

Link: Explanation as to potential categories of representative investors

A brief explanation of the potential categories identified by the Liquidators is below.

Category	Explanation	Example
<p>Investors whose proportionate entitlement to or share of funds from the single deficient mixed fund will be greater after the realisation of all investments by all investors than it was on the date administrators were appointed in November 2018.</p>	<p>Whether an investor is in this potential category does not depend on whether the investor's equity balance has increased. It depends on whether the investor's equity balance has increased in percentage terms by more than the Halifax portfolio as a whole.</p> <p>Investors in this potential category will have an equity balance which is higher, as a proportion of the whole, at the time all investors' investments have been fully realised than it was as in November 2018 when the Administrators were appointed.</p> <p>Membership of this group, if the Court agrees to form such a group, would be finalised after all investments by all investors have been fully realised.</p>	<p>Investor A has an equity balance of \$5 million when the Administrators were appointed in November 2018 and \$7 million as at the date of completion of realisation of all investments made by all investors, an increase of 40%. As at the date the Administrators were appointed in November 2018, Investor A had an entitlement of 2.4% of the single deficient commingled fund (Fund) (\$5m / \$211.6m). If as at the later date the value of the fully realised trust funds is, say, \$245m, then, Investor A has a 2.86% entitlement to the Fund (\$7m / \$245m). Investor A's proportionate entitlement has increased. This investor will be better off in circumstances where the date of adjudication of claims is the later date when all investments of all investors have been fully realised. This is because their portfolio has increased by more (40%) than the Halifax portfolio as a whole (15.8%).</p>
<p>Investors whose proportionate entitlement to or share of funds from the single deficient mixed fund will be lower after the realisation of all investments by all investors than it was on the date administrators were appointed.</p>	<p>Whether an investor is in this potential category does not depend on whether the investor's equity balance has decreased. It depends on whether the investor's equity balance has either decreased, or increased by less in percentage terms than the Halifax portfolio as a whole.</p> <p>Investors in this potential category will have either:</p> <ul style="list-style-type: none"> ▪ An equity balance which is lower at the time of realisation of those investors' investments than it was as at the date the Administrators were appointed in November 2018; or 	<p>Investor B has an equity balance of \$5 million as at the Administrators were appointed in November 2018 and \$5.5 million as at the date of completion of realisation of all investments made by all investors, an increase of 10%. As at the date the Administrators were appointed in November 2018, Investor B had an entitlement of 2.4% to the Fund (\$5m / \$211.6m). As at the later date, Investor B had an entitlement of 2.2% of the Fund (\$5.5m / \$245.3m) Accordingly, Investor B has a greater proportionate entitlement to the Fund as at the date the Administrators were appointed in November 2019 than the later date when all investors' investments have been fully realised.</p>

	<ul style="list-style-type: none"> ▪ An equity balance which is higher at the time of realisation of those investors' investments than it was as at the date the Administrators were appointed in November 2018 but whose equity balance has increased by a lower percentage than the Halifax portfolio as a whole. ▪ Investors who held only cash and therefore there has not been any movement in equity value. <p>Investors in this potential category will be better off in circumstances where the date of adjudication of investor claims is determined by the Court to be the date when the Administrators were appointed in November 2019.</p> <p>Membership of this group, if the Court agrees to form such a group, would be finalised after all investments by all investors have been fully realised.</p>	<p>This is because their portfolio has increased by less (10%) than the Halifax portfolio as a whole (16%).</p> <p>Investor C has an equity balance of \$5m as at the date the Administrators were appointed in November 2018 and \$4m as at the later date when all investors' investments have been fully realised, a decrease of 20%. As at the date the Administrators were appointed in November 2018, Investor C had an entitlement of 2.4% to the Fund (\$5m / \$211.6m).</p> <p>As at the later date, Investor C has a 1.6% entitlement to the Fund (\$4m / \$245.3m). Investor C's proportionate entitlement has decreased.</p>
<p>Investors who transferred shares into the IB platforms from another stockbroker, and have not traded in those shares (and whose investments are therefore fully traceable) (and who wish to argue that they should not therefore share in the deficiency).</p>	<p>Investors who may be in this potential category will have transferred stocks into Halifax from another broker. In these circumstances, and where the stocks have not been traded, the assets transferred did not pass through any of the accounts affected by the commingling.</p>	<p>Investor D transferred shares into a Halifax IB account in June 2017. The shares were transferred from the third party broker directly to Investor D's IB segregated account, and Investor D has never traded those shares, and therefore they are not subject to the commingling.</p> <p>It may be the case for investors in this potential category that a portion of their portfolio is not subject to the commingling, while another portion is.</p>
<p>Investors whose investments are not traceable (who wish to argue that all investors should share in the deficiency).</p>	<p>Investors who may be in this potential category may be of the view that all investors should share in the deficiency, including stocks transferred into the IB platforms from another stockbroker. Investors in this potential category may believe that all investor funds should be treated as one pool and distributed accordingly such that the deficiency is shared proportionately amongst all investors.</p>	