

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

LEONARD SOKOLOW, Individually and on Behalf of
All Others Similarly Situated,

Plaintiff,

vs.

LJM FUNDS MANAGEMENT, LTD., et al.,

Defendants.

Case No. 1:18-cv-01039

Hon. Judge Robert M. Dow, Jr.

**NOTICE OF PENDENCY OF CLASS ACTION, PROPOSED
PARTIAL CLASS ACTION SETTLEMENT, AND MOTION FOR
ATTORNEYS' FEES AND EXPENSES**

If you purchased shares of the LJM Preservation and Growth Fund (LJMAX, LJMCX, or LJMIX) (the "Fund") during the period from February 28, 2015 through February 7, 2018, inclusive, you may be entitled to a payment from a class action settlement.

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

- The purpose of this Notice is to inform you of the pendency of this federal securities class action (the "Action"), the proposed partial settlement of the Action with certain of the defendants (the "Settlement"),² and a hearing to be held by the Court to consider: (i) whether the Settlement should be approved; (ii) whether the Settlement Class should be certified; (iii) whether the proposed plan for allocating the proceeds of the Settlement (the "Plan of Allocation") should be approved; and (iv) Lead Counsel's application for attorneys' fees and expenses (*see* pages 3 and 8 below). This Notice describes important rights you may have if you are a member of the Settlement Class and what steps you must take if you wish to participate in the Settlement, wish to object, or wish to be excluded from the Settlement Class.
- If approved by the Court, the Settlement will create a \$12,850,000.00 cash fund, plus any earned interest, for the benefit of eligible Settlement Class Members, less the deduction of attorneys' fees and expenses awarded by the Court, Notice and Administration Expenses, and Taxes.
- The Settlement resolves claims by Court-appointed Lead Plaintiffs Justin and Jenny Kaufman, Joseph N. Wilson, Dr. Larry and Marilyn Cohen, Tradition Capital Management LLC ("Tradition"), and SRS Capital Advisors, Inc. ("SRS") (collectively, "Lead Plaintiffs") that have been asserted on behalf of the Settlement Class (defined below) against Two Roads Shared Trust (the "Trust"), Northern Lights Distributors, LLC ("NLD"), NorthStar Financial Services Group, LLC ("NorthStar"), and Mark D. Gersten, Mark Garbin, Neil M. Kaufman, Anita K. Krug, Andrew B. Rogers, and James Colantino (collectively, the "Individual Settling Defendants" and, with the Trust, NLD, and NorthStar, the "Settling Defendants"). It avoids the costs and risks of continuing the litigation against the Settling Defendants, pays money to eligible investors, and releases the Released Defendant Parties (defined below) from liability.
- The claims against LJM Funds Management, Ltd. ("LJM"), Anthony J. Caine, and Anish Parvataneni (the "Non-Settling Defendants") will continue to be litigated. There is no guarantee that any additional money will be recovered in this Action.

If you are a Settlement Class Member, your legal rights will be affected by this Settlement whether you act or do not act. Please read this Notice carefully.

¹ This Action is separate from the parallel state class action also entitled *Sokolow v. LJM Funds Management, Ltd., et al.*, Case No. 18-CH-11880, pending in the Circuit Court of Cook County, Illinois.

² The terms of the Settlement are in the Stipulation and Agreement of Partial Settlement, dated August 19, 2019 (the "Stipulation"), which can be viewed at www.LJMFundsSecuritiesSettlement.com, www.labaton.com, and www.rgrdlaw.com. All capitalized terms not defined in this Notice have the same meanings as defined in the Stipulation.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM BY DECEMBER 11, 2019	The <u>only</u> way to get a payment. <i>See</i> Question 8 below for details.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY NOVEMBER 27, 2019	Get no payment. This is the only option that, assuming your claim is timely brought, might allow you to ever bring or be part of any other lawsuit against the Settling Defendants and/or the other Released Defendant Parties concerning the Released Claims. <i>See</i> Question 11 below for details.
OBJECT BY NOVEMBER 27, 2019	Write to the Court about why you do not like the Settlement, the Plan of Allocation, or the Fee and Expense Application. If you object, you will still be a member of the Settlement Class. <i>See</i> Question 16 below for details.
GO TO A HEARING ON DECEMBER 18, 2019 AND FILE A NOTICE OF INTENTION TO APPEAR BY NOVEMBER 27, 2019	Ask to speak in Court at the Settlement Hearing about the Settlement. <i>See</i> Question 20 below for details.
DO NOTHING	Get no payment. Give up rights.

- These rights and options — **and the deadlines to exercise them** — are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made to all Settlement Class Members who timely submit valid Claim Forms, if the Court approves the Settlement, at the conclusion of the Action, and after the Court awards attorneys’ fees and expenses, and any appeals are resolved. Please be patient.

SUMMARY OF THE NOTICE

Statement of the Settlement Class’ Recovery

1. Subject to Court approval, Lead Plaintiffs, on behalf of the Settlement Class, have agreed to settle the claims against the Settling Defendants in exchange for a payment of \$12,850,000.00 in cash (the “Settlement Amount”), which will be deposited into an interest-bearing Escrow Account (the “Settlement Fund”). Based on Lead Counsel’s estimate of the number of shares of the Fund eligible to participate in the Settlement, and assuming that all investors eligible to participate in the Settlement do so, it is estimated that the average recovery, before deduction of any Court-approved fees and expenses, such as attorneys’ fees, litigation expenses, Taxes, and Notice and Administration Expenses, would be approximately \$0.18 per allegedly damaged share.³ If the Court approves Lead Counsel’s Fee and Expense Application (discussed below), the average recovery would be approximately \$0.13 per allegedly damaged share. **These average recovery amounts are only estimates and Settlement Class Members may recover more or less than these estimated amounts.** A Settlement Class Member’s actual recovery will depend on, for example, (i) the total number of claims submitted; (ii) the amount of the Net Settlement Fund; (iii) when the Settlement Class Member purchased or acquired shares of the Fund during the Class Period; and (iv) whether and when the Settlement Class Member sold shares. *See* the Plan of Allocation beginning on page 11 for information on the calculation of your Recognized Claim.

Statement of Potential Outcome of Case if the Action Continued to Be Litigated

2. The Settling Parties disagree about both liability and damages and do not agree about the amount of damages that would be recoverable if Lead Plaintiffs were to prevail on each claim alleged. The issues on which the Settling Parties disagree include, for example, (i) whether the Settling Defendants made any statements or omitted any facts that were materially false or misleading, or otherwise actionable under the federal securities laws; (ii) whether certain of the Settling Defendants engaged in appropriate due diligence; (iii) the extent to which factors such as general market, economic, and industry conditions influenced the trading prices of the Fund’s shares; and (iv) whether Settlement Class Members suffered any damages.

³ An allegedly damaged share might have been traded, and potentially damaged, more than once during the Class Period, and the average recovery indicated above represents the estimated average recovery for each share that allegedly incurred damages.

3. Settling Defendants have denied and continue to deny any and all allegations of wrongdoing or fault asserted in the Action, deny that they have committed any act or omission giving rise to any liability or violation of law, and deny that Lead Plaintiffs and the Settlement Class have suffered any loss attributable to Settling Defendants' actions or omissions. While Lead Plaintiffs believe that they have meritorious claims, they recognize that there are significant obstacles in the way to recovery.

Statement of Attorneys' Fees and Expenses Sought

4. Lead Counsel will apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed 28% of the Settlement Fund, which includes any accrued interest. Lead Counsel will also apply for payment of litigation expenses incurred in prosecuting the Action in an amount not to exceed \$100,000.00, plus accrued interest, which may include an application pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA") for an award to Lead Plaintiffs directly related to their litigation efforts on behalf of the Settlement Class. If the Court approves Lead Counsel's Fee and Expense Application in full, the average amount of fees and expenses, assuming claims are filed for all shares eligible to participate in the Settlement, will be approximately \$0.05 per allegedly damaged share. A copy of the Fee and Expense Application will be posted on www.LJMFundsSecuritiesSettlement.com, www.rgrdlaw.com, and www.labaton.com after it has been filed with the Court.

Reasons for the Settlement

5. For Lead Plaintiffs, the principal reason for the Settlement is the guaranteed cash benefit to the Settlement Class. This benefit must be compared to the uncertainty of being able to prove the allegations in the Complaint asserted against the Settling Defendants; maintaining certification of the class through trial; the risk that the Court may grant the Settling Defendants' pending motion to dismiss and the anticipated motions for summary judgment that may be filed by Settling Defendants; the uncertainty of a greater recovery after a trial and appeals, as well as Lead Plaintiffs' ability to enforce a judgment against the Settling Defendants; the risks of litigation, especially in complex actions like this; as well as the difficulties and delays inherent in such litigation (including any trial and appeals).

6. For Settling Defendants, who deny all allegations of wrongdoing or liability whatsoever and deny that Settlement Class Members were damaged, the principal reason for entering into the Settlement is to end the burden, expense, uncertainty, and risk of further litigation.

Identification of Attorneys' Representatives

7. Lead Plaintiffs and the Settlement Class are represented by Lead Counsel, James W. Johnson, Labaton Sucharow LLP, 140 Broadway, New York, NY 10005, (888) 219-6877, www.labaton.com, settlementquestions@labaton.com; and James E. Barz, Robbins Geller Rudman & Dowd LLP, 200 S. Wacker Drive, 31st Floor, Chicago, IL 60606, (800) 449-4900, www.rgrdlaw.com.

8. Further information regarding this Action, the Settlement, and this Notice may be obtained by contacting the Claims Administrator: LJM Funds Securities Settlement, c/o Epiq, P.O. Box 3058, Portland, OR 97208-3058, (855) 915-0913, info@LJMFundsSecuritiesSettlement.com; or Lead Counsel.

Please Do Not Call the Court with Questions About the Settlement.

BASIC INFORMATION

1. Why did I get this Notice?

9. You or someone in your family may have purchased or otherwise acquired shares of the Fund during the period from February 28, 2015 through February 7, 2018, inclusive (the "Class Period"). **Receipt of this Notice does not mean that you are a member of the Settlement Class or that you will be entitled to receive a payment. If you wish to be eligible for a payment, you are required to submit the Claim Form that is being distributed with this Notice. See Question 8 below.**

10. The Court directed that this Notice be sent to Settlement Class Members because they have a right to know about the proposed partial Settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement.

11. The Court in charge of the Action is the United States District Court for the Northern District of Illinois, and the case is known as *Sokolow v. LJM Funds Management, Ltd., et al.*, No. 1:18-cv-01039. The Action is assigned to the Honorable Robert M. Dow, Jr., United States District Judge.

2. What is this case about and what has happened so far?

12. This case arises from the collapse of the Fund in early February 2018. Lead Plaintiffs allege that the Fund was marketed to investors seeking lower risk and moderate growth through a conservative strategy that would preserve capital and avoid the risks of aggressive hedge funds seeking greater returns. The Fund offered shares to investors pursuant to Registration Statements and Prospectuses. These Offering Materials allegedly promoted the Fund as a low-risk and trend-neutral investment, with allegedly inaccurate statements. Lead Plaintiffs allege the Fund was, instead, overexposed to the risk of volatility and a down market through trading strategies that exposed investors to risks and losses of capital, even in only a moderately down market. The Fund was allegedly overexposed to the risk of volatility through leveraged options that required the Fund to liquidate its capital to pay off its positions when the market declined and volatility increased.

13. As a result, in February 2018, the Fund suffered a dramatic drop in the net asset value (“NAV”) of Fund shares, wiping out 80% of the Fund’s value as markets dropped and volatility spiked. The NAV for the Fund’s shares fell from \$9.67 to \$4.27 on Monday, February 5, and then fell again the next day to \$1.91. On February 9, 2018, defendant LJM informed the Fund’s shareholders that a spike in volatility caused the Fund to liquidate its open positions and suffer massive losses of capital.

14. On February 9, 2018, a securities class action complaint was filed in the U.S. District Court for the Northern District of Illinois, Eastern Division on behalf of investors in the Fund, titled *Sokolow v. LJM Funds Management, Ltd., et al.*, Civil No. 1:18-cv-01039, and was assigned to the Hon. Robert M. Dow, Jr. On June 26, 2018, the Court issued an Order appointing Justin and Jenny Kaufman, Joseph N. Wilson, Dr. Larry and Marilyn Cohen, Tradition, and SRS as lead plaintiffs, and appointing Labaton Sucharow LLP and Robbins Geller Rudman & Dowd LLP as co-lead counsel.

15. The operative complaint in the Action is the Consolidated Complaint for Violations of the Federal Securities Laws, filed on August 16, 2018 (the “Complaint”). The Complaint alleges violations of §§11, 12(a)(2), and 15 of the Securities Act of 1933 (“1933 Act”) on behalf of a class of all purchasers who bought shares of the Fund during the period from February 28, 2015 through February 7, 2018, inclusive, pursuant to Offering Materials set forth in paragraph 51 of the Complaint.

16. Lead Plaintiffs, through Lead Counsel, have conducted a thorough investigation relating to the claims, defenses, and underlying events and transactions that are the subject of the Action. This process has included reviewing and analyzing, among other things, U.S. Securities and Exchange Commission (“SEC”) filings by the Trust; media and analyst reports regarding the Fund, its advisor LJM, and their affiliates; press releases and shareholder communications regarding the Fund, LJM, and their affiliates; and other publicly available information regarding the Trust, the Fund, LJM, and the industry.

17. On September 20, 2018, the parties agreed to pursue a settlement conference and jointly requested a stay of the Action. On October 3, 2018, following a status conference with the parties, Magistrate Judge Sidney I. Schenkier set a settlement conference for December 21, 2018, and set a schedule for the parties to exchange mediation statements. The December 21, 2018 settlement conference involved an extended effort to settle the claims and was preceded by the exchange of mediation statements. Although the settlement conference was unsuccessful, the parties continued to engage in settlement discussions thereafter as the Action proceeded.

18. On February 4, 2019, Defendants filed a Joint Motion to Dismiss the Complaint. In the motion, Defendants raised several grounds for dismissal, including that the Offering Materials for the Fund did not contain any false or misleading statements and fully disclosed the risks of investing in the Fund, the Complaint failed to plead loss causation, and that the claims asserted in the Complaint were not timely. Lead Plaintiffs opposed the motion, and on March 4, 2019, the motion was fully briefed. On May 20, 2019, the parties filed a Joint Motion for Stay Pending Settlement Discussions.

19. Following continued, extensive arm’s-length negotiations, Lead Plaintiffs and Northern Lights Distributors, LLC; NorthStar Financial Services Group, LLC; and Two Roads Shared Trust and its trustees and officers reached an agreement in principle to settle the claims in the Action for \$12,850,000.00, subject to the execution of a customary stipulation and agreement of settlement and related papers. The Stipulation (together with the exhibits thereto) constitutes the final and binding agreement between the Settling Parties.

3. Why is this a class action?

20. In a class action, one or more persons or entities (in this case, Lead Plaintiffs), sue on behalf of people and entities who have similar claims. Together, these people and entities are a “class,” and each is a “class member.” Class actions allow the adjudication of many individuals’ similar claims that might be too small economically to bring as individual actions. One court resolves the issues for all class members at the same time, except for those who exclude themselves, or “opt-out,” from the class.

4. What are the reasons for the Settlement?

21. The Court did not finally decide in favor of Lead Plaintiffs or the Settling Defendants. Instead, the Settling Parties agreed to a settlement. Lead Plaintiffs and Lead Counsel believe that the claims asserted in the Action are strong. They recognize, however, the expense and length of continued proceedings needed to pursue the claims through trial and appeals, as well as the difficulties in establishing liability as to the Settling Defendants. For example, the Settling Defendants have raised arguments and defenses (which they would likely continue to raise in motions for summary judgment, and at trial) countering Lead Plaintiffs’ allegations, such as that the Settling Defendants acted in good faith and in a manner they reasonably believed to be in accordance with all applicable rules, regulations, and laws. In the absence of a settlement, the Settling Parties would present factual and expert testimony on each of the issues in dispute, and there is a risk that the Court or jury would resolve these issues unfavorably against Lead Plaintiffs and the Settlement Class. Lead Plaintiffs and Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Settlement Class.

22. Settling Defendants have denied and continue to deny each and every one of the claims alleged by Lead Plaintiffs in the Action, including all claims in the Complaint. Nonetheless, Settling Defendants have concluded that continuation of the Action as against them would be protracted and expensive, and have taken into account the uncertainty and risks inherent in any litigation, especially a complex case like this Action, and believe that the Settlement is in the best interests of Settling Defendants.

WHO IS IN THE SETTLEMENT

5. How do I know if I am part of the Settlement Class?

23. The Court directed, for the purposes of the proposed Settlement, that everyone who fits the following description is a Settlement Class Member and subject to the Settlement unless they are an excluded person (*see* Question 6 below) or take steps to exclude themselves from the Settlement Class (*see* Question 11 below):

All persons and entities who purchased or otherwise acquired shares of the LJM Preservation and Growth Fund during the period from February 28, 2015, through February 7, 2018, inclusive.

24. The Plan of Allocation that is being proposed by Lead Plaintiffs for approval by the Court is discussed on pages 11 to 12 below. Check your investment records or contact your broker to see if you have any eligible purchases or acquisitions.

6. Are there exceptions to being included?

25. Yes. There are some individuals and entities that are excluded from the Settlement Class by definition. Excluded from the Settlement Class are: (i) Defendants and their affiliates; (ii) the officers, directors, and/or trustees of LJM Funds Management, Ltd., the Trust, NLD, NorthStar, or the Fund; (iii) members of the immediate families of any such excluded person; (iv) any firm, trust, corporation, or entity in which any Defendant has a controlling interest; and (v) the legal representatives, heirs, successors, and assigns of any excluded person or entity. Also excluded from the Settlement Class is anyone who timely and validly seeks exclusion from the Settlement Class in accordance with the procedures described in Question 11 below.

THE SETTLEMENT BENEFITS

7. What does the Settlement provide?

26. In exchange for the Settlement and the release of the Released Claims against the Released Defendant Parties (see Question 10 below), Settling Defendants have agreed to pay, or cause to be paid, \$12,850,000.00, which, along with any interest earned, will be distributed at the conclusion of the Action and after deduction of Court-awarded attorneys' fees and litigation expenses, Notice and Administration Expenses, Taxes, and any other fees or expenses approved by the Court (the "Net Settlement Fund"), to Settlement Class Members who send in valid and timely Claim Forms.

8. How can I receive a payment?

27. To qualify for a payment from the Net Settlement Fund, you must submit a timely and valid Claim Form. A Claim Form is included with this Notice. You may also obtain one from the website for the Action www.LJMFundsSecuritiesSettlement.com, or from Lead Counsels' websites, www.labat.com and www.rgrdlaw.com. You can also request that a Claim Form be mailed to you by calling the Claims Administrator toll-free at (855) 915-0913.

28. Please read the instructions in the Claim Form carefully. Fill out the Claim Form, include all the documents the form requests, sign it, and either mail it to the Claims Administrator using the address listed in the Claim Form or submit it online at www.LJMFundsSecuritiesSettlement.com. Claim Forms must be **postmarked (if mailed) or submitted online no later than December 11, 2019**.

9. When will I receive my payment?

29. The Court will hold a Settlement Hearing on **December 18, 2019** to decide, among other things, whether to finally approve the Settlement. Even if the Court approves the Settlement, there may be appeals which can take time to resolve, perhaps more than a year. It also takes a long time for all of the Claim Forms to be accurately reviewed and processed. If you have an eligible claim, you will receive a payment after the Settlement reaches its Effective Date, the Action has concluded, the Court has awarded attorneys' fees and expenses, and Claim Forms have been processed and evaluated. Please be patient.

10. What am I giving up to receive a payment and by staying in the Settlement Class?

30. If you are a Settlement Class Member and do not timely and validly exclude yourself from the Settlement Class, you will remain in the Settlement Class and that means that, upon the "Effective Date" of the Settlement, you will release all "Released Claims" against the "Released Defendant Parties."

(a) **"Released Claims"** means any and all complaints, claims, third-party claims, cross-claims, counterclaims, demands, allegations, liabilities, obligations, promises, agreements, controversies, actions, causes of action, suits, rights, damages, costs, losses, debts, charges, and expenses (including Unknown Claims (as defined below) and attorneys' fees, expert fees, and disbursements of counsel and other professionals) of any and every nature whatsoever, whether in law or in equity, whether arising under federal, state, local, or foreign statutory or common law or any other law, rule, or regulation (whether foreign or domestic), whether currently known or unknown, fixed or contingent, suspected or unsuspected, foreseen or unforeseen, ripened or unripened, accrued or unaccrued, liquidated or unliquidated, or matured or not matured, whether arising in equity or under the law of contract, tort, malpractice, statutory breach, or any other legal right or duty, whether direct, class, individual, representative, or in any other capacity, and to the fullest extent that the law permits their release in this lawsuit, that Lead Plaintiffs, or any other member of the Settlement Class: (a) asserted in the Action, or (b) could have asserted against any of the Released Defendant Parties in the Action or in any forum that arise out of, relate to, are connected with, or in any way concern (i) the allegations, transactions, facts, matters, occurrences, representations, or omissions involved, set forth, alleged, or referred to in the Action, or relating to actions or inactions with respect to the Fund, and that (ii) arise out of, are based upon, or relate to in any way, the purchase or acquisition of shares of the Fund during the Class Period. Released Claims does not include: (a) claims in any governmental or regulatory agency proceeding or action, including the right of any Settlement Class Member to recover therein; (b) claims asserted in: *David Melcher v. LJM Partners, Ltd., et al.*, 2018 CH 10346 (Cook Cty Circuit Crt, IL), *Donna Lundgren-Wiedinmyer v. LJM Partners, Ltd., et al.*, 2018 CH 10712 (Cook Cty Circuit Crt, IL), *Barney C. Guttman v. LJM Partners, Ltd., et al.*, 2018 CH 12701 (Cook Cty Circuit Crt, IL); *LJM Partners, Ltd. v. John Does*, No. 19-cv-368 (N.D. Ill.); or (c) claims to enforce the Settlement.

(b) **“Released Defendant Parties”** means the Settling Defendants, Settling Defendants’ Counsel, and each of their respective predecessors, successors, parent corporations, sister corporations, past, present, or future subsidiaries, affiliates, principals, assigns, assignors, heirs, legatees, devisees, executors, administrators, estates, heirs, spouses, immediate family members, receivers and trustees, settlors, beneficiaries, officers, directors, shareholders, employees, servants, agents, partners, insurers, reinsurers, representatives, attorneys, legal representatives, and successors-in-interest of the Settling Defendants. Released Defendant Parties does not include any of the Non-Settling Defendants.

(c) **“Unknown Claims”** means any and all Released Claims that Lead Plaintiffs or any other Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendant Parties, and any and all Released Defendants’ Claims that any Settling Defendant does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Plaintiff Parties or, with respect to the Cross-Released Claims, any other Settling Defendant, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement, including the decision to object to the terms of the Settlement or to exclude himself, herself, or itself from the Settlement Class. With respect to any and all Released Claims and Released Defendants’ Claims, and Cross-Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs and Settling Defendants shall expressly, and each other Settlement Class Member shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, to the fullest extent permitted by law, expressly waived and relinquished any and all provisions, rights and benefits conferred by any law of any state or territory of the United States or foreign law, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Lead Plaintiffs and other Settlement Class Members, or Settling Defendants may hereafter discover facts, legal theories, or authorities in addition to or different from those which any of them now knows or believes to be true with respect to the subject matter of the Released Claims and the Released Defendants’ Claims, but Lead Plaintiffs and Settling Defendants shall expressly, fully, finally, and forever settle and release, and each Settlement Class Member shall be deemed to have settled and released, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall have settled and released, fully, finally, and forever, any and all Released Claims and Released Defendants’ Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. Lead Plaintiffs and Settling Defendants acknowledge, and other Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Released Defendants’ Claims was separately bargained for and was a material element of the Settlement.

31. The “Effective Date” will occur when an Order entered by the Court approving the Settlement becomes Final and is not subject to appeal. If you remain a member of the Settlement Class, all of the Court’s orders about the Settlement, whether favorable or unfavorable, will apply to you and legally bind you.

32. Upon the “Effective Date,” Settling Defendants will also provide a release of any claims against Lead Plaintiffs, the Settlement Class, and the Released Plaintiff Parties arising out of or related to the institution, prosecution, or settlement of the claims in the Action.

EXCLUDING YOURSELF FROM THE SETTLEMENT CLASS

33. If you want to keep any right you may have to sue or continue to sue Settling Defendants and the other Released Defendant Parties on your own concerning the Released Claims, then you must take steps to remove yourself from the Settlement Class. This is called excluding yourself or “opting out.” **Please note:** If you decide to exclude yourself, there is a risk that any lawsuit you may file to pursue claims against the Settling Defendants may be dismissed, including because the suit is not filed within the applicable time periods required for filing suit. Settling Defendants may also terminate the Settlement if more than a certain number of Settlement Class Members request exclusion.

11. How do I exclude myself from the Settlement Class?

34. To exclude yourself from the Settlement Class, you must mail a signed letter stating that you request to be “excluded from the Settlement Class in *Sokolow v. LJM Funds Management, Ltd.*, No. 18-cv-01039 (N.D. Ill).” You cannot exclude yourself by telephone or email. Each request for exclusion must also: (i) state the name, address and telephone number of the person or entity requesting exclusion; (ii) state the number of shares of the Fund the person or entity purchased and sold during the Class Period, as well as the dates and prices of each such purchase and sale; and (iii) be signed by the person requesting exclusion or an authorized representative. A request for exclusion must be submitted so that it is **received no later than November 27, 2019** to:

LJM Funds Securities Settlement
c/o Epiq
P.O. Box 3058
Portland, OR 97208-3058

35. This information is needed to determine whether you are a member of the Settlement Class. Your exclusion request must comply with these requirements in order to be valid. **If you do not provide your transactional information, you will not be excluded from the Settlement Class.** If you ask to be excluded, do not submit a Claim Form because you cannot receive any payment from the Net Settlement Fund. Also, you cannot object to the Settlement because you will not be a Settlement Class Member. However, if you submit a valid exclusion request, you will not be legally bound by the Settlement, and you may be able to sue (or continue to sue) the Settling Defendants and the other Released Defendant Parties in the future.

12. If I do not exclude myself, can I sue the Settling Defendants and the other Released Defendant Parties for the same thing later?

36. No. Unless you properly exclude yourself, you will give up any rights to sue the Settling Defendants and the other Released Defendant Parties for any and all Released Claims. If you have a pending lawsuit against any of the Released Defendant Parties, **speak to your lawyer in that case immediately.** You must exclude yourself from the Settlement Class to continue your own lawsuit. Remember, the exclusion deadline is **November 27, 2019.**

13. If I exclude myself, can I get money from the proposed Settlement?

37. No, only Settlement Class Members are eligible to recover money from the Settlement.

THE LAWYERS REPRESENTING YOU

14. Do I have a lawyer in this case?

38. Labaton Sucharow LLP and Robbins Geller Rudman & Dowd LLP are Lead Counsel in the Action and represent all Settlement Class Members. You will not be separately charged for these lawyers. The Court will determine the amount of attorneys’ fees and expenses, which will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

15. How will the lawyers be paid?

39. Lead Counsel have been prosecuting the Action on a contingent basis and have not been paid for any of their work. Lead Counsel will apply to the Court for an award of attorneys’ fees of no more than 28% of the Settlement Fund, which will include any accrued interest. Lead Counsel will also seek payment of litigation expenses incurred in the prosecution of the Action of no more than \$100,000.00, plus accrued interest, which may include an application for awards to the Lead Plaintiffs in accordance with the PSLRA in connection with their representation of the Settlement Class. Any attorneys’ fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

OBJECTING TO THE SETTLEMENT, THE PLAN OF ALLOCATION, AND THE FEE AND EXPENSE APPLICATION

16. How do I tell the Court that I do not like something about the proposed Settlement?

40. If you are a Settlement Class Member, you can object to the Settlement or any of its terms, the Fee and Expense Application, and/or the proposed Plan of Allocation of the Net Settlement Fund. You may write to the Court about why you think the Court should not approve any or all of the Settlement terms or related relief. If you would like the Court to consider your views, you must file a proper objection within the deadline, and according to the following procedures.

41. To object, you must send a signed letter stating that you object to the proposed Settlement, the Fee and Expense Application, and/or the Plan of Allocation in “*Sokolow v. LJM Funds Management, Ltd.*, No. 18-cv-01039 (N.D. Ill.)” Your objection must state why you are objecting and whether your objection applies only to you, a subset of the Settlement Class, or the entire Settlement Class. The objection must also: (i) state the name, address, and telephone number of the objector and must be signed by the objector; (ii) contain a statement of the Settlement Class Member’s objection or objections and the specific reasons for each objection, including any legal and evidentiary support (including witnesses) the Settlement Class Member wishes to bring to the Court’s attention; and (iii) include information sufficient to prove the objector’s membership in the Settlement Class, including the number of shares of the Fund purchased and sold during the Class Period, as well as the dates and prices of each such purchase and sale. Unless otherwise ordered by the Court, any Settlement Class Member who does not object in the manner described in this Notice will be deemed to have waived any objection and will be forever foreclosed from making any objection to the proposed Settlement and/or the Plan of Allocation. Your objection must be filed with the Court **no later than November 27, 2019** **and** be mailed or delivered to the following counsel so that it is **received no later than November 27, 2019**:

<u>Court</u>	<u>Lead Counsel</u>	<u>Settling Defendants’ Counsel Representative</u>
Clerk of the Court United States District Court Northern District of Illinois 219 S. Dearborn Chicago, IL 60604	Labaton Sucharow LLP James W. Johnson, Esq. 140 Broadway New York, NY 10005	Sidley Austin LLP Amy C. Andrews, Esq. One South Dearborn Chicago, IL 60603
	Robbins Geller Rudman & Dowd LLP James E. Barz, Esq. 200 South Wacker Drive Chicago, IL 60606	

42. You do not need to attend the Settlement Hearing to have your written objection considered by the Court. However, any Settlement Class Member who has complied with the procedures described in this Question 16 and below in Question 20 may appear at the Settlement Hearing and be heard, to the extent allowed by the Court. An objector may appear in person or arrange, at his, her, or its own expense, for a lawyer to represent him, her, or it at the Settlement Hearing.

17. What is the difference between objecting and seeking exclusion?

43. Objecting is telling the Court that you do not like something about the proposed Settlement, the Fee and Expense Application, or the Plan of Allocation. You can still recover money from the Settlement. You can object *only* if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself from the Settlement Class, you have no basis to object because the Settlement no longer affects you.

THE SETTLEMENT HEARING

18. When and where will the Court decide whether to approve the proposed Settlement?

44. The Court will hold the Settlement Hearing on **December 18, 2019 at 9:15 a.m.**, in Courtroom 2303 of the United States District Court for the Northern District of Illinois, Everett McKinley Dirksen United States Courthouse, 219 S. Dearborn, Chicago, Illinois 60604.

45. At this hearing, the Court will consider whether: (i) the Settlement is fair, reasonable, adequate, and should be approved; (ii) the Plan of Allocation is fair and reasonable, and should be approved; and (iii) the application of Lead Counsel for an award of attorneys' fees and payment of litigation expenses is reasonable and should be approved. The Court will take into consideration any written objections filed in accordance with the instructions in Question 16 above. We do not know how long it will take the Court to make these decisions.

46. You should be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Settlement Class Members. If you want to attend the hearing, you should check with Lead Counsel or visit the websites www.LJMFundsSecuritiesSettlement.com, www.rgrdlaw.com, or www.labaton.com, beforehand to be sure that the hearing date and/or time has not changed.

19. Do I have to come to the Settlement Hearing?

47. No. Lead Counsel will answer any questions the Court may have. But, you are welcome to attend at your own expense. If you submit a valid and timely objection, the Court will consider it and you do not have to come to Court to discuss it. You may have your own lawyer attend (at your own expense), but it is not required. If you do hire your own lawyer, he or she must file and serve a Notice of Appearance in the manner described in the answer to Question 20 below *no later than November 27, 2019*.

20. May I speak at the Settlement Hearing?

48. You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must, *no later than November 27, 2019*, submit a statement that you, or your attorney, intend to appear in "*Sokolow v. LJM Funds Management, Ltd.*, No. 18-cv-01039 (N.D. Ill.)." Persons who intend to present evidence at the Settlement Hearing must also include in their objections (prepared and submitted in accordance with the answer to Question 16 above) the identities of any witnesses they may wish to call to testify and any exhibits they intend to introduce into evidence at the Settlement Hearing. You may not speak at the Settlement Hearing if you exclude yourself from the Settlement Class or if you have not provided written notice of your intention to speak at the Settlement Hearing in accordance with the procedures described in this Question 20 and Question 16 above.

IF YOU DO NOTHING

21. What happens if I do nothing at all?

49. If you do nothing and you are a member of the Settlement Class, you will receive no money from this Settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against the Settling Defendants and the other Released Defendant Parties concerning the Released Claims. To share in the Net Settlement Fund, you must submit a Claim Form (*see* Question 8 above). To start, continue, or be a part of any other lawsuit against the Settling Defendants and the other Released Defendant Parties concerning the Released Claims, you must exclude yourself from the Settlement Class (*see* Question 11 above).

GETTING MORE INFORMATION

22. Are there more details about the Settlement?

50. This Notice summarizes the proposed Settlement. More details are contained in the Stipulation. You may review the Stipulation filed with the Court or other documents in the case during business hours at the Office of the Clerk of the United States District Court, Northern District of Illinois, 219 S. Dearborn, Chicago, IL 60604. Subscribers to PACER, a fee-based service, can also view the papers filed publicly in the Action through the Court's online Case Management/Electronic Case Files System at <https://www.pacer.gov>.

51. You can also get a copy of the Stipulation, and other documents related to the Settlement, as well as additional information about the Settlement by visiting the Claims Administrator website, www.LJMFundsSecuritiesSettlement.com, or the websites of Lead Counsel, www.labaton.com and www.rgrdlaw.com. You may also call the Claims Administrator toll-free at (855) 915-0913 or write to the Claims Administrator at *LJM Funds Securities Settlement*, c/o Epiq, P.O. Box 3058, Portland, OR 97208-3058.

Please do not call the Court with questions about the Settlement.

PLAN OF ALLOCATION OF THE NET SETTLEMENT FUND

23. How will my claim be calculated?

52. The Plan of Allocation (the “Plan of Allocation” or “Plan”) set forth below is the plan that is being proposed by Lead Plaintiffs and Lead Counsel to the Court for approval. The Court may approve this Plan of Allocation or modify it without additional notice to the Settlement Class. Any order modifying the Plan will be posted on the Claims Administrator website at www.LJMFundsSecuritiesSettlement.com, and at www.labaton.com and www.rgrdlaw.com.

53. The Settlement Amount and the interest it earns is the “Settlement Fund.” The Settlement Fund, after deduction of Court-approved attorneys’ fees and expenses, Notice and Administration Expenses, Taxes, and any other fees or expenses approved by the Court is the “Net Settlement Fund.” The Net Settlement Fund will be distributed at the conclusion of the Action to members of the Settlement Class who timely submit valid Claim Forms that show a Recognized Claim according to the Plan of Allocation approved by the Court.

54. The objective of this Plan of Allocation is to equitably distribute the Net Settlement Fund among Authorized Claimants who suffered economic losses allegedly as a result of the asserted violations of the federal securities laws during the Class Period (February 28, 2015, through February 7, 2018, inclusive). In this case, Lead Plaintiffs allege that the Fund’s Registration Statements and Prospectuses contained false statements and omitted material facts that damaged members of the Settlement Class. This Plan is intended to be generally consistent with an assessment of, among other things, the damages that Lead Plaintiffs and Lead Counsel believe were recoverable in the Action pursuant to the 1933 Act.

55. The Plan of Allocation, however, is not a formal damages analysis, and the calculations made pursuant to the Plan are not intended to be estimates of, nor indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund. An individual Settlement Class Member’s recovery will depend on, for example, (i) the total number and value of claims submitted; (ii) when the claimant purchased or acquired shares of the Fund; and (iii) whether and when the claimant sold his, her, or its shares of the Fund.

56. Because the Net Settlement Fund is less than the total losses alleged to be suffered by Settlement Class Members, the formulas described below for calculating Recognized Losses are not intended to estimate the amount that will actually be paid to Authorized Claimants. Rather, these formulas provide the basis on which the Net Settlement Fund will be distributed among Authorized Claimants on a *pro rata* basis. An Authorized Claimant’s “Recognized Claim” shall be the amount used to calculate the Authorized Claimant’s *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant’s Recognized Claim divided by the total of the Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

57. Settling Defendants, their respective counsel, and all other Released Defendant Parties will have no responsibility or liability for the investment of the Settlement Fund, the distribution of the Net Settlement Fund, the Plan of Allocation or the payment of any claim. Lead Plaintiffs, Lead Counsel, and anyone acting on their behalf, likewise will have no liability for their reasonable efforts to execute, administer, and distribute the Settlement.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

58. For purposes of determining whether a claimant has a Recognized Claim, purchases and sales of shares of the LJM Preservation and Growth Fund (LJMAX, LJMCX, or LJMIX) will first be matched on a First In/First Out (“FIFO”) basis. If a Settlement Class Member has more than one purchase or sale of the Fund during the Class Period, all purchases and sales shall be matched on a FIFO basis. Class Period sales will be matched first against any holdings at the beginning of the Class Period and then against purchases in chronological order, beginning with the earliest purchase made during the Class Period. For purposes of this Plan, “sales price” refers to the proceeds received, if any, upon the redemption of each share.

59. The Claims Administrator will calculate a “Recognized Loss Amount,” as set forth below, for each purchase of shares of the Fund during the Class Period from February 28, 2015, through February 7, 2018, that is listed in the Claim Form and for which adequate documentation is provided. To the extent that the calculation of a claimant’s Recognized Loss Amount results in a negative number, that number shall be set to zero.

60. The sum of a claimant’s Recognized Loss Amounts will be the claimant’s “Recognized Claim.”

61. For each share of the Fund purchased on or between February 28, 2015 through February 7, 2018, and:

- (a) Sold prior to February 8, 2018, the Recognized Loss per share is the purchase price per share less the sales price per share.
- (b) Retained at the end of the day on February 7, 2018, the Recognized Loss per share is either:
 - (i) For shares sold before March 28, 2018 (the date the Fund was dissolved), the purchase price per share less the sales price per share; or
 - (ii) For shares held on March 28, 2018, the purchase price per share less the proceeds per share received, if any, (a) upon redemption of shares purchased, or (b) upon the *pro rata* per share distribution of the Fund's remaining assets received.

ADDITIONAL PROVISIONS

62. Purchases and sales of shares of the Fund shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of shares during the Class Period shall not be deemed a purchase of such shares for the calculation of an Authorized Claimant's Recognized Claim, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase of such shares unless: (i) the donor or decedent purchased or otherwise acquired such shares during the Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such shares; and (iii) it is specifically so provided in the instrument of gift or assignment.

63. The Net Settlement Fund will be allocated among all Authorized Claimants whose prorated payment is \$10.00 or greater. If the prorated payment to any Authorized Claimant calculates to less than \$10.00, it will not be included in the calculation and a distribution will not be made to that Authorized Claimant.

64. Payment according to this Plan of Allocation will be deemed conclusive against all Authorized Claimants. Recognized Claims will be calculated as defined herein by the Claims Administrator and cannot be less than zero. Please contact the Claims Administrator or Lead Counsel if you disagree with any determinations made by the Claims Administrator regarding your Claim Form. If you are dissatisfied with the determination of your claim, you may ask the Court, which retains jurisdiction over all Settlement Class Members and the claims administration process, to decide the issue by submitting a written request to the Claims Administrator.

65. Distributions will be made to eligible Authorized Claimants after all claims have been processed, after the Court has finally approved the Settlement, after the Court has awarded attorneys' fees and expenses to Lead Counsel in connection with the Settlement, and at the conclusion of the Action. If there is any balance remaining in the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or otherwise) after at least six (6) months from the date of initial distribution of the Net Settlement Fund, the Claims Administrator shall, if feasible and economical after payment of Notice and Administration Expenses, Taxes, and attorneys' fees and expenses, if any, redistribute such balance among Authorized Claimants who have cashed their initial checks in an equitable and economic fashion. These redistributions will be repeated until the balance remaining in the Net Settlement Fund is no longer feasible or economical to reallocate. After payment of outstanding Notice and Administration Expenses, Taxes, and attorneys' fees and expenses, if any, the remaining balance shall be contributed to a non-sectarian, not-for-profit charitable organization(s) serving the public interest, designated by Lead Plaintiffs and approved by the Court.

66. Payment pursuant to the Plan of Allocation or such other plan as may be approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiffs, Lead Counsel, the Claims Administrator, or other agent designated by Lead Counsel, arising from determinations or distributions to claimants made substantially in accordance with the Stipulation, the Plan of Allocation approved by the Court, or further orders of the Court. Settling Defendants, their respective counsel, and all other Released Defendant Parties shall have no responsibility for or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation or the determination, administration, calculation, or payment of any Claim Form or non-performance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund or any losses incurred in connection therewith.

67. Each claimant is deemed to have submitted to the jurisdiction of the United States District Court for the Northern District of Illinois with respect to his, her, or its claim.

SPECIAL NOTICE TO SECURITIES BROKERS AND NOMINEES

68. If you purchased shares of the LJM Preservation and Growth Fund (CUSIPs: LJMAX: 90213U503, LJMCX: 90213U602, LJMIX: 90213U701) during the Class Period for the beneficial interest of a person or entity other than yourself, the Court has directed that **WITHIN TEN (10) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE, YOU MUST EITHER** (a) provide to the Claims Administrator the name and last known address of each person or entity for whom or which you purchased shares of the Fund during the Class Period; or (b) request additional copies of this Notice and the Claim Form from the Claims Administrator, which will be provided to you free of charge, and **WITHIN TEN (10) CALENDAR DAYS** of receipt, mail the Notice and Claim Form directly to all the beneficial owners of those securities. You must also provide email addresses of such beneficial owners to the Claims Administrator, to the extent available. If you choose to follow procedure (b), the Court has also directed that, upon making that mailing, **YOU MUST SEND A STATEMENT** to the Claims Administrator confirming that the mailing was made as directed and keep a record of the names and mailing addresses used. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, assuming the expenses would not have been incurred except for the sending of such Notice. Expenses will be paid upon request and submission of appropriate supporting documentation and timely compliance with the above directives. All communications concerning the foregoing should be addressed to the Claims Administrator:

LJM Funds Securities Settlement
c/o Epiq
P.O. Box 3058
Portland, OR 97208-3058
www.LJMFundsSecuritiesSettlement.com
info@LJMFundsSecuritiesSettlement.com
(855) 915-0913

Dated: September 12, 2019

BY ORDER OF THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

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