

➤ **First Things First ...**

We hope that you enjoyed your Christmas Holidays and the New Year / Hogmanay celebrations and wish you a peaceful and prosperous 2018.



This Update was delayed because EEA didn't issue their January Fact Sheet until today. EEA has also published various other documents within the past five days.

EEA has also reissued the Fund's Information Memorandum and Supplements (see www.eeafmg.gg) to include information about the new US "Tax Cuts and Jobs" legislation, plus other minor updates.

➤ **Maturities**

One further policy maturity (\$2m) has just been announced for November 2017. In December 2016 Maple Life projected that the remaining NDB at 31 Dec 2017 would be \$400m – it came in at \$406m, \$6m higher (i.e. "worse" than projected).

Description	Policies	Lives	NDB
Historic Average			
<i>(5yrs 2012 – 2016)</i>			
Jan-Mar	22.0	15.8	\$33.1m
Apr - June	17.2	12.6	\$29.6m
July - Sept	4.8	3.8	\$11.9m
Oct	3.6	3.0	\$9.5m
Nov	5.8	4.8	\$9.5m
Dec	4.2	3.2	\$7.8m
Total Jan – Dec	67.2	50.8	\$123.7m
2017 Actual			
Jan-Mar *	3	3	\$2.6m
April - June	6	5	\$29.0m
July - Sept	8	5	\$14.6m
Oct	2	2	\$5.5m
Nov	1	1	\$2.0m
Dec	0	0	0
Total Jan – Dec	20	16	\$53.8m

* One Maturity (\$10m) reported for February 2017 has been corrected by EEA to October 2016 bringing the 2016 total maturities to \$122m against an original Maple Life (ML) estimate of \$103m. ML projection for 2017 was \$67.2m

ViaSource has estimated that at 31 December 2017, around **\$3.9m** (Sept 2017 = \$3.7m) of the remaining net death benefit was represented by policies that would expire should they not mature within their LE estimate and that an additional **\$16.6m** (Sept 2017 = \$17.4m) of the remaining net death benefit was represented by policies that would expire should they not mature within two-times their LE estimate.

Note : The \$2m November 2017 maturity mentioned above has not been included in EEA's December 2017 cash balances and might be booked in 2018. EEA has also maintained at full value the four remaining policies (\$31m NDB) identified by Coventry Capital as "worthless"

➤ **Run-off Shares** (See www.EEAInvestors.com/Runoff)

At 29th December 2017 there was \$12.6m of Available Cash across the 15 Run-off Cells (approx 10-11% of the Run-off Cell NAVs). EEA have just announced that Run-off Redemptions will be paid as of 12th February 2018, but have given no further details yet, including whether these will be based on the December NAVs and Available Cash or the January 2018 NAVs and Available Cash (which might be lower).

➤ **Continuing Shares** (See www.EEAInvestors.com/Continuing)

At 29th December 2017 there was \$6.4m of Available Cash across all 13 Continuing Cells. EEA have announced that approximately \$5.45mm of redemption payments will be paid as of 2nd January 2018. EEA haven't yet given a date when payments will be made. The table below summarises the Jan 2018 Continuing Cell Redemption Payments as a proportion of the outstanding requests at 2nd Jan 2018. The balance of outstanding requests will be automatically carried over to the next Redemption Day which is 2nd April 2018.

	Jan 2018 Redemption Payments - Proportion of Outstanding Requests from the Redemption Days Shown									
	Dec-15	Mar-16	Jul-16	Oct-16	Jan-17	Apr-17	Jul-17	Oct-17	Jan-18	
USD Fund Class A/X							58.67%			
USD Fund B/Dist		70.03%								
USD Fund C/Acc			100.00%	13.32%						
Swedish Krona Class X										
Euro Fund Class X				100.00%	23.77%					
Euro Fund Dist		11.30%								
Euro Fund Acc	11.68%									
Sterling Fund Class A/X								100.00%	100.00%	
Sterling Fund B/Dist					100.00%					
Sterling Fund C/Acc							100.00%	22.59%		
Meteor SLS Sterling Fund					100.00%	100.00%	0.84%			
Meteor SLS Sterling Fund II					100.00%	100.00%	13.75%			
Way LS Fund										100.00%
	Completed		Current Payment				Future Payments			

Redemption Requests (Continuing Shares)

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, subject to the Available Cash on each quarterly Redemption Day

Redemption Day 2 April 2018 – Too Late. The deadline for receipt of redemption requests was 28 December 2017.

Redemption Day 2 July 2018 –The deadline for receipt of redemption requests is 5.00pm (Guernsey time) on **29 March 2018**.

Redemption Day 1 Oct 2018 –The deadline for receipt of redemption requests is 5.00pm (Guernsey time) on **28 June 2018**.

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.

➤ **Coventry Capital Lawsuit** (See www.EEAInvestors.com/Coventry)

We continue to monitor this activity within the New York US Federal Court. We sent two letters to EEA and received minimal responses. We have also sent a letter and an email to the US lawyers representing Coventry. All these documents (and others) are available from our web page as noted above.

I appear to have touched a nerve or two with EEA and their lawyers. On 25th January 2018 EEA sent me a letter accusing the Group of acting against the interest of investors I sent this [Annotated response](#) by return email. On 26th January EEA also posted a Notice on their website and in their updated Q&A Bulletin. I sent this [Annotated response](#). The Notice said (amongst other things) that

“ ... It is remarkable that, despite the obvious harm that the claim by Coventry Capital may cause to the Fund, the [EEA Investors] Group not only supports but also offers assistance to Coventry; this is entirely inconsistent with the Group's purported objective of furthering the interests of investors in the Fund. We are also concerned that the legal costs associated with dealing with the Complaint are likely to increase as a result of the Group's actions.”

We deny that the legal costs are likely to increase as a result of our activities. These are complex matters and it is not up to EEA to determine whether our Group is correctly pursuing its objectives to improve the outcomes for EEA investors, who have been trapped in the failed Fund since it was suspended in November 2011.

We have simply provided factual information ¹ to Coventry's lawyers which would help them to correct certain errors and misunderstandings in their Complaint against the EEA Fund's US subsidiary and two Directors of the Fund Manager. The information also clearly set out our position and interest in the substance of the Coventry complaint and that we want the very serious allegations to be heard and determined in court rather than to be swept under the carpet by EEA.

In our view, EEA's proposed sale of the remaining portfolio of life insurance policies to Coventry Capital for \$204m would have been against the terms of the Fund's prospectus approved by shareholders at the restructuring EGM in October 2013. The sale would currently lose investors a further \$116m (at December 2017 valuations) of future cash from the eventual maturity of the policies and leave EEA in control of more than \$80m of investor cash to reinvest in their new (but undocumented) Guernsey based sub-fund, with ongoing fees and charges plus uncertain redemption or liquidity conditions.

Regarding the potential harm to the Fund, the letter from EEA said that this could amount to more than \$40m if Coventry wins its case. This has nothing to do with the actions of the Investors' Group and is a situation brought about entirely by the Fund Manager and the Fund's US subsidiary. We have written three times to the Fund's Chairman asking for confirmation that any costs, expenses and damages awarded against the Fund's US subsidiary will be charged to the account of the Fund Manager (rather than the investors) but we have not yet received any relevant response.

¹ See documents available at www.EEAInvestors.com/Coventry

We believe that it is totally unacceptable for the Company to refuse to tell its shareholders how they might be affected by a lawsuit. The Fund Manager has apparently triggered a lawsuit and to date there is no clarity as to who is to blame. Failure to disclose such information is a serious governance matter because investors could be materially affected by the answer to the questions being asked.

➤ Investor Losses

We have estimated the following losses caused by the actions, omissions or apparent negligence of the Fund, its Manager and associates over the years. We are projecting further losses and writedowns in the future, in addition to the consequences of the Coventry lawsuit.

- An estimated \$186m of “future cash” losses as a result of the 2015 Policy Sale to Leadenhall Capital which EEA tries to justify under a misleading “portfolio management” discretion.
- More than \$400m of NAV writedowns resulting from flawed valuations during 2008 – 2013,
- An estimated \$350m of losses from overpayments of valuation based fees and share redemptions 2006 – 2014 based on the flawed valuations. New investors were also overcharged by an estimated \$456m based on the same flawed valuations.

On 10th December 2017 we sent [this letter](#) to all EEA Directors summarising our various concerns and asking the Company to take certain actions against the Fund Manager and others (including litigation). To date we have received no acknowledgment or response from EEA and will be following up in due course.

We also sent letters dated [2nd Oct 2017](#) and [12th December 2017](#) to the Guernsey Financial Services Commission (GFSC) requesting certain actions but haven't seen or received any response so far.

We are now considering further actions to obtain an independent enquiry into the EEA Fund mis-management and mis-representations over the years, the failure of GFSC and other Guernsey authorities to properly protect the interests of EEA investors in respect of this Fund and the suitability of specific Directors to be “fit and proper” persons to carry out licensed financial activities in Guernsey or elsewhere.

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DISCLAIMER : I do my best to provide sound information and personal opinions, but 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.