

Infinity Q Diversified Alpha Fund
Summary of the Plan of Distribution and Answers to Shareholder Questions

(Updated June 7, 2021)

On June 7, 2021, the Fund submitted the Plan of Distribution (“Plan”) to the staff of the Securities and Exchange Commission (“SEC”) for its review and comment. Accordingly, the Plan remains subject to change. The Plan has been posted to this site (www.infinityqfundliquidation.com). You should read in their entirety the Plan, this summary, and the FAQs that follow. In the event anything in this summary or an FAQ response is inconsistent with the terms of the Plan, the terms of the Plan will control.

Interim Distribution: The Plan provides for a substantial interim distribution to current shareholders, currently projected to be approximately \$500 million, or about 40% of the Fund’s current gross assets of approximately \$1.25 billion. Under the Plan, the initial distribution, and all future distributions, will be made *pro rata* to each shareholder as of February 18, 2021, based on the number of shares held by that shareholder in each class as a fraction of the total number of shares in that class.

The Fund anticipates that it will make this interim distribution approximately 30 days after the SEC staff completes its review of the Plan. **Shareholders do not need to take any steps to participate in this initial distribution.** The Fund will send checks to shareholders who purchased their shares directly from the Fund using account information the Fund has on file. For shareholders who purchased through intermediaries, the Fund will distribute amounts to their intermediaries for credit to those shareholders.

Reserve Amount: The Fund’s remaining assets are being retained by the Fund as a reserve against future expenses and potential liabilities. The law requires the Fund to reserve from immediate distribution an amount sufficient to pay these future expenses and potential liabilities. That reserve amount is currently set at \$750 million and may be changed at the discretion of the Board of Trustees (“Board”) at any time. The largest component of the reserve is for possible liability in connection with class action litigation that has been filed against the Fund. As potential liabilities are resolved, the Board may be able to change the reserve amount.

Unpaid Redemptions: Redemption requests that were received on or before 4:00 p.m. on February 18, 2021 but which have not been paid are treated under the Plan as liabilities of the Fund. This means the shareholders who submitted those requests will not receive a distribution under the Plan with respect to those redeemed shares. Instead, the Plan provides that those redemptions will be paid from the reserve, subject to and after reduction for any rights of offset, within 15 days after the Fund recalculates its net asset value (“NAV”) on the applicable redemption date, and based on that recalculated NAV. The total amount of such unpaid redemptions is less than \$100,000. Redemption requests received after 4:00 p.m. on February 18, 2021 will be disregarded, meaning those shares will be treated under the Plan as if no redemption request had been made.

Offsets: All payments from the Fund – to any recipient, whether made from the reserved assets as a payment of a liability or from unreserved assets as a distribution – may be reduced or withheld to account for any claim the Fund may have against the recipient. Offsets could include, by way of example, amounts previously received by a shareholder pursuant to a redemption at an NAV that the Fund determines was overstated. The excess amount the shareholder previously received may offset distributions to that shareholder.

Future Distributions: After the initial distribution, there may be additional interim distributions if circumstances permit. Once all the expenses and liabilities of the Fund have been resolved, the reserve will be discontinued, and the remainder of the Fund's assets will be distributed to current shareholders. At this time, the Fund cannot estimate when any such final distribution will be made, as the timing depends on the resolution of all matters covered by the reserve.

Questions about the Plan of Distribution

1. Why is such a large reserve necessary when current shareholders may be the ones who suffered the most losses? Shouldn't that money just be distributed to current shareholders, thereby reducing the potential exposure in the class action litigation?

Answer: The Plan treats (i) current shareholders as equity owners of the Fund's assets; and (ii) former shareholders, to the extent they have claims against the Fund's assets, and shareholders who submitted redemption requests on or before February 18, 2021 that were not satisfied by the Fund, as creditors who may have claims against the Fund. Claims of creditors are considered liabilities of the Fund.

Although there is overlap of identity between current shareholders and members of the proposed classes alleging damages claims against the Fund's assets, there are also potential class members alleging damages claims who are not current shareholders. So, not all members of the potential classes are entitled to distribution as equity holders. And even if there were identity between shareholders and the members of the potential classes, the method by which payment to one or both potential classes would be distributed among class members in a litigation would be net of payment of their attorneys' fees and expenses and would be different from the *pro rata* methodology for distributing to equity holders set forth in the Plan. And, even if those serious distinctions did not exist, the fact is the Fund does not have the power to end the pending class action litigation unilaterally, even by distributing reserved amounts.

2. The Plan does not provide for distributions to former shareholders. Why?

Answer: Former shareholders who have claims against the Fund are treated as creditors, not as shareholders. So, there is no provision for making a distribution to a former shareholder. Also, bear in mind that if a former shareholder was overpaid in a redemption, the Fund may assert a claim against that former shareholder and will reduce any payment to that shareholder on account of the Fund's claim.

3. Why did the Board adopt a *pro rata* distribution based on February 18, 2021 holdings instead of re-striking the NAV and recalculating the number of shares each shareholder has, which would give consideration to later purchasers who presumably were harmed more by the overvaluation than earlier purchasers?

Answer: The Plan of Distribution provides for a straightforward and expedient interim distribution of the Fund's assets (net of the Special Reserve) to current shareholders. The Board determined that re-striking the NAV and recalculating the number of shares held by each shareholder at the relevant time would require a difficult, time-consuming, fact-intensive and expensive inquiry. Moreover, at the end of that exercise, issues concerning why certain investors chose not to redeem while others did would

remain. Given the number of variables involved with re-striking the Fund's NAV and the uncertainty around making assumptions about what a shareholder might have done in the past had the NAV been different, the results would be speculative at best and could not be said to be fairer and more equitable to all shareholders than *pro rata* distribution of the Fund's assets to current shareholders based on the Fund's holdings as of 8:00 a.m. Eastern Time on February 19, 2021.

4. Who could have a claim to the Fund's assets that are senior to the shareholders?

Answer: Delaware statutory trust law (12 Del. C. § 3808) and the Plan of Liquidation require the Board to reserve for all of the Fund's debts, obligations and liabilities, whether contingent, conditional, unmatured, known or unknown. As a general matter, such claims against the Fund arising from debts, obligations and liabilities of the Fund have priority to the claims of current shareholders, who are equity holders in the Fund and not creditors of the Fund. Examples of creditors who may have claims against the Fund include the Fund's service providers, parties seeking indemnification from the Fund pursuant to indemnification agreements, and plaintiffs in the litigations asserting damages claims and seeking recovery from the Fund's assets. The Board has undertaken a process to evaluate and estimate the Fund's potential expenses and liabilities and has determined that a substantial reserve is required to ensure the Fund has sufficient assets to meet those expenses and liabilities. By reserving for potential liabilities and other claims creditors may make against the Fund, the Board makes no admission that any damages are or will be owed and does not agree that there is any legal or factual basis for any claim or damages amount.