



May 17, 2017

**TO: THE INVESTORS IN THE CRYSTAL WEALTH FUNDS**

**- and to -**

**CRYSTAL WEALTH DISCRETIONARY ACCOUNT HOLDERS**

We provide this Notice further to our notices dated May 1, 2017 and May 10, 2017, in order to update on the status of the Receiver's efforts concerning the Crystal Wealth Funds.

Following our appointment on April 26, 2017, the Receiver held several meetings with external providers to the Crystal Wealth Funds and parties who manage certain investments within the Crystal Wealth Funds. The Receiver also reviewed extensive documentation concerning your investments in the Crystal Wealth Funds. Further, we continue to investigate the records of Crystal Wealth, as well as those records provided to us by the external providers.

We have been in contact with a significant number of investors in the Crystal Wealth Funds and the Crystal Wealth Discretionary Account Holders. The unanimous direction of the investors is that while they want the Receiver to focus on maximizing the value of the investment, the timeliness of doing so is critical for them, as many investors require cash flow and access to their capital on an urgent basis. Please be assured that the Receiver is very mindful of the needs of the investors, and accordingly, has conducted a review of the Crystal Wealth records on an accelerated basis to devise a plan that will ultimately lead to realization of the assets and distribution of the proceeds.

Our preliminary review has determined that there are certain Crystal Wealth Funds which can be monetized on an urgent basis as they largely comprise marketable securities and cash holdings. Currently it appears that doing so may result in investors in certain Crystal Wealth Funds recovering all or almost all of their investment, depending on market conditions. Our view is that the Receiver will proceed with such a monetization exercise on an expedited basis in consultation with qualified advisors. Doing so will allow the Receiver to accelerate a distribution of proceeds of realization (largely by way of return of capital, but still cognizant of tax implications) to the investors in certain Crystal Wealth Funds as quickly and efficiently as possible.

Certain of the Crystal Wealth Funds, such as the Crystal Wealth Media Strategy Fund, and the Crystal Wealth Mortgage Strategy Fund, primarily hold assets which are non-traditional. It is likely to be in the investors' best interests for the Receiver not to deploy an immediate monetization strategy with respect to such Funds or their assets, as doing so may result in a severe impairment of asset value. With respect to these and other similar type Funds, the Receiver will likely engage in a more protracted realization process, simply given the nature of the investments. However, a number of these funds hold cash and marketable securities, which are liquid. In order to facilitate cash flow for investors, the Receiver is likely to take steps to monetize the liquid securities, which will allow the Receiver to accelerate efforts towards a partial distribution of proceeds (also largely by way of return of capital) to the respective investors on a more expedited basis.

We have been advised that certain investment advisors previously associated with Crystal Wealth have been in touch with you, and perhaps suggesting that there is a different monetization strategy which you should consider over another, including rolling your current investments into another type of investment, or restructuring the current investment in some manner. Grant Thornton has been engaged as Receiver on a number of similar mandates involving a large number of investor constituents, and there are often parties with interests that do not always entirely align with the interests of the investors. Further, it is almost impossible to have consensus among all investors when there is a large investor group, as investors' needs differ. Our role as Receiver is to protect the interests of the investors of Crystal Wealth considering all investor interests, the primary goal being to maximize the recovery of proceeds from the Crystal Wealth Funds, all the while balancing the interests of the investors. We act as an unbiased independent party appointed by the Court.

We have also been advised that certain former Crystal Wealth investment advisors have canvassed law firms to take on the role of representative counsel for investors. We have worked on a number of mandates where representative counsel plays an important role for investors. While we have not foreclosed the concept of introducing representative counsel to this mandate, we believe it is premature to do so at this stage. The cost of representative counsel is a cost that is usually directly born by investors from the proceeds of realization of your investments. We believe it would be inappropriate to levy the cost of representative counsel (which can be hundreds of thousands of dollars) to investors at this point, many of whom are hopeful of recovering most if not all of their investment in short order.

Again, we are very mindful of a number of investors who require access to their capital forthwith and we are accelerating the process to try to achieve this objective.

Please contact the Receiver at any time should you have any questions.

Contact details for the Receiver:

Toll Free Number: 1-866-448-5867

Email: [crystalwealth@grantthornton.ca](mailto:crystalwealth@grantthornton.ca)

Please continue to monitor the Receiver's Case Website at: [www.grantthornton.ca/crystalwealth](http://www.grantthornton.ca/crystalwealth) for further updates in connection with the Receiver's activities.

**Grant Thornton Limited,**

In its capacity as the Court-appointed Receiver and Manager of Crystal Wealth Management System Limited and the Crystal Wealth Funds, and not in its corporate or personal capacity