

This Bulletin summarises the significant changes introduced by EEA in the Information Memorandum (IM) published on 30th December 2014 and 30th January 2015. Page numbers below refer to the current (Jan 2015) version. The two significant changes for January 2015 are marked by a red bar in the right margin. The detailed changes for December 2014 (v/v the previous Jan 2014 version) can be found in the comparison document listed below.

Click to download : [Information Memorandum 30th January 2015](#)

[Information Memorandum 30th December 2014](#)

[Comparison – Dec 2014 versus Jan 2014](#)

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Page 1 : The Company is closed to further subscriptions ...

Pages 2–5 : All references to CISX / CISE deleted

All references to EU AIMFD added / updated :

The Company is an “AIF”, as defined in Article 4(1)(a) of the EU Alternative Investment Fund Managers Directive (2011/61/EU) (“AIFMD”). EEA Fund Management (Guernsey) Limited is the “AIFM” of the Fund, as defined in Article 4(1)(b) of AIFMD.

As at the date of this Information Memorandum, the Company has not been approved, notified or registered in accordance with Article 42 of AIFMD for marketing to professional investors in any member state of the European Economic Area.

Such approval, notification or registration will not be made or sought in the future since the Company is closed to further subscriptions and will not, therefore, be marketed to professional investors in the European Economic Area.

Page 9 : Steven Burnett and David Jeffrey added as Directors (details on Pages 20 and 21)

Page 27-30 : Various minor changes related to the New (Irish) Fund.

Page 37-50 : Taxation info updated to include latest Guernsey – UK cooperation and Guernsey-USA / FATCA matters and EU Savings Directive.

Page 55-56 : **Valuation of Life Policies** – New valuation basis

The life policies which form the Investment Assets of EEA Inc shall be valued at the estimated market value of the policies by Maple Life, as independent valuation agent to the Fund. The estimated market value of the policies is calculated as the net present value of the future death benefits less the net present value of the premiums to be paid. Each of these net present value components is based upon the life expectancy estimate provided by one or more independent underwriters and a discount rate developed from recent market transactions by Maple Life. This process does not consider expenses or taxes, as the discount rate developed from recent market transactions is also independent on such considerations.

The estimated remaining life of the life policy is currently calculated by Maple Life by

- 1) calculating a degree of mortality impairment needed to match the life expectancy estimate at the date provided, then*
- 2) reducing the degree of impairment for especially high multipliers for conservatism and then*
- 3) applying this level of mortality impairment to the insured's current age.*

This process is intended to recognise aging of the insured, while assuming that the insured's relative degree of impairment is unchanged. This aims to simulate the most likely effects of continuous re-underwriting of the entire portfolio every month. Such valuation will be carried out monthly for the determination of the Net Asset Value of EEA Inc.

Page 58 : **Management Fee** – Additional sentence :

Shareholders shall be given not less than 14 days' notice prior to any proposed increase in the fees payable to the Manager.

Investment Advisor Fee – Additional sentence :

Shareholders shall be given not less than 14 days' notice prior to any proposed increase in the fees payable to the Investment Adviser

Page 59-61 : **Directors Fees** – Additional Fees for the [un-named] Audit committee members (believed to Burnett and Jeffreys)

During the financial year ended 31 December 2013, being the most recent date at which audited financial statements have been published, the aggregated Directors' fees amounted to £37,000. [2012 = £19,000] Currently, the Directors are entitled to receive fees totalling £57,000 per annum. [Previously estimated at £27,000] A further £40,000 per annum [total or each ?] is payable to members of the audit committee.

Other Fees – BWCI

During the calendar year 2014 this included fees in the sum of £17,500 which were paid to BWCI Limited for conducting a mortality review in connection with the Current Underlying Investments. Mark Colton is a partner at BWCI Group.

Page 69-70 : **Valuation...Risk** Modified wording to cover additional parties

The valuation of the policies is based on the projected cashflows which depend upon the unknown length of time for which the insured will live. If the Investment Advisors or any independent life expectancy provider under-estimates how long an insured may live, the amount paid for a life policy may be more than the policy is worth either on a discounted or a present value basis and be required to pay out more premiums than anticipated. Either of these circumstances could have a significant adverse effect on the returns on the investments.

Page 97 : Disclosure of Interests – Additional wording

Mark Colton provides consulting services to the Company in connection with actuarial matters in accordance with an agreement between the Company and BWCI Consulting Limited pursuant to which a consulting fee is charged on a time spent basis. The sum of £145,605 was paid in consultancy fees for work undertaken in the financial year ended 31 December 2014. Mr Colton is a partner at BWCI Group.

DT Comment : This appears to be in addition to the £17,500 paid to BWCI and the payments to Mr Colton as a Director. If Mr Colton and BWCI are providing actuarial services to the Company are they then liable for any failures in actuarial oversight of the portfolio and maturities ?

Page 102 : Consultancy Agreement with Maple Life Analytics LLC

The Fund has appointed Maple Life to provide certain independent consulting, due diligence, advisory and actuarial services in relation to investments in life insurance products, as agreed from time to time pursuant to specific statements of work for specific engagements ("Consultancy Agreement"). The terms of the Consultancy Agreement shall be subject to the terms of a specific statement of work in relation to a specific engagement.

The aggregate of all sums which Maple Life shall be obligated to pay to any person in respect of damages, claims, actions, losses or impairments of any nature whatsoever arising out of its performance or non-performance under the Consultancy Agreement shall be limited to, and shall not exceed, US\$1,500,000.

The Consultancy Agreement may be terminated by either party on five days' written notice to the other. However, pursuant to the statement of work agreed in respect of the valuation of life policies to be undertaken by Maple Life as further described in the section entitled Life Policies on pages 55 and 56, Maple Life have been appointed for a period of two years until December 2016 and either party may terminate that specific engagement with 60 days' written notice to the other.