

Update 21st October 2014

If the links in this update (or on our web page www.EEAInvestors.com) don't work for you then please let me know

➤ **New Working Papers**

For the past six months we have been working on some complex Working Papers which analyse the Management and Operation of the EEA Fund since inception. These are now available and copies have been sent to EEA for information. We will also be sending copies to the Regulator (GFSC), the Auditor (Grant Thornton), the Custodian (BNP Paribas) and the previous Auditor (Ernst Young) with appropriate covering letters over the next week or two

I attach a copy of the covering letter to EEA, and an associated Press Release. You can download Summary And/or Full versions of the two Working Papers 7A and 7B using the following links :

WP7A : Portfolio Analysis & Management	Summary Version (7 Pages)	Full Version (43 Pages)
WP7B : Independent Reports	Summary Version (16 Pages)	Full Version (90 Pages)

All of these documents can also now be downloaded from our web site www.EEAInvestors.com . These WPs contain the evidence needed to support our claims that the Fund has been mismanaged and misrepresented almost since inception and you are welcome to quote any of this material in any of your own discussions or submissions to relevant parties. If you need further information or clarification on any of the matters involved then please please ask.

➤ **Annual General Meetings**

EEA has sent Notices and proxy/voting forms to registered shareholders for the reconvened 2013 AGM and the new 2014 AGM. Both meetings will be held in Guernsey on Friday 21st November 2014 (not on New Years' Eve !!). The Company has ignored our earlier request to hold the Meetings on the Mainland this year.

Attendance : If you are able to attend then please do so and help me to hold the Directors to account for their past, present and future actions / omissions.

Note that there are a limited number of flights and plane seats to/from Guernsey at this time of year.

I can recommend the [Duke of Normandie](#) hotel if you need somewhere for the night (or want to make a weekend break out of the trip).

Please let me know if you're planning to attend.

Registered (Direct) shareholders can just turn up for the meetings (with appropriate ID).

Other investors will need a Letter of Authority / Representation from their platform or nominee shareholder (and ID), if they will allow it.

Proxies : If you are not attending in person then I would like you to give me your proxy for the 2014 AGM so that I can speak and vote on your behalf.

I don't need any forms or proxies for the reconvened 2013 AGM – I've got enough already still valid from last December.

We are going to try and place some “late” resolutions and will need as many proxy votes as we can muster.

Registered (Direct) shareholders should fill in and sign your Blue proxy forms (see attached sample) and post them to me

Don't forget to initial the deletion of the “Chairman...” line on the forms. Print the forms in colour if possible to preserve the correct shade of blue.

Other investors will need to ask your platform or nominee shareholder to send a Letter of Authorisation / Representation to me.

You can send them the filled in Blue forms (attached) also, but they will probably just send me a Letter of Representation / Authorisation.

Please email me a copy of your blue forms or other instruction.

Some platforms (e.g. RL360, Aegon) might refuse to appoint a third party proxy (i.e. me), in which case simply ask them to send in the votes on your behalf.

You can also use the attached Blue forms but they will use their own paperwork into EEA/IAG.

Please email me a copy of your blue forms or other instruction.

Voting : There are no voting resolutions for the reconvened 2013 AGM.

There are currently four resolutions for voting at the 2014 AGM but others might be added prior to the Meeting.

If you wish to vote differently than I have suggested in the attached forms then please ask me for a blank version of the blue forms or just instruct your platform/nominee accordingly.

If you need any further clarification or information then please get in touch.

➤ **On the Road Again**

I shall be visiting Yorkshire, Manchester, Cheshire and Shrewsbury again on Thursday – Sunday this week 23rd – 26th October. If anyone would like me to pop in or meet up for a chat somewhere in these areas, or *en route* from/to Berkshire then please let me know immediately so that I can sort out my journey accordingly.

➤ **Duty of Oversight**

In July I reported that The UK FCA had just released the findings of its third “thematic review” into Self-invested Pension Plans (SIPPs) ([See FundWeb article here](#)). This had some interesting comments about the responsibility of Trustees and advisors etc not to take Fund brochures and “Low Risk” assurances etc at face value. A member in Spain has now added that Pension / SIPP Administrators, Trustees and possibly other nominees and platform providers (including “Execution Only” ones) might also have liability under a “Duty of Oversight” and could face claims from investors where inappropriate investments were purchased. This also encompasses the issues where nominees, platforms, brokers etc apply for the shares (from EEA) and sign (on behalf of the investor) that they accept the terms of the Offering Memorandum and have received a copy of the latest annual Report etc.

There seems to be a hidden can of worms here but I would like to hear from anyone who knows more about this topic or related matters so that we can give it more careful consideration.

➤ **Run-off Shares – June 2014 Redemption (September 2014)**

Payments now appear to have happened or are underway. There are still some delays due to some of the convoluted nominee / platform paths in certain cases or missing documentation.

One member discovered that his “Run-off” instruction last October had not been received by EEA and his shares had been registered as “Continuing” by default. He was able to pursue this via his IFA and stockbroker. The registration was corrected and his redemption payment processed. If you haven’t spotted the payment in your account yet then please ask your platform (or EEA/IAG) to investigate and follow-up.

Please keep me informed of progress / non-progress and email me the actual number of your run-off shares that have been redeemed and the redemption value so that I can update my shareholding records.

➤ **Continuing Shares – Optional / Discretionary 5% Redemption (December 2014)**

Please continue to spread the word as best you can and let me know how you get on with your particular applications / platforms / intermediaries and any problems that you encounter or help that you need. All requests must be with EEA/IAG in Guernsey before 5pm on 28th November 2014. We have “heard a rumour” that EEA are hoping that as few investors as possible will learn about the option or get their requests in on time so that they will not have to pay out as much cash and (maybe) have enough in the kitty to start investment into the New Irish Fund. In any case, the payments will depend on EEA having “enough” cash available to meet the requests, either in part or in full. This decision will actually apply on a per Cell basis which could make the process even more complicated, given that the requests might vary significantly across the different Cells.

➤ **EEA Shareholder Register**

We’ve received an acknowledgement from the Director of Criminal Prosecutions of the Guernsey Law Officers of the Crown.

He will endeavour to provide a substantial response to our submission about EEA by 8th November 2014.

➤ **Miscellaneous (Click to Follow Links)**

- [Jersey Financial Services Commission Press Release](#)
- [HSBC ordered to repay trail commission for lack of ongoing advice](#)
- [FOS ruling on HSBC could open 'can of worms' on trail commission](#)
- [Adviser fined HK\\$900,000 and banned over EEA mis-selling](#)
- **Michael Goodman** of the [Telegraph Online for Expats](#) is now following our activities and will publish occasional articles of interest to EEA Investors.
- There are a number of items on Twitter under **EEA Life Settlements**. Fellow Twitters and Facebook fanatics - Please do your bit to follow and add comments, and direct anyone who is interested to our website www.EEAInvestors.com

➤ **September 2014 Results**

EEA have confirmed that only five policies (two lives) matured during September with a total NDB of almost \$6m. There were no maturities posted between 7th September and 10th October, when one policy matured for \$10m NDB.

Description	Policies	Lives	Gross NDB
<i>Historical Average for Sep</i>	5.2	4.2	\$5.1m
Sep 2014 Actual	5	2	\$ 6.5m
Addnl items booked in Sep	0	0	
Totals	5	2	\$6.5m

Cash b/f from 29 th Aug 2014	\$148.7m
Estimated Premium Payments and Expenses (Sep)	\$(7.3)m
Gross Income (NDB) from Maturities	\$6.5m
August Run-off Redemptions	\$(14.6)m
Adjustments and Other Items	0
Estimated Cash Balance at 30th Sep 2014	\$133.3m *

* To be Confirmed

➤ **2014 Performance**

The table below summarises the “NAV” growth since December 2013 for typical USD and Sterling cells.

Date	USD Class X Cell			Sterling (Meteor) Cell		
	“NAV”	Per Month	Per Year	“NAV”	Per Month	Per Year
01-Jan-2014	\$149.09			£120.91		
31-Jan-2014	\$149.03	(0.04%)	(0.48%)	£121.84	0.77%	9.63%
28-Feb-2014	\$148.98	(0.03%)	(0.40%)	£119.67	(1.78%)	(19.40%)
31-Mar-2014	\$149.47	0.33%	4.02%	£120.74	0.89%	11.27%
30-Apr-2014	\$150.82	0.90%	11.39%	£120.46	(0.23%)	(2.75%)
30-May-2014	\$150.98	0.11%	1.28%	£121.43	0.81%	10.10%
30-Jun-2014	\$151.39	0.27%	3.31%	£119.66	(1.46%)	(16.16%)
31-Jul-2014	\$151.57	0.12%	1.44%	£121.34	1.40%	18.21%
31-Aug-2014	\$152.19	0.41%	5.02%	£123.85	2.07%	27.85%
YTD	\$3.10	0.26%	3.14%	£2.94	0.30%	3.67%

Note : The term “NAV” is used by EEA to refer to the dealing price calculated by the Directors and Fund Manager.

It does not represent the independently assessed “Net Asset Value” normally associated with Open-End Funds.

These returns are comparable with the cumulative annual returns of 2.3% and 1.6% respectively since February 2012 (rather than the 8-12% pa returns quoted by EEA until revaluation in June 2013).

Maturities

Description	2014 Year to Date (Sept)			2014 Year End (December) Projection				
	Policies	Lives	Gross NDB	Policies	Lives	Gross NDB	EEA F'Cast *	WP7A F'Cast **
Historical Average	56.0	46.4	\$89.0m	73	68	\$125m		
Actual in Period	78	48	\$102.1m (8%)	105	68	\$125m 9.9%	\$227m 18%	\$125m 9.9%
Addnl items booked in period	0 (2)	0 (2)	\$5.4m \$(5.7)m	3 (2)	2 (2)	\$5.4m \$(5.7)m	0	0
Totals	76 15%	46 12%	\$101.8m 8%	108 21%	70 17%	\$125m 9.9%	\$227m 18%	\$125m 9.9%

Cashflow

b/f from 31 st Dec 2013	\$104.2m	517	394	\$104m	* 2013 EEA Annual Report and Portfolio Statistics
Estimated Premium Payments and Expenses	\$(66.8)m			(\$89m)	
Maturities	\$102.1m	(108)	(70)	\$125m	
August Run-off Redemption Payment	\$(14.6)m			\$(14.6)m	
Estimated Adjustments and Other Items	\$8.4m	(2)	(2)	\$10m	
Estimated End of Period	\$133.3m	407	322	\$136m	** EEAIG WP7A

Note that our year-end cash balance projection of \$136m is below the two-year premium reserve policy level of around \$145m, leaving nothing available for the December / January Run-off and Continuing share redemptions unless the Directors decide to vary the premium reserve policy (or secure an extra \$50m between now and year-end).

➤ ShareSoc Meeting (14th October 2014)

The ability to engage with companies, or challenge the Directors when necessary, is key to improving investment performance. That is why shareholder rights are so important. Last week ShareSoc launched a campaign to improve UK shareholder rights for private investors. It focused on the problems associated with nominee accounts and the forthcoming legal requirement to replace paper share certificates with an electronic system in a few years time. Although this won't help EEA investors in the short term, many are also UK investors and will benefit in future from these proposals. Potentially, the changes might migrate to Guernsey and other offshore regimes and would reduce or prevent many of the shortcomings and abuses that we have suffered from the EEA situation to date.

ShareSoc would also welcome any donations towards the cost of the campaign (£50 – 100 each would be greatly appreciated). There is a DONATE button at the bottom of their [Campaign web page](#).

ShareSoc have published a [Report of The Meeting](#) plus a very [helpful booklet](#) on the subject. I would urge everyone to support this important campaign and sign this [Online Petition](#) to H.M. Government, BIS Department

"That the Government ensures by changes to Laws and Regulations that ALL investors in public companies, including those who hold their shares in nominee accounts, shall have their holdings listed on the share register unless they specifically opt out. This will ensure that ALL investors, have the same rights including the right to receive company communications and to vote at General Meetings"

Kind Regards

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