

1) Redemptions Payments – Run-off Shares

EEA announced on 2 August 2016 that it will be distributing approximately **\$18.3m** to Run-Off Shareholders (an average 7.9% of the June NAV for all Run-off cells). Then on 25th August EEA announced that because of a lack of policy maturities during May, June and July the redemptions would be reduced to **\$15.5m** (an average of 6.7% of the July NAV for all Run-off cells).

Contract notes for the (reduced) redemptions have now been sent out and the cash is expected to be paid to your bank account or platform / nominee "by the end of August 2016 subject to receipt of all requested original paperwork.

Run-off Cell	ISIN Code	Curr	NAV per Share			29-Jul-16	Redemption
			31-Mar-16	29-Apr-16	30-Jun-16		
USD X	GG00BMNR0G75	USD	\$110.04	\$105.64	\$103.16	\$102.42	7.82%
USD Fund Dist	GG00BMNR0N43	USD	\$69.81	\$67.04	\$65.52	\$65.07	7.86%
USD Fund Acc	GG00BMNR0S97	USD	\$82.96	\$79.68	\$77.87	\$77.33	8.04%
USD Fund Class I	GG00BMNR0H82	USD	\$88.82	\$85.32	\$83.40	\$82.83	7.47%
Swedish Krona Class X	GG00BMNR0L29	SEK	82.76 kr	78.61 kr	80.17 kr	80.36 kr	7.06%
Euro X	GG00BMNR0J07	EUR	€ 113.87	€ 108.74	€ 109.01	€ 107.64	7.64%
Euro Fund Dist	GG00BMNR0P66	EUR	€ 77.70	€ 74.21	€ 74.44	€ 73.51	7.76%
Euro Fund Acc	GG00BMNR0R80	EUR	€ 80.31	€ 76.71	€ 76.94	€ 75.98	8.06%
Euro Y	GG00BMNR0F68	EUR	€ 75.35	€ 71.94	€ 72.06	€ 71.12	7.83%
GBP X	GG00BMNR0K12	GBP	£100.98	£95.47	£100.96	£100.80	6.47%
GBP Dist	GG00BMNR0M36	GBP	£75.69	£71.58	£75.73	£75.62	6.46%
GBP Acc	GG00BMNR0Q73	GBP	£113.65	£107.48	£113.71	£113.55	6.48%
Meteor SLS	GG00BMNR0T05	GBP	£104.58	£98.90	£104.63	£104.48	6.55%
Meteor SLS Fund II	GG00BMNR0V27	GBP	£93.67	£88.57	£93.69	£93.56	6.53%
Way LS Fund	GG00BMNR0W34	GBP	£91.10	£86.14	£91.04	£90.88	6.74%

In an update to the [EEA Q&A Bulletin dated 25 August](#) EEA have **deleted**

"... The next review of the Available Cash position for the Run-Off Cells is scheduled for 31 December 2016, with an update expected to be given towards the end of January 2017 " with no replacing text.

This might be because the extra maturities just reported for June – August (see below) means that EEA should be able to make a further redemption before the end of 2016.

2) Redemptions Payments – Continuing Shares

As reported previously, there were **NO** Continuing Share redemption payments for the 30th June Redemption Day. Any Continuing shareholder who wishes to request redemptions and hasn't already done so should do so by the following deadlines :

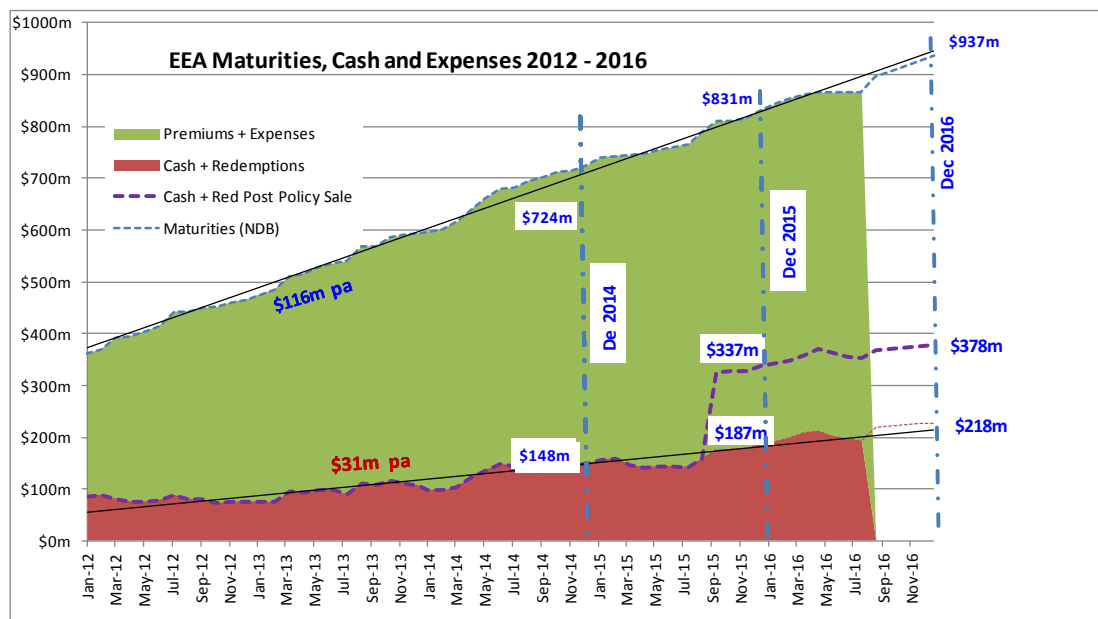
- 4)
 - Redemption Day 3 January 2017 — deadline for receipt of redemption requests 5.00pm (Guernsey time), **30 September 2016**
 - Redemption Day 3 April 2017 — deadline for receipt of redemption requests 5.00pm (Guernsey time), **29 December 2016**.

Note that redemption requests for shares held via intermediaries / nominees / platforms must be made via the intermediary concerned, and in advance of these dates. A Redemption Request Form for Direct EEA Continuing shareholders is available at <http://www.eeafmq.gg/wp-content/uploads/Redemption-Request-Form.pdf>

3) 2016 EEA Fund Performance

According to the latest EEA Maturity Schedules (dated 19th and 25th August 2016) there have been four more policy maturities reported for June, July and August for a total NDB of **\$47.15m – a record amount for any three-month period**. This is very welcome news for investors and bodes well for further redemption payments later in the year for Run-off and the relevant Continuing shareholders. It also highlights a new phenomenon for the EEA portfolio. After the sale of 187 policies last year, the average policy maturity values increased from **\$2,650k** per life during 2015 to **\$5,440k** per life so far in 2016. This is because there are now proportionately more higher value polices in the (smaller) remaining portfolio, meaning that maturities are tending to be fewer, but larger and we must expect more “lumpiness” in the maturity profile going forward. The statistics of projections based on averages don’t work so well for smaller “populations” of data, especially when the individual items are less similar (or “homogenous”).

The graph below shows the EEA maturity and cash profile since inception and you can see the “dip” of the past three months and the estimated August “recovery” going forwards.



Description	Policies	Lives	Gross NDB
<i>Historic Average Jan- Mar</i>	22.7	17.9	\$29.9m
<i>April - June</i>	19.0	15.0	\$31.5m
<i>July</i>	4.7	3.7	\$9.4m
<i>Aug</i>	6.4	5.4	\$16.5m
Total Jan - Aug	52.8	42.0	\$87.2m
2016 Actual Jan - Mar	11	7	\$30.3m
Apr - June	10	5	\$14.15m
July	1	1	\$7.5m
Aug	2	2	\$29.65m
Prov. Totals to 30th Aug	24	15	\$81.6m
Lapsed Policies (No benefit)	(3)	(3)	\$(3.4)m

Cash b/f from 31st Dec 2015	\$196.6m
Estimated Premium Payments & Expenses	\$(28.5)m
Continuing share redemptions (Jan)	\$(88.6)m
Continuing share redemptions (Mar)	\$(9.4)m
Gross Income (NDB) from Maturities	\$34.5m
Adjustments and Other Items	\$1.0m
Cash Balance at 29 July 2016	\$105.6m
2 year Premium Reserve	\$(94.5)m
Available Cash at 29 July 2016	\$11.1m
<i>Provisional Maturities (Aug)</i>	<i>\$47.2m</i>
<i>Estimated Premiums and Expenses (Aug)</i>	<i>\$(3.0)m</i>
<i>Run-off Redemption Payments (Aug)</i>	<i>\$(15.5)m</i>
Provisional Cash Balance at 31 Aug 2016	\$134.3m
<i>Estimated 2 year Premium Reserve</i>	<i>\$(89.8)m</i>
<i>Provisional Available Cash at 31 Aug 2016</i>	<i>\$44.5m</i>

4) Secondary Share Sale

Southey Capital are still buying EEA Run-off shares at up to 35% of the June NAV per share (depending on Cell – and also assuming that the buyer receives the benefit of the 7% August Redemption payment). They are also buying Continuing shares at up to 55% of the June NAV (depending on Cell and redemption request status).

Contact rs@southeycapital.com Tel : +44 203 745 7940

Tullett Prebon Alternative Investments (TPAI) – No updates received. For more information or quotes, ask your intermediary to contact TPAI by email to eea-process@tullettprebon.com . If you are a Direct (retail) EEA shareholder then you will need to engage an intermediary such as Nick Green at Charles Stanley (Norwich). Contact Nick.Green@charles-stanley.co.uk Tel : +44 1473 297700

5) BTINTERNET Emails

I'm getting a lot of rejections for emails sent to xxx@btinternet.com email addresses. BT seems to think that I'm sending spam – I'm trying to convince them otherwise and also trying various ways to bypass their filters. If you believe that you're not receiving emails from me then please let me know.

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.

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