

➤ **First Things First**

I hope that you had a Happy / Merry / Enjoyable / Peaceful Christmas and send you my best wishes for 2016.

EEA are in the process of making \$181m of redemption payments (See “run-off” and “Continuing” sections below). Please note the following :

- a) As grateful as you are to be receiving this money, it is **not** a “gift” or “windfall” from EEA. It is the (partial) return of your original capital that you entrusted to EEA many years ago with the expectation of earning a return of at least 8% per annum from the maturing of the life insurance policies that they invested in on your behalf.
 - b) \$130m of the payments have been funded by the recent sale of 188 policies which should have returned around \$300m of cash to the Fund if they had been held to maturity, based on the current Scheme Particulars and EEA portfolio data. The remaining \$170m of (future) cash has now been acquired by the unnamed buyer, to the detriment of the 84% of EEA shareholders who are not redeeming their Continuing shares at this time. We are still waiting for a response from EEA to our letter dated [9th December 2015](#). The other \$51m of the \$181m comes from the \$70m estimated reduction in the two year premium reserve for the remaining policies because of the Policy sale.
 - c) We estimate that the \$181m of redemption payments should actually be **at least \$230m** and wrote to EEA on [23rd December 2015](#) to query this point.
 - d) As mentioned previously, EEA mistakenly refer to these payments as “Distributions” and this could result in confusion or incorrect assessments for taxation purposes. These are **not** distributions (of income or dividends) for taxation purposes – even for people holding “Distribution Class” shares, but are payments for **redemptions** of shares, which should be treated as capital gains or losses for taxation purposes. The rules might be different in different tax jurisdictions, so please be careful when completing your tax returns or discussing these payments with your tax consultant / advisor.
- **EEA – Updated Questions and Answers Document**
EEA updated their “Key Questions” document on 16th December 2015. [Click here](#) to see our annotated version which also shows the various additions / deletions over time, including the apparent cancellation of the Scheduled December review for Run-off shareholders. The document contains the latest details for the proposed redemption payments.
- **New “Fund Facts” Bulletin**
I have updated the [Fund Facts Bulletin](#) on our website to November / December 2015. If there is different or additional info that you would like me to include then please let me know.

➤ **Run-off Share Redemptions and Payments**

In the updated Q&A document, EEA included the information from their [7th December 2015 Notice](#) confirming that they had increased the proposed redemption payments from \$87.6m to \$102.2m and that payment would be made “during December 2015 and no later than 8th January 2016”).

The payments amount to between 27% and 38% of your **current valuation** (15 – 25% of your original investment) depending on which Cell / Currency your shares are in.

Run-Off Cell	Effective Distribution per Run-Off Share	Proportion of Nov 2015 Valuation to be Redeemed	Number of Shares to be Redeemed	Value of shares to be Redeemed
USD X	\$31.54	29.45%	77.3k	\$8.3m
USD Fund Dist	\$19.91	29.37%	11.4k	\$0.8m
USD Fund Acc	\$25.95	32.22%	5.7k	\$0.5m
USD Fund Class I	\$26.89	31.27%	41.2k	\$3.5m
Swedish Krona Class X	33.39 kr	38.05%	93.7k	\$0.9m
Euro X	€ 33.82	28.11%	32.6k	\$4.1m
Euro Fund Dist	€ 23.02	28.12%	6.3k	\$0.5m
Euro Fund Acc	€ 23.12	27.32%	1.0k	\$0.1m
Euro Y	€ 22.18	27.95%	3.9k	\$0.3m
GBP X	£27.49	29.27%	139k	\$19.7m
GBP Dist	£20.66	29.41%	61.3k	\$6.5m
GBP Acc	£31.04	29.43%	285k	\$45.3m
Meteor SLS	£29.81	30.74%	46.5k	\$6.8m
Meteor SLS Fund II	£25.65	29.50%	23.8k	\$3.1m
Way LS Fund	£23.93	28.29%	10.2k	\$1.3m
TOTALS		29.53%	839k	\$102m

Direct shareholders have now received Contract Notes dated 4th December 2015 for the redemptions, but no one has yet reported receiving any payments into their bank or platform accounts. If you are a direct shareholder and haven't received your payment by 8th January then please contact IAG in Guernsey on +44 (0)1481 740900 or via email to shareholderservices@iag.co.gg. It's possible that they haven't got a correct current address or banking details for you, or need some other documentation to be completed / updated before they can make the payment.

If you hold your shares via a platform or nominee then a further delay is possible before they can allocate the payment to your account or wrapper. Check your account / statements during February and follow-up with the platform or nominee concerned if the payment hasn't appeared by then.

➤ **Continuing Share Redemptions and Payments**

In the updated Q&A document, EEA included the information from their [15th December 2015 Notice](#) confirming that they had increased the proposed redemption payments from \$62m to \$79m. Payments would be confirmed shortly after the 31st December Redemption Day, and made during January 2016. The amounts to be paid vary between 37% and 100% of requested redemptions (25% and 75% of original investment), depending on the Cell / Currency and also the number of redemption requests received and the available cash per Cell.

Continuing Cell	Proportion of shares in issue for which valid requests for redemption on 31 December 2015 have been received	Proportion of redemption requests expected at 15 December 2015 to be redeemed on 31 December Redemption Day at NAV	Number of Shares expected at 15 December 2015 to be redeemed on 31 December at NAV	Value of Shares expected at 15 December 2015 to be redeemed on 31 December
USD Fund Class X Cell	36.85%	84.44%	75k	\$8.2m
USD Fund Dist Cell	33.62%	92.83%	9k	\$0.6m
USD Fund Acc Cell	49.60%	68.17%	10k	\$0.8m
Swedish Krona Fund Class X	40.36%	100.00%	83k	\$0.8m
Euro Fund Class X Cell	38.22%	80.02%	56k	\$7.1m
Euro Fund Dist Cell	11.64%	100.00%	1k	\$0.1m
Euro Fund Acc Cell	78.39%	39.78%	5k	\$0.4m
Sterling Fund Class X Cell	40.13%	78.72%	158k	\$22.5m
Sterling Fund Dist Cell	44.16%	71.07%	39k	\$4.2m
Sterling Fund Acc Cell	43.79%	72.19%	170k	\$27.2m
Meteor Senior Life Settlements Sterling Fund	48.59%	65.87%	25k	\$3.6m
Meteor Senior Life Settlements Sterling Fund II	50.66%	60.99%	22k	\$2.9m
WAY Life Settlements Fund	3.56%	100.00%	0.185k	\$0.024m
TOTALS	846,017	654,541	655k	\$78.6m
	41.55%	32.15%		

Estimates are based on Nov 2015 NAVs and FX rates and will change slightly based on the actual December 2015 results.

➤ **Investor Information Meetings**

Next Week I will be meeting members in Dorset, Devon, South Wales, Bristol and Wiltshire. The week after I will be in East Anglia and London, followed by Brussels, Zurich, Geneva and Paris. If you are interested in joining me at any of these locations then please get in touch immediately. One of our Senior Members will be in Singapore later in January and is happy to meet any members or other EEA investors while he is there.

In February, I will be meeting members in the Home Counties, Scotland, Spain and Sweden, and will arrange video calls to members in Africa, Asia and Australia.

➤ **EEA Litigation Group (EEALIT)**

Thank you to everyone who has registered their interest in receiving more information about the EEALIT Litigation Group. We are currently finalising a draft “Key Questions” document to send out to everyone who has registered. If you haven't yet registered then please do so now by sending an email to Register@EEALIT.com . There is no obligation to join but the sooner you do so then the sooner that we can get the legal research underway.

EEALIT will also be holding its first info meeting for Financial Advisors in London on 14th January so that they can consider informing and advising their EEA Investor clients to register and potentially join the Group. If you are an IFA and haven't received an [Invitation](#) or booked your place yet then please email LondonIFA@EEALIT.com as soon as possible. Other IFAs that I have met (or will meet) at the various regional meetings do **not** need to attend the London meeting unless they wish to do so.

Meanwhile, if you have any immediate questions then please send an email to info@EEALIT.com .

➤ **2015 Fund Performance**

Three policy maturities (one life) with total \$12.39m NDB has been reported to 21st December 2015. I'll issue a proper year-end summary in my next update when any further maturities should be known, together with the final details for the share redemptions and cash balances.

Don't hesitate to contact me if you need clarification or further information on any topic. Note that I don't provide advice – just information and personal opinions.

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