



Mona Aboelnaga Kanaan  
President & CEO  
Proctor Investment Managers LLC  
575 Lexington Avenue, 8th Floor  
New York, New York 10022

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Dear Fund Manager:

The summer of 2008 is almost over -- and what a season it has been for everyone involved in the financial industry.

The past few days have witnessed some of the most momentous events seen in the capital markets in decades, culminating in the rescue of AIG by the Federal Reserve, the sale of Merrill Lynch to Bank of America, the bankruptcy of Lehman Brothers and the increasing pressure on Morgan Stanley.

Any of these individual events would have been unthinkable at the start of summer. In total, they signal a coming sea change in the world of finance and investment that will reverberate for years.

But, as we all know, for each losing trade there is a winning counterparty. How can we ensure our organizations are the latter?

Based on all we've seen, here are some thoughts on what you should be thinking and doing to position yourself for success:

- Communicate, communicate, communicate. Managers must make communicating to investors a priority at times like this. Investors are more likely to fire managers for lack of communication than poor performance. Likewise, prospective investors will appreciate you reaching out on a methodical basis and providing thoughtful analyses. In troubled times, too many managers hide their head in the sand. Get out there and even if they can't invest today, they'll invest in the future.
- Get on top of risk. Risk management has never been more important. Test and affirm the strength of both investment processes and infrastructure. Assess counter party risk. Investors will remember those who saved them in the downdraft.

- Be opportunistic. While painful, market turbulence can often be the time of greatest opportunity. Again, this includes not just portfolio investment opportunities, but also investment in team and infrastructure. This is the best recruiting environment in years.
- Be strategic. If you can't get to where you need to be alone, figure out who can provide you the necessary resources. While M&A is suffering from the fall of traditional players (i.e., banks, investment houses), private equity is an option that makes more sense today than ever and will likely gain greater prominence in the investment management business. Make sure you are well positioned for when the dust settles.

We can all agree that the financial world looks very different than it did a month or even a few days ago. I think it is safe to say that the playing field will look even more different a year from now. At Proctor, we make it our business to invest in and partner with quality managers who have the investment prowess and business vision to grow and succeed. We are long-term investors and are ready to stand by you through good markets and bad.

Thank you for your continued interest in Proctor and I look forward to furthering our discussions in the future.

Sincerely,

A handwritten signature in black ink, appearing to be the initials 'MA' with a stylized flourish extending to the right.

Mona Aboelnaga Kanaan