

➤ **Maturities**

One further maturity has been reported for March 2017 (\$250k NDB), and one (so far) for April (\$2.3m NDB). The weighted average Life Expectancy (LE) estimate of the remaining portfolio has increased by 3.8 months in the past month (10.2 months year-on-year)

Description	Policies	Lives	Gross NDB
Historic Average Jan-Mar	22.0	15.8	\$33.1m
(5yrs 2012 – 2016) April	5.2	3.6	\$8.0m
Total Jan – Apr	27.2	19.4	\$41.1m
2017 Actual Jan-Mar	4	4	\$14.9m
April to date	1	1	\$2.3m
Total Jan – 26th Apr	5	5	\$17.2m

➤ **Redemption Payments – Runoff Shares**

EEA announced on [20th April 2017](#) that they had changed their Premium Reserve assumption (see below) and that this would make an additional amount (\$40m) of cash available for redemption payments in April 2017. In a further announcement dated [26th April 2017](#) EEA confirmed that they would make redemption payments totalling **\$35.8m** (19 - 20% of NAV per share depending on Cell) to holders of Run-off shares “in due course” (presumably during May 2017 and based on the 31st March 2017 NAVs).

➤ **Redemption Payments – Continuing Shares**

In a separate announcement dated [26th April 2017](#) EEA confirmed that they would make payments totalling \$18.7m for outstanding redemption requestors as summarised below :

Completed Previously - No Outstanding Requests
Outstanding Redemption Requests Fulfilled During April / May 2017
No Payments Made – Outstanding Requests Carried Forward to July 2017

Proportion of outstanding requests fulfilled from the relevant Redemption Day						
Continuing Cell :	31 Dec 15	31 Mar 16	01 Jul 16	03 Oct 16	03 Jan 17	03 Apr 17
USD Fund Class X Cell	n/a	n/a	n/a	100.00%	100.00%	69.87%
USD Fund Dist Cell	n/a	58.37%	0.00%	0.00%	0.00%	0.00%
USD Fund Acc Cell	n/a	n/a	67.86%	0.00%	0.00%	0.00%
Swedish Krona Fund Class X Cell	n/a	n/a	n/a	n/a	n/a	n/a
Euro Fund Class X Cell	n/a	n/a	100.00%	53.19%	0.00%	0.00%
Euro Fund Dist Cell	n/a	25.92%	0.00%	0.00%	0.00%	0.00%
Euro Fund Acc Cell	26.47%	0.00%	0.00%	0.00%	0.00%	0.00%
Sterling Fund X Cell	n/a	n/a	n/a	100.00%	100.00%	100.00%
Sterling Fund Dist Cell	n/a	100.00%	90.38%	0.00%	0.00%	0.00%
Sterling Fund Acc Cell	n/a	n/a	100.00%	100.00%	100.00%	26.44%
Meteor Senior Life Settlements	100.00%	100.00%	100.00%	100.00%	35.80%	0.00%
Meteor Senior Life Settlements II	100.00%	100.00%	100.00%	9.45%	0.00%	0.00%
WAY Life Settlements Fund Cell	n/a	n/a	n/a	n/a	n/a	n/a

Request Deadline : If you haven't yet requested redemption of some or all of your **Continuing** shares, please note the following deadlines. If you have already requested redemptions then the request will be automatically carried forward quarter-by-quarter until your request is 100% fulfilled :

Redemption Day 3 July 2017 – Too late. Deadline for receipt of redemption requests was 30 March 2017.

Redemption Day 2 October 2017 – deadline for receipt of redemption requests 5.00pm (Guernsey time), 29 June 2017.

A **Redemption Request Form** for direct EEA shareholders is available at www.eeafmg.gg/eea-life-settlements-fund . Earlier dates (or different forms) will apply if you are invested through a platform, pension or other nominee.

➤ **Premium Reserve**

The \$55m of total redemption payments in April / May 2017 have been boosted by a \$40m reduction in the Premium Reserve from two years (\$80.4m) to one year (\$40.4m), rather than any improvement in maturity or Fund performance. Last month I commented that EEA's revised method of calculating the two-year premium reserve was in effect holding back an extra \$20-25m of redemption cash for the investors. EEA appear to have agreed with me, and gone one step further by reducing the reserve to one year from two years. I have asked EEA for confirmation as to whether this new calculation is based on the original method (expected maturities) or the revised method (zero maturities).

At the 2015 AGM at which EEA proposed the resolution to reduce the premium reserve from a fixed two-year period to a flexible (greater than one-year) basis, investors expressed concerns about the wisdom of reducing the premium reserve period in circumstances of under-performing maturities, lengthening Life Expectancy (LE) estimates and rising "Cost of Insurance" (premium) rates. The Directors emphasised their duty and intention to exercise the new flexibility prudently – in the best interest of the Fund – including the liquidity situation going forward. We will have to monitor closely whether EEA have gone too far in boosting short-term redemption payments to investors versus protecting the Fund's longer term ability to meet future premium payments in adverse portfolio circumstances.

➤ **Available Cash and Redemption Payments Summary**

The table (right) is a summary of the cash performance so far this year based on the EEA Monthly Fact Sheets. The April figures will be published by EEA later in May but it doesn't look as though there will be enough Available Cash in either the Continuing or Run-off cells to underwrite any further redemption payments during May - July unless significant maturities occur during May and June.

	31-Jan	28-Feb	31-Mar	30 Apr (Est)
Cash b/f	101m	90.1m	96.5m	96.5m
Maturities (NDB)	0.0m	10.0m	2.0m	2.3m
Prem Payments + Exp	(3.7)m	(3.6)m	(2.0)m	(3.0)m
Cont Redemptions	(6.8)m	0.0m	0.0m	(18.7)m
Runoff Redemptions	0.0m	0.0m	0.0m	(35.8)m
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Gross Cash c/f	90.1m	96.5m	96.5m	41.3m
Premium Reserve	(83.6)m	(83.1)m	(40.9)m	(40.0)m
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Available Cash	6.54m	13.39m	55.58m	1.3m
Continuing Cells	0.45m	2.24m	19.72m	0.5m
Runoff Cells	6.11m	11.18m	35.83m	0.8m

➤ **2017 Projections**

In December 2016 Maple Life / EEA projected \$67.2m of maturities for 2017 with a weighted average life expectancy (LE) of 32.28 months (this has now increased to 36.49 months) and actual maturities (\$17m so far Jan - Apr) are lagging the \$67m pa rate of \$22m.

The outlook for 2017 is estimated in the table (right), but will change based on the actual maturity performance and premium payments /forecasts during the year.

Cash b/f	\$100.6m
Maturities (NDB)	\$67.2m
Premium Payments	(\$34m)
Charges & Expenses	(\$10m)

Gross Cash c/f	\$123.8m
y/e Premium Reserve	\$38.0m

Available Cash	\$85.8m
Already Paid (Jan - Apr)	(\$61m)
To Come-Continuing Cells	\$9.3m
To Come-Runoff Cells	\$15.2m

It appears that \$9.3m of estimated further redemptions for Continuing shareholders during 2017 would be sufficient to settle the \$8.3m balance of all currently outstanding requests to 3rd April 2017 and start to redeem future (new) requests from June 2017 onwards, but later in the year.

There would also be an estimated further \$15m for Run-off shareholders (covering 10% of outstanding Run-off shares at the Mar 2017 NAV) but probably not until later in the year.

➤ **Secondary Share Sales (www.EEAInvestors.com/sss)**

Southey Capital Ltd is offering to buy Run-off shares at up to 21% of the current (March 2017) NAV **and** will also quote prices to purchase Continuing shares with a valid place in the EEA redemption queue.

These prices assume that the seller receives the April / May 2017 EEA redemption payments prior to the sale.

Please contact Robert Southey rs@southeycapital.com

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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.

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