

➤ **Apologies** (again) for the delay in releasing this Update. I was ready two weeks ago but EEA didn't publish their "February" Fact sheet until 7th March and only released the "December 2017" Portfolio Statistics on 14th March 2018

➤ **Maturities**

No maturities have been reported since October 2017 (\$5.5m) and November 2017 (\$2m). One policy (\$1m NDB) has lapsed during January 2018 – the insured outlived the policy cover period.

In December 2016, Maple Life projected that the remaining NDB at December 2017 would be \$400m – it came in \$6m short at \$406m (including a late reported \$2m maturity for November 2017 which EEA will include in the 2018 Accounts). Maple Life projected a further \$72.7m of maturities for 2018.

December 2017 Projection
Weighted Ave LE = 32.04 months

Year	Maturity projections (\$ million)	
2018	72,691,569	17.6%
2019	76,018,873	18.4%
2020	70,102,137	17.0%
2021	51,659,249	12.5%
2022	35,162,108	8.5%
2023+	107,201,492	26.0%
	412,835,427	100.0%

December 2016 Projection
Weighted Ave LE = 32.28 months

Year	Projected NDB Payments (\$ million)	
2017	67.2	14%
2018	72.7	16%
2019	72.8	16%
2020	56.1	12%
2021	44.0	9%
2022+	154.4	33%
	467.2	100%

The latest (Dec 2017) projection for 2018 is still \$72.7m, but the total remaining NDB has risen from \$406m to \$412m for some reason. There is a note to the Dec 2017 projection saying

"The amounts take into consideration Net Death Benefit paid during the relevant year, which includes outstanding payments for maturities in prior years. The total of \$412.8m also takes into account potential future policy expiries."

Future policy expiries have been estimated by ViaSource to be \$3.8 – 20m at Dec 2017.

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

EEA have confirmed that \$15.1m (approx 10% of each Run-off Cell NAV) of Run-off Redemptions will be paid, based on the 31 January 2018 NAVs. Payments should be in your bank or platform accounts during March 2018 – mine arrived this week.

As shown in the Table below, this leaves 1,227k Run-off shares with a remaining value of \$147m at the current Jan 2018 NAVs.

Since the Fund suspension in Nov 2011, 1.8m (57%) of Run-off shares have been redeemed so far, leaving 42.94% to be redeemed over the next 5-8 years as the remaining life policies mature.

Run-off Shares	Feb 2018 Redemptions				Remaining Shares		
	Nav per Share	Amount	Shares	NAV	Shares	Percent *	
USD A/X RO	\$102.37	10.31%	\$1.2m	12.0k	\$12.0m	116.8k	43.17%
USD Fund B/Dist RO	\$65.03	10.24%	\$0.1m	1.8k	\$1.1m	17.3k	43.22%
USD Fund C/Acc RO	\$77.22	10.19%	\$0.1m	0.8k	\$0.6m	7.6k	41.40%
USD Fund Class I RO	\$83.53	10.67%	\$0.5m	6.1k	\$4.8m	57.0k	42.05%
Swedish Krona Class X RO	74.28 kr	10.35%	\$0.1m	10.0k	\$0.9m	96.7k	38.12%
Euro X RO	€ 97.19	10.40%	\$0.7m	5.5k	\$6.3m	52.5k	43.97%
Euro Fund Dist RO	€ 66.32	10.33%	\$0.1m	1.0k	\$0.8m	10.1k	43.93%
Euro Fund Acc RO	€ 68.10	9.90%	\$0.0m	0.2k	\$0.1m	1.7k	44.35%
Euro Y RO	€ 64.05	10.27%	\$0.1m	0.7k	\$0.5m	6.4k	44.01%
GBP A/X RO	£94.56	10.30%	\$3.0m	22.0k	\$28.7m	213.6k	43.62%
GBP B/Dist RO	£70.96	10.10%	\$1.0m	9.5k	\$9.4m	93.5k	43.58%
GBP C/Acc RO	£106.56	10.30%	\$6.8m	44.8k	\$65.8m	434.8k	43.55%
Meteor SLS RO	£98.05	10.30%	\$1.0m	6.8k	\$9.2m	66.5k	42.71%
Meteor SLS Fund II RO	£87.78	10.30%	\$0.5m	3.7k	\$4.5m	36.1k	43.48%
Way LS Fund RO	£84.67	9.93%	\$0.2m	1.6k	\$2.0m	16.4k	44.27%
TOTAL		10.30%	\$15.1m	126k	\$147m	1,227k	42.94%

* = Percent of Shares in Issue at Fund Suspension in November 2011

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

EEA have confirmed that \$5.46mm of redemption payments will be paid based on December 2017 NAVs. The table below summarises these payments and as a proportion of the respective Cell NAVs at 31 Dec 2017.

Continuing Cells	January 2018 Redemptions (at 31 Dec 2017 NAV)										
	Dec-15	Mar-16	Jul-16	Oct-16	Jan-17	Apr-17	Jul-17	Oct-17	Jan-18	TOTAL	
USD Fund Class A/X							\$573k			\$573k	5.6%
USD Fund B/Dist		\$45k								\$45k	5.6%
USD Fund C/Acc			\$29k	\$21k						\$50k	5.6%
Swedish Krona Class X										\$0k	0.0%
Euro Fund Class X				\$352k	\$173k					\$525k	5.7%
Euro Fund Dist		\$24k								\$24k	5.6%
Euro Fund Acc	\$30k									\$30k	5.6%
Sterling Fund Class A/X								\$647k	\$863k	\$1,510k	5.4%
Sterling Fund B/Dist					\$81k	\$217k				\$297k	5.6%
Sterling Fund C/Acc							\$1,222k	\$693k		\$1,915k	5.6%
Meteor SLS Sterling Fund					\$43k	\$203k	\$5k			\$251k	5.6%
Meteor SLS Sterling Fund II					\$81k	\$96k	\$30k			\$208k	5.6%
Way LS Fund									\$34k	\$34k	6.4%
TOTAL	\$30k	\$69k	\$29k	\$373k	\$379k	\$515k	\$1,831k	\$1,340k	\$897k	\$5,463k	5.50%

The balance of outstanding requests are summarised below and will be automatically carried over to the next Redemption Day (which is 2nd April 2018) and beyond.

The total outstanding requests (31 Jan 2018 NAVs) is \$14.48m. Three Cells (out of 13) have no outstanding requests and any further Available Cash in these Cells might be re-invested by EEA in "Other Instruments", subject to not receiving further redemption requests before any reinvestment is made. Four further cells are within \$500k of meeting all currently outstanding redemption requests.

In December 2017 we asked EEA to remind all non-redeeming Continuing shareholders of their redemption options, and to provide an "opt-in" for reinvestment. We have not received any response from EEA.

Continuing Shares	Estimated Value of shares in issue at 31 January 2018, the redemption of which has been deferred from the relevant Redemption Day set out below using NAV at 31-Jan-18									Total O/S Requests
	31-Dec-15	31-Mar-16	01-Jul-16	03-Oct-16	03-Jan-17	03-Apr-17	03-Jul-17	02-Oct-17	02-Jan-18	
USD Fund Class A/X							\$404k	\$1,872k	\$397k	\$2,674k
USD Fund B/Dist		\$61k	\$77k	\$125k	\$7k	\$107k		\$20k	\$0k	\$398k
USD Fund C/Acc				\$134k	\$0k	\$45k	\$59k	\$13k	\$49k	\$300k
Swedish Krona Class X										\$0k
Euro Fund Class X					\$554k	\$1,623k	\$912k	\$421k	\$261k	\$3,771k
Euro Fund Dist		\$185k	\$0k	\$13k	\$60k	\$24k		\$28k		\$310k
Euro Fund Acc	\$229k	\$124k	\$37k	\$27k			\$11k			\$429k
Sterling Fund Class A/X										\$0k
Sterling Fund B/Dist					\$0k	\$248k	\$265k	\$185k	\$163k	\$861k
Sterling Fund C/Acc								\$2,367k	\$1,607k	\$3,974k
Meteor SLS Sterling Fund							\$600k	\$132k	\$64k	\$797k
Meteor SLS Sterling Fund II							\$190k	\$371k	\$410k	\$972k
Way LS Fund										\$0k
Total	\$229k	\$370k	\$114k	\$300k	\$620k	\$2,047k	\$2,441k	\$5,410k	\$2,952k	\$14,484k
Cum Total	\$229k	\$600k	\$714k	\$1,014k	\$1,634k	\$3,681k	\$6,122k	\$11,532k	\$14,484k	

Redemption Requests (Continuing Shares)

If you haven't yet requested redemption of some or all of your **Continuing** shares, please note the following deadlines.

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.eeafmq.gg/eea-life-settlements-fund . Earlier dates (or different forms) will apply if you are invested through a platform, pension or other nominee.

➤ Hold Policies to Maturity or Sell

The following table shows that the net future cash for investors if the current policies are held to maturity is estimated to be \$238m (net of future premiums, other expenses and a 10% tail writedown / writeoff).

At 31 Jan 2018		
Remaining Policies	114	84 lives
Outstanding Face Value (NDB)	\$412.8m	.
Estimated Future Premiums	\$(104)m	25% of Face

Estimated Gross Future Cash	\$309m	\$148.14 per share(average)
Estimated Future Expenses	\$(30)m	2 x Ave LE x \$5.7m pa
Estimated Writeoffs (incl Tail)	\$(41)m	10% of Face

Estimated Net Future Cash	\$238m	\$114.03 per share(average)

If all the policies were sold immediately (to Coventry Capital or someone else) for the current Fair Value amount (\$182m) then this would represent a cash loss to investors of \$(238 – 182)m = \$56m. This is in addition to the previous loss of \$186m incurred by

investors from the 2015 Policy Sale to Leadenhall Capital. If the Fund incurs a \$40m penalty from the Coventry lawsuit (see below) then this would further reduce the net cash to investors accordingly.

Last month I said that EEA has maintained at full value the four remaining policies (\$31m NDB) identified by Coventry Capital as “worthless”. Following a comment from another investor, I have found that during 2017 the portfolio Fair Value (i.e. NAV) appears to have been written down by \$30-40m with no apparent explanation. I will investigate this further, but it's possible that the \$20m Fair Value of the four “worthless” policies has been written down as part of this, together with some other policies. The policies themselves and their \$31m NDB are still counted within the totals above and presumably premiums are still being paid (\$2.2m for the next year according to Coventry)

In my [April 2017 Update](#), I discussed the concept of a “crossover point” for the benefit to EEA investors of selling all the remaining policies versus holding them to maturity. I have updated my analysis with the latest EEA data and the “crossover” points have been pushed out significantly by the apparent writedown of the portfolio Fair Value by \$30-40m during 2017.

If all policies were sold NOW for the current Fair Value of \$182m then the crossover would occur in February 2020 [previously December 2018]. A sale prior to that date would lose investors up to \$55m of redemption cash (as above). A sale of all policies after February 2020 would increase the total redemption cash for investors by more than \$55m between 2020 and 2022, depending on the timing and assumptions used.

I will dig into this further when I have obtained more details about the apparent Fair Value writedown in 2017, and any implications for the expected Maturity payments or premium costs.

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

This case continues through the US Federal Court. On 8th February Coventry's lawyers submitted a letter requesting 46 groups of documents from EEA Inc *et al* as part of their discovery process. EEA's lawyers have responded that many of the requests are invalid based on various (legal) factors.

In November / December 2017 EEA's lawyers had submitted “Motions to Dismiss” various aspects of the Coventry complaint. At a Court hearing on 8th March 2018 District Judge Victor Marrero DENIED EEA's Motions to Dismiss.

Synopsis :

On 28th September 2017, lawyers for Coventry Capital US LLP filed a [Complaint](#) in the US Federal Court for the Southern District of New York claiming (among other things) that EEA had failed to negotiate in good faith regarding the completion of an Agreement dated April 2017 to sell all the remaining life policies of the EEA Life Settlements Fund to Coventry for \$204m.

Lawyers for EEA counter-claim that Coventry brought this action against EEA not to achieve any legal victory in court, but instead as leverage to attempt to resuscitate a deal that Coventry itself let fall through and to reduce the cost to Coventry of buying the EEA policies.

EEA state that if they lose the case then Coventry are seeking an injunction to force the policy sale through plus punitive damages of around \$40m, effectively reducing the "price" of the sale. EEA say that their legal costs could be in the region of \$100k. We have asked EEA (three times) to confirm that all such costs or damages would be charged to the account of the Fund Manager, rather than the Fund itself, but EEA have so far not responded to these requests.

➤ **Donations**

I'm sorry to be coming round with the hat again, but several members have joined since the last time that I asked for Donations to support our shoestring budget. Donations are entirely voluntary but we suggest a minimum of 0.2% of your original EEA investment (i.e. £2, \$2, €2 or 2kr per £1000, \$1000, €1000 or 1000kr respectively).

We also ask that investors who have received a compensation payment for their losses etc make a further generous donation (e.g. £500 - 1000 or equivalent - especially if your claim benefited from our help or information).

Non-investors are also invited to make a voluntary donation to our expenses.

You can make your contribution via the DONATE button on our web-page www.EEAInvestors.com . If you have any questions or comments then please [get in touch](#)

I am not asking people who have already made the appropriate donations to pay any more (although you are very welcome to do so).

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