This Working Paper summarises outstanding investor issues and concerns plus the matters arising from the EEA announcement and documents released in December 2014 plus January and early February 2015

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1. INTRODUCTION

As a Group and as individual Investors and Financial Advisors (FAs), we have submitted many comments, recommendations and complaints to EEA, the Regulator(s) and Auditor during 2013 and 2014. Some circumstances have changed – others have not. This Working Paper is an updated summary of where the EEA Investors Group stands on the various outstanding EEA issues and concerns, plus those arising from the latest announcements and documents released by the EEA Directors and the Fund Manager.

The topics are arranged in order of current importance and significance to investors as a whole, although specific topics have an urgency which needs to be addressed immediately. For each issue we are offering a recommendation for consideration by the Board and/or Fund Manager and we would welcome a timely and constructive response. In other cases we are simply asking for further clarification, confirmation or information.

2. FUND PERFORMANCE & LIFE EXPECTANCY ESTIMATES

In October 2014 we published an analysis that concluded that even during 2009, the EEA portfolio was only maturing at around 70% the rate implied by ViaSource's published average Life Expectancy (LE) estimate of 30 months, suggesting a true average LE of 50 months. At December 2013, the true average LE appeared to be more than six years compared with ViaSource's statements of around four years. We further recommended an independent detailed assessment of the remaining policies, estimates and Fair Value calculations. [1]

These conclusions have been confirmed by the (poor) maturity performance during 2014 which corroborate our average LE estimates rather than ViaSource's. In particular we questioned the concentration of the portfolio value around 150 or so "high face" policies and certain anomalies and credibility issues arising from the 2013 Mortality Review and revised LE estimates, supposedly by Fasano for all the 550 policies reviewed in mid-2013. The Table below shows that at December 2014 the concentration of "high face" lives and policies has deepened as a proportion of the portfolio. It is primarily these policies which are failing to mature as expected and their weighting in the overall portfolio LE will be further reducing the average. It seems inescapable that a large number of these high face policies were obtained in the era of "healthy and wealthy premium financing manipulations" in spite of the Chairman's assurance at the 2014 AGM that there were no such STOLI [2] policies within the portfolio.

We have analysed the 132 policies that have matured between July 2013 and December 2014 for a total NDB of $197m, and can't reconcile the published LEs against the Chairman's statement at the 2014 AGM that they were all reviewed by Fasano. The 132 matured policies showed an average outstanding LE of 26 months from the Review date, of which 90 policies showed an LE of less than 24 months (average 16 months) , which is not consistent with Fasano practice.

For the 418 policies (327 lives) remaining at 31st December 2014, ViaSource published an average (weighted) LE of 41 months, but our estimate based on your portfolio

[1] EEA Investors Group WP7A, Tables 6 and 10 and Para. 1.5
[2] STOLI – Stranger Originated Life Insurance

statistics and actual performance to date is nearer 72 months, especially for the most significant high face policies.

Remaining Policies at 31st December 2014				
NDB / Life	Policies	Lives	Face Value	
\$20 - 30m	18	8	\$178m	16%
\$15 - 19m	19	8	\$132m	12%
\$10 - 14m	43	25	\$263m	23%
\$7.5 - 9.0m	14	10	\$83m	7%
\$5.0 - 7.4m	41	36	\$195m	17%
\$2.5 -4.9m	53	37	\$128m	11%
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Sub-Total	***94***	***73***	***\$979m***	***87%***
< \$2.5m	321	251	\$147m	13%
Total	***415***	***324***	***\$1,126m***	***100%***

2.1. <u>Conclusion</u> : **The estimated LEs published by ViaSource since the 2013 Mortality Review cannot be reconciled with the ongoing maturities or the statements at the 2014 AGM that all 550 policies reviewed at the time (or in early 2014) were certified by Fasano. Therefore, investors can attach no credibility to the current estimated LEs and portfolio predictions or valuations, whether by ViaSource or Maple Life.**

2.2. <u>Recommendation</u> : **The Fund's Board should immediately commission an independent assessment of the portfolio LEs and projections, as recommended in WP7A, in order to reconcile the differences between our two views, to establish proper credibility and to determine the appropriate basis for portfolio management and valuation going forwards.**

2.3. <u>Recommendation</u> : **Future (monthly or quarterly) Maturity Schedules should contain an outstanding policy list which includes the purchase date, insured's age at purchase, expected maturity date, estimated LE, Maturity NDB, market valuation and current Fair Value through Profit and Loss for each policy. This will enable investors and their advisors to make their own assessments of future cashflow and run-off projections under various assumptions and scenarios.**

3. MATURITY & RUN-OFF PREDICTIONS

EEA have never published any meaningful or reliable cashflow or run-off predictions, except for some very minimal "xx% within 2, 3 and 5 year" statements at the time of the 2013 Restructuring proposals and subsequent quarterly Fund Commentaries. The Table below shows that these predictions vary greatly and always fall far short of the actual performance. It can also be argued that investors were therefore mis-led by the predictions on which they based their votes and Run-off / continuing election in October 2013.

No mention or provision has so far been made been made for policies which lapse cover or run out of term, or for writing down the value of any policies which need to be sold or disposed of to improve profitability or write-off the "tail" of the portfolio in due course.

EEA Predictions	2012	2013	2014	2015	2016
EEA Port.Stats Dec 2011 (1xLE)	$414m	$400m	$288m	$245m	$122m
Drysdale Email 19th Jan 2012	$350m	$400m	$330m	$270m	$130m
EEA Port.Stats Dec 2012 (1xLE)	-	$281m	$406m	$271m	$266m
EEA Port.Stats Dec 2013 (1xLE)	-	-	$129m	$290m	$321m
EEA Port.Stats Dec 2013 (2xLE)	-	-	$227m	$216m	$190m
EEA Port.Stats Dec 2014 (1xLE)	-	-	-	$215m	$303m
EEA Port.Stats Dec 2014 (2xLE)	-	-	-	Not Published	
WP7A Table 10 Predictions *			$131m	$125m	$119m
Actual Maturities **	**$123m**	**$134m**	**$132m**		

** EEA Investors' Group* *** From EEA Maturity Schedules*

In the December 2014 Fund Commentary the Chairman stated

> *" …Over the year to 31 December 2014 there were 91 maturities contributing a total death benefit of $125 million.[subsequently increased to $132m] … this was in line with expectations…"*

In fact, since the 2013 Review EEA have published two different sets of predictions based on different calculation methods (shown as LEx1 and LEx2 in the Table below). It is not correct to claim that 2014 maturities occurred "as expected", just because one of their many numbers ($129m) came close to resembling the actual result (£132m). Their 12 month predictions have varied between $87m and £237m over the past 15 months, as summarised below :

	12 mth Prediction	
	LE x 1	**LE x 2**
Sep-2013	$87m	$230m
Dec-2013	$129m	$227m
Mar-2014	$201m	$237m
Jun-2014	$198m	$224m
Sep-2014	$226m	$230m
Dec-2014	$215m	n/a

Since the December 2014 Portfolio statistics, EEA have abandoned the "Spread LE x 2" prediction method, which is actuarially more correct than the traditional "Straight LE x 1" method which has been retained. The problem was not the prediction method, but the flawed LEs as described in section 2

3.1. <u>Conclusion</u> : EEA have repeatedly failed to provide and publish a reliable cash-flow forecast that can be used by investors for potential run-off and redemption purposes. This is partly due their failure to establish and maintain accurate Life Expectancy estimates (See section 2 above) and partly because they have always been focussed on NAV growth and valuations, rather than cash redemptions.

3.2. <u>Recommendation</u> : Given that more than 80% [3] of shares are now being held for cash redemption purposes, the fund needs to re-orient itself to cash-based portfolio management, predictions and reporting, rather than Fair Value and NAVs. This could include various scenarios of run-off over three years, five years, seven years or ten years based on various combinations of "hold" versus "sell" strategies for the remaining policies.

3.3. <u>Recommendation :</u> Re-instate the "Spread LE x 2" prediction method and abandon the "Straight LE x 1" method for predicting maturities and then correct the flawed LE estimates to better align with the predictions.

4. UK FINANCIAL SERVICE COMPENSATION SCHEME (FSCS)

During the Fund's suspension, FSCS paid out claims on the basis that the current value of the EEA shares was zero. They now treat the Fund as being illiquid which means that claimants must wait until any eventual losses have been crystallised before they can calculate a settlement. Claimants have told the FSCS that EEA predicts that redemption payments might take 5-10 years (based on the published Portfolio Statistics) but FSCS responded that they have spoken with EEA who say that this isn't correct. FSCS are therefore rejecting such claims on the basis that losses will be crystallised within a shorter timeframe.

4.1. <u>Recommendation</u> : EEA should urgently liaise with FSCS to issue a jointly agreed statement to investors and claimants on the treatment of EEA Run-off and Continuing shares in relation to the FSCS determination of illiquidity or value and the settlement of accepted claims.

5. MAPLE LIFE MARKET VALUATION

We welcome the appointment of Maple Life as an independent Valuation Agent. We also acknowledge their credentials in using their own transaction experience to establish market-based valuations for the EEA policies and portfolio. However – we do have a number of concerns, viz :

a) The market-based prices are not an appropriate basis for setting the dealing price (NAV) of EEA shares (as noted in section 6 below)

b) The Maple Life valuations are apparently based on the same flawed LEs as the ViaSource valuations (see section 2 above)

c) It would <u>not</u> be appropriate for Maple Life to be responsible for valuing and selling policies on behalf of EEA. They are a potentially significant buyer in the secondary or tertiary markets and they should not advise or act for both sellers and buyers. ViaSource is currently prohibited from buying EEA policies for its other clients or own account and the same restriction should apply to Maple Life, except that this might prejudice the interest of the Fund in getting the best price or market coverage for any policies that it sells.

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[3] Run-off Shares account for 58% of total shares and more than half of the 42% of Continuing shares are being held for redemption as soon as possible after the expiry of the 23-month lock-up period which expires on 30th November 2015.

d) We don't know what Mortality Tables or curves and multipliers Maple Life have used for their valuations, and whether these are optimised for older and impaired lives.

e) We don't know whether Maple Life have increased the discount rate used for valuing the higher face policies, many of which were undoubtedly obtained originally through premium financing or STOLI [4]arrangements and would normally incur 30%+ discount rates by buyers, rather than the 18% which Maple Life appear to have used for all policies.

5.1. Recommendation : EEA should address the questions and concerns raised above and inform us of the answers so that we can form our opinion of the credibility of the Maple Life valuations. The Fund Manager (and the auditor) should consider periodically checking a sample of Maple Life valuations against a wider database of transactions such as the one from AA Partners Ltd in Zurich, Switzerland.

6. FUND VALUATION

As explained in the Board's 2nd February announcement (and confirmed in an email dated 17th February 2015 on behalf of Mark Colton),

"… the current intention remains to hold policies to maturity, on which basis the returns to investors will be determined by the timing of maturities, rather than the market prices of policies. "

Policies will only be sold on an incidental basis to meet redemption requests and to manage the "tail" of the portfolio in five years time or so. It is therefore not appropriate to value the portfolio and Fund on the basis of the Maple Life market valuation.

6.1. Recommendation : The December 2014 Fund NAV should immediately be restated on the previous basis of Fair Value through Profit and Loss and this should continue until the LE's have been reviewed / corrected in accordance with section 2 above, and the Fund objectives have been restated to reflect a planned combination of "policy hold versus sell" aimed at running off the Fund over a shorter timeframe than currently envisaged (see section 7 below)

6.2. Recommendation : The Fund should continue to be valued on the basis of Fair Value through Profit and Loss, but using corrected LE estimates etc as discussed in section 2 above, and making appropriate assumptions / adjustments for the planned sale of selected policies, as well as lapse of term / cover, premium financing discounts and tail write-offs. These are all matters that we have raised previously in letters to the Board and the Auditor and in WP7A.

7. SALE OF POLICIES

As described in section 6 above, the Fund's current objective and intention is to hold all policies to maturity, except for some incidental sales for specific purposes. Under current predictions this will take five, ten, fifteen or more years to complete, which is unacceptable to the majority of long suffering investors who have already endured more than three years of suspension and loss of access to their investment or any returns.

[4] STOLI – Stranger Originated Life Insurance

The Board's 2nd February announcement also implies that the decision to sell specific policies will be based on reacting to requests from bidders to buy the policies. This suggests some form of "cherry picking" by the buyers (or their agents) which might be detrimental to shareholder value.

7.1. **Recommendation : The Board should adopt a Fund Investrment Objective to run-off the fund over (say) three years by a managed combination of holding some policies to maturity and (non-distressed) sale of selected policies on the tertiary market. This would be done by a discreet and pro-active tactic of selecting and bundling policies for sale, based on the services of a specialist advisor with an appropriate combination of independent medical, actuarial, life settlement and legal skills to generate optimum cash returns for the EEA investors.**

8. BACOVALUATIONS

EEA is aware that BacoValuations approached them (plus the Guernsey Regulator and Auditor) more than a year ago with their concerns about the performance and projections for the EEA portfolio, which have subsequently been confirmed by actual performance and events. Baco have also provided major assistance (at no cost) to the EEA Investors' Group to analyse and report on the Management and projections of the EEA portfolio, primarily captured in WP7A and subsequent updates.

Baco have recently [5] submitted a full commercial proposal and package to EEA to carry out a staged review of the portfolio plus to advise and assist on hold/sell and policy sale activities. They claim a unique track record and combination of appropriate skills developed over many years, and more recently proven on the liquidation of the LifeMark portfolio (following the collapse of KeyData in the UK).

Based on our experience of the past three (or more) years, we have no confidence in ViaSource or the conflicted Board to run-off the portfolio in the best interests of investors. As noted in section 5, we would also consider it inappropriate for Maple Life to manage this task, since they should be potential buyers of the policies.

8.1. **Recommendation** : **Immediately validate the claims and credentials of BacoValuations and negotiate terms for reviewing the portfolio (as in 2.2 above) and managing the planned sale of selected policies (as in 7.1 above). This does not affect the role of Maple Life as independent valuation agents based on the appropriate LEs and other policy data, or any ongoing role of ViaSource in administering the monitoring of insureds and their premium payments and sub-custodian activities.**

9. CONTINUING SHARE REDEMPTIONS

Based on input from our own members plus certain intermediaries, we believe that at least half the 2m Continuing shares are being held for redemption at the earliest opportunity (e.g. through the 5% December 2014 option and/or the December 2015 post-

[5] Letter and proposal to EEA Directors dated 26th January 2015

lockup option). Unlike run-off shareholders, these investors will suffer cash /value losses if the Cell NAVs are undervalued at the time of their redemptions. This has just been exacerbated with the incorrect devaluation of the Fund based on market valuations (see sections 5 and 6 above).

The 2nd February announcement also required 5% request redeemers to resubmit their request if they wished to maintain their option, and this caused a lot of unnecessary anxiety, work and confusion for the investors and platforms / intermediaries concerned. EEA's decision to cancel the request by default added to the injustice and was further confused when many platforms decided that their default (if the investor did nothing) would be to reconfirm the prior requests on their behalf. This whole process has shades of the same incompetence and unfairness that surrounded the original Run-off versus Continuing election / default position in October 2013.

9.1. Recommendation : EEA Directors should immediately exercise their discretion to satisfy all valid redemption request received by 28th November 2014 on a pro-rata cash basis using the $9.4m cash that was "allocated" to Continuing cells under the 1st August 2014 Letter to shareholders [6]. This would put the redeemers on a similar basis to the run-off shareholder redemptions so far. It would also negate any impacts of the 2nd February re-submission process. If the payment is made on a NAV basis (rather than cash) then use the November 2014 (or restated December 2014) NAVs, rather than the market based NAV. If this correction cannot be achieved in time for the anticipated mid-March payments then the payments can be delayed or supplemented accordingly.

9.2. Recommendation : Re-open the option for (Continuing) shareholders to elect Run-off and publicise the new option in the next Letter to Shareholders. Allow 3-4 weeks for returning the appropriate forms. This will enable all redeeming shareholders to benefit from cash-based distributions over the remaining life of the portfolio, without losses due to future NAV fluctuations.

OR : As an alternative, treat all future redemption requests from Continuing shareholders as requests to convert to Run-off Cells on an appropriate basis and thence benefit from the same cash-based distributions and avoid future NAV fluctuations

9.3. Comment : The 2nd February announcement implies that policies would be sold (only) in order to meet anticipated redemption requests from Continuing shareholders. The decisions to sell policies should be based on optimising cash returns for all investors over an appropriate time period, and any Continuing redemption requests that can't be fulfilled should be held over to subsequent redemption days (or placed in Run-off cells) without penalising other investors by selling too many policies too soon.

[6] As at 30th January 2015, the "Available Cash" across all Continuing Cells is $4.9m compared with $0.98m at the time of the 1st August 2014 Letter.

10. RUN-OFF SHARE REDEMPTIONS

The 2nd February announcement implies that the sale of policies would be triggered (only) to meet redemption requests from Continuing shareholders, as though Run-off shareholders can be kept waiting indefinitely for their cash returns (although we agree that all cash raised from any sales or maturities would accrue proportionately across all cells). We are seeking a managed combination of "sell and hold" to address the needs of all investors, as described in section 7.1 above

11. FEES & CHARGES

The 2nd February announcement states that the reduced NAVs would result in lower valuation based payments to the Fund Manager, Investment Advisor, Administrator (and presumably IFAs, platforms and other intermediaries). We understand that in previous years the payments have been based on the mid-year (i.e. June) NAVs – will, the 2014 payments be made (or have they already been made) based on the June 2014 NAVs ?

Over the years, the Fund Manager (EEA Fund Management (Guernsey) Ltd) has received $35m of performance fees plus $80m in valuation based Management charges (of which $26m was paid to IFAs and other intermediaries in trail commissions). The Manager also permitted $312m of redemptions in 2011 which contributed to a $160m reduction in cash balance for the year, putting the fund into a Ponzi-like position prior to the FSA announcement and suspension. Dependent on new investment cash (which never materialised) to meet ongoing cash needs.

Similarly, the Investment Advisor (ViaSource) also received $35m of valuation based performance fees.

We also note that the December 2014 update of the Information Memorandum included provisions relating to procedures for increasing the maximum payments to the Fund Manager.

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11.1. <u>**Recommendation :**</u> **Given that we have also recommended that the NAVs should be restored to the previous (or adjusted) basis and that NAVs are no longer relevant for managing the Fund and redemption payments to the 80% of Run-off and Continuing shareholders, then we ask EEA to instead reduce the Fund Management payment from 1.5% to 0.75% (including the trail commissions to IFAs and platforms) - or change it to a fixed fee for work done basis. There should be no more "profit" element flowing through to EEA Group and its shareholders from this distressed and much mis-managed Guernsey Fund**

11.2. <u>**Recommendation :**</u> **Remove any provisions in the current Information Memorandum for increasing any fees and charges to the fund Manager**

11.3. <u>**Recommendation :**</u> **Investigate the reasons and basis for the exaggerated dealing NAVs over the years (e.g. inaccurate LE estimates that weren't updated or independently verified from 2006 to 2013, possibly also since**

2013) and take appropriate actions to recover overpayments from the Fund Manager and Investment Advisor or their professional indemnity insurers.

12. INVESTOR COMMUNICATIONS

We were pleased by the assurances at the 2014 AGM that the independent Directors are committed to improving investor communications, although they were not prepared to appoint a Senior Independent Director (SID) to be the primary contact point for investors.

We are pleased to note the improved format for the monthly Fact Sheets since November 2014 and have recommended changes to the Portfolio Statistics and Maturity Schedule Reports in sections 2.3 and 3.3 above.

However, there has always been a major problem that registered shareholders and other "indirect" investors are often unaware when new documents or notices are posted on the EEA Guernsey website. In some cases this is because the website requires a login / account and password which are not readily available to indirect investors (except by special request and prior arrangement with the Administrator). It's also a problem that very many indirect investors never receive information which is sent by EEA to their platforms, IFAs and other intermediaries. EEA claim that they meet their (minimum) legal obligations, but this is not in the best interest of investors as a whole.

12.1. Recommendation : Allow all investors to access the Guernsey website for all relevant documents and notices, and allow them to provide an email address which will be used to send updates and notices or other notifications directly to them, in addition to the platforms and other intermediaries. This will also remove the need for investors and intermediaries to frequently check the website to see whether new information is available.

12.2. Recommendation : Arrange periodic meetings with Investors (not just intermediaries) in convenient locations to discuss, explain and give authoritative answers to questions about the operation of the Fund and the redemptions process.

13. CORPORATE GOVERNANCE

We were also pleased by the assurances at the 2014 AGM that the independent Directors are committed to improving Corporate Governance. The Company has traditionally paid lip service to the Guernsey Finance Sector Code of Corporate Governance.

We are pleased to note the recent appointment of an Audit Committee who appear to have worked very hard since the AGM to address the issue of independent market based valuations (but haven't been as successful with the Fund valuation and Continuing share redemption processes).

The Board still contains the heavily conflicted Directors (Simon Shaw and Christopher Daly) and this is unacceptable to investors given the other concerns mentioned in this Working Paper.

During 2011 (prior to the suspension at the end of November) the Fund Manager and Board depleted the cash balances of the Fund by $162m, leaving it exposed and dependent on new investor cash to underwrite ongoing premium payments, expenses and "normal" redemption requests. This effectively created a "Ponzi-like" Fund and required a prolonged suspension in order to rebuild liquidity over a 3 – 5 year period, regardless of the impact of the FSA announcement.

13.1. **Recommendation : The Auditor should be required to assess compliance with the Guernsey Finance Sector Code of Corporate Governance as part of the annual audit process and report to the members accordingly as part of the Annual Report.**

13.2. **Recommendation : The Audit Committee should be tasked with investigating the culpability and liability of current and previous Directors in approving flawed LE estimates, valuations and Fund performance statements since inception, and for authorising overpayments of fees, charges, and redemptions based on these exaggerated valuations. They should also be investigated for improperly depleting the cash balances during 2011.**

13.3. **Recommendation : Simon Shaw and Christopher Daly should be asked to resign their conflicted Directorships immediately, especially in view of the various other recommendations previously mentioned. No indemnity should be offered or granted for liability over their past actions.**

14. VIASOURCE

ViaSource has been the Investment Advisor since inception, and is described in EEA documents [7] as

> *"… a life settlement provider that has developed significant experience in the successful establishment and management of special purpose investment funds that acquire life settlements. It has developed core competencies in the successful management of life settlement investment funds. In servicing the life settlement funds, the Investment Adviser performs all the tasks from sourcing of policies, follow up with the health status of the insured to the final settlement on maturity."*

We contend that ViaSource has repeatedly failed to provide and maintain accurate LE estimates or portfolio valuations and predictions, as documented elsewhere. We also note that the contract for ViaSource's services is automatically renewed for twelve months each year on its anniversary of 2nd February. We assume that it has just been renewed for 2015/16 (without review or modification).

14.1. **Recommendation : Give notice that the contract will not be renewed in February 2016, and if possible limit the functions and payments due under the current term. Ensure that copies of all relevant policy and LE data that might be needed to assist the investigations mentioned above are secured and that no actions are permitted that would limit ViaSource's potential liability for past actions, poor performance and errors.**

[7] For example, the current EEA Information Memorandum, its predecessors and marketing literature.

15. FUND MANAGER

The Fund Manager has been in position almost since inception and has been responsible for overseeing the (poor) performance of the Investment Advisor and has also allowed the Fund to continue on the basis of flawed maturity estimates, exaggerated valuations and inappropriate cash balances since 2011. It has been the conduit for the overpayment of valuation based fees and charges or redemptions and for failing to properly manage the activities of the Marketing Agent in EEA London who has consistently mis-informed IFAs, distributors and certain investors about the performance, position and prospects for the Fund.

15.1. **Recommendation : Terminate the Fund's contract with EEA Fund Management (Guernsey) Ltd at the earliest opportunity and transfer the residual administration functions to IAG Guernsey on a cost-of-work basis, breaking all links with EEA Group and the Marketing Agent.**

16. ERNST & YOUNG

We have already written to Ernst & Young (Guernsey) with a copy of our WP7A and WP7B documents, asking them to furnish the Regulator with any additional relevant information related to their audits for 2010 and previous years.

16.1. **Recommendation : The Audit committee should consider referring Ernst & Young to the ICAEW [8] for a review of their 2010 and prior audits, on the basis that the concerns that they raised in the 2011 audit about non-updated LEs and subjective valuation factors were visible during the previous years, and should have been discovered as part of the audits. Depending on the results of the ICAEW review, further action might be taken against Ernst and Young to recover compensation for the owners of the Company.**

17. GRANT THORNTON

We questioned (and criticised) Grant Thornton on various aspects of the 2012 and 2013 audits and didn't receive satisfactory answers, either from Grant Thornton or the Board.

17.1. **Recommendation : The Audit committee should consider referring Grant Thornton to the ICAEW for a review of their 2012 and 2013 audits, on the basis that the Fund's valuations and projections did not accurately reflect the maturity and cash performance of the portfolio.**

17.2. **Recommendation : Ensure that the 2014 Annual Report and Financial Statements, and associated audit are prepared in accordance with the current position and recommendations to give a moré fair and accurate view of the Fund as at 31st December 2014 and going forwards.**

[8] ICAEW : The Institute of Chartered Accountants for England and Wales