

## 1) Redemptions Payments – Run-off Shares

EEA announced on 5 October 2016 that due to significant cash flows received from maturities during August and September, the Fund has declared a Redemption Day of **10 October 2016** in order to distribute Available Cash to those persons registered as holders of Run-Off Shares on 10 October using the 30 September valuations. The exact amount that will be paid to any particular Run-Off Shareholder, and the number of Run-Off Shares that will be redeemed, will be confirmed on a contract note to be issued to each Run-Off Shareholder in due course following the Redemption Day. Final details are anticipated towards the end of October

My own estimate is that the current amount of Available Cash (\$30m) across all Run-off cells will increase to around \$33m for 30<sup>th</sup> September, resulting in a 15% redemption payment across all Run-off cells.

## 2) Redemptions Payments – Continuing Shares

EEA have also confirmed that details of the **3<sup>rd</sup> October** redemptions for Continuing shares will also be updated later this month, presumably based on the 30<sup>th</sup> September NAVs and Available Cash. My estimate is that this will amount to a potential total of **\$16m** across the Continuing cells but actual payments will be based on the number and value of outstanding requests from December 2015, March 2016 and June 2016, then any new requests received for the 3<sup>rd</sup> October Redemption Day.

The table below shows (in USD) my estimated position for each Continuing cell. For example :

- The Swedish and WAY cells have zero outstanding requests and therefore a balance will be available to meet (**some of**) any new October requests for those cells.
- All other cells will only be able to satisfy **some** of the outstanding requests (in date priority order) and would therefore NOT be able to satisfy any new requests for October, i.e. :
  - The Sterling Class X cell would be able to satisfy the outstanding December and March requests (\$897k + \$2,523k) plus **some** of the June requests.
  - The Sterling Acc cell would be able to satisfy the outstanding December requests (\$4,399k) plus **some** of the March requests but **none** of the June requests.
  - The Meteor cells could only satisfy **some** of the outstanding December requests (approx \$1,100k each), but none of the March or June requests,

Continuing Cell	ISIN Code	Request Value (USD) at 31 Aug 2016				Available Cash (Est)	
		Dec b/f	Mar b/f	Jun b/f	Tot b/f	Total	Balance
USD Fund Class X	GBOOBOMT9309	\$0k	\$637k	\$1,272k	\$1,909k	\$1,687k	(\$222)k
USD Fund Dist	GG00B2NW9S76	\$0k	\$462k	\$83k	\$545k	\$133k	(\$412)k
USD Fund Acc	GG00B4TH5937	\$188k	\$6k	\$271k	\$465k	\$146k	(\$319)k
Swedish Krona Class X	GG00B5ZV4552	\$0k	\$0k	\$0k	\$0k	\$276k	\$276k
Euro Fund Class X	GBOOBOMT9184	\$47k	\$1,590k	\$1,417k	\$3,055k	\$1,505k	(\$1,550)k
Euro Fund Dist	GG00B1J ROT74	\$0k	\$415k	\$9k	\$424k	\$67k	(\$357)k
Euro Fund Acc	GG00B5L4FL18	\$526k	\$127k	\$38k	\$691k	\$88k	(\$603)k
Sterling Fund Class X	GG00B2NBIC85	\$897k	\$2,523k	\$2,333k	\$5,753k	\$4,441k	(\$1,312)k
Sterling Fund Dist	GBOOBOMT2Q49	\$764k	\$928k	\$627k	\$2,318k	\$832k	(\$1,486)k
Sterling Fund Acc	GG00B1P8D518	\$4,399k	\$3,298k	\$5,061k	\$12,757k	\$5,370k	(\$7,388)k
Meteor SLS Sterling Fund	GG00B2PQD184	\$1,086k	\$146k	\$281k	\$1,512k	\$705k	(\$807)k
Meteor SLS Sterling Fund II	GG00B3DHPP87	\$1,118k	\$210k	\$238k	\$1,567k	\$583k	(\$984)k
Way LS Fund	GG00B3KNO211	\$0k	\$0k	\$0k	\$0k	\$242k	\$242k
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		<b>\$9,025k</b>	<b>\$10,342k</b>	<b>\$11,629k</b>	<b>\$30,996k</b>	<b>\$16,075k</b>	<b>(\$14,920)k</b>

Actual payments will be in the relevant Cell currency, and subject to relative changes in the FX rates against the dollar between August and September.

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

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 [by clicking here](#).

### 3) EEA UPDATES

- **2016 EEA Annual General Meeting** – my crystal ball was spot on in my last update. The very next day EEA [announced](#) that this year's AGM will be held in Guernsey on Tuesday 18<sup>th</sup> October at 10:00am. There are no "surprise" resolutions this year and although I will be attending, I won't be asking for proxies or votes. If anyone else is planning to attend or has any specific questions or comments they wish me to raise, then please let me know as soon as possible.
- **EEA Key Questions Bulletin** – This has been [updated](#) and includes the following changes :
  - EEA have deleted all reference to last year's Policy Sale, and whether or not they intend to carry out further sales in the future. They still state that they have the right to sell policies "for portfolio management purposes" – whatever that means.
  - EEA have deleted the whole section related to Share sales – even though Southey Capital is still offering to buy Run-off and Continuing shares.
  - EEA will no longer publish an annual Interim Report and Accounts. They are not (legally) obliged to do so and are trying to save some money for us.

### 4) 2016 EEA Fund Performance

There have been four policy maturities reported so far (on four separate lives) for September 2016, for a total of \$8.1m Net Death Benefit, bringing the total to date for this year to \$87.9m against a forecast for the full year of \$103m at December 2015.

Description	Policies	Lives	Gross NDB
<i>Historic Average Jan- Mar</i>	21.3	16.9	\$27.3m
<i>April - June</i>	19.0	15.0	\$31.6m
<i>July - Sept</i>	15.7	12.6	\$30.5m
<b>Total Jan - Sept</b>	<b>56.0</b>	<b>44.4</b>	<b>\$89.4m</b>
2016 Actual Jan - Mar	11	7	\$30.2m
Apr - June	10	5	\$14.2m
July - Sept	11	11	\$53.4m
<b>Total Jan - Sept</b>	<b>32</b>	<b>23</b>	<b>\$97.8m</b>
<b>Lapsed Policies (No benefit)</b>	<b>(3)</b>	<b>(3)</b>	<b>\$(3.4)m</b>

<b>Cash b/f from 31<sup>st</sup> Dec 2015</b>	<b>\$196.6m</b>
Estimated Premiums & Expenses (Jan – Aug)	\$(31.5)m
Continuing share redemptions (Jan)	\$(88.6)m
Continuing share redemptions (Mar)	\$(9.4)m
Run-off Share Redemptions (Aug)	\$(15.5)m
Gross Income (NDB) from Maturities	\$89.7m
Adjustments and Other Items	\$(8.4)m
<b>Cash Balance at 31 Aug 2016</b>	<b>\$132.9m</b>
2 year Premium Reserve	\$(88.8)m
Available Cash at 31 Aug 2016	\$44.1m
<i>Provisional Maturities (Sep)</i>	<i>\$8m</i>
<i>Estimated Premiums and Expenses (Sep)</i>	<i>\$(4.0)m</i>
<b>Estimated Cash Balance at 30 Sep 2016</b>	<b>\$137m</b>
<i>Estimated 2 year Premium Reserve at 30 Sep 2016</i>	<i>\$(88)m</i>
<i>Estimated Available Cash at 30 Sep 2016</i>	<i>\$49m</i>

### 5) Remaining Portfolio

As at 30<sup>th</sup> September 2016 there are 148 policies remaining on 113 lives with a total NDB (face value) of \$497m projected to mature over 5 – 10 years, with an average insured age of 90.7 years and a weighted average remaining life expectancy of 31 months (2.6 years). The average face value is \$3.4m per policy or \$4.4m per life insured.

Estimated future premium payments are \$106m giving a non-discounted net future cash flow of \$390m (less other expenses and potential writeoffs), and subject to actual versus expected maturity performance or premium costs. The discounted fair value of this future cash flow is around \$230m (59% of face value).

**DISCLAIMER : 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. 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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