



EEA Fund Management  
(Guernsey) Limited

# EEA Life Settlements Fund

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Portfolio Statistics as at 30 June 2017

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# Fund Commentary

As at 30 June 2017

At 30 June 2017, the Fund held 128 life insurance policies with a total net death benefit of \$444 million. The average policy size (net death benefit) was approximately US\$3.5 million. The portfolio covered 47 illnesses, 95 lives and 39 insurance companies. Based upon weighted net death benefit, 92.6% of the portfolio was represented by insureds who were aged 80 or over, with an overall weighted average age of 91.01 years.

At the start of the year, the Fund's independent valuation agent, Maple Life Analytics, projected portfolio maturities for 2017 of \$67.3 million (but with a range of between \$28.7 million and \$119.0 million). In the quarter to the end of June 2017, there were 4 reported maturities with a total net death benefit of \$13.34 million, bringing the year to June 2017 total to \$25.71m, which is therefore within the range of expectations for 2017. We note that \$10m of this year's maturities, while reported in February 2017, actually occurred in October 2016. It is included in this total for comparison with Maple Life Analytics' projections, which are based on the same set of portfolio data and based on this maturity not having occurred before 2017.

In April 2017 the Fund sold three policies (policy numbers 15884, 14475 and 16426) for \$663,500. In June 2017, policy number 15564 expired due to the underlying insured reaching the age at which the policy automatically terminates. The value of this policy had been written down to reduce the impact on the Fund's NAV.

The Fund has recently confirmed that the cash required to pay future premiums on Current Underlying Investments for one year, on the conservative assumption that no maturities occur during this period, is \$39.5 million. According to Maple Life Analytics, the cumulative premiums expected to be paid in 2017 is \$34.1 million and, in 2018, is \$34.3 million.

The NAV per Share of the USD-denominated Cells decreased over the last quarter, ranging from -6.24% to -6.38% depending on the Cell. This was predominantly as a result of updating certain life expectancy estimates (with two new LEs having the majority of the impact on four policies with a total net death benefit of \$31m), other adjustments made by Maple Life Analytics together with a decision not to continue to recognise a positive value for a deferred tax asset which had previously been valued at US\$6.1m.

The effect of currency movements on the non USD-denominated Cells over the last quarter were on average around -3.3% (GBP), -6.3% (EUR) and -5.1% (SEK). Although this effect was somewhat tempered by the distribution during the period, the overall NAV per share of the GBP-denominated Cells (range -5.42% to -10.33%), the EUR-denominated Cells (range -12.97% to -13.05%) and the SEK-denominated Cells (range -8.30% to -12.19%) also all decreased over the quarter.

On 3 April 2017, the Fund redeemed approximately \$18.7 million of shares across all Continuing Cells in respect of that Redemption Day. On 10 April 2017, the Fund also distributed approximately \$35.8 million by way of compulsory redemption of a portion of each holder's Run-Off shares.

Since the date of this report, the Fund has also redeemed approximately \$2.5 million of shares across all Continuing Cells in respect of the 3 July 2017 Redemption Day.

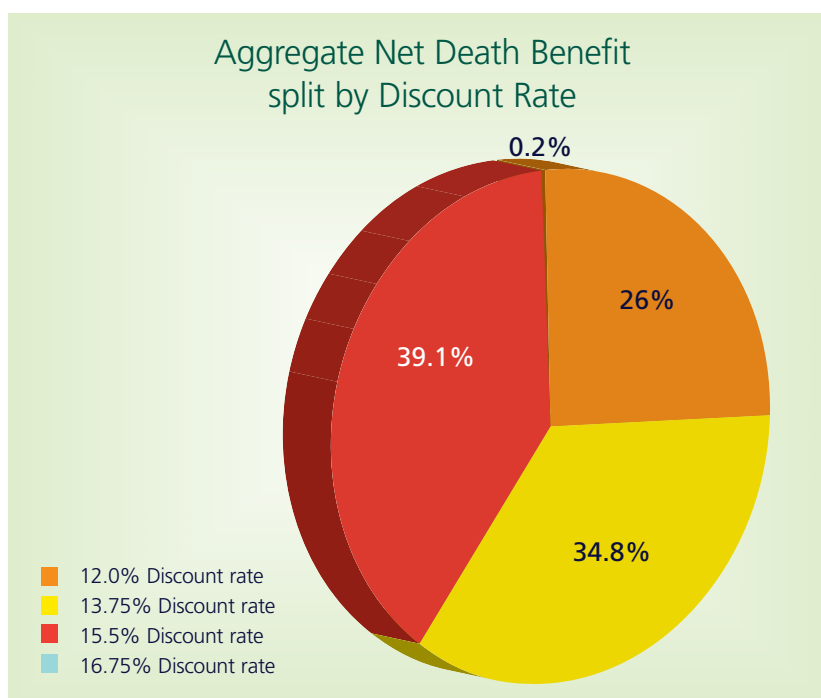
I will write to you again in around three months' time with a further update on the Fund.

## Aggregate Net Death Benefit split by Discount Rate

As at 30 June 2017

The discount rate shown here refers to the rate used to determine the present value of the future cashflows anticipated in respect of each policy – it is a rate which reflects an implied annual return over the

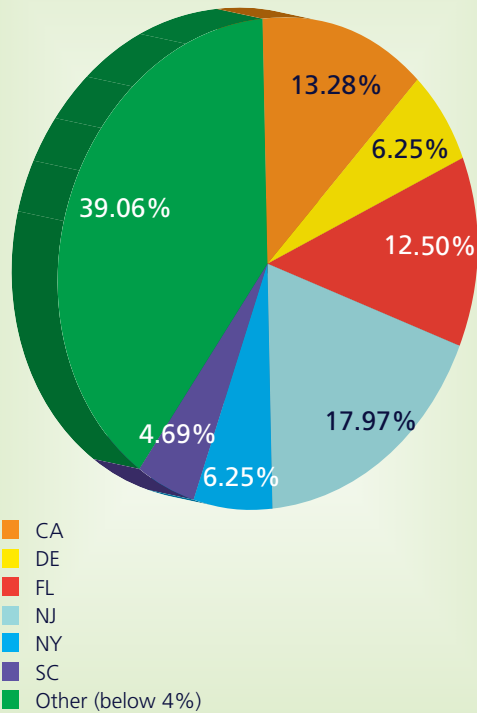
period from the date of valuation to the life expectancy estimate. The table also illustrates how the valuation changes should these assumptions be altered.



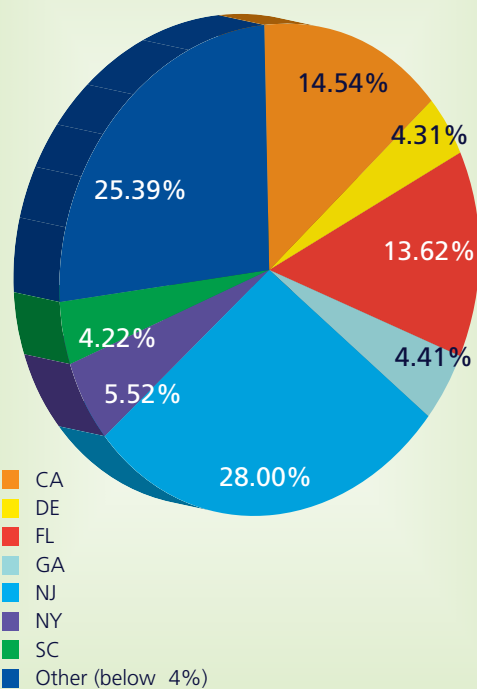
# Policy Split by State of Issue

As at 30 June 2017

Number of Policies by State of Issue



Aggregate Net Death Benefit by State of Issue



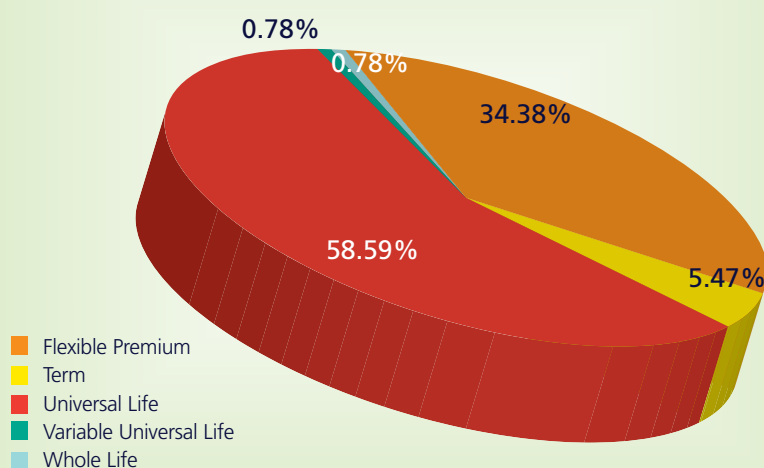
State	Number of Policies	Policy Net Death Benefit	Average Net Death Benefit	
AL	2	1.56%	\$292,230.00	0.07%
AZ	4	3.13%	\$2,850,000.00	0.64%
CA	17	13.28%	\$64,500,000.00	14.54%
CO	1	0.78%	\$615,330.00	0.14%
DE	8	6.25%	\$19,127,328.00	4.31%
FL	16	12.50%	\$60,400,000.00	13.62%
GA	5	3.91%	\$19,550,000.00	4.41%
MA	1	0.78%	\$400,000.00	0.09%
MD	1	0.78%	\$7,500,000.00	1.69%
MI	3	2.34%	\$10,400,000.00	2.34%
MN	4	3.13%	\$11,384,996.50	2.57%
MS	2	1.56%	\$8,640,000.00	1.95%
NC	3	2.34%	\$7,000,000.00	1.58%
NE	2	1.56%	\$11,200,000.00	2.52%
NJ	23	17.97%	\$124,225,000.00	28.00%
NY	8	6.25%	\$24,466,983.00	5.52%
OH	2	1.56%	\$500,000.00	0.11%
OR	3	2.34%	\$4,625,000.00	1.04%
PA	2	1.56%	\$840,000.00	0.19%
SC	6	4.69%	\$18,700,000.00	4.22%
SD	2	1.56%	\$14,000,000.00	3.16%
TN	3	2.34%	\$3,782,962.00	0.85%
TX	2	1.56%	\$6,009,378.00	1.35%
VA	1	0.78%	\$10,000,000.00	2.25%
WA	4	3.13%	\$6,100,000.00	1.38%
WI	2	1.56%	\$6,000,000.00	1.35%
WV	1	0.78%	\$500,000.00	0.11%
<b>Totals:</b>	<b>128</b>		<b>\$443,609,207.50</b>	

# Policy Split by Policy Type

As at 30 June 2017

Policy Type	Number of Policies	Policy Net Death Benefit
Flexible Premium	44 34.38%	\$179,759,668.00 40.52%
Term	7 5.47%	\$7,200,000.00 1.62%
Universal Life	75 58.59%	\$255,249,539.50 57.54%
Variable Universal Life	1 0.78%	\$400,000.00 0.09%
Whole Life	1 0.78%	\$1,000,000.00 0.23%
<b>Totals</b>	<b>128 100.00%</b>	<b>\$443,609,207.50 100.00%</b>

### Number of Policies by Policy Type



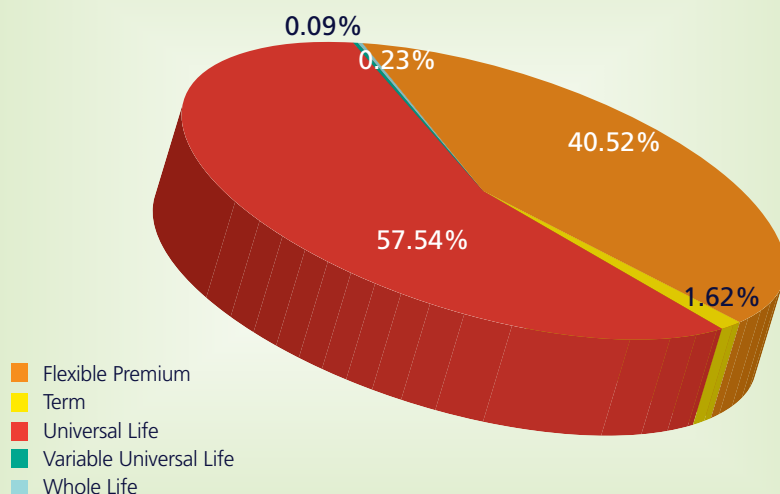
### Definitions

**Whole of Life** Premium is fixed and stated in the policy document.

**Universal Life Variable Universal Life Flexible Premium** Whole life policy. Premiums are flexible but there is a minimum premium, to maintain life cover, stated in the policy document.

**Term Group Term Life** Premiums are fixed for a defined term. Premiums go up to a stated premium after the term expires or the policy can be converted to Universal Life Policy. Premiums are stated in the policy document. The Fund must not purchase a term life policy, the remaining term at the time of purchase of which is less than 10 years if the life expectancy of the insured is 4 years, or 9 years if the life expectancy of the insured is 3 years or less (see Information Memorandum).

### Aggregate Net Death Benefit by Policy Type

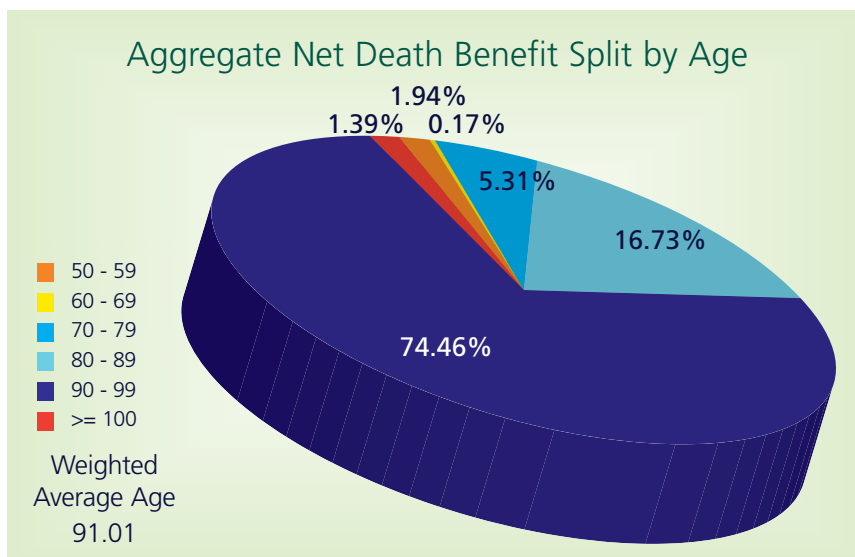
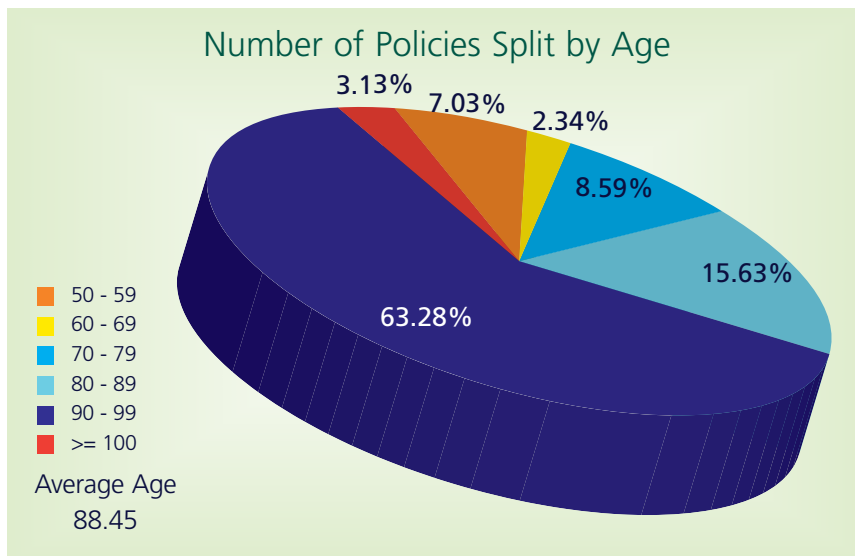


Note: Policies have a termination age. The Investment Adviser has estimated, as at 30 June 2017, that around 0.88% of the remaining net death benefit was represented by policies that would expire should they not mature within their LE estimate and that an additional 3.85% of the remaining net death benefit was represented by policies that would expire should they not mature within two-times their LE estimate.

# Policy Split by Age

As at 30 June 2017

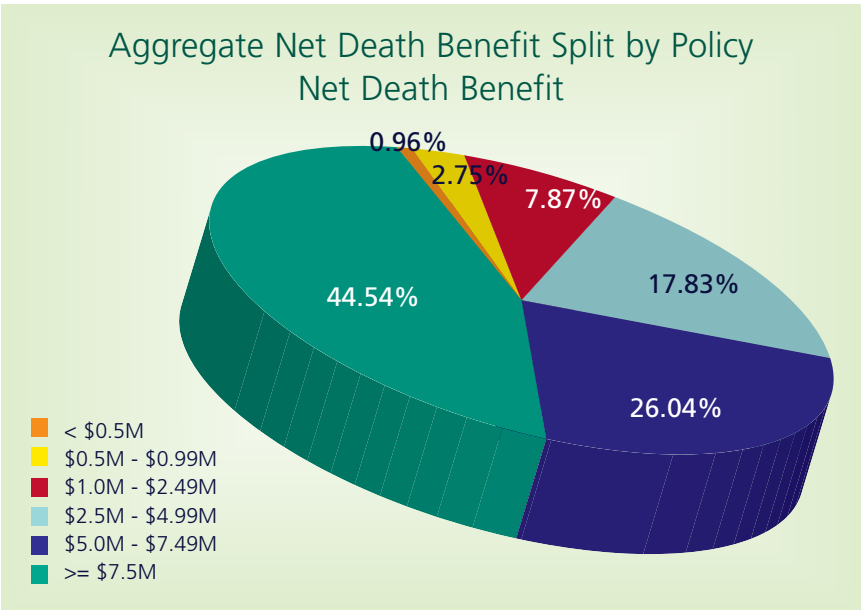
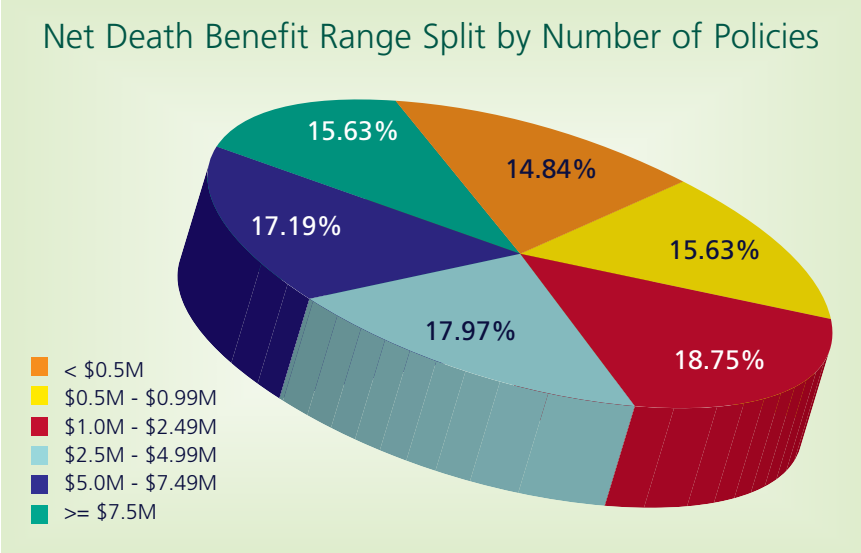
Age Range	Number of Policies	Net Death Benefit
50 - 59	9 (7.03%)	\$8,627,171.50 (1.94%)
60 - 69	3 (2.34%)	\$750,000.00 (0.17%)
70 - 79	11 (8.59%)	\$23,550,000.00 (5.31%)
80 - 89	20 (15.63%)	\$74,200,000.00 (16.73%)
90 - 99	81 (63.28%)	\$330,304,708.00 (74.46%)
>= 100	4 (3.13%)	\$6,177,328.00 (1.39%)
<b>Total</b>	<b>128 (100.00%)</b>	<b>\$443,609,207.50 (100.00%)</b>



# Policy Split by Net Death Benefit

As at 30 June 2017

NDB Range	Number of Policies		Net Death Benefit	
< \$0.5M	19	14.84%	\$4,260,994.50	0.96%
\$0.5M - \$0.99M	20	15.63%	\$12,200,620.00	2.75%
\$1.0M - \$2.49M	24	18.75%	\$34,923,215.00	7.87%
\$2.5M - \$4.99M	23	17.97%	\$79,115,000.00	17.83%
\$5.0M - \$7.49M	22	17.19%	\$115,509,378.00	26.04%
>= \$7.5M	20	15.63%	\$197,600,000.00	44.54%
<b>Totals</b>	<b>128</b>	<b>100.00%</b>	<b>\$443,609,207.50</b>	<b>100.00%</b>



# Policy Split by Insurance Company

As at 30 June 2017

Insurance Company	Number of Policies	Policy Net Asset Value
American General Life	16 12.50%	\$53,809,378.00 12.13%
American National	3 2.34%	\$21,950,000.00 4.95%
Aviva Life Insurance Co	3 2.34%	\$1,400,000.00 0.32%
AXA	10 7.81%	\$64,000,000.00 14.43%
Bankers Life	1 0.78%	\$1,000,000.00 0.23%
Banner Life	1 0.78%	\$500,000.00 0.11%
Commonwealth Annuity	1 0.78%	\$615,330.00 0.14%
Conseco Life	5 3.91%	\$4,540,000.00 1.02%
Federated Life	1 0.78%	\$732,962.00 0.17%
General American Life	1 0.78%	\$625,000.00 0.14%
Genworth	1 0.78%	\$1,000,000.00 0.23%
Indianapolis Life	1 0.78%	\$500,000.00 0.11%
ING	1 0.78%	\$300,000.00 0.07%
John Hancock	19 14.84%	\$94,277,328.00 21.25%
Lincoln Benefit	4 3.13%	\$18,409,996.50 4.15%
Lincoln Financial	2 1.56%	\$10,600,000.00 2.39%
Lincoln National	14 10.94%	\$66,450,000.00 14.98%
Mass Mutual	1 0.78%	\$3,000,000.00 0.68%
MetLife	4 3.13%	\$4,350,000.00 0.98%
MONY Life Insurance	2 1.56%	\$3,000,000.00 0.68%

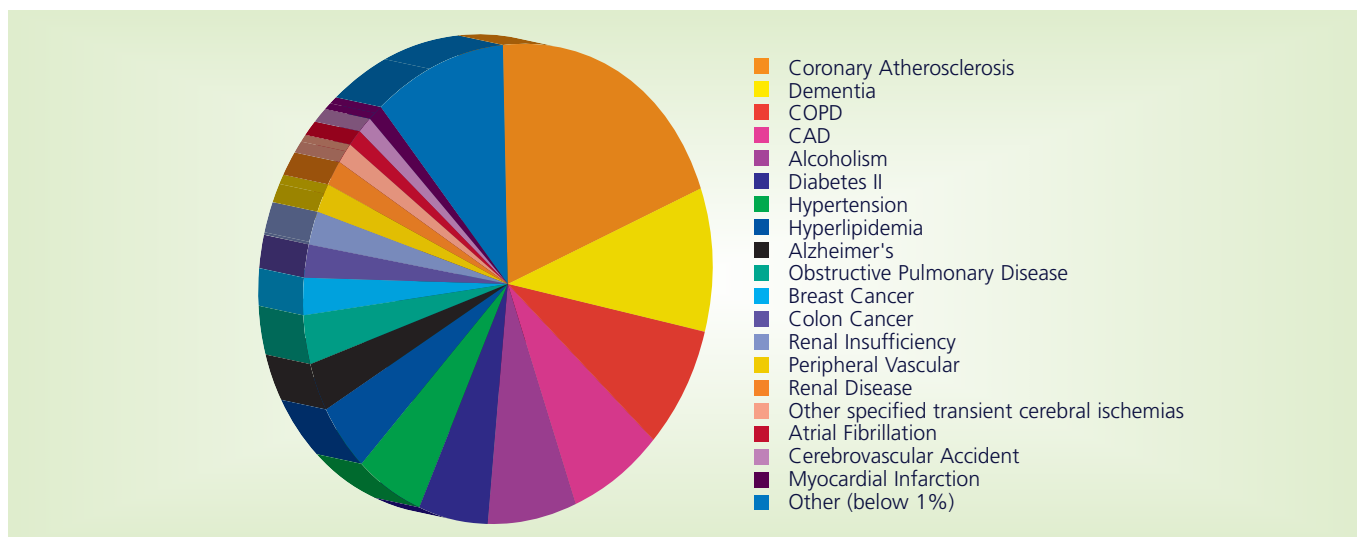
  

Insurance Company	Number of Policies	Policy Net Asset Value
New England Financial	2 1.56%	\$2,223,215.00 0.50%
Pacific Life	2 1.56%	\$7,000,000.00 1.58%
Phoenix	3 2.34%	\$16,500,000.00 3.72%
Primerica	1 0.78%	\$100,000.00 0.02%
Principal Financial Group	1 0.78%	\$2,000,000.00 0.45%
Prudential	1 0.78%	\$5,000,000.00 1.13%
Reliastar	1 0.78%	\$100,000.00 0.02%
RiverSource Life Insurance	1 0.78%	\$500,000.00 0.11%
State Farm Life	2 1.56%	\$292,230.00 0.07%
Sun Life Assurance	1 0.78%	\$6,000,000.00 1.35%
The Hartford	1 0.78%	\$8,800,000.00 1.98%
Transamerica	9 7.03%	\$22,540,000.00 5.08%
Transamerica Occ.	1 0.78%	\$800,000.00 0.18%
United of Omaha	3 2.34%	\$3,000,000.00 0.68%
US Financial Life	1 0.78%	\$200,000.00 0.05%
US Life of NY	1 0.78%	\$1,000,000.00 0.23%
West Coast Life	4 3.13%	\$15,850,000.00 3.57%
Western Reserve Life	1 0.78%	\$400,000.00 0.09%
William Penn	1 0.78%	\$243,768.00 0.05%

Notes: Total Net Death Benefit (Sum Assured) is \$443,609,207.50  
 12 months premiums to 30 June 2017 was \$36,104,320.09

# Aggregate Net Death Benefit Split by Illness

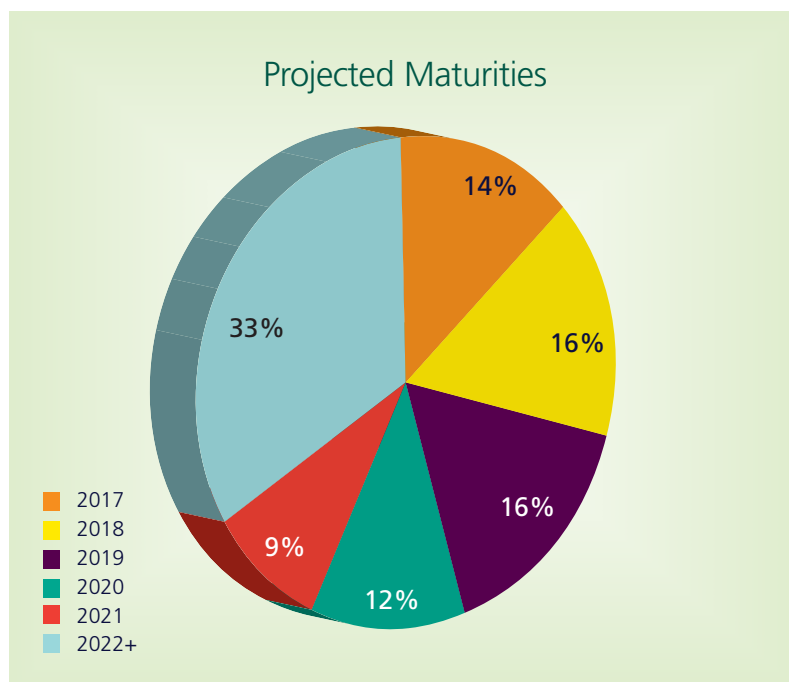
As at 30 June 2017



# Projected Net Death Benefits (NDB) from 1 January 2017

As at 31 December 2016

Year	Maturity projections (\$ million)	
2017	67.2	14%
2018	72.7	16%
2019	72.8	16%
2020	56.1	12%
2021	44.0	9%
2022+	154.4	33%
	<b>467.2</b>	<b>100%</b>



Source: Maple Life Analytics, LLC. The total of \$467.2m takes into account potential future policy expiries.

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