

# HARMONY CAPITAL FUND LIMITED

Date: 5 September 2008

To: All Shareholders of Harmony Capital Fund Limited

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Dear Investor,

Further to our 22<sup>nd</sup> August 2008 communication, we the Board of Harmony Capital Fund Ltd. (the "Fund") would like to update you as to the current status of the Fund following our decision to terminate the appointment of the Investment Manager:

- Importantly, we are pleased to report that management of the Fund during this period of transition has reflected the careful preparation and control procedures we imposed from the outset.

The board is fully and effectively in control of the operations of the Fund – supported on a day-to-day basis by Messrs. Arnault de Torquat and Luigi Barzini, former executive directors of the previous investment manager. We are pleased that the transition has gone smoothly.

- We remind the investors that the overall structure of the Fund, including investment objectives, risk management, cost base, "high water mark" and liquidity terms remain unchanged.
- Contractual linkages with all service providers remain unchanged and the support from them has been exemplary. We met with them in London on September 2<sup>nd</sup> and all parties concerned are comfortable with the current arrangements and keen to continue their long relationships with the Fund. Citco remains the Fund's administrator, custodian and banker.
- As indicated in our 22<sup>nd</sup> August communication, it is our expectation that Jason Capital Investment Management Partners LLP will be appointed as the new investment manager as soon as various precedent steps have been accomplished, to include FSA approval.

Jason Capital is being incorporated with Arnault de Torquat and Luigi Barzini as initial general members, to be joined in due course by further key professionals who we understand are all to become partners in the new entity. They will be ready to assume the investment management role in the coming weeks.

- The Fund portfolio continues to perform well in the highly volatile current environment. Estimates for results in August are -1% for the core portfolio share class and + 1.5% for the Special Situations share class. For the past three months the Fund has outperformed the alternatives HFRX Global HF Index. We consider that the portfolio is responding well to the current volatility of markets with a very low downward correlation to markets and zero leverage.

We as a Board look forward to continuing to manage your capital with the same defined investment philosophy and risk management approach. As always, we shall also continue to operate in full transparency and serve your best interests as investors.

Finally, we wish to be responsive to any questions or concerns you may have. In terms of communication, please send any enquiry to [info@harmonycapitalfund.com](mailto:info@harmonycapitalfund.com). The website [www.harmonycapitalfund.com](http://www.harmonycapitalfund.com) will be updated shortly and will continue to provide you with regular information

With best regards,

A handwritten signature in black ink that reads "Robert Troxler". The signature is written in a cursive style with a large initial 'R'.

Robert Troxler  
Chairman  
Harmony Capital Fund Limited