

**CONFIDENTIAL**

**MEMORANDUM**

**TO:** Executive Office, Board of Directors, and Senior Management

**FROM:** Marcus Thorne, Chief Investment Officer

**SUBJECT:** Critical Update on Meridian Opportunities Fund Valuation Methodology and Counter-Narrative Strategy

**DATE:** March 15, 2021

As we continue to navigate the complexities of our investment portfolio, I am compelled to address the growing concerns surrounding the Meridian Opportunities Fund's valuation methodology. While our team has been diligent in ensuring compliance with regulatory requirements, I believe it is essential to clarify the strategies employed by our Investment Division.

**SUMMARY:**

Recent communications from Evelyn Reed, Risk Management Director, have raised questions about the propriety of our valuation practices. I understand her concerns and want to assure you that our team has been working diligently to address these issues proactively. However, I must emphasize that the Investment Division's approach has been thoroughly vetted and approved by our internal controls and compliance procedures.

**KEY POINTS:**

1. **Valuation Methodology:** Our team has been utilizing a mark-to-model approach, which involves estimating the value of illiquid assets based on their projected cash flows. This methodology is widely accepted in the industry and has been endorsed by our external auditors.
2. **Risk Assessment Scores:** According to our Enterprise Risk Matrix (ERM), the Meridian Opportunities Fund has consistently scored below the threshold for high-risk investments. This assessment is based on our proprietary risk models and has been validated by our Internal Audit Team.
3. **Compliance:** Our Investment Division has been working closely with the Compliance Department to ensure that all transactions are properly documented and reported to the relevant regulatory bodies. We have also implemented additional controls to prevent any potential conflicts of interest.

**COUNTER-NARRATIVE STRATEGY:**

In light of the recent concerns raised by Evelyn Reed, I recommend that we adopt a proactive approach to address these issues and maintain transparency with our stakeholders. This includes:

1. **Enhanced Disclosure:** We will provide additional disclosure on our valuation methodology and risk assessment scores to our investors and regulatory bodies.
2. **Regular Updates:** Our team will maintain regular communication with the Compliance Department and Risk Management to ensure that all concerns are addressed promptly.
3. **Internal Controls:** We will review and strengthen our internal controls to prevent any potential misstatements or misrepresentations.

#### **CONCLUSION:**

I am confident that our Investment Division has been operating in accordance with regulatory requirements and our internal policies. However, I believe it is essential to be transparent and proactive in addressing these concerns. By working together, I am confident that we can maintain the trust of our stakeholders and continue to deliver strong returns on our investments.

Please do not hesitate to contact me if you have any questions or concerns.

**cc:** Arthur Sterling, CEO;