

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

➤ **EEA Announcements (Dec 2014 – Feb 2015)**

We have received a response from EEA. Click Here to see the [annotated response](#)

*Click here to see our original [Letter to EEA](#) and the associated [Working Paper WP7D](#).*

EEA have rejected our comments and recommendations, but have not explained why policies aren't maturing as expected or what they intend to do about it. In our view, they are just as "bad" as they have ever been – in some respects worse. The two new Directors and the assurances given at the November 2014 AGM appear to be ineffective.

There is no apparent remorse and the Board is still in denial about the problems of the Fund and the causes.

We now have to consider what we do next to maximise cash returns for investors, and prevent EEA from making things even worse.

➤ **Continuing Shares Redemption**

The 5% redemption was paid out in early March, based on the re-submitted requests and the January (reduced) NAVs.

EEA have rejected our recommendation to honour the full requests as of last November and on the original NAV basis.

A total of 28,835 shares were redeemed for a total cash amount of \$4.09m in the equivalent Cell currencies  
(it would have been \$5.6m if based on the previous NAV calculation method)

Assuming that everyone requested (and received) 5% then this means that holders of a total of 28% of Continuing shares exercised their 5% redemption option.

This supports our view that maybe half of Continuing shares are actually being held for redemption purposes rather than long term re-investment.

This is in addition to the 58% of run-off shares, which gives a total of around 80% of total shares being held primarily for redemption purposes.

EEA regard this view as "speculative".

February 2015 EEA Continuing Share Redemptions					
Cell	Shares Redeemed		Currency Cash	USD Cash	
USD Fund Class X Cell	3,396	11.8%	\$382,795	\$382,795	9.4%
USD Fund Dist Cell	394	1.4%	\$27,975	\$27,975	0.7%
USD Fund Acc Cell	530	1.8%	\$44,714	\$44,714	1.1%
Swedish Krona Class X Cell	672	2.3%	SEK 58,954	\$7,074	0.2%
Euro Fund Class X Cell	2,798	9.7%	€ 329,533	\$369,789	9.0%
Euro Fund Dist Cell	49	0.2%	€ 3,866	\$4,339	0.1%
Euro Fund Acc Cell	78	0.3%	€ 6,440	\$7,227	0.2%
Sterling Fund Class X Cell	7,322	25.4%	£722,454	\$1,116,589	27.3%
Sterling Fund Dist Cell	2,162	7.5%	£158,661	\$245,218	6.0%
Sterling Fund Acc Cell	8,167	28.3%	£899,744	\$1,390,599	34.0%
Meteor SLS Sterling Fund	2,137	7.4%	£216,246	\$334,218	8.2%
Meteor SLS Sterling Fund II	1,121	3.9%	£102,217	\$157,982	3.9%
Way LS Fund Cell	10	0.0%	£859	\$1,328	0.0%
	-----			-----	
	28,835	100%		\$4,089,847	100%
<i>Remaining Continuing</i>	<i>2.04 m</i>	<i>42%</i>		<i>\$63.84 m</i>	<i>46%</i>
<i>Remaining Run-Off</i>	<i>2.77 m</i>	<i>58%</i>		<i>\$76.03 m</i>	<i>54%</i>
	-----			-----	
<i>Remaining Total</i>	<i>4.81 m</i>	<i>100%</i>		<i>\$139.87 m</i>	<i>100%</i>

➤ **2015 EEA Performance (January - February)**

Seven policies (five lives) matured during January for a total NDB of \$8.57m.  
Three policies (three lives) matured during February for a total NDB of \$1.9m.

Description	Policies	Lives	Gross NDB
<i>Historical Average for Jan</i>	<i>7.5</i>	<i>6.7</i>	<i>\$7.00m</i>
<i>Feb</i>	<i>8.0</i>	<i>5.0</i>	<i>\$7.20m</i>
2015 Actual Maturities - Jan	7	5	\$ 8.57m
Feb	3	3	\$1.90m
Addnl Maturities from 2014	4	2	\$7.75m
<b>Totals</b>	<b>14</b>	<b>10</b>	<b>\$18.22m</b>

<b>Cash b/f from 31<sup>st</sup> Dec 2014</b>	<b>\$134.07m</b>
Estimated Premium Payments and Expenses	<b>\$(14.80)m</b>
Continuing share Redemptions (Feb)	<b>\$(4.09)m</b>
Gross Income (NDB) from Maturities	\$18.22m
Adjustments and Other Items	\$6.50m
<b>Cash Balance at 27<sup>th</sup> Feb 2015</b>	<b>\$139.9m</b>

EEA claimed (at the November 2014 AGM) that the two-year premium reserve was running at \$136m.

We believe that it should be \$140m or more with the remaining portfolio and poor maturity performance.

This threshold affects the amount of cash available for redemption payments at the appropriate times.

Kind Regards

David Trinkwon  
Director, Medley Systems Ltd

Coordinator – EEA Investors' Group  
Tel : +44 (0) 7802 538 315  
Skype : david.trinkwon

Email : [EEAInvestors@gmail.com](mailto:EEAInvestors@gmail.com)  
Web : [www.EEAInvestors.com](http://www.EEAInvestors.com)

***Small Print.***

***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.***