

UPDATE 1st February 2015

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

There are lawyers watching.

Please note that I do not provide financial advice or recommendations and am not registered or licensed to do so.

I provide information, personal opinions, views, suggestions and recommendations that you can adopt or ignore as you think best.

I am happy to discuss your specific circumstances by phone or email at any time.

➤ **URGENT DEADLINE Proposed Class Action – [Click Here to REGISTER NOW](#)**

Peter Lihou has announced that the proposed Class Action is now on a “no win, no fee” basis and that the deadline for Registration is **14th February 2015**.

He now has more than 100 investors and \$10m of original investment signed up.

In my opinion, every EEA Investor (in the World) should immediately register to join this Action – you have nothing to lose and everything to gain, even if the chances of success are not that clear yet, and even if you are also claiming against your Financial Advisor, or through the Ombudsman, Regulator etc.

I have updated [this Bulletin](#). Please let me know when you have registered so that I can update my records.

If you have any questions about Peter's proposal then please email peter@peterlihou.com (with a copy to me if possible please).

If you are an IFA or other intermediary then please be sure to urgently pass the information on to each of your EEA clients / investors so that they have the opportunity to consider the proposal and participate in a timely manner.

You cannot Register for them and shouldn't ignore the proposal. Failure to Register on time might lock them out of future participation in the Action.

➤ **EEA Announcement - Appointment of an independent valuation agent and change to valuation methodology**

Please [Click Here](#) to download my annotated version of the Announcement that EEA released to investors and advisors on Friday 30th January.

It's an incredibly misleading and amateurish document, but includes a further Fund NAV devaluation of 26% and a requirement for Continuing shareholders who requested the 5% Redemption option for December to submit a new form by 5pm (in Guernsey) on Friday 20th February if you wish to maintain your request. (See more details below).

DON'T PANIC – this (pessimistic) NAV is just as meaningless as the previous (optimistic) NAVs, and the (over-optimistic) ones before that.

The NAV devaluation will have little or no impact on your position or holding in the short or medium term. All the policies are still intact and will mature (or not) and generate cash balances (or not) for the Fund in the same way as before unless or until the Board changes the portfolio management and valuation strategy in the scheme particulars, then any future impact will become clearer.

There are some minor complications for Continuing shareholders wishing to redeem up to 5% of their shares at the moment, and these are covered below.

You will see from my annotations that the Announcement raises several issues and concerns, which I will be writing to EEA about later today.

➤ **EEA Announcement – Continuing shareholders 5% Redemption Request**

Please [Click Here](#) to download the Letter and Application Form that EEA distributed on 31st January 2014 to all registered (Continuing) shareholders who had requested the 5% redemption option for December 2014.

EEA have stated that if you still wish to maintain your redemption request (in the light of the revaluation announcement) then you must submit a new form to arrive in Guernsey before 5pm on Friday 20th February.

This only applies to registered (EEA direct) shareholders who have previously submitted the redemption request form prior to the 28th November 2014 deadline..

If your investment is via a platform, nominee, trustee, pension plan or similar then your request must be submitted by the platform, nominee, trustee or administrator concerned, by the same deadline.

You should contact them **immediately** to confirm that they will re-submit the request to EEA if you wish it to remain eligible.

Failure to re-confirm the request by the 20th February deadline will result in the original request being cancelled.

EEA have NOT stated the basis on which they will exercise their discretion to make any cash available to meet these requests, or how the cash attributable to each request will be calculated.

We believe that this is a completely inappropriate, unfair, unnecessary and complex process and will be sending our concerns and suggestions to EEA later today.

Meanwhile- you should and must take steps to protect your position, as described in the EEA Notice.

I can see no advantage (to you) in cancelling your redemption request or allowing it to lapse.

➤ **Run-off Redemption (December 2014)**

The EEA Announcement mentioned above confirms that there will be ZERO redemption payments to Run-off shareholders for the current six-monthly cycle. The next potential redemption date will be based on June 2015 available cash balances.

➤ **2014 Results and Performance**

EEA have confirmed that the cash balance at the end of December was \$134.1m (I had estimated \$134.7m).

There was also one additional policy which lapsed cover in December (NDB = \$2.2m), which represents a loss of future cash for investors.

This brings the 2014 lapses to a total of 4 policies (\$8m NDB) against our prediction last December of \$2m for the year.

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

This includes the 26% de-valuation just announced for December.

Date	USD Class X Run-off Cell			Sterling (Meteor) Run-off Cell		
	“NAV”	Per Month	Per Year	“NAV”	Per Month	Per Year
01-May-2009	\$134.73			£113.89		
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%
30-Sep-2014	\$152.02	(0.11%)	(1.33%)	£126.65	2.26%	30.77%
31-Oct-2014	\$152.71	0.45%	5.58%	£128.96	1.82%	24.22%
30-Nov-2014	\$151.25	(0.96%)	(10.89%)	£130.42	1.13%	14.46%
31-Dec-2014	\$110.35	(27.04%)	(97.73%)	£95.42	(26.84%)	(97.65%)
Since 1 st Jan 2014	(\$38.74)	(2.48%)	(25.98%)	(£25.49)	(1.95%)	(21.08%)
Since 1 st May 2009	(\$24.38)		(3.46%)	(£18.47)		(3.07%)

EEA have issued their Fact sheet and Portfolio Statistics to 31st December 2014.

Please [Click Here](#) to download my annotated version of the Fund Commentary covering December and 2014 in general, including my own summary tables..

➤ **UK Financial Services Compensation Scheme (FSCS)**

I’m still working on this topic. The “issue” is that EEA have apparently told FSCS that “losses” will be able to be “crystallised” before the 5 – 10 years (or more) currently predicted. This might be tied in with the further implications of the EEA Announcements and revaluations mentioned above. I will continue to dig.

Kind Regards

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