This Bulletin summarises the information published in the EEA 2014 Annual Reports and Financial Statements. The Reports have been approved (unqualified) by the Auditor (Grant Thornton Ltd., Guernsey) and were released online by the Company on 25th June 2015 and will be mailed to registered shareholders in due course.

Click below to download *:*

Consolidated 2014 Annual Report & Financial Statements (55 pages)

Cellular 2014 Annual Report & Financial Statements (146 Pages)

Statements in black print below are extracted from the Report. Our comments are in red.

Our emphasis is marked with yellow highlights

In summary, we still believe that the Life Expectancy (LE) and future premium estimates for the portfolio are under-stated (based on actual versus expected maturity performance during 2014 and since), The Fund valuations still don't include any apparent provisions for future expenses, termination of cover, tail losses or "portfolio improvement" measures, or the recovery of past overpayments, as described in our WP7A last October. We will be analysing these aspects further, in conjunction with the June 2015 maturities and Fact Sheet, Portfolio Statistics and Fund Commentary (when available) to determine what additional questions and actions are appropriate on behalf of our Group.

===

Page 2 : Investment Adviser's Report

504 of the policies with a combined Death Benefit of US$732.8 million have matured since inception. The policies that matured did so at 77% of their projected life expectancy and represented 39% of the total Net Death Benefit of policies purchased and 54% of the number of policies purchased.

DT Comment : The 505 policies covered 411 (56%) separate insured lives and were mostly the lower face value polices / lives in the Fund. The 77% does not mean that the portfolio has performed better than expected. By definition, half the insureds would die within 0-100% of the (average) LE estimates and the other half within 100 – 200% of the (average) LE estimate. What the 77% means is that the portfolio has still not reached its true average LE position, 4-9 years after the individual policies were purchased. The original average LE estimates were 20-30 months (until June 2013) and were then increased to 47 months from June 2013.

The 413 policies outstanding as of 31 December 2014 had a total net death benefit of US$1.12 billion and an average Face Value of US$2.72 million. The majority 68% of the active fund are comprised of policies with death benefits of $5.0 million or greater. These policies had weighted average remaining months to LE of 41.0 months.

DT Comment : We prefer to track the portfolio in terms of lives insured, rather than polices. One death can trigger a number of policy maturities. The first table below summarises the remaining 413 policies (322 lives) in terms of net death benefit per life insured as at 31st December 2014.

NDB / Life	Policies	Lives	Face Value		Fair Value		Fair/Face
$20 - 30m	18	8	$178m	16%	$82m	17%	46%
$15 - 19m	19	8	$132m	12%	$54m	11%	41%
$10 - 14m	43	25	$263m	23%	$100m	21%	38%
$7.5 - 9.0m	14	10	$83m	7%	$44m	9%	53%
$5.0 - 7.4m	41	36	$195m	17%	$89m	19%	46%
Sub-Total	*135*	*87*	*$852m*	*76%*	*$369m*	*78%*	43%
$2.5 -4.9m	52	36	$124m	11%	$51m	11%	41%
$1.0 - 2.4m	81	69	$97m	9%	$32m	7%	33%
$0.5 - 0.9m	64	57	$35m	3%	$13m	3%	37%
$0.1 - 0.4m	81	73	$17m	2%	$6m	1%	35%
Sub-Total	*278*	*235*	*$273m*	*24%*	*$102m*	*22%*	37%
Total	***413***	***322***	***$1,125m***	***100%***	***$471m***	***100%***	*42%*

The following table shows the differences in policy and life positions during 2014. Four of the policies (on four separate lives) terminated with loss of cover during 2014, with a loss of $8.92m of Face Value, and a loss of $7.5m of previously declared Fair Value, although a portion of this (maybe 20-30%) will be offset by reduced US tax liability). This means that the original purchase prices and all previous premium payments have been lost, plus any premiums paid during 2014 until the date of termination by the insurer.

In September and December 2013, the Investment Adviser (ViaSource) projected around $230m of maturities during 2014, based on the revised (Jun 2013) valuation methodology and LE estimates by Fasano Associates. His current report offers no explanation for the subsequent failure to perform as predicted. There were 101 policies matured or terminated during 2014. The total Face Value (NDB) was $141m but the reduction in Fair Value on these policies (due to the Maple Life revaluation in December 2014) was $276m ($211m shown below plus the estimated $65m in additional premiums paid during 2014 for the 413 policies remaining at year-end).

Net Changes (Maturities + Terminations) During 2014

	Matured and Terminated				Remaining	
NDB / Life	Policies	Lives	Face Value		Fair Value	
$20 - 30m	0	0	$(0m)	0%	$(8m)	4%
$15 - 19m	0	0	$(0m)	0%	$(9m)	4%
$10 - 14m	(2)	(3)	$(20m)	14%	$(41m)	20%
$7.5 - 9.0m	(3)	(2)	$(18m)	13%	$(15m)	7%
$5.0 - 7.4m	(6)	(4)	$(23m)	16%	$(33m)	16%
Sub-Total	*(11)*	*(9)*	*$(61m)*	*43%*	*$(106m)*	*50%*
$2.5 -4.9m	(34)	(12)	$(41m)	29%	$(49m)	23%
$1.0 - 2.4m	(23)	(18)	$(27m)	19%	$(37m)	18%
$0.5 - 0.9m	(10)	(9)	$(6m)	4%	$(12m)	6%
$0.1 - 0.4m	(23)	(22)	$(6m)	4%	$(6m)	3%
Sub-Total	***(90)***	***(61)***	***$(80m)***	***57%***	***$(105m)***	***50%***
Total	**(101)**	**(70)**	**$(141m)**	**100%**	**$(211m)**	**100%**

Revised Valuation Method

As of December 31, 2014 the Fund appointed an independent third party [Maple Life Analytics LLC] to determine the value of the policies outstanding. The third party utilizes an actuarial present value model which adjusts the life expectancies obtained from the independent life expectancy providers and applies a discount rates based upon their experience with the independent life expectancy provider. Their adjusted weighted average remaining Life Expectancy is 48.6 months.

DT Comment : The December 2014 Portfolio Statistics and Fact sheet issued by ViaSource and the Fund Manager showed the weighted average remaining LE as 41 months and falling, compared with previous months. This has continued right through to the 30th May 2015 Fact Sheet (see table below).

The 30th January shareholder Notice and Information Memorandum update did not mention any change to the LE estimates, only to the discount rates used by Maple Life, based on their experience of the policy market.

Publication	Wtd Ave LE (mths)
Fact Sheet 28th Nov 2014	41.48
Fact Sheet 31st Dec 2014	40.98
Portfolio Stats 31st Dec 2014	40.97
Fact Sheet 30th Jan 2015	40.61
Fact Sheet 27th Feb 2015	40.12
Fact Sheet 31st March 2015	39.46
Portfolio Stats 31st March 2015	39.46
Fact Sheet 30th April 2015	38.85
Fact Sheet 31st May 2015	39.51
Fact Sheet 30th June 2015	TBD
Portfolio Stats 30th June 2015	TBD

Pages 3–5 : Directors' Report

Results and dividends
The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 9. There were no distributions paid by the Company during the years ended 31 December 2014 and 2013.

DT Comment : This is correct, but the Directors (and some IFAs) have previously referred (erroneously) to the $14.6m of Run-off Redemption payments (now stated elsewhere in the Report to be $13.8m) in October 2014 as "Distributions".

Restructuring and going concern

... Cash distributions [actually redemption payments – see above] will be made from that run-off cell's pro rata share of the proceeds received on maturities/realisations of investments. It is intended, that in the future there will be an opportunity where new investors are sourced who are willing to purchase shares from run-off investors at a discount to net asset value. New investors will then have an option to acquire shares in a cell of the continuation fund.

DT Comment : This is news. We hope that the Directors will ensure that the discounted prices offered to the investors will be more fairly determined than with the abandoned share sale offer during 2014 (we will be watching carefully). This is also why we need to carefully review any actions that the Board or the Manager take to further reduce the NAVs. The Directors previously stated that they would not / could not take any further actions to offer a buy-out for existing investors because of EU / UK AIMFD rules which came into effect during 2014.

We also note that the Board has twice rejected our request to enable investors to restate their election for Run-off or Continuing shares, but they are now apparently willing to do so for new investors who buy up Run-off shares (at a discount).

We will write to the Company with our questions and comments about this new proposition
[These statements are repeated in Note 1 (Page 13).]

The Fund has sufficient available cash to meet premium and other obligations for the foreseeable future. In addition, the lock—in and redemption gate provisions within the restructuring arrangements are sufficient to ensure the Fund's continued ability to do so. The Fund therefore continues to adopt the going concern basis in preparing the consolidated financial statements.

DT Comment : The cash obligation only relates to premium payments, expenses and accrued fees / charges. It does not include any liability or obligations to make redemption payments to investors, either as a return of capital or any "growth" elements.
[These statements are repeated in Note 1 (Page 12).]

We also note that the Directors' Report is signed by David Jeffreys (one of the "new" independent Directors appointed in April 2014) rather than by the Chairman, as in all previous years.

Pages 6 and 7 : Auditor's Report

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

DT Comment : We wrote to Grant Thornton in **April 2014** raising a number of questions which we would expect the Directors and the Auditor to address within the 2014 Report and Audit. Apart from some further confusion about the details of the Maple Life Re-valuation (see later) none of the items mentioned appear to have been addressed by EEA or the Auditor. We shall be writing (again) to both of them regarding these aspects and apparent omissions.

Opinion on financial statements
In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as issued by the IASB; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Emphasis of matter — Investment Valuation
In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 in the financial statements concerning the uncertainty relating to the carrying value of the investments in life insurance policies included in the Consolidated Statement of Financial Position. As explained in Note 1, the investments are carried at fair value, determined using methodologies which involve judgments and estimates by the directors. These investments are not quoted in an active market and the value at which they will be realised is uncertain. Any adjustment to the carrying value of investments in the Consolidated Statement of Financial Position would have a corresponding impact on the Consolidated Statement of Comprehensive Income. Our opinion is not qualified in this respect.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under The Companies (Guernsey) Law, 2008 we are required to report to you, if in our opinion:

- proper accounting records have not been kept by the Group; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

DT Comment : We will be considering these aspects further after addressing our various questions and concerns to the Directors.

Page 8 : Custodian's Report

To the Members of EEA Life Settlements Fund PCC Limited

We state that in our opinion, EEA Fund Management (Guernsey) Limited (the "Manager"), has managed EEA Life Settlements Fund PCC Limited (the "Company"):

a) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the principal documents, by the scheme particulars and by the Protection of Investors (Bailiwick of Guernsey) Law,1987; and

b) in accordance with the provisions of the principal documents and The Authorised Collective Investment Schemes (Class B) Rules 2013.

During 2013, we tendered our resignation as Custodian of the Company and this was communicated to shareholders in the Company's Restructuring Proposal. Pursuant to section 4.06 (1) of The Authorised Collective Investment Schemes (Class B) Rules 2013, we are obliged to continue in our role as Custodian of the Company until the Manager appoints a suitable replacement.

BNP Paribas Securities Services SCA, Guernsey
Branch 18 June 2015

DT Comment : In the 2013 Annual Report, the Custodian also stated :

> *"As set out in the Offering Memorandum to the Company, the Custodian has "no responsibility for selecting or valuing the investments of the Fund", and has neither the responsibility, nor the expertise required, to pass comment on the approach taken to the valuation of the Company's investments."*

We also note that there is a sub-Custodian (RBS Citizens, NA) and a Custodian's Agent (ViaSource Funding Group LLC) dealing with US-based issues around EEA Life Settlements Inc and EEA Life Settlements LLP in the US, where all the assets and policy transactions are held / administered.

We have recently become aware that EEA and/or the Manager might be preparing to sell some of our policies in an inappropriate manner, and that it might therefore become necessary for us to alert the Custodians as appropriate.

Pages 9 - 11 : Financial Statements

DT Comment : We note that there have been $188,000 of new share issues during 2014 and that the October 2014 Run-off share redemption payment was $13.79m rather than the $14.6m previously declared by EEA. We will ask for clarification from the Board in due course.

Pages 12 - 18 : Note 1

Investments in life policies (Page 16)

Investments are classified as "fair value through profit or loss". These financial assets are so designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis. Investments are initially recognised at the fair value of the consideration given excluding transaction costs.

The Directors consider that there is sufficient market data available as a result of a recovery in the life settlements market and a notable increase in transaction data to use market based discount rates in the valuation process with effect from 31 December 2014 rather than using the past mortality experience of the Fund's policies. The Board has therefore appointed Maple Life Analytics LLC, as an independent valuation agent to the Fund.

From 31 December 2014, the life insurance policies are valued on the basis of their estimated present value, taking into account anticipated future death benefits less anticipated future premiums. Each set of cash flows is discounted using the latest life expectancy estimates and a market discount rate, which in part reflects the annual return the market expects when buying policies and also the confidence the market has in the accuracy of the life expectancy estimates provided by the life expectancy provider. As a result, the market discount rate may vary depending on the life expectancy provider. The average discount rate used in respect of the 31 December 2014 valuation is approximately 18%.

DT Comment : We misconstrued the January 2015 shareholder Notice and Information Memorandum update and thought that Maple Life had revalued the policies on a "market value" (i.e. "sale" basis, and **wrote to EEA** complaining that this was inappropriate for a "hold to maturity" Fund. We now understand that Maple Life only used "market based" discount rates and that their valuation is still on a "Fair Value through Profit and Loss" (FVTPL) basis, which is correct. We're not quite so sure about the 18% discount rate, and their treatment of the Fasano LEs or the higher face policies and will have to give further detailed analysis of the credibility of the Maple Life revaluation. We will write to EEA in due course apologising for our previous mis-understanding and raising appropriate questions and comments about the current valuations.

EEA and ViaSource have previously stated (several times) that the valuations since June 2013 were solely using Fasano LE estimates (although we challenged these statements for various technical reasons). Michael Fasano has recently confirmed to us via email that independent (and current) actuarial studies have confirmed that his LEs are 98 – 102% accurate on an Actual versus Expected basis. It is therefore difficult to understand why Maple Life has apparently now found it necessary to "adjust" the previous LEs by an average further seven months, especially since we know that Maple Life actuaries have traditionally worked very closely with Fasano Associates. EEA have also stated that Maple Life is using an 18% discount rate for its valuations. Previous rates were typically 18% for "zero credibility" Directors' valuations and 8% for "full credibility" actuarial valuations, with a blended rate somewhere in between for the 2011, 2012 and 2013 valuations, trending towards the lower rates.

	2011	**2012**	**2013**
Zero credibility valuation (e.g. 18%)	72%	51%	39%
Full credibility valuation (e.g. 8%)	28%	49%	61%
Blended Rate (typical)	*15%*	*13%*	*12%*

We also note that the remaining premiums are now stated to be \$282m (Page 39 Note 18) compared with the \$170m expected (\$240m at 31st Dec 2013 less \$70m paid during 2014). This is an additional \$112m which is part of the \$271 net NAV loss as a result of the Maple Life revaluation. In Working Paper 7A we had estimated future premiums to be \$670m as of 31st Dec 2013, and \$595m from 31st Dec 2014.

We had previously asked the Board to work with us to investigate and reconcile the differences between the ViaSource predictions / valuations and our own (Working Paper 7A) rather than create a third set of figures which needed further analysis and validation. We will have to approach EEA again with our new set of questions and concerns.

Participating shares (Page 18)

A financial instrument that provides for redemption on a specific date or at the option of the holder meets the definition of a financial liability if the issuer has an obligation to transfer financial assets to the holder of the share. Accordingly the participating shares of the continuing cells have been classified as financial liabilities in accordance with IAS 32. The participating shares of the run-off cells may only be redeemed at the absolute discretion of the Directors and are accordingly classified as equity.

DT Comment : We asked this specific question at the November AGM and the Directors (especially David Jeffreys) brushed us aside and said that everything was recorded under assets attributable to shareholders in accordance with normal accounting practice. Now that they have admitted the distinction in the Annual Report we will write and ask about any implications (e.g. in the event of a liquidation or administration). The distinction was not mentioned in the restructuring documents or any Offering / Information Memorandum or Supplements.

Pages 19 – 21 : Notes 2 – 7 No Comments

Page 22 : Note 8

The valuation is carried out by Maple Life Analytics LLC (previously ViaSource Funding Group LLC) with detailed consultation with and review by the Directors as described on page 16.

DT Comment : So why is ViaSource still providing the Portfolio Stats and Fact Sheet info published by the Manager each quarter and month respectively ? These are still showing the LE information previously used by ViaSource, rather than that now used by Maple Life. Why are we paying fees to both Companies ?

Pages 23 – 38 : Notes 9 – 17 No Comments

Page 39 : Note 18 Commitments

In order to maintain the cover the Company is committed to pay premiums on the life insurance policies acquired which are expected to amount to US$282 million (2013: US$240 million) based on estimated life expectancies of the insured calculated consistent with the valuation methodology.

DT Comment : We are still concerned that the estimate of future premiums is still very much understated, and should be nearer to $500-600m at December 2014, reducing the future cash available for share redemptions accordingly.

Pages 40 – 54 : Outstanding and Matured Policy Lists

DT Comment : We are now updating our database with the new Fair Value and other data for each policy and comparing it with previous valuations to identify anomalies and trends – especially with regard to the higher face polices which are not maturing as expected...