

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the contents of this circular you should consult an independent financial adviser to advise on investments of the type referred to in this circular such as your stockbroker, tax adviser, accountant or other financial adviser.

If you sell or have sold all your Shares in GFG FX Algorithmic Fund you should immediately hand this circular and the documents accompanying it to the purchaser or the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser. The distribution of this circular in certain jurisdictions may be restricted: persons into whose possession this circular comes are required to inform themselves about and to observe any such restrictions. This circular does not constitute an offer for sale by anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer.

NOTICE TO SHAREHOLDERS

in relation to the managed wind down and closure of

GFG FX ALGORITHMIC FUND

a cell of

GFG FUNDS PCC LIMITED

(the “Fund”)

(authorised and regulated by the Guernsey Financial Services Commission in accordance with the Authorised Collective Investment Schemes (Class B) Rules 2013 and pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended)

Dated: 16 March 2020

Shareholders should note that this circular contains information in relation to the closure and winding down of the affairs of the Fund.

DEFINITIONS

The following definitions apply throughout this circular unless the context otherwise requires:

“Articles”	the Articles of Incorporation of the PCC
“Board” or “Directors”	the directors of the PCC
“Class B Rules”	the Authorised Collective Investment Schemes (Class B) Rules 2013
“Fund”	GFG FX Algorithmic Fund, a protected cell of the PCC
“GBP”	Pounds Sterling
“GFSC”	the Guernsey Financial Services Commission
“Investment Manager”	GFG Limited (in voluntary liquidation, part 1)
“Liquidators”	in respect of the SPV, means James Robert Toynton and Benjamin Alexander Rhodes of Grant Thornton
“Managed Wind Down”	the closure of the Fund by way of orderly winding down as described in this circular whereby the Fund’s asset will, to the extent possible, be realised and Shares redeemed in exchange for a cash payment and transfer of SPV Shares
“PCC”	GFG Funds PCC Limited
“Redemption Date”	20 March 2020, or such other date as the Directors may determine
“Scheme Particulars”	the scheme particulars dated 18 February 2019 and supplemental scheme particulars of the Fund dated 1 July 2019
“Shares”	participating redeemable Class A Shares, Class B Shares and Class C Shares of no par value in the capital of the Fund
“Shareholder(s)”	holders of Shares
“SPV”	means GFG FX Algo Bond Trading Limited (in voluntary liquidation, part 1), a Guernsey non-cellular company with registration number 59965, which is wholly-owned by the Fund
“SPV Shares”	means participating shares in the capital of the SPV

In addition, where relevant in the context, terms which are defined in the Scheme Particulars and/or the Class B Rules shall have the same meaning in this circular.

TIMETABLE

Action	Date
Date of this circular	16 March 2020
Redemption Date	20 March 2020
Payment of cash proceeds and transfer of SPV Shares (as an <i>in specie</i> distribution)	26 March 2020

Please note: All references in this circular to times refer to Guernsey time, unless specifically stated otherwise.

All the above dates/times are indicative and the Directors may alter the above dates/times to accommodate any legal, regulatory or operational requirements.

GFG FX ALGORITHMIC FUND

a cell of

GFG FUNDS PCC LIMITED

a protected cell company incorporated with limited liability under the laws of Guernsey
on 14 March 2014 with registration number 58160

Directors:

Ms Jacqueline Golden
Mr Paul Banner
Mr Glen Broadhurst

Registered Office:

11 New Street
St Peter Port
Guernsey
GY1 2PF

16 March 2020

Dear Shareholder

Wind down and closure of GFG FX Algorithmic Fund (the "Fund")

We refer to our previous communication in respect of the Fund, most recently the letter dated 17 December 2019. Further to that communication, we are writing to you to notify you of the closure of the Fund by way of a managed wind down and orderly liquidation of the assets of the Fund (the "**Managed Wind Down**").

The Managed Wind Down is not subject to Shareholder approval. Our reasons for implementing the Managed Wind Down, the procedure and the action to be taken are set out in more detail below.

1. Background and rationale

The Fund was launched in 2014 to trade in foreign exchange while controlling the volatility and the maximum loss associated with FX trading.

Currently, the assets of the Fund comprise cash of approximately £1,300,000 as well as a loan to DXD Commodities DMCC ("**DXD Loan**") which is in arrears. The cash and DXD Loan are held in the SPV, which is wholly owned by the Fund. As a part of the Managed Wind Down, the Board have put the SPV into a voluntary liquidation, which commenced on 12 March 2020.

As Shareholders are aware, dealing in Shares has been suspended since 12 July 2019 and, as advised in our previous letter, the Board has been taking legal advice and is evaluating the available options (including potential legal proceedings) to recover value from one or more of the borrower, the personal guarantor and/or the collateral held in respect of the loan. It is the view of the Board that there is significant uncertainty in respect of the value and prospects for recovery of the DXD Loan or its security.

Accordingly, the conditions for suspension remain in place. By way of further update, the Board has received notice that the Investment Manager is in voluntary liquidation and the Fund has received redemption requests from two Shareholders (holding, between them, approximately 85% of the Shares in issue).

Even if the circumstances giving rise to the suspension of dealing in Shares cease to exist, the redemption of such a significant proportion of Shares, with the attendant diminution of the Fund's assets under management ("**AUM**"), means that continuing Shareholders' returns will be adversely

affected by the fixed costs charged to the Fund as these are spread across fewer assets than in a larger fund. Furthermore, the Board does not expect the Fund to attract significant inflows in the future, so its AUM is likely to remain low or indeed reduce further if more redemption requests are made.

After careful consideration of the foregoing factors, the Board is of the view that the Fund has no long term future and it would be in the interests of Shareholders as a whole to (a) permanently close the Fund to further subscriptions, and (b) compulsorily redeem all Shareholders and, in exchange for their shares, Shareholders will receive a payment of available cash and a distribution *in specie* involving the transfer of SPV Shares in accordance with the terms of this circular and the Fund's constitutive documents. Such action permits the immediate closure of the Fund and moves Shareholders into the SPV, where the Liquidators will take over the recovery efforts in respect of the DXD Loan including evaluation of potential legal proceedings. It is the view of the Board that these Managed Wind Down proposals allow the most efficient and cost-effective means of winding up the affairs of the Fund (compared to continuing a managed wind down by the Board within the regulated PCC structure with attendant administrative and other costs).

The Liquidators will liaise with Shareholders further in respect of the liquidation of the SPV, in due course.

2. Details of the Managed Wind Down

No further subscriptions will be permitted. A special Redemption Date will be held on 20 March 2020. All Shareholders (i.e. whether or not they have previously lodged a Redemption Form) will be compulsorily redeemed from the Fund and, in exchange for their Shares, Shareholders will receive a payment of available cash and a distribution *in specie* involving the transfer to Shareholders of SPV Shares. With effect from the Redemption Date, Shareholders shall (a) cease to be a member of the PCC, and (b) become a member of the SPV, in the latter case subject to them completing any necessary subscription materials and providing any additional information at the reasonable request of the SPV/Liquidators.

Shareholders will receive such number of SPV Shares that is representative of that Shareholder's exposure to the SPV as at the Redemption Date (by reference to the prevailing NAV of each class of Shares at such time, converted into GBP). SPV Shares are priced and valued in GBP only so, in determining the entitlement of Shareholders holding "non-GBP" Shares, a foreign currency exchange factor will be applied to the NAV of their Shares at the time of redemption. As noted above, Shareholders are being provided with SPV Shares as a means of preserving their indirect interest in the outcome of potential legal proceedings (if any) which will be overseen by the Liquidators. Further particulars in respect of the SPV and SPV Shares are described below.

The Board will establish a reserve (which will be held back from the redemption proceeds) for estimated ongoing and winding up costs in connection with the Managed Wind Down and the liquidation of the SPV including, but not limited to, the Liquidators' fees, legal and administrative fees, costs in connection with the potential legal claim (i.e. which are not recovered as part of those proceedings) as well as the Fund's proportion of the estimated costs of liquidation of the PCC.

Shareholders will receive a contract note confirming the amount paid in respect of the redemption as well as the number of SPV Shares allocated and transferred to them. The cash portion of the redemption proceeds will be paid on the special Redemption Date to the bank account from which such Shareholder's subscription was originally paid. Payment will be subject to the relevant Shareholder having provided any outstanding anti-money laundering identification documents and that the proceeds will be held in a non-interest bearing client money bank account until all outstanding documentation has been received. If you are unsure whether any anti-money laundering documents are outstanding please do not hesitate to contact the Administrator.

The Board has resolved to waive redemption fees on Class B and Class C Participating Shares in connection with the Managed Wind Down.

3. Information in relation to the SPV

The SPV has been put in voluntary liquidation.

SPV Shares are not redeemable at the option of holders of the SPV Shares. It is anticipated that future distributions to holders of SPV Shares will only be made if the Liquidators make further recoveries in respect of the DXD Loan and its security. If the Liquidators decide the prospects of recovery are nil, the liquidation will be concluded and any surplus paid to holders of SPV Shares. The prospects of recovery are uncertain; furthermore, it has not been decided what action (if any) should be taken to make a recovery. The duration of the liquidation of the SPV is also uncertain and might take a number of years to complete.

As noted above, SPV Shares are priced and valued in GBP and distributions from the SPV will be paid in GBP only, meaning Shareholders currently holding Class A and Class B Shares in the Fund (which are denominated in Euros and US Dollars, respectively) will assume potential foreign exchange risk, which is outlined under "Risks" below.

The Liquidators are James Robert Toynton and Benjamin Alexander Rhodes of Grant Thornton. The Liquidators, in their discretion, may engage Vistra to provide ongoing administrative support or registrar services during the course of the liquidation. The SPV will not be audited. Shareholders should note that the SPV does not meet the requirements of a "collective investment scheme" as a matter of Guernsey law and therefore will not be regulated as such by the GFSC.

A copy of the memorandum and articles of incorporation of the SPV is available upon request to the Administrator.

4. Liquidation of PCC

In respect of the PCC, once the winding down of the affairs of all cells of the PCC are sufficiently advanced, the Board will proceed to appoint an external liquidator to formally liquidate the PCC in accordance with the Articles. The formal liquidation of the PCC by the appointed external liquidator might take 1-2 years to complete. Upon conclusion of the liquidation, the liquidator may, in its absolute discretion, make a further cash payment to Shareholders of any surplus balance attributable to the Fund. If such amounts are nominal (e.g. less than £20 per Shareholder), the liquidator might not distribute it but instead donate it to a charity of its choice.

Shareholders should note that the liquidation of the PCC (referred to in this section 4.) and the liquidation of the SPV (referred to in section 3. above) are two separate processes.

5. Costs and expenses

The winding down of the affairs of the Fund, and the liquidation of the SPV, will involve ongoing legal and administrative costs as well as liquidators' fees which will indirectly be borne by Shareholders (initially as Shareholders of the Fund and, subsequently, as holders of SPV Shares).

6. Taxation

Shareholders who are in any doubt as to their tax position as a result of the Managed Wind Down including the holding of SPV Shares should consult their professional advisers.

7. Action required

All Shareholders (i.e. whether or not they have previously lodged a Redemption Form) will be compulsorily redeemed from the Fund and, in exchange for their Shares, Shareholders will receive a payment of available cash and a distribution *in specie* involving the transfer to Shareholders of SPV Shares.

Shareholders may be required to provide additional information or documents in connection with the transfer to them of SPV Shares; failure to complete such materials or to otherwise co-operate in respect of the transfer of SPV Shares will delay or prevent the transfer of SPV Shares to them and deprive them of the rights and benefits attached to such shares.

8. Risks

Shareholders are generally referred to the Scheme Particulars in respect of the risks and considerations in relation to holding Shares in the Fund, as such risks and considerations will continue to apply throughout the course of the Managed Wind Down (including the liquidation of the SPV).

SPV Shares are illiquid and not redeemable at the option of the holder. The prospects of recovery of underlying assets/claims by the Liquidators for and on behalf of the SPV are not certain. The duration of the liquidation of the SPV is uncertain and might take a number of years to complete.

In order to minimise the ongoing costs of the SPV, the reporting currency of the SPV and the currency in which future distributions from the SPV will be paid, is GBP. Accordingly, Shareholders holding Class A and Class B Shares (which are denominated in Euros and US Dollars, respectively) will bear potential foreign currency risk as a result of fluctuations in the value of GBP vs. those other currencies and are encouraged to take their own action to hedge or otherwise address that risk.

For the avoidance of doubt, the payment of available cash by the PCC on the special Redemption Date to be held on 20 March 2020 will be paid in the relevant currency in which such Shareholder's Shares are denominated.

9. Regulatory notification

The Board has given prior notification of the Managed Wind Down, and submitted a copy of this circular, to the GFSC, in compliance with its obligations under the Class B Rules. The Board has also notified the custodian of the Fund, Butterfield Bank (Guernsey) Limited of the Managed Wind Down proposals.

10. Further information

If you have any questions about the contents of this circular please contact the Administrator, Vistra Fund Services (Guernsey) Limited, at 11 New Street, St Peter Port, Guernsey, GY1 2PF or email gfg.gg@vistra.com. No information other than that which is contained within this circular, the Articles and Scheme Particulars will be given.

We thank you for your continued support.

Yours faithfully

G Broadhurst, Director
For and on behalf of GFG Funds PCC Limited