

Letter to investors of Sofaer Capital Funds

Dear Investor

RE: Sale of Sofaer Capital European Hedge Funds and Reorganisation of Sofaer Capital

I am writing to let you know that Sofaer Capital Inc. has entered into an agreement to sell our European Long/Short hedge funds and managed accounts comprising approximately \$280mm in assets to Martin Currie Investment Management Ltd. The sale of the investment management of the Funds and accounts will take place on July 1st 2010 and the effect will be that as of that date all service agreements will be transferred to Martin Currie in order to ensure the continuity not only of the management of the Funds but also their administration. The portfolio managers Michael Browne and Steve Frost, who have managed the Sofaer European Hedge Funds since 2001, will continue to run the European Funds at Martin Currie and we thank them for their contribution at Sofaer and wish them every success at Martin Currie.

Both Sofaer Capital and Martin Currie have worked hard together to ensure that there is a seamless transfer of the European strategy business to the extent that the Fund Administrator, prime brokers and portfolio management systems currently used by Sofaer will remain the same and will continue to be used by Martin Currie.

Although considerable thought has been given to the withdrawal of Sofaer Global Research from the UK for some time, my decision to sell the European business now has been influenced by a number of factors more recently. On a personal level, my brother Philip's recent serious illness has crystallised the need for me to address a number of issues about my life and my aspirations. In addition, from a commercial perspective, the increased costs and demands of running a business in Europe against a backdrop of increased tax and regulatory demands that are being made of our industry have also played their part in influencing Philip's decision to withdraw from the UK. As a result, SGR will be scaling down its London office and bringing back all the management and administration of our remaining Funds to our office in Hong Kong under Sofaer Global Research (HK). This move will effectively reflect our reversion to our roots in Asia since we started managing hedge funds from Hong Kong in 1983. Philip and I are very pleased to be taking this step and are excited to be focusing all our efforts on managing our funds henceforth.

As part of the streamlining process, we will be merging our Emerging Markets Hedge Fund into our Pacific Fund, which will continue to be managed by our Asian team, led by Terence Khoo in Hong Kong. At the same time, Terence Khoo will become a shareholder in our Asian management company and I have no doubt that this will strengthen his commitment to his and our continued success in managing the Sofaer Asian funds, as he has now done for close to two years.

These changes will commence on July 1st and if you have any questions please feel free to contact, in addition to myself, the following persons:

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Yours sincerely,

Michael Sofaer
28th May 2010