ANALYSIS OF EEA MATURITY FORECASTS

We have previously referred to the discrepancies between EEA's periodic predictions of future maturity proceeds versus the actual maturities on an annual basis to coincide with the other data published in the various Annual Reports and Financial Statements. These predictions were based on the relevant Portfolio Statistics published in December each year in order to match the 12, 24, 36, 48-month etc forward periods to the ensuing fiscal years. The table below gives the summarised results that we have previously published elsewhere :

Prediction	2012	2013	2014	1H2015	2H2015
EEA Port.Stats Dec 2011 (1xLE)	$414m	$400m	$288m	$245m	
Drysdale Email †	$350m	$400m	$330m	$270m	
EEA Port.Stats Dec 2012 (1xLE)	-	$619m	$326m	$254m	
EEA Port.Stats Dec 2012 (2xLE)	-	$281m	$406m	$271m	
EEA Port.Stats Dec 2013 (1xLE)			$129m	$290m	
EEA Port.Stats Dec 2013 (2xLE)	-	-	$227m	$216m	
Inv Group WP7 Dec 2013 Basis	**-**	**-**	**$134m**	**$130m**	
EEA Port.Stats Dec 2014 (1xLE)	-	-	-	$215m	
Maple Life Dec 2014	-	-	-	$78.9m	$68.6m
Actual Maturities *	**$123m**	**$134m**	**$134m**	**$27m**	**TBD**

** From EEA Maturity Schedules* *† 19th Jan 2012 to an Investor*

In this Working Paper we have extended the analysis of "Actual versus Expected" to each rolling quarterly Portfolio Statistics and prediction since September 2010.

CONCLUSION : Chart 2C shows that regardless of LE method or forecast period, the EEA portfolio only ever achieved (with two exceptions) 20 – 40% of Viasource's forecast. The new "Spread" method appears to be better, but still only around 60% so far.
This means that the Fund is still over-valued, unless EEA have additional data which supports their recent forecasts, and is somehow more reliable than all previous forecasts have been.

Chart 1A and Table 1A summarises ViaSource's quarterly Net Death Benefit (NDB) **predictions** ($m) under three sub-headings :

i) "Original" Life Expectancy (LE) Estimates.
These are the LEs used at the time the policies were purchased, and purport to forecast the total NDB due in each 12-month period if each policy matured on the expected maturity date. This was known as the "deterministic" method of forecasting maturities and was discredited by other Life Settlements Funds since around 2005 (when EEA started). Ernst & Young qualified the 2011 Financial Statements because these LEs had not been updated since purchase, and in their opinion were causing the Fund to be over-valued by at least $100m at December 2011.

ii) "Adjusted" Life Expectancy Estimates

Since July 2013 Via Source and EEA have been using "Adjusted" LEs for the 550 policies remaining at June 2013, based on a Mortality Review carried out by a third party independent LE Provider (Fasano Associates) as a result of the Ernst & Young Report. Fasano reviewed a sample of the 550 policies and the rest were adjusted by an average figure of 33 months per policy. The weighted average LE of the portfolio increased from 20 months to 48 months and the Fund NAV reduced by 20% as a consequence.

iii) "Spread" Life Expectancy Estimates

At the same time as using the "Adjusted" LEs, ViaSource also introduced a second ("probabilistic") method of forecasting the future NDB, to come more into line with other Life Settlements Funds and industry practice. This portrays the future maturities as a "spread" of probability over twice the estimated LE of each policy, allowing that maturities can (by definition) occur before or after the expected maturity date.

In the December 2014 Portfolio Statistics the Fund Manager has abandoned the "2 x LE Spread" approach and reverted to the "Straight LE" approach in (ii) above.

For further explanations of these different valuation methods and estimates, please refer to the EEA Investors' Group Working Papers 7A and 7B.

Chart 1B and Table 1B show the same data as a percentage of the outstanding NDB at the beginning of each forecast period. Note that under the "Original" LE method, the percentage of policies maturing within 12 and 12-24 months grew very rapidly, which would have greatly increased the apparent NAV of the Fund because of the faster maturities and lower premium costs expected. A similar effect happened with the "Adjusted" LEs for the 12-month forecast following the mid-2013 review.

Chart 2A and Table 2A show the **actual** maturities ($m NDB) reported by EEA for the corresponding periods shown in Charts / Tables 1A and 1B.

Chart 2B and Table 2B show the same data as a percentage of the NDB outstanding at the beginning of each period, and illustrate our previous conclusions (in WP7A) that the Fund has only achieved a flat 8 – 10% per year maturity rate, regardless of which LE estimates are used. Note that the EEA forecasts in Chart / Table 1B regularly showed 14 – 30% NDB forecasts for the first four years of each forecast period, boosting the Fund NAVs accordingly when compared with the actual maturity outcomes at 8 – 10%.

Charts and Tables 1A, 1B, 2A, 2B and 2C follow.

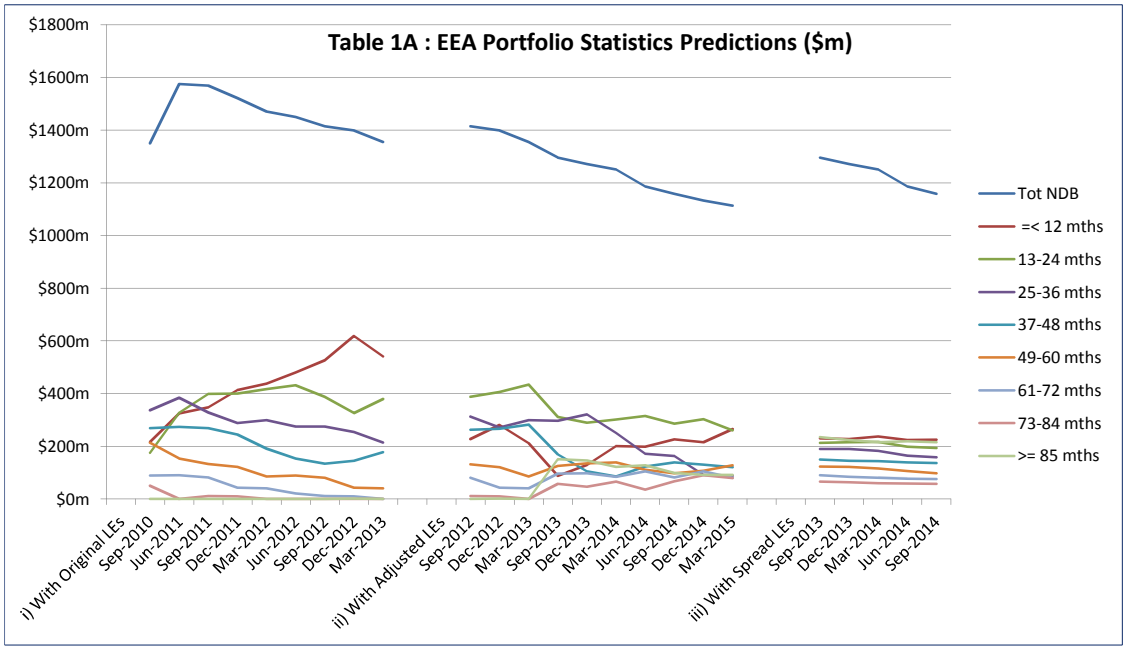

Table 1A : EEA Portfolio Statistics Predictions ($m)

Date	Tot NDB	=< 12 mths	13-24 mths	25-36 mths	37-48 mths	49-60 mths	61-72 mths	73-84 mths	>= 85 mths
i) With Original LEs									
Sep-2010	1351	217.1	175.0	337.2	268.2	212.9	89.2	50.3	0.7
Jun-2011	1575	324.9	327.6	383.9	273.8	153.9	90.3	0.2	0.0
Sep-2011	1569	347.9	399.0	328.5	269.1	132.8	81.4	10.7	0.0
Dec-2011	1521	413.7	399.9	288.2	244.9	122.3	42.4	10.0	0.0
Mar-2012	1471	437.1	417.4	299.0	191.3	85.6	40.2	0.0	0.0
Jun-2012	1450	479.9	431.2	275.2	153.9	89.3	20.7	0.0	0.0
Sep-2012	1415	525.8	388.5	275.0	133.5	81.0	10.8	0.0	0.5
Dec-2012	1399	618.9	326.3	254.5	145.5	42.7	10.1	0.0	1.2
Mar-2013	1355	541.4	379.5	214.1	177.9	40.8	0.1	0.5	0.7
ii) With Adjusted LEs									
Sep-2012	1415	227.9	388.1	312.5	262.9	131.9	80.5	10.7	0.5
Dec-2012	1399	280.8	406.2	271.4	266.5	120.7	42.5	10.0	1.2
Mar-2013	1355	212.2	434.6	299.7	281.8	85.3	40.3	0.5	0.7
Sep-2013	1296	87.4	311.7	296.4	169.7	125.7	96.1	57.6	151.4
Dec-2013	1272	129.5	289.9	321.2	104.4	135.6	97.7	46.9	146.4
Mar-2014	1251	200.9	302.2	250.8	85.6	139.0	83.9	66.3	122.2
Jun-2014	1187	197.9	315.5	171.6	122.6	111.1	104.9	35.5	127.8
Sep-2014	1159	226.5	285.7	163.5	138.5	97.4	81.4	67.1	98.5
Dec-2014	1133	214.8	303.1	91.0	130.4	106.6	105.3	90.4	92.0
Mar-2015	1113	264.9	260.5	88.1	120.3	127.3	81.1	79.4	92.0
iii) With Spread LEs									
Sep-2013	1296	230.4	212.9	189.6	149.4	123.1	90.1	66.1	234.4
Dec-2013	1272	227.3	215.9	190.4	144.7	122.1	84.5	62.9	223.9
Mar-2014	1251	237.2	216.4	182.1	143.6	115.5	80.8	59.7	215.7
Jun-2014	1187	224.3	198.8	164.2	138.5	106.4	76.8	58.4	219.4
Sep-2014	1159	224.6	193.5	158.4	136.5	98.0	75.5	56.9	215.2

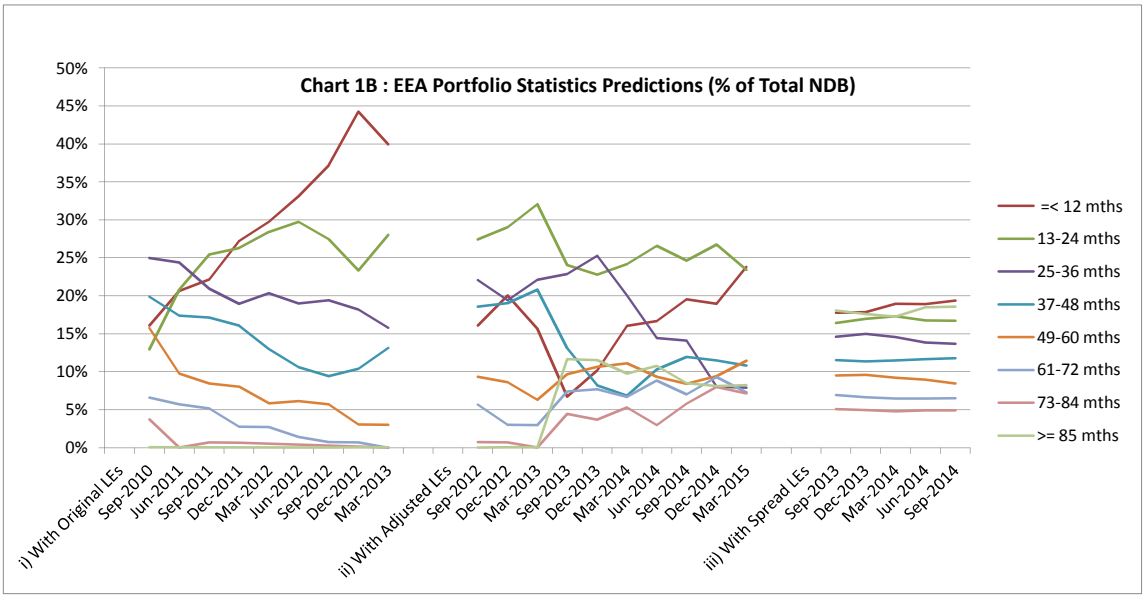

Table 1B : EEA Portfolio Statistics Predictions (% of Total NDB)

Date	Tot NDB	=< 12 mths	13-24 mths	25-36 mths	37-48 mths	49-60 mths	61-72 mths	73-84 mths	>= 85 mths
i) With Original LEs									
Sep-2010	1351	16	13	25	20	16	7	4	0
Jun-2011	1575	21	21	24	17	10	6	0	0
Sep-2011	1569	22	25	21	17	8	5	1	0
Dec-2011	1521	27	26	19	16	8	3	1	0
Mar-2012	1471	30	28	20	13	6	3	0	0
Jun-2012	1450	33	30	19	11	6	1	0	0
Sep-2012	1415	37	27	19	9	6	1	0	0
Dec-2012	1399	44	23	18	10	3	1	0	0
Mar-2013	1355	40	28	16	13	3	0	0	0
Minimum	*1351*	*16*	*13*	*16*	*9*	*3*	*0*	*0*	*0*
Average	*1456*	*30*	*25*	*20*	*14*	*7*	*3*	*1*	*0*
Maximum	*1575*	*44*	*30*	*25*	*20*	*16*	*7*	*4*	*0*
ii) With Adjusted LEs									
Sep-2012	1415	16	27	22	19	9	6	1	0
Dec-2012	1399	20	29	19	19	9	3	1	0
Mar-2013	1355	16	32	22	21	6	3	0	0
Sep-2013	1296	7	24	23	13	10	7	4	12
Dec-2013	1272	10	23	25	8	11	8	4	12
Mar-2014	1251	16	24	20	7	11	7	5	10
Jun-2014	1187	17	27	14	10	9	9	3	11
Sep-2014	1159	20	25	14	12	8	7	6	9
Dec-2014	1134	19	27	8	12	9	9	8	8
Mar-2015	1113	24	23	8	11	11	7	7	8
Minimum	*1134*	*7*	*23*	*8*	*7*	*6*	*3*	*0*	*0*
Average	*1274*	*16*	*26*	*19*	*13*	*9*	*7*	*4*	*7*
Maximum	*1415*	*20*	*32*	*25*	*21*	*11*	*9*	*8*	*12*
iii) With Spread LEs									
Sep-2013	1296	18	16	15	12	9	7	5	18
Dec-2013	1272	18	17	15	11	10	7	5	18
Mar-2014	1251	19	17	15	11	9	6	5	17
Jun-2014	1187	19	17	14	12	9	6	5	18
Sep-2014	1159	19	17	14	12	8	7	5	19
Minimum	*1159*	*18*	*16*	*14*	*11*	*8*	*6*	*5*	*17*
Average	*1233*	*19*	*17*	*14*	*12*	*9*	*7*	*5*	*18*
Maximum	*1296*	*19*	*17*	*15*	*12*	*10*	*7*	*5*	*19*

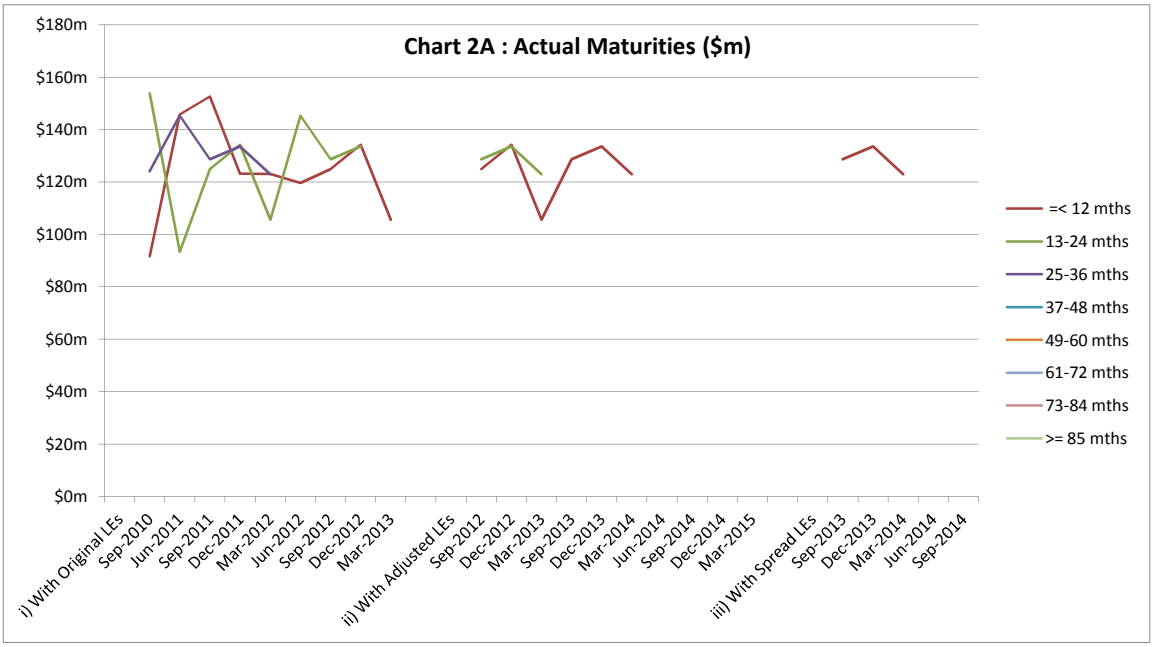

Table 2A : Actual Maturities ($m)

Date	Tot NDB	=< 12 mths	13-24 mths	25-36 mths	37-48 mths	49-60 mths	61-72 mths	73-84 mths	>= 85 mths
i) With Original LEs									
Sep-2010	1351	92	154	124	135				
Jun-2011	1575	146	93	145					
Sep-2011	1569	153	125	129					
Dec-2011	1521	123	134	134					
Mar-2012	1471	123	106	123					
Jun-2012	1450	120	145						
Sep-2012	1415	125	129						
Dec-2012	1399	134	134						
Mar-2013	1355	106							
ii) With Adjusted LEs									
Sep-2012	1415	125	129						
Dec-2012	1399	134	134						
Mar-2013	1355	106	123						
Sep-2013	1296	129							
Dec-2013	1272	134							
Mar-2014	1251	123							
Jun-2014	1187								
Sep-2014	1159								
Dec-2014	1133								
Mar-2015	1113								
iii) With Spread LEs									
Sep-2013	1296	129							
Dec-2013	1272	134							
Mar-2014	1251	123							
Jun-2014	1187								
Sep-2014	1159								

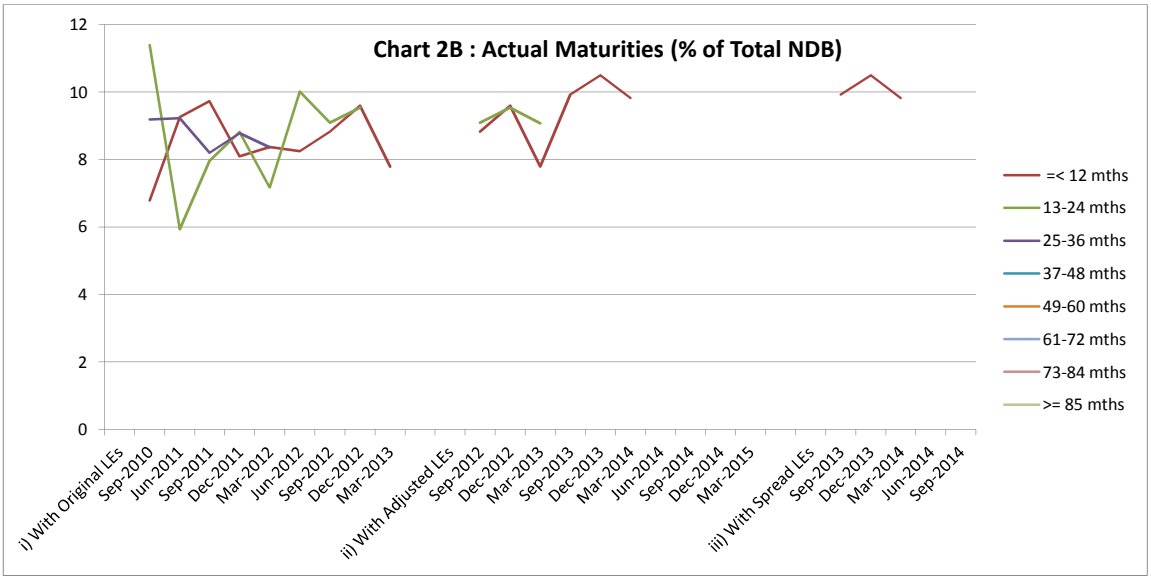

Table 2B : Actual Maturities (% of Total NDB)

Date	Tot NDB	=< 12 mths	13-24 mths	25-36 mths	37-48 mths	49-60 mths	61-72 mths	73-84 mths	>= 85 mths
i) With Original LEs									
Sep-2010	1351	7	11	9	10				
Jun-2011	1575	9	6	9					
Sep-2011	1569	10	8	8					
Dec-2011	1521	8	9	9					
Mar-2012	1471	8	7	8					
Jun-2012	1450	8	10						
Sep-2012	1415	9	9						
Dec-2012	1399	10	10						
Mar-2013	1355	8							
ii) With Adjusted LEs									
Sep-2012	1415	9	9						
Dec-2012	1399	10	10						
Mar-2013	1355	8	9						
Sep-2013	1296	10							
Dec-2013	1272	10							
Mar-2014	1251	10							
Jun-2014	1187								
Sep-2014	1159								
Dec-2014	1133								
Mar-2015	1113								
iii) With Spread LEs									
Sep-2013	1296	10							
Dec-2013	1272	10							
Mar-2014	1251	10							
Jun-2014	1187								
Sep-2014	1159								

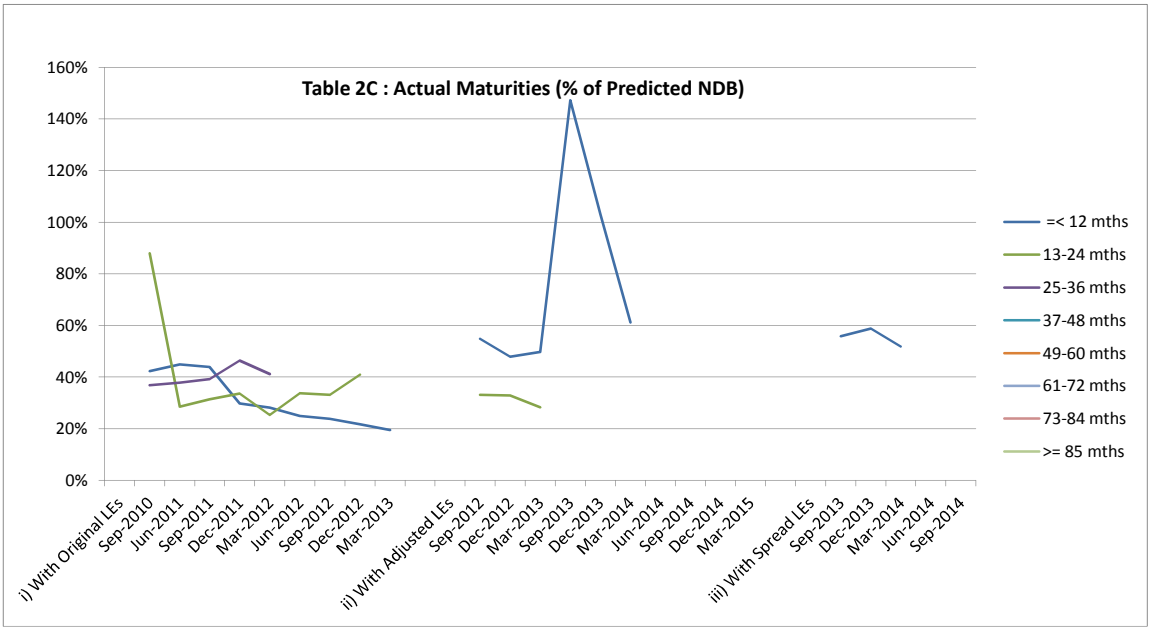

Table 2C : Actual Maturities (% of Predicted NDB)

Date	Tot NDB	=< 12 mths	13-24 mths	25-36 mths	37-48 mths	49-60 mths	61-72 mths	73-84 mths	>= 85 mths
i) With Original LEs									
Sep-2010	1351	42	88	37	50				
Jun-2011	1575	45	29	38					
Sep-2011	1569	44	31	39					
Dec-2011	1521	30	34	46					
Mar-2012	1471	28	25	41					
Jun-2012	1450	25	34						
Sep-2012	1415	24	33						
Dec-2012	1399	22	41						
Mar-2013	1355	19							
Minimum	*1351*	*19*	*25*	*37*	*50*				
Average	*1456*	*31*	*39*	*40*	*50*				
Maximum	*1575*	*45*	*88*	*46*	*50*				
ii) With Adjusted LEs									
Sep-2012	1415	55	33						
Dec-2012	1399	48	33						
Mar-2013	1355	50	28						
Sep-2013	1296	147							
Dec-2013	1272	103							
Mar-2014	1251	61							
Jun-2014	1187								
Sep-2014	1159								
Dec-2014	1133								
Mar-2015	1113								
Minimum	*1133*	*48*	*28*						
Average	*1274*	*58*	*12*						
Maximum	*1415*	*147*	*33*						
iii) With Spread LEs									
Sep-2013	1296	56							
Dec-2013	1272	59							
Mar-2014	1251	52							
Jun-2014	1187								
Sep-2014	1159								
Minimum	*1159*	*52*							
Average	*1233*	*55*							
Maximum	*1296*	*59*							