

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

➤ **What it Said on the Tin ...**

Most investors and IFAs remember the infamous EEA “Low Risk/Lower Risk” Fact Sheets that showed a straight-line NAV growth at around 9% pa since inception. EEA discontinued this format in November 2011 – just as the Fund was suspended.

The Chart below is our updated version – [Click here for a larger view](#) (including a GBP version, monthly NAV figures and current maturity / cash performance)

The (apparent) effective USD Cell NAV growth rate to June 2013 was 9% pa (GBP Cells 9.5% pa) since inception

The effective USD Cell NAV growth rate to November 2014 was 4.76% pa (GBP Cells 3.97% pa) since inception

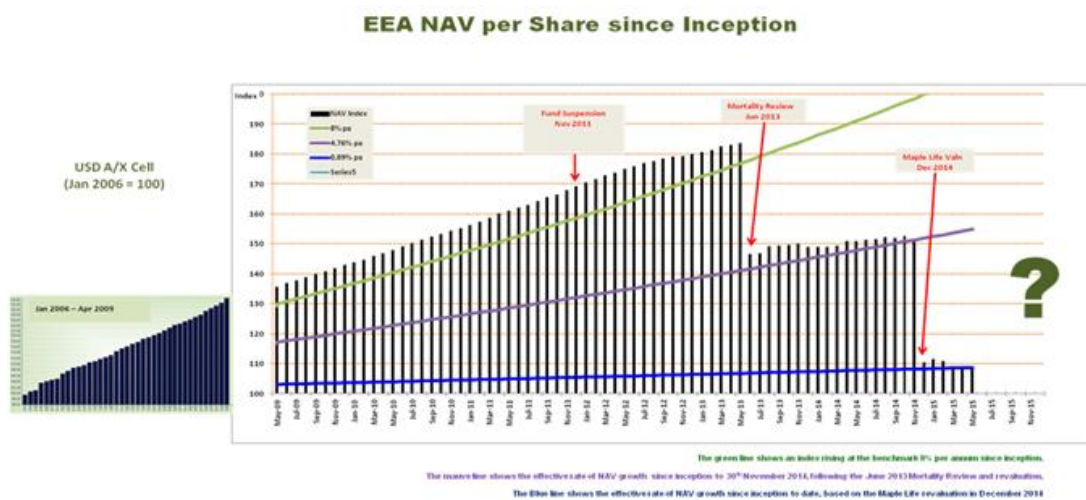
The effective USD Cell NAV growth rate to May 2015 is 0.89% pa (GBP Cells show a decline of -0.45% pa. since inception

If it wasn't for the recent upswing in the GBP versus USD FX rates, the GBP decline to May 2015 would be -3.5% pa. since inception

Note that the 2011 FSA Announcement and suspension didn't actually trigger any apparent changes in the NAV.

In the next update I'll talk more about cash balances and (hopefully) the 2014 Annual Report and Financial Statements.

I'll also address the issue of what's behind the Question Mark on the chart below and the implications for redeeming Continuing shares later this year.



➤ The Art of Spin ...

This is what an EEA “Insider” said about the latest Maturity Schedule in his recent email to various IFAs :

Since the last [Maturity Schedule] sent on the 28th April, the most recent version (16th June) shows :

- *7 new maturities for a total of \$14,153,000 DT Comment : Correct - five in May and two (so far) in June*
- *5 of the maturities were in May for a total of \$13,503,000, the highest monthly amount so far this year
DT Comment : Correct, plus 8 in January, 4 in February, 1 each in March and April for a total of 21 policies (\$27m) YTD
This confirms that the portfolio continues to perform much worse than expected.
In Dec 2013 ViaSource predicted \$216m - \$290m for 2015.*
- *The 7 new maturities occurred at an average of 90% of Expected Life Expectancy
DT Comment : See note below. This does not mean that the portfolio is performing better than expected.*
- *391 policies are still active with a total net death benefit in excess of \$1.09bn (compared to the current NAV of \$603m)
DT Comment : This puts the current NAV at 54% of NDB. Prior to December 2014 it had been at around 60 – 75%
The current NAV of \$603m is too low to be a typical “Fair Value” and too high to be a typical “Market (Sale) Value”.*
- *Only 2 of the 391 policies currently have a Life Expectancy (LE) beyond LE x 2 DT Comment : This is nonsense. See Note below*

DT Note : A Life Expectancy (LE) estimate of xx months means that the insured has a 50% chance of dying before xx months (i.e. less than 100% of LE) and a 50% chance of dying after xx months (i.e. greater than 100% of LE).

Since inception, 525 (of 926) policies have matured for an average of 78% of LE. This means that the portfolio still hasn't reached its “mid-point” yet, This is 4 – 9 years after purchasing the policies. EEA only shows 57 (15%) of the remaining 391 policies to be “beyond LE” and yet policies have never matured “as expected” and the situation is getting worse.

Note that EEA originally quoted average LEs for the portfolio of 20-30 months and this increased to 47 months after the 2013 Mortality Review. The current performance suggests a “real” average LE in excess of seven years, which is what we estimated in our October 2014 Working Paper 7A.

➤ Media Interest

The FCA announcement of \$79m fines for three KeyData executives triggered further media interest in Life Settlements.

[Judith Evans](#) published a [Financial Times article](#) about the EEA situation on 28th/29th May and a follow-up dealing with EEA's chums MPL and Jeremy Leach a few days later.

[Richard Dyson](#) followed up with a [Daily Telegraph article](#) on 2nd June

EEA had contributed a statement in both articles, and the above links include copies of the emails that we sent to EEA with annotated comments on their statements.

[John Stepek](#) followed up in [MoneyWeek](#) on 15th June.

[Kyle Caldwell](#) published an article in [The Telegraph](#) on 20th and 22nd June about 13 suspended funds totalling £4bn, of which EEA is the largest at £1.2bn (except that it should be dollars, and is less than that now)

[Patrick Cairns](#) published a second article on 3rd June in [MoneyWeb \(South Africa\)](#) about the First National Bank (FNB) contacting its EEA invested clients to offer a settlement solution.

It includes the phrase ... “Presumably one of those options will be to stay invested. However, that is unlikely to find much favour given that the **chronic cash flow problems** in the fund make it seem unlikely that investors will ever see returns”

[Lindell Lucy reports](#) that Hong Kong legislators are standing up for Insurance Linked Assurance Schemes (ILAS) “victims” by accusing the Regulators of dereliction of duty. These involve bonds and companies such as Skandia, Generali, de Vere, Zurich, etc and there is much more to read on [Lindell's web-site](#).

There is a new website www.deveregroupinfo.com which is critical of Nigel Green's deVere Group around the World, and is tracking their (mis-) behaviour.

Our website www.EEAInvestors.com continues to attract a good number of “hits” . They can't all be EEA keeping tabs on us.

As of 22 nd June 2015	Visitors	Visits
Today:	73	685
Last 7 Days (Week):	387	2,793
Last 30 Days (Month):	2,008	14,764
Last 365 Days (Year):	18,225	55,755

Please let me have your comments and suggestions about how we can make it more useful and interesting for you.

➤ **2015 EEA Performance (January – June 15th)**

The portfolio continues to seriously underperform in terms of maturities and the cash balances available for redemption payments to investors.

Description	Policies	Lives	Gross NDB
<i>Historic Average Jan-Mar</i>	22.7	17.8	\$30.00m
<i>April</i>	6.7	5.8	\$12.70m
<i>May</i>	7.0	5.3	\$9.00m
<i>June</i>	6.8	4.7	\$9.10m
Total Jan - Jun	43.2	33.7	\$60.80m
2015 Actual Jan - Mar	13	11	\$ 10.98m
Apr	1	1	\$1.50m
May	3	2	\$7.75m
June (to 15 th)	2	2	\$0.65m
Sub-total Jan – June 15th	19	16	\$20.88m
<i>Late Postings from 2014</i>	4	2	\$7.75m
Totals	23	18	\$28.63m

EEA F'cast=\$80m. Maple Life F'cast=\$46m

Cash b/f from 31st Dec 2014	\$134.07m
Estimated Premium Payments and Expenses	\$(36.50)m
Continuing share redemptions (Feb)	\$(4.09)m
Gross Income (NDB) from Maturities	\$27.98m
Adjustments and Other Items (Feb)	\$6.50m
Attributable to Continuing Shares	\$(5.4)m
Estimated Cash Balance at 31st May 2015	\$125.5m

To 31st May
No Explanation from EEA (See Letter)
Inadequate Explanation from EEA (See Letter)

The current premium rate is \$68m per year, suggesting a two-year premium reserve level of around \$135m.

This means that there is currently no cash currently available for redemption payments at the appropriate times

(June 2015 for Run-off shares, December 2015 for continuing shares)

unless there are huge improvements in Maturities during late June and in June – December respectively.

➤ **Continuing Shares Redemptions**

The 23-month lock-up period under the restructuring expires at the end of November 2015, and the first “Redemption Day” is 1st December 2015.

Any Continuing investor who wishes to redeem some or all of his/her shares at that time must submit a valid request to EEA in Guernsey by **Friday 25th September 2015**.

Redemption payments will then be made during January / February 2016, based on the amount of cash (if any) available within each Continuing Cell.

Any request that is not fulfilled will be rolled over to the next (quarterly) Redemption Day on March 2016, and so on until completion (which could take several years, as with run-off shares)

If the available cash is not required to pay redemption requests then it might be invested in shares of the New Irish Fund and will then not be available to meet further redemption requests for several more years.

I will be publishing a special Bulletin in the July 2015 timeframe covering the pro's and con's of redemption, but my main concern is that EEA will not publicise the process in order to minimise the number of redemption requests by the September deadline.

All members (especially Advisors, platforms and other intermediaries) are asked to ensure that all Continuing shareholders are aware of the process and start to think about their options in good time.

➤ **Quote of the Month**

“ We do not accept the allegations that the Fund and its portfolio have been either mismanaged or managed in a belligerent fashion. On the contrary, the Manager has acted at all times with due skill and care.”

Martyn Henley-Roussel, Director – EEA Fund Management (Guernsey) Ltd replying to an investor on behalf of Mark Colton.

Just think what condition the EEA Fund would now be in if the Manager hadn't acted with due skill and care...!!!

➤ **Last, but not Least – Donations**

Here I am again – asking for donations. We need to top up our kitty as we get into more serious and contentious investigations of potential liability and culpability etc.

- 10 Financial Advisors and 100 Investors have made their £1 per £1,000 voluntary donations (or equivalent) so far. Some have paid more and some FAs have paid on behalf of their clients. If any of you would like to top up or increase your donations, it would be greatly appreciated.
- Another 40 Financial Advisors and 90 Investors have yet to make a donation. Please make a donation if you can – it's not fair to rely on others to keep footing the bills. I would suggest £1 per £1,000 of original investment (or equivalent in Euros, Dollars or Krone) with a minimum of £100 (or equiv) for investors, £500 (or equiv) for FAs with only a few EEA investors and £1,000 (or equiv) for FAs with more than a few EEA Investors.
- We have another 50 members and 20 associate members (Investors, FAs, consultants, etc) who are “sleeping” members who just watch what we are doing, but don't participate. We would welcome donations (and more active involvement) from you also.
- In addition, I now suggest that those investors who have (or will) settle successful claims and receive(d) their original investment plus an appropriate “interest” element (typically +30-50% less legal fees if applicable) consider making a one-off donation of (say) £1,000 (or equivalent) as they ride off into the sunset with their “winnings”, leaving the rest of us

to struggle on for whatever crumbs we can get from the EEA table. This is especially true if you have benefitted from our information and assistance in pursuing, negotiating or settling your claims.

If you have any questions or comments about our donations suggestions or expenditures then please let me know via phone or email. The easiest way to make your donation is by clicking on the DONATE button on our website www.EEAInvestors.com and using your credit/debit card or PayPal account in whatever currency. Otherwise, I can let you have the details to post me a cheque or make a bank transfer.

Kind Regards

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