

## Q&A:

# EEA Life Settlements Fund PCC Limited

Some of your questions answered about EEA Life Settlements Fund PCC Limited.

Last updated: 5 September 2024

**This document is intended to help you but not to replace the primary sources of information, including in particular the Information Memorandum and Supplements. You are urged to read those documents and to consult your professional adviser before making any decision in respect of the Fund.**

## **Important Information:**

This document has been issued by EEA Life Settlements Fund PCC Limited (the "**Fund**").

The Fund has been authorised by the Guernsey Financial Services Commission (the "**GFSC**") as a Class B Scheme under The Protection of Investors (Bailiwick of Guernsey) Law, 2020. Neither the GFSC nor the States of Guernsey take any responsibility for the financial soundness of the Fund or for the correctness of any statements made or opinions expressed with regard to it.

The Fund is registered as a protected cell company under The Companies (Guernsey) Law, 2008, as amended, extended or replaced (the "**Companies Law**"). Persons investing in and dealing with a cell of the Company (a "**Cell**") shall only have recourse to that Cell and their interest shall be limited to the assets from time to time attributable to that Cell and they shall have no recourse to the assets of any other Cell or, except as provided under Part XXVII of the Companies Law, against any non-cellular assets of the Company.

For the purposes of, and as contemplated by, the Financial Services and Markets Act 2000, the Fund is an unregulated collective investment scheme and, accordingly, its promotion in the UK is restricted by law. It may be promoted by a UK authorised person in accordance with Section 238 of the UK Financial Services and Markets Act 2000 Act and/or the FCA Rules. Any person who is not an authorised person may not distribute it to any other person. This document may not be given to, or relied or acted upon by, any other person.

As at the date of this document, the Fund has not been approved, notified or registered in accordance with Article 42 of the EU Alternative Investment Fund Managers Directive (2011/61/EU) 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 Fund is closed to further subscriptions and will not, therefore, be marketed to professional investors in the European Economic Area.

The Fund is closed to further subscriptions and neither this document nor the Fund's Information Memorandum and Supplements (which, amongst other things, set out the risk factors associated with an investment in the Fund) constitute a direct or indirect offering or placement of shares or any other opportunity to invest in the Fund. Nothing contained in this note is to be construed as providing or offering investment, legal, accounting, tax or other advice and nothing should be relied on as such. The value of investments may go down as well as up and may be affected by changes in rates of exchange. Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, express or implied, is made regarding performance. Investments in the Fund do not provide capital guarantees like a deposit account and are not readily accessible. The rules on taxation can change and/or the tax treatment of the Fund could be challenged. Whilst all reasonable efforts have been made to ensure this document is accurate and up to date, no representations or warranties, either express or implied, are given as to the reliability, accuracy or completeness of the information contained in this note. Any opinions expressed are judgments at the time of writing and are subject to change without notice. To the extent permitted by law or regulation, no liability is accepted for any damage or loss, including without limitation loss of profit whether direct, indirect or consequential, in respect of the use of this material.

## **Introduction**

This document is designed to answer some of your questions and help you understand the latest news relating to the Fund. The guide should be read in conjunction with the Fund's Information Memorandum, Supplements and latest Articles of Incorporation. You should speak to your professional adviser before taking any action.

Copies of the Information Memorandum, Supplements and Articles of Incorporation, together with Fact Sheets, Portfolio Statistics (which indicates the latest update on performance and maturity projections), Maturity Schedules and other Fund updates are available online at <http://www.eealifeselements.com/eea-life-settlements-fund/>.

## Shareholder Questions and Answers

### 1. Can I redeem my Shares?

Yes, Shareholders can redeem their Shares. Redemption requests will be logged in order that they are received and will be queued by reference to the quarterly redemption date in respect of which they have been received.

#### Process in respect of the GBP New Continuing Cell:

The relevant Supplement provides that Continuing Shares are redeemable on the first business day of each calendar quarter, subject to at least 95 days' written notice of any redemption request. However, the Fund's board of directors (the "**Board**") has exercised its discretion to change the timing of future Redemption Days from the last working day of each calendar quarter to the first working day after each calendar quarter. The Valuation Point for the purposes of redemptions will continue to be 23.59 hours (Guernsey time) on the last business day of each calendar quarter. The timings for the next three Redemption Days are therefore as follows:

Redemption Day 1 October 2024 – deadline for receipt of redemption requests 17.00 hours (Guernsey time), 28 June 2024.

Redemption Day 2 January 2025 – deadline for receipt of redemption requests 17.00 hours (Guernsey time), 27 September 2024.

Redemption Day 1 April 2025 – deadline for receipt of redemption requests 17.00 hours (Guernsey time), 27 December 2024.

Further details of the redemption process, and the Board's powers to restrict redemptions, are set out in the Information Memorandum, Supplements and latest Articles of Incorporation.

A Redemption Request Form is available at <https://www.eealifeselements.com/eea-life-settlements-fund/>. If you have any further questions about the redemption process, please contact the Fund's administrator, Apex Fund Services (the "**Administrator**") by emailing them at [eea@apexgroup-fs.com](mailto:eea@apexgroup-fs.com).

#### In respect of the GBP New Run-Off Cell:

Run-Off Shares cannot be redeemed at a Shareholder's election. Surplus cash (if any) generated within each Run-Off Cell from the policies that mature or are sold (after prudent provision has been made to cover anticipated premiums and other necessary costs) will be distributed among Shareholders in the Run-Off Cell, by way of compulsory redemption of a portion of each holder's Run-Off Shares or otherwise, until proceeds from the final policy held in respect of the Run-Off Cell have been returned to Run-Off Shareholders. Run-Off Shareholders will continue to receive periodic distributions, by way of compulsory redemption of a portion of each holder's Run-Off Shares or otherwise, as and when cash levels permit. Please refer to the Information Memorandum and Supplements, which contain full details of this process.

For further information on distributions to Run-Off Shareholders, see section 5 below.

### 2. How is Available Cash calculated?

"Available Cash" means cash held by a Cell after deduction for any accrued fees and expenses but, for the avoidance of doubt, excludes unsettled cash from policy maturities and cash required to pay the

premia on Current Underlying Investments from time to time attributable to the Cell for a specified period which will be retained by the relevant Cell or one or more subsidiaries of the Fund.

**3. As a Run-off Shareholder, how long will it be before I receive the final proceeds from the maturity or sale of the final policy?**

It is impossible to say with certainty how long it will be before Run-Off Shareholders receive the final proceeds from the maturity or sale of the final policy held by the Run-Off Cell. Although there is no guarantee that actual maturities will happen as projected, maturity projections are made available in the quarterly Portfolio Statistics, which are available at <https://www.eealifeselements.com/eea-life-settlements-fund/>.

**4. When will another distribution be made to Run-Off Shareholders?**

The Board will make a further distribution to holders of Run-Off Shares as cash levels permit and in accordance with the Fund's Information Memorandum and Supplements.

For the latest information on upcoming distributions, shareholders should refer to recent Shareholder Notices and other Fund updates available at <https://www.eealifeselements.com/>.

**5. Can I switch my shareholding from one Cell to another Cell?**

No, switches between Cells are not possible.

**6. Can I transfer my Shares?**

After 1 April 2024, it is possible to transfer shares in the Fund in certain circumstances. You will need to contact the Administrator by emailing them at [eea@apexgroup-fs.com](mailto:eea@apexgroup-fs.com) or calling them on +44 (0) 2035 303600 to discuss what is required if you wish to transfer your Shares.

**7. Does the Fund intend to purchase policies for the GBP New Continuing Cell?**

The Information Memorandum and Supplements state that Available Cash attributable to the Continuing Cell that is not used to fund redemption requests and/or other expenses will be reinvested to provide exposure to policies with similar characteristics to those currently held by the Fund. No amounts have yet been reinvested and Available Cash attributable to the Continuing Cell will not be reinvested whilst there are redemption requests outstanding for that Cell.

**8. Does the Fund have the right to sell policies?**

Yes, the Fund's investment policy, which is set out in the Information Memorandum and Supplements, provides flexibility for policies to be sold to third parties before maturity as part of portfolio management.

**9. What performance is expected?**

As you will appreciate, it is not possible to project future returns with any certainty, although the Board will of course be monitoring the maturity experience of the portfolio and will continue to provide updates to Shareholders on Fund performance and maturity projections in the quarterly Portfolio Statistics.

**10. How are policy maturities performing in comparison with earlier projections?**

The quarterly Portfolio Statistics document available at <https://www.eelifesettlements.com/eea-life-settlements-fund/> contains Maple Life's maturity projections, which are based on an assumed continuation of historic Fund mortality experience. The Services Provider's quarterly commentary provides details of reported maturities in comparison with those projections.

**11. What is being done to manage costs?**

The Services Provider and the Board have been working hard to manage the Fund's costs.

By way of Shareholder circular on 13 December 2023, the Board notified Shareholders of its plans to implement cost reducing measures through a reconstruction of the Fund. These plans consisted of the conversion of all existing Run-Off and Continuing Cells into two new cells for each of the Run-Off and Continuing Share classes respectively (the "**Reconstruction**").

The Reconstruction was approved by Shareholders at an EGM and Class Meetings of the Fund on 24 January 2024, and Implemented on 1 March 2024. The Reconstruction has significantly reduced the Fund's operating costs, most notably in respect of custody and management fees.

A summary of the cost savings, Reconstruction and related matters are set out in the Information Memorandum and the Shareholder circular issued in connection with the Reconstruction.

The Board and the Services Provider actively continue to monitor the Fund's costs.

**12. Why have I have received a new contract note when I haven't entered into any transactions in respect of my shares?**

As part of the Reconstruction (as mentioned in Question 11 above) shareholders voted for all Continuing Shares to be converted into a single class and all Run-Off Shares to be converted into a single class. This means that with effect from 1 March 2024 all shares were converted into shares in either the New GBP Continuing Cell or the New GBP Run-Off Cell.

As part of the conversion of shares pursuant to the Reconstruction, new contract notes were required to be issued to Shareholders. These new contract notes reflect each Shareholder's current holding of shares in the Fund.

**13. Some policies have expired without value. Could this happen again?**

Eighteen policies, with a total death benefit of around US\$27.3m, have expired since the start of 2014 due to the underlying insureds reaching the age at which their policy automatically terminates. The value of these policies had been written down over several years thus reducing the impact on the Fund's NAV.

**14. Are any currency hedging arrangements in place for the Fund?**

There are currently no hedging arrangements in place.

The Fund is not subject to any obligation to hedge, or to use its best endeavours to hedge, the non-US Dollar currency exposure of the Shares. However, the Directors may determine to hedge such exposure in respect of one or more Cells where they, in consultation with the Services Provider, believe in their absolute discretion that it would be possible to enter into appropriate hedging arrangements on commercially reasonable terms.

It is worth mentioning that a currency hedge requires cash to be set aside to settle positions, and a counterparty would also expect collateral (more cash) to be posted. These requirements would reduce the amounts of cash available for distribution (in relation to Run-Off Shares) and reinvestment (in relation to Continuing Shares).

**15. What are your views on the adverse publicity about the Fund?**

We are obviously concerned when we read inappropriate or ill-informed comments in the press, particularly from persons who are neither regulated financial advisers nor experts in the area of life settlements.

Many Shareholders may not be aware of these but they are seen by some, and in particular they are noticed by relevant third parties, such as those considering buying policies from the Fund. We recognise that such comments cause unnecessary alarm and anxiety to some of our Shareholders. Such behaviour is also regrettable as it risks, amongst other things, having an adverse effect on the sale prices of policies, and can therefore be detrimental to the interests of both the Fund and Shareholders more generally.

The Services Provider provides a substantial amount of information regarding the Fund and will continue to encourage constructive dialogue with Shareholders and their advisers. Shareholders are strongly encouraged to make their own investment decisions based solely on information provided by the Fund and/or any advice provided by their independent financial advisers.

It should be noted that, for the avoidance of doubt, the Fund and Services Provider strongly dispute any suggestion that the Fund is not being handled properly or in investors' interests. This document already details much of the work undertaken by both the Services Provider and the Board, including in relation to the recent Reconstruction which became effective on 1 March 2024. The Board and the Services Provider, together with the Investment Adviser, is regularly reviewing the policies held by the Fund and considering opportunities to enhance returns.

**16. When will further information become available?**

We understand that Shareholders may have questions from time to time. If you do wish to ask a question, please email [eea@apexgroup-fs.com](mailto:eea@apexgroup-fs.com).

**17. How can I keep up to date with the Fund?**

The Services Provider provides Shareholders and their advisers with information regarding the Fund at <https://www.eealifeselements.com/eea-life-settlements-fund/> and will continue to do so. This includes Fact Sheets, Portfolio Statistics (which includes the latest update on performance and maturity projections), this Q&A document, Maturity Schedules, and other Fund updates.