

WARNING : Information in this update could (further) damage your Wealth.
Please read the disclaimer at the end. However, if you have a regulated / professional advisor (or any other relevant person) then please discuss my information / opinions with him or her. I am happy to answer any questions from you and /or your advisor(s).

1) Secondary Share Sale

See the Appendix for more details. Following are the highlights and my comments.
It now is certain that, in one way or another, the benefits of any 9-12% “June” redemption will accrue to the benefit of the buyer(s) and NOT the seller

For Run-off Shareholders this means that if you sell your shares you would receive around 30% of the March NAV as immediate cash, then THE BUYER will almost immediately receive up to 40% of the purchase amount back as a “June” redemption payment (or will deduct it from your proceeds), potentially followed by a similar amount over the next 6-12 months, plus ongoing payments thereafter. If you don't sell your shares, then YOU will almost immediately receive up to half the 40% of the sale amount as a “June” redemption payment, potentially followed by a similar amount over the next 6-12 months, plus ongoing payments thereafter.

For Continuing Shareholders this means that if you sell your shares you will receive around 35-45% of the March NAV as immediate cash, then THE BUYER will almost immediately receive 20-50% of the purchase amount back as a “June” redemption payment (or deduct it from your payment), followed by a further amounts over the next (say) 24 months as the redemption request process continues. If you don't sell your shares, then YOU will almost immediately receive 10-15% of the March NAV amount as a “June” redemption payment, followed by a further 75% or more of the March NAV over the next (say) 24 months.

Note : The redemption payments and timing for Continuing shares vary significantly by Cell, depending on the number of outstanding redemption requests from December, March and any new requests for June.

In either case, even if you ARE “distressed” and in need of immediate cash, the difference between holding and selling is minimal in the short term (1 year), and you are probably better off by holding for the medium term (1-2 years). None of us knows what the longer term (2-10 year) prospects will actually look like, except that there are no longer term prospects for you if you decide to sell now.

Tullett Prebon Alternative Investments (TPAI)

Sellers must accept the TPAI offer by Friday 24th June (but earlier deadline dates might apply via intermediaries). If you wish to sell through TPAI but haven't registered with them (yet) then you can place your shares through Charles Stanley, as explained in the Appendix.

In their latest Key Questions Bulletin dated [10th June 2016](#), EEA state (Qu.12 page 9)

“...The Manager understands from TPAI that any distributions (by way of redemption or otherwise) made after a Shareholder has agreed to sell his Run-Off

Shares sold via the Secondary Sales Process will be for the account of the buyer, rather than the seller.

However, that will depend upon the terms of the sale documentation for the Secondary Sales Process, and is something that those Shareholders wishing to participate in the Secondary Sales Process should check with TPAI and/or seek regulated financial advice if in any doubt as to what action they should take..."

TPAI's formal position appears to be that should you accept their bid, then the economic date that you lose exposure to your share position is the March NAV. The effective date that you would no longer hold the share position would be whenever the share transfer completes on the books of EEA.

On [2nd April 2016](#) I sent an email to TPAI asking (among other things) to personally verify that the information contained within their "data room" was "generally available to investors" (e.g. shareholders and potential sellers or other buyers) as stated by EEA, who were responsible for providing the information to the data room. I haven't received any response from TPAI on any of the topics mentioned in my email, but I now have reasons to believe that the data room contains material information that is NOT available to investors (generally or otherwise), in spite of some of it being requested by several IFAs and investors over time and always being rejected by EEA as "Commercially Sensitive or Confidential". I have asked GFSC and the UK FCA to investigate whether this contravenes "insider or unfair trading" rules or other inappropriate behaviour by TPAI and/or EEA.

Private Investors

In their latest Key Questions Bulletin dated [10th June 2016](#), EEA state (Qu.12 page 9)

"...Please note that in addition to the Secondary Sales Process described above, the Fund has recently been made aware that another firm, Southey Capital, has indicated that it is offering a brokerage service in respect of both Run-Off Shares and Continuing Shares in the Fund. They can be contacted via info@southeycapital.com for further information. No EEA Party is responsible for, involved in, and/or is in any way endorsing, any service offered by Southey Capital or any other third party that may offer similar brokerage services. The Board makes no representation regarding the level of demand which may exist via any such brokerage service, or the prices which may be offered. Shareholders who are considering selling their Shares via either the Secondary Sales Process, Southey Capital or any other brokerage service do so at their own risk, and should seek regulated independent advice if in any doubt as to what action they should take..."

No mention by EEA (yet) about Ravenscroft – even though they are only 1½ miles from each other in Guernsey and were mentioned in my last Update on 29th May.

I will continue to work with any prospective buyers to try and enhance their understanding of the EEA valuations and potentially improve their offers to make a more attractive and ongoing secondary market for both Run-off and Continuing shares.

2) EEA Redemptions and Other Responses

EEA have repeatedly refused my requests to publish the date of record for the scheduled "June" redemptions or to otherwise manage the interaction with the secondary share sale process in the interest of sellers.

In EEA's latest Key Questions Bulletin dated [10th June 2016](#), EEA (Qu.9 page 8) EEA have (for the first time) published the Available Cash position per Run-off Cell (for the end of April - approximately 10% per Cell) amounting to \$24m. This is \$10m less than I have estimated, but (as EEA have said) I don't properly understand how EEA allocate the premium reserve across the Cells and they don't explain it anywhere. The figure will change based on May and June maturities but these are zero at present (see below).

A recent *Citywire* article quoted EEA as saying that they expected an extra \$96m of cash to be available for potential redemptions in November / December 2016. This didn't seem feasible to me and I queried it with EEA. They have clarified that this was *"... an error by the journalist, without reference to the Fund or the Manager prior to publication. The error was brought to their attention, and has been removed from the article in question. The figure was referred to in a Fund announcement made in September 2015 and it is unclear why the journalist thought that the figure related to 2016..."*

EEA have also confirmed (Key Questions Qu.14 page 10) that *"...Available Cash attributable to a Continuing Cell that is not used to fund redemption requests and/or other expenses will be reinvested into a New Fund or Other Instruments (as defined in the Information Memorandum and Supplements) to provide exposure to policies with similar characteristics to those currently held by the Fund. [hopefully much better than the ones which we've got !!!] No amounts have yet been reinvested and Available Cash attributable to a Continuing Cell will not be reinvested into a New Fund or Other Instruments whilst there are redemption requests outstanding for that relevant Cell..."*

3) EEA April Results

There was a surprising drop of 5% across all NAVs at 29th April compared with 31st March 2016. I wrote to EEA with several questions and in their latest Key Questions Bulletin dated [10th June 2016](#), EEA state (Qu.16 page 10) **[my comments in red]** :

"...Approaching two years ago, [actually since July 2013] the Fund began a programme of renewing the life expectancy (LE) estimates of the circa 450 [550] policies then held by the Fund. The first round of updates is nearly completed, with 32 LE estimates being updated during April 2016 and around a further 50 expected to be updated in the next few months. [At the AGM in August 2015 Chris Daly said that the first 2-year cycle was now virtually complete] The LE updates in April, and in particular the LE updates on two lives covering eight of those policies with an aggregate net death benefit of \$46m, account for a substantial portion of the fall in NAV. As a consequence of the Fund's recent mortality experience, Maple Life has also adjusted some of its assumptions regarding the most seriously impaired LE policies. Finally, the premium cost of some policies has recently risen, resulting in a minor downwards adjustment to

the NAV. [This "Cost of Insurance – COI" issue is currently causing a lot of concern throughout the US Insurance and Life Settlements industry, and we first raised it with EEA in July 2015 based on a then recent [TransAmerica announcement](#)]

I also asked why the Weighted Average Age for the portfolio had fallen from 89.99 years at 30th March to 88.25 years at 29th April 2016. EEA immediately re-issued the Fact Sheet to show a corrected figure of ~~99.18~~ 90.18 years for 29th April. [corrected 17/6/16]

4) 2016 EEA Fund Performance to Date

There have still been no maturities reported so far for May (or June) .

Description	Policies	Lives	Gross NDB
<i>Historic Average</i>			
Jan	7.5	6.7	\$7.0m
Feb	8.0	5.0	\$7.2m
Mar	7.2	6.2	\$15.7m
April	5.9	5.1	\$11.1m
May	6.7	5.3	\$9.6m
June	6.4	4.6	\$10.8m
Total Jan - Apr	41.7	32.9	\$60.4m
2016 Actual			
Jan	4	3	\$11.3m
Feb	4	1	\$12.1m
Mar	3	3	\$6.9m
April	8	3	\$3.6m
May	0	0	0 *
June to date	0	0	0 *
Estimated Totals to 30th June	19	10	\$33.9m *

Cash b/f from 31st Dec 2015	\$196.6m
Estimated Premium Payments & Expenses	\$(20.0)m
Continuing share redemptions (Jan)	\$(88.6)m
Continuing share redemptions (Mar)	\$(9.4)m
Gross Income (NDB) from Maturities	\$33.9m *
Adjustments and Other Items	TBD
Estimated Cash Balance at 30 June 2016	\$112.5m *

* To Be Confirmed

DISCLAIMER : Note that I'm still not an expert or an auditor or a lawyer or a (regulated) financial advisor and I don't provide financial or legal advice – just information and personal opinions. I often disagree with EEA (and they disagree with me) and EEA state that investors should only rely on information provided by themselves or a regulated professional advisor – if you have one. Don't hesitate to contact me if you have any questions or need further information or clarification on any EEA related matter.

David Trinkwon

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Coordinator – EEA Investors' Group

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APPENDIX

SECONDARY SHARE SALE

TULLETT PREBON (TPAI)

Tullett Prebon have now announced their "Strike Price" of 26.69% of the 31st March NAV per share for each Run-off Cell. TPAI are not offering to buy Continuing shares. The Strike Price is the minimum price you can expect to receive for your shares if you choose to sell.

Note : In the event that supply exceeds demand, a subsequent announcement will be made within two working days following 24th June 2016. This will give each Seller the opportunity to accept the purchase of their shares on a pro-rata basis. For example, if demand is \$2 and supply is \$4, there is only enough demand to cover 50% of the supply. As a result in this example each Seller would only be able to sell 50% of their shares in the EEA Secondary Sales Process.

Next Step: To place your sell order through TPAI, instruct your intermediary to reply to TPAI and include the phrase "*I wish to sell my shares in the EEA Run-Off Cells at a minimum price of 26.69% of the 31st March 2016 NAV*" by the 24th of June 2016.

Further steps: TPAI will reply to your intermediary with a list of the shareholdings that they have on file for you to confirm the sell order. The sale of your shares via the EEA Secondary Sales Process on the basis set out above remains subject to satisfactory completion of purchase and transfer documentation by both you and the buyers and acceptance of the transfer instruction by EEA. *(my addition)*

You can only sell your shares through TPAI if you previously registered with them via your registered Financial Advisor or other intermediary. If not then you can sell your shares to TPAI through **Nick Green** at **Charles Stanley (Norwich)**. You will need to open an execution only account with Charles Stanley and fees might be payable.

Contact : Nick.Green@charles-stanley.co.uk Tel : +44 1473 297700

EEA and TPAI have explained that the proceeds of any "June" Redemption payment will accrue to TPAI (not the seller) either as a direct payment from EEA to the buyer in due course, or as a deduction by TPAI from the sale price to the seller.

PRIVATE BUYERS

Buyer A : is offering to buy a limited number of shares from the Continuing cells at 40% of the April NAV (roughly equivalent to 37.5% of the March NAV). The buyer is represented by Ravenscroft stockbrokers in Guernsey, who will buy the shares on a first come first served basis. If you hold Continuing shares and wish to sell to this buyer, please ask your platform or financial institution to contact Ravenscroft. If you hold your shares directly with EEA, you can open an execution only account with Ravenscroft, which will incur fees of approximately 1.5%.

Buyer A has set a deadline for offers to sell of Friday 5th August 2016 and will also benefit from any "June" distribution by receiving payment direct from EEA or adjusting the settlement payment to the seller.

Ravenscroft Contact info :

Ravenscroft Stockbrokers (Guernsey Company Number 42906)
P.O. Box 222, The Market Buildings
Fountain Street, St. Peter Port
Guernsey, GY1 4JG
gdealing@ravenscroft.gg Tel : +44 (0)1481 729100 web : www.ravenscroft.gg

For questions, please contact Head of Trading **Dale Acton** DActon@ravenscroft.gg or **Jake Le Marchant** JLeMarchant@ravenscroft.gg

Buyer B : Southey Capital Ltd (London) is offering to buy Run-off shares (at 29-31% of the April NAV) and Continuing shares (at "up to 50%" of the April NAV).

Please contact Robert Southey rs@southeycapital.com

Tel : +44 203 745 7940 web : <http://southeycapital.com/en/EEAinvestors/>

Where you can also register for regular email updates of pricing and terms.

Southey is an FCA registered broker specialising in bankrupt or illiquid assets. They offer a brokerage service not tied to any end investor.

NOTE : All sales and the subsequent transfer of shares (through TPAI or the Private Buyers) are subject to acceptance and confirmation by EEA.

The EEA Directors may in their discretion and without assigning any reason decline to register a transfer of shares in certain circumstances. The particular circumstances in which the Directors may decline to register a transfer of shares are set out in the [Fund's Articles of Incorporation](#), and some of the key provisions are summarised in the [Fund's Information Memorandum](#).