

26 February 2010

TO THE UNITHOLDERS

ASTARRA STRATEGIC FUND (“ASF”)

1 Background

Neil Singleton, Stephen Parbery and Nicholas Martin were appointed Voluntary Administrators to Trio Capital Limited (“Trio”) on 16 December 2009. Trio is the Responsible Entity of the Astarra Strategic Fund (“the Fund”).

Following our appointment, and after establishing that the Fund was “illiquid”, the Administrators closed the Fund to redemptions pending the outcome of their investigation into the financial position of the Fund.

2 Investigations

We are undertaking an investigation into the financial position of the Fund, particularly, the recoverability of its assets.

As a consequence of our investigations, to date we are of the view that the Fund is “illiquid”.

Our investigations disclose that the investments of ASF are comprised of a series of contractual rights obtained from a British Virgin Islands registered entity, EMA International Limited (“EMA”), to receive certain delivery assets in the future. The value of those delivery assets is to be determined by the performance of five underlying off-shore hedge funds (“the Underlying Funds”) being:

Full Fund Name	Abbreviation	Investment
Exploration Fund Limited	EFL	14,137 A class shares 168,863 B class shares 105,848 C class shares
Tailwind Investment Fund	Tailwind	3,014 shares
SBS Dynamic Opportunities Fund Limited	SBS	110,082 shares
Pacific Capital Markets Cayman LDC	Pacific Capital	107,135 shares
Atlantis Capital Markets Cayman LDC	Atlantis	1,508 shares

The monies paid to EMA to acquire the contractual rights were invested by EMA in the Underlying Funds as detailed in the table above.

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These contractual rights arise from a Master Deferred Purchase Agreement entered into between EMA and Astarra Asset Management Pty Limited (In Liquidation) ("AAM") in its capacity as Investment Manager and agent of Trio in respect of ASF and a series of Supplemental Agreements to the Master Deferred Purchase Agreement ("the DPA Arrangements").

Mr Ian Purchas of RMG Partners, Sydney, was appointed Liquidator of AAM on 23 December 2009.

Our investigations also indicate that the following has occurred in respect of the DPA Arrangements outlined above:

- Prior to the Administrators' appointment, Trio was unable to obtain current net asset values of EMA's investments in the Underlying Funds and was unable to obtain audited accounts for EMA as at 30 June 2009;
- The Administration Agreement between EMA and Global Consultants and Services Limited ("GCSL") by which GCSL provided administration and custodial services to EMA in respect of the above investments has been terminated. In addition, a related entity of GCSL has resigned as Company Secretary of EMA. A related entity of GCSL may also have provided custodian and administration services to EFL, SBS and Pacific Capital;
- We have seen correspondence from EFL, SBS and Pacific Capital advising that they intend to compulsorily redeem EMA's investments. Further, EMA has advised that it is "unable to perform any tasks related to the Deferred Purchase Agreement for the foreseeable future";
- We have recovered the sum of US\$99,980 held in a bank account operated by EMA with Standard Chartered Bank, Hong Kong;
- We have been successful in obtaining from EMA a Power of Attorney that enables us to make enquiries directly of the Underlying Funds and their associated entities and to effect redemption of the Underlying Funds assets. We are currently communicating with the Underlying Funds, their associated investment managers, administration companies and custodians in this regard. To date, we have not seen evidence of the assets held by EFL, SBS, Pacific Capital or Atlantis. With respect to the Tailwind Fund, we have seen evidence that the fund is invested in assets with a current value of approximately AUD\$1.2M;
- We have located documentation that includes information on the assets held by the Underlying Funds. It is currently in the custody of a Statutory Authority and we are in the process of issuing a subpoena for production of those documents to the Joint Administrators of Trio; and
- On 15 January 2010, upon application by the Joint Administrators the Court made orders that:
 - Shawn Richard and Eugene Liu be required to attend Court on 23 and 24 March 2010 to be examined on the examinable affairs of the Trio companies; and
 - Orders for Production to be served on Shawn Richard, Eugene Liu and AAM returnable on 1 March 2010.

Our comments in relation to the financial position of the fund are set out at Section 4 of this communication.

3 Winding Up

The Fund is not in a position to receive any further subscriptions or meet redemption requests and we are unable at this time to provide any guidance as to the timeframe for the realisation of the Fund's assets.

In the circumstances, and following consultation with ASIC, we are of the view that an application should be made to Court to secure the appropriate orders in connection with the winding-up of the Fund.

The application for winding up was filed 26 February 2010 and is listed for hearing in the Supreme Court of New South Wales at 2pm on 19 March 2010.

Important Note: The winding up of the Fund does not mean a "fire sale" of the assets. The assets of the Fund will be realised in an orderly manner with a view to maximising the returns to unitholders. We propose to involve unitholders in decisions concerning the realisation of Fund assets.

4 Financial Position of Fund

Set out below is a summary of the estimated assets and liabilities of the Fund at the date of our appointment as Administrators based on information provided by Trio.

Assets	Book Value \$000
Custodian Account	1,449
Application Account	557
Deferred Purchase Agreements	123,086
Net Assets of Fund	125,092
Less Liabilities	(0)
Net Assets of Fund	125,092
Units on Issue – Class A	34,670
Units on Issue – Class B	67,898

In relation to the above summary of financial position, we comment as follows:

- i. Custodian Account – This is the money held in the National Australia Trustee's Limited ("NATL") account.
- ii. Application Account – This is the money held in the National Australia Bank application account. We have determined that the money in this account is an asset of ASF.
- iii. Deferred Purchase Agreements ("DPA's") – For the reasons detailed at Section 2 of this communication, the value of the DPA's is uncertain.

Our investigation into the value and recoverability of the assets of ASF is continuing. The Administrators do not at this time provide any warranties as to the ultimate value of the assets of the Fund or the value of the units in the Fund. Further updates will be provided to unitholders in due course.

5 Future Course of Action

The Administrators will report further to unitholders in the event that the Court orders the winding up of the Fund and as information concerning its financial position becomes available. In this regard, we would envisage convening a meeting of unitholders in the near future to consider the strategies for winding up the fund.

Yours faithfully



N.G. SINGLETON
Joint Administrator