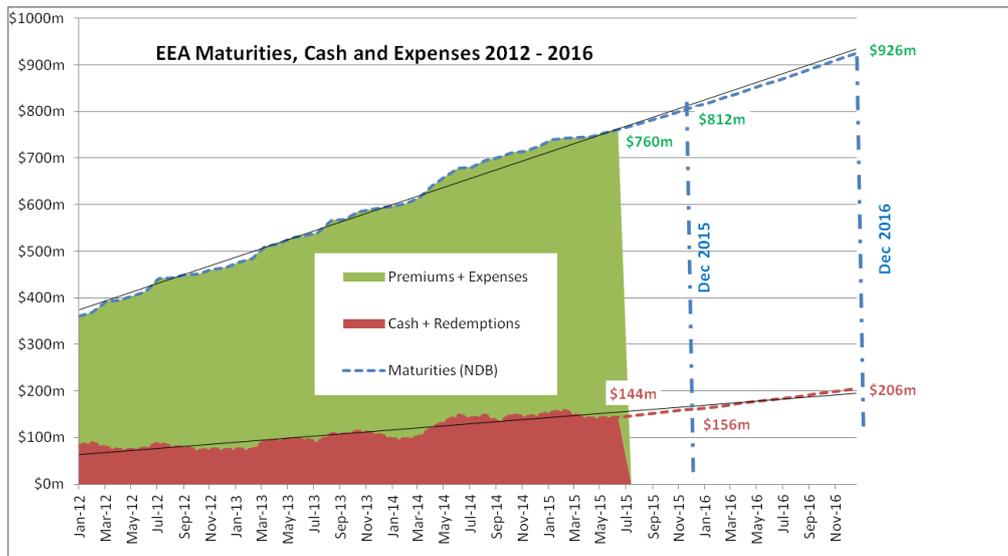


*If the links in this update (or on our web page [www.EEAInvestors.com](http://www.EEAInvestors.com)) don't work for you then please let me know*

*Sorry that this is a bit longer than usual – there's a lot of stuff happening at present.*

➤ **Cash Balance and Expenses**

Everyone knows that I love charts and tables. Here's a new one that I've added to my **"Alternative Fund Fact Sheet"** on our web page.



This shows that at 30<sup>th</sup> June 2015, The Fund had retrieved \$760m of maturities (NDB) from a potential \$1860m since inception.

Even though this is half the rate predicted by EEA and ViaSource over the years, IF it continues at the same rate (and we have to be careful about extrapolating straight lines)

Then there would be \$812m of NDB by December 2015 and \$926m by December 2016. This is still much less than the rates predicted by EEA so far.

Of these Maturity receipts, \$144m has been converted into cash (including \$18m of distributions and redemption payments to date)

and (repeating the warning about extrapolating straight lines) this would grow to \$156m by December 2015 and \$206m by December 2016

IF this trend continued (remember the warning about extrapolating straight lines), then it would be December 2021 before all the NDB matures, and there would be a total \$675m of cumulative cash for distribution to shareholders (actually more, because the premium payments would reduce as policies matured).

This compares with our previous actuarial estimates in WP7A of \$500 – 900m of distributable cash, depending on the maturity assumptions used.

If all policies were sold on the US tertiary market tomorrow then they would only raise \$200 – 400m of cash, based on independent statistics of recent transactions in the US tertiary market.

➤ **2015 Annual General Meeting**

EEA have issued this [Letter and Notice](#) for the 2015 Annual General Meeting to be held in Guernsey on Tuesday 11<sup>th</sup> August at 2:00pm. I will attend the AGM on behalf of myself (as a registered shareholder) and the Group, but I won't be asking for your proxies this year. If any other members can attend then I would welcome the support. Please let me know so that we can coordinate arrangements.

There are two Ordinary Resolutions and a Special Resolution, together with a voting form. This should be completed and returned promptly to EEA (if you are a "Direct" registered shareholder) or to your nominee / platform if you are an indirect investor.

For various reasons, I suggest that each member / investor votes as follows :

**Resolution One** : Vote AGAINST the re-appointment of Grant Thornton as auditor.

*We have been disappointed with their performance over the past two years and intend to file a formal complaint in due course..*

**Resolution Two** : Vote AGAINST the Directors to determine the remuneration of the auditor.

*This will enable us to calibrate "our" votes on Resolutions 1 and 3.*

**Resolution Three** : Vote AGAINST the reduction of the two-year premium reserve to one year.

*This proposal would release a one-time amount of around \$70m in time for the Dec 2015 redemptions (Run-off and Continuing Cells) which looks appealing at first sight.*

*However, if the \$70m has to be made up in future to cover premiums or expenses, then it would mean selling \$200m+ worth (face value) of non-matured policies at typical market rates*

*which could otherwise have raised \$150m of cash if held to maturity.*

*Based on recent information, I am concerned that EEA might have a "hidden agenda" to sell as many policies as possible, almost regardless of discount, in order to "liquidate" the fund as soon as possible,*

*collect their accrued fees and get some cash into the New Irish Fund, almost regardless of its impact on investors.*

*We are also waiting to hear more about EEA's new proposal to find institutional buyers for Run-off shares at a discount to an already depleted NAV*

*Remember that EEA "threatened" us with "distressed liquidation and huge capital losses" in 2013 if we didn't vote for the restructuring.*

*Well, we voted for the restructuring (some would say under duress) and we don't want to end up with the huge capital losses as well.*

*We don't believe that EEA should be selling any policies until they have properly explained their perpetual failure to meet their maturity predictions.*

*We also believe that any "sell versus hold" decisions should be managed by independent non-conflicted (and competent) experts,*

*under independent guidance and supervision on behalf of investors, and this possibility doesn't exist within the current EEA structure.*

*I would welcome any feedback or questions on these topics.*

***[NOTE : EEA frequently states that investors should make their decisions only on the basis of information provided by EEA and/or their registered Financial Advisor (where applicable).***

***EEA repeatedly says that investors should not rely on information (or "speculation" and "conjecture") provided by me or the EEA Investors' Group. ]***

### ➤ Continuing Share Redemptions

The 23-month lock-up period under the restructuring expires at the end of November 2015, and the first "Redemption Day" is 1<sup>st</sup> 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 25<sup>th</sup> September 2015**.

I haven't finished the special Bulletin yet (I'm working on it) covering the pro's and con's of redemption, but meanwhile here is a [helpful document](#) published by Meteor to its investors.

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. We have asked EEA to publicise the redemption option in their next Letter / Notice to shareholders but they might be reluctant to do so.

It's impossible to make a rational decision because the redemption request is irrevocable and the NAVs (or valuation methodology) at the time of each future quarterly redemption day is impossible to predict, as is the likely Available Cash

balance at any point in time, given that EEA and Maple Life are repeatedly unable to accurately estimate policy maturities, and might even start to sell off some policies at a significant discount.

➤ **Guernsey Financial Services Commission**

GFSC has made several comments about our Group :

- a) That we are a “sub-optimal communication channel” between the GFSC and individual investors. GFSC would prefer to communicate directly with investors (but they don’t know who you are and none of us is allowed to copy the shareholder register, according to EEA).  
*Therefore would each member who is not already “known” to GFSC please send an email to Mark Le Page [MLepage@gfsc.gg](mailto:MLepage@gfsc.gg) introducing yourself, summarising your comments / concerns and asking him what other information he would like to know from you. Feel free to copy me in (or not) as you wish.*
- b) That information on our website and in recent media articles undermine EEA and GFSC’s attempts to “recover value” from the EEA Fund assets  
*We are very aware of this possibility and avoid publishing any such material. EEA has done more damage to their credibility and the value of the portfolio than we have.*
- c) That the presence of IFAs among our members forms a “barrier to communication” with investors  
*The IFAs who participate in our Group are clearly acting on behalf of their clients and we do not hold back any information that might upset the IFAs. Many other IFAs simply monitor our activities and do (or do not) pass on our information to their clients as they see fit. We would prefer to have direct access to as many investors as possible, but this is very difficult without a copy of the shareholder register or a global advertising budget.*
- d) That our members appear to have differing (or disparate) views about our Constitution and strategy.  
*Variety is the spice of life. Everyone’s circumstances are different and we try to be flexible. I have updated our [“Who We Are and What We’re Trying To Achieve” Bulletin](#) to clarify our Constitution and strategy.*

For the avoidance of doubt, the following are our current priorities :

- i. **To obtain the maximum possible cash redemptions from the remaining assets over a reasonable timeframe** (consistent with or better than the EEA predictions at the time of the restructuring vote in 2013).  
In accordance with the restructuring vote, this will be achieved by holding as many policies as possible to maturity, subject to understanding why the remaining policies are still not maturing in accordance with EEA’s many wrong predictions (including the recent Maple Life projections).

We have calculated that the total cash available to investors could be between \$500 and 950m, depending on the maturity and other assumptions used.

- ii. **To prevent EEA from reducing or damaging the quality and value of the remaining assets**, e.g. by selling policies at less than their net future cash value, especially at significant discounts (e.g. 20-40% of face value) in the tertiary market. We also want to minimise the ongoing expenses and eliminate valuation based charges. If EEA follows the plan that we fear they are currently embarked on (but they won't admit) then we believe that the net future cash available to investors will be less than \$500m.
- iii. **To investigate and recover past overpayments** caused by wrong or manipulated valuations, and to identify / prosecute / sanction any parties that acted unlawfully, incompetently, carelessly or recklessly in mis-managing or mis-representing the operation of the Fund in any way since inception, to the detriment of the current investors.

#### ➤ [Action Group for Life Settlements](#)

Peter Lihou's [Action Group for Life Settlements](#) released a [letter](#) from the European Court of Human Rights (ECHR) in Strasbourg rejecting their group's claim against the UK Government and Financial Conduct Authority (FCA) for compensation in relation to the announcement by the Financial Services Authority (FSA) on 28<sup>th</sup> November 2011 which triggered the suspension of the EEA Life Settlements Fund.

The claim had previously been rejected by the FCA in a [letter](#) dated 15<sup>th</sup> April 2015.

We're sorry to see that the Peter's claim has run into legalistic brick walls and we have asked Peter to extend an open invitation for his members to also join our own Group which is continuing to challenge EEA and its associated companies and advisors, plus other relevant parties (including the auditors past and present) concerning what we consider to have been mis-management and mis-representation of the EEA Fund, almost since inception.

We have issued this [Media Release](#) to explain and clarify our position.

Peter is also suggesting that Investors should target GFSC for their part in allowing harm to come to investors. We prefer to support GFSC in their efforts to bring EEA properly to account and to retrieve as much cash as possible from the remaining assets. We have also asked GFSC to appoint inspectors to investigate the matters raised in sections 1.5 and 1.6 of our Working Paper 7A last October.

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

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

There were only three maturities in June 2015 (for a total NDB of \$1.15m) and none have been reported so far to 20<sup>th</sup> July. Year-to-date maturities are \$27.5m against EEA predictions of more than \$200m for the year.

The June quarter Portfolio Statistics and Fund Commentary are not expected to be published until early August (one month later than usual).

The June cash balance of \$126m is below the two-year premium reserve of around \$135-140m and it seems unlikely that the Board will announce any

Run-off redemption payments for this period, unless they pass the Resolution 3 at the AGM which will free up \$70m of cash from the premium reserve, but with possible harmful implications for future cash balances, as described above.

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
<b>Total Jan - Jun</b>	<b>43.2</b>	<b>33.7</b>	<b>\$60.80m</b>
2015 Actual Jan - Mar	13	11	\$ 11.33m
Apr	1	1	\$1.50m
May	5	5	\$13.50m
June	3	3	\$1.15m
<b>Sub-total Jan - June</b>	<b>20</b>	<b>17</b>	<b>\$27.5m</b>
<i>Late Postings from 2014</i>	4	2	\$7.75m
<b>Totals</b>	<b>24</b>	<b>19</b>	<b>\$35.24m</b>

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

<b>Cash b/f from 31<sup>st</sup> Dec 2014</b>	<b>\$134.07m</b>
Estimated Premium Payments and Expenses	<b>\$(36.50)m</b>
Continuing share redemptions (Feb)	<b>\$(4.09)m</b>
Gross Income (NDB) from Maturities	\$35.24
Adjustments and Other Items (Feb)	\$6.50m
Balancing Adjustments Attributable to Continuing Shares	<b>\$(3.72)m</b> <b>\$(5.4)m</b>
<b>Cash Balance at 30<sup>th</sup> June 2015</b>	<b>\$126.1m</b>

No Explanation from EEA (See Letter)

Inadequate Explanation from EEA (See Letter)

➤ Media Interest

Judith Evans published a second Financial Times article about high risk unregulated investments and the new UK Pension Freedoms situation.

This included a "Case Study" inset focussed on EEA and the Investors' Group, based on an interview with one of our members.

FT Advisor article on deVere activities in Japan, South Africa and Hong Kong..

  
*Item removed as a gesture of goodwill pending resolution of a complaint received from solicitors acting for the entities concerned.*

➤ Donations

Thank you to those of you who responded to my recent appeal. The kitty is still open, and in particular we would like members who have obtained redress from their IFAs (directly or via the Ombudsman) to make a generous donation (e.g. £1,000 or equivalent), especially if they received support and assistance from the Group. We would also like to see more IFAs stumping up a reasonable donation on behalf of their clients or putting their clients in touch with us directly so that we can add them as members in their own right.

Kind Regards  
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