good faith, however, no representation or warranty, express or implied, is or will be made and no responsibility or liability is or will be accepted by the Liquidators, their advisors, or the Funds in respect of the truth, accuracy or completeness of the information provided in this document and such persons will not be liable to the recipients in respect of the information provided in this document or its use.
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Disclaimers

- The values referred to in this document should be considered as the JLs' best guess only of potential outcomes. Actual outcomes will vary from these estimates (potentially significantly) depending on the outcome of events.
- This document has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Funds.
- Nothing in this document constitutes a valuation or legal advice. Where legal issues are discussed, the information is only intended to be of a general nature and not a full review of the issues covered.

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