Grant Thornton

October 6, 2017

TO: THE INVESTORS IN THE CRYSTAL WEALTH FUNDS

- and to –

CRYSTAL WEALTH DISCRETIONARY ACCOUNT HOLDERS

This Notice is being issued in order to provide an update regarding the receivership of the Crystal Wealth Group. Reference should be made to the Receiver's August 18, 2017 update to investors.

Sales Process

As previously mentioned, the Sales Process resulted in the Receiver obtaining offers from:

(a) potential bidders to purchase some or all of the investments from one or more of the Crystal Wealth Funds; and

(b) potential managers to assume the management of one or more of the Crystal Wealth Funds.

After receiving the initial offers, the Receiver short-listed certain candidates, and at their request, permitted these entities to conduct further due diligence and to provide greater specificity in connection with their offers by September 28, 2017.

The Receiver has thoroughly reviewed and evaluated these offers, as refined, and has determined that it will not be pursuing any of the offers submitted by potential managers who wished to assume the management of one or more of the Crystal Wealth Funds. In arriving at this decision, the Receiver considered the proposed structure, terms, and timelines involved to give effect to the transactions proposed, as well as the broader implications on the stakeholders and investors of the Crystal Wealth Group if the transactions underlying the offers were to be effected. Throughout the Sales Process, the Receiver has also received a broad range of feedback from investors concerning their preferences with respect to the outcome of the Sales Process, which opinions were carefully considered by the Receiver in arriving at the determination not to proceed with any of the offers submitted by potential managers who wished to assume the management of one or more of the Crystal Wealth Funds. Consideration was also provided by the Receiver with respect to the non-investor creditor claims which have been submitted through the Creditor Claims Procedure (discussed below) in arriving at the Receiver's decision. As the management of the Crystal Wealth Funds will not be transferred through the Sales Process, the Receiver will continue to take steps to protect, preserve, and to attempt to maximize realization of the current investments held by the Crystal Wealth Funds. The Receiver is not foreclosed from revisiting the possibility of transferring the management of one or more of the Crystal Wealth Funds to a potential manager, should circumstances change and justify such reconsideration.

A determination has not yet been made by the Receiver as to whether any offers will be accepted with respect to potential bidders' offers to purchase investments of one or more the Crystal Wealth Funds. A decision in this regard is anticipated to be made by the Receiver shortly. If an offer to purchase investments of one or more the Crystal Wealth Funds is accepted by the Receiver, an application to the Court for the approval of the ultimate transaction will be made by the Receiver.

Creditor Claims Procedure

The purpose of the Creditor Claims Procedure was to identify potential claims being made by non-investor creditors against entities in the Crystal Wealth Group. The Receiver continues to review and assess the claims which were received.

Among other claims received, the Receiver is in receipt of a substantial claim (which was an amendment to a previously filed claim) against Crystal Wealth Management System Limited and the Crystal Wealth Funds submitted by BDO Canada LLP ("**BDO**"). A significant portion of this claim is contingent upon a legal proceeding which has been commenced against BDO by a third party, for which BDO seeks indemnity from Crystal Wealth Management System Limited and the Crystal Wealth Funds. The quantum of the contingent claim submitted by BDO is well in excess of the cash on hand in each of the Crystal Wealth Funds, and approaches the represented value of the total assets under management of the Crystal Wealth Funds as at the date of the Receiver's appointment.[1]

As alluded to above, the BDO claim was a factor in the Receiver's decision not to pursue a transfer of the management of the Crystal Wealth Funds through the Sales Process, as the magnitude of this claim creates practical impediments to the completion of a transfer of management in the short and medium term.

Interim Distribution

As a result of the BDO claim, which remains under evaluation by the Receiver, and the recent developments in the Sales Process, the initial expectation to attend at Court for the approval of an interim distribution has been put on hold for an indeterminate period of time.

The Receiver encourages investors to continue to contact the Receiver with any inquiries which they may have concerning the status of the administration of the Crystal Wealth Group, and to continue to monitor the Receiver's Case Website for further updates in connection with the Receiver's activities.

Contact details for the Receiver:

Toll Free Number: 1-866-448-5867
Email: crystalwealth@grantthornton.ca

Receiver's Case Website: www.grantthornton.ca/crystalwealth

DATED at Toronto, Ontario, this 6th day of October, 2017

Grant Thornton Limited,
In its capacity as the Court-appointed Receiver and Manager of
the Crystal Wealth Group, and not in its corporate or personal capacity

[1] See paragraph 18 of the Receiver's First Report to Court dated June 22, 2017, available on the Receiver's Case Website