



# AAP Life Settlement Market Review

August 2011

Transparent  
Providers

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# Life Settlement Markets

Market Commentary

# Market Overview

Whole Life  
Settlement Market –  
Statistics after  
exclusions

## Secondary market

Numbers/Figures	1 Month	6 Months
Policies [Nr]	10	73
Sum FV [USD Mio]	26.6	166.2
Av. FV [USD Mio]	2.7	2.3
Av. Age [Yrs]	78.4	80.7

## Tertiary Market

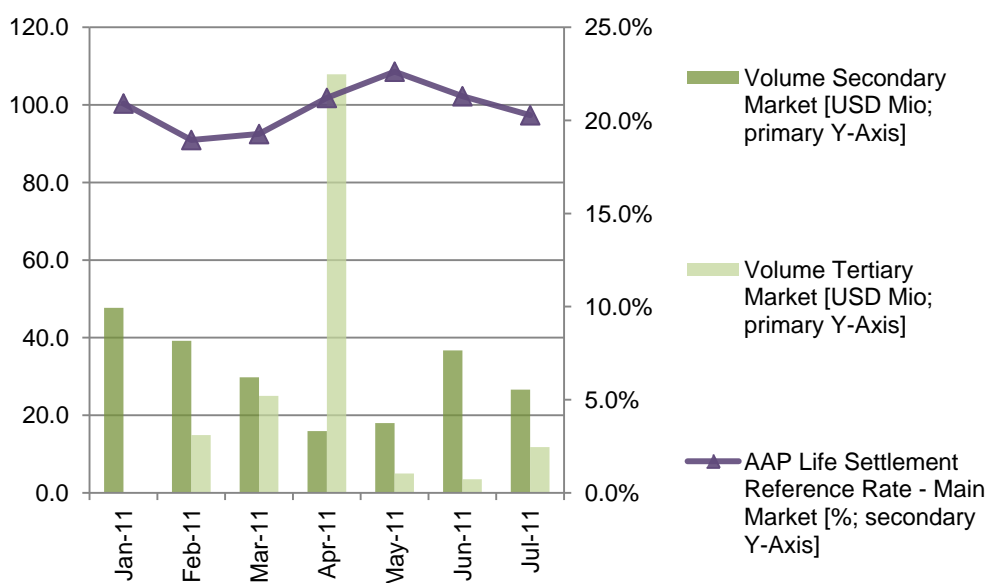
Numbers/Figures	1 Month	6 Months
Policies [Nr]	4	61
Sum FV [USD Mio]	11.8	167.5
Av. FV [USD Mio]	2.9	2.8
Av. Age [Yrs]	82.8	83.0

For the period February to July trades with cumulated face values of USD 333.7 Mio were reported (after exclusions). The split between secondary and tertiary market trades is close to fifty-fifty.

The trading activity in the secondary market decreased in July if compared to June. At the same time the observed level of projected IRR remained high. The 'AAP Life Settlement Reference Rate' which mirrors the IRR level in the main market stands at 20.3% in July, which is slightly lower than the 21.3% which resulted in June. Detailed information regarding the secondary markets can be found on pages 5-10 as well as on pages 14-19.

The trading activity referring to tertiary market trades was low in July. Still the large trades in March and April dominate the picture. The average projected IRR of the tertiary market over the last six months is with 18.60%. Information regarding the tertiary market is summarized on pages 11-12.

Traded volume FV  
per market & AAP  
Life Settlement  
Reference Rate –  
Main Market



# Secondary Market

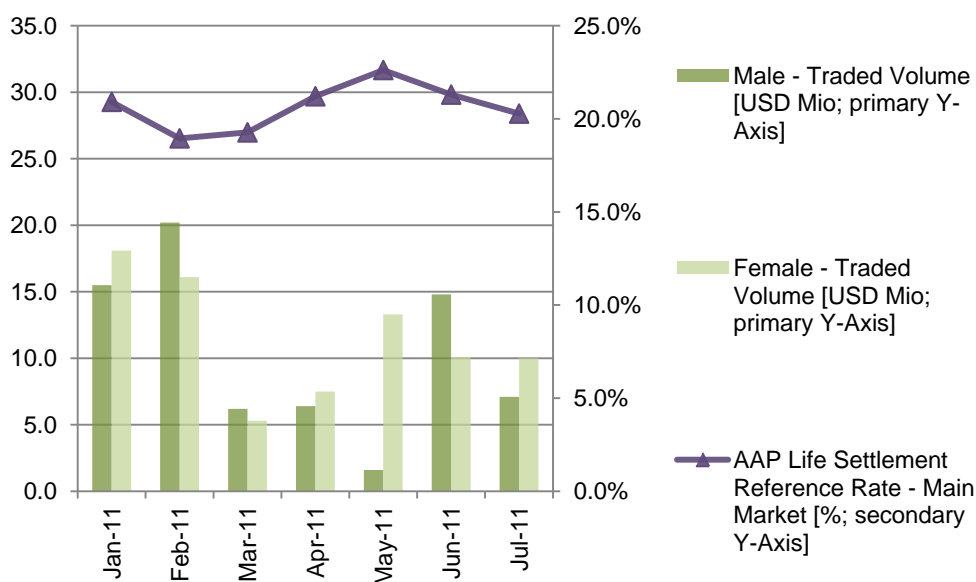
## Main market (age 75 to 86)

### Secondary Market – Statistics ‘Main Market’

Numbers/Figures	1 Month	6 Months	Numbers/Figures	1 Month	6 Months
Transactions [Nr]	7	51	Av. Age [Yrs.]	78.0	81.1
Sum FV [USD Mio]	17.1	118.6	Av. LE used [Mt.]	126	97
% Male [%]	71.4	51.0	Av. FV [USD Mio]	2.4	2.3
% Female [%]	28.6	49.0	Av. IRR [%]	22.3%	22.6%

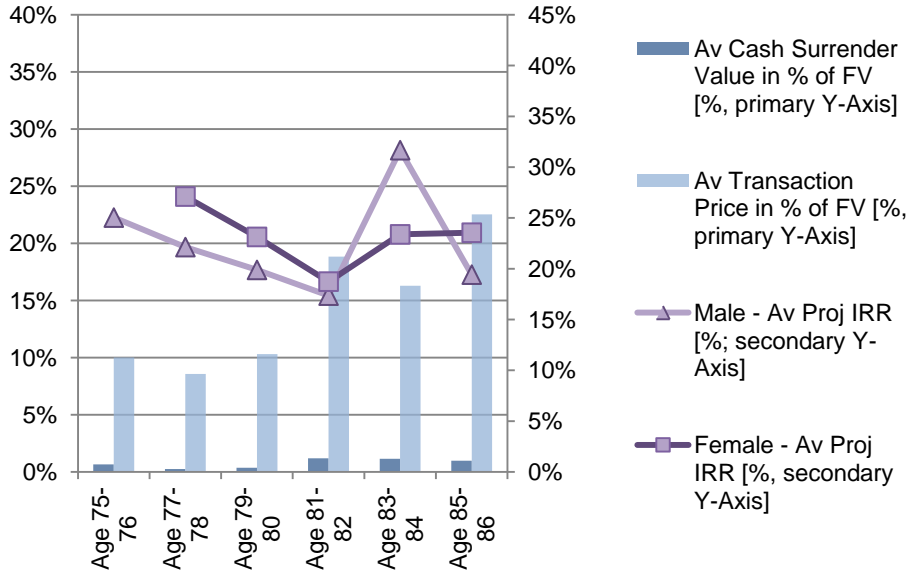
The trading activity in the main market was lower in July than in June. In July USD 17.1 Mio face value was traded. The sum face values in the last six months amount to USD 118.6 Mio, the average face value of the same time period is USD 2.3 Mio. In July the average age of insured was 78 years which is younger than the market average. On average females were 1.8 years older than male at time of closing the transactions. The gender split stands with 50% male and 50% females for the six month period which is to a certain extent unusual since policies referring to male insured made roughly 60-70% of the market in the past.

### AAP Life Settlement Reference Rate – Main Market & trading activity per gender



The level of projected IRR remained high. The *AAP Life Settlement Reference Rate – Main Market* stands at 20.3% in July. This rate is lower than the June rate and reflects the lower level of activity which can be often observed in the summer months. Over a six months window the average projected IRR of the main market stands with 22.6%.

Cash Surrender Value and Transaction Price in % of FV & Average Projected IRR per gender

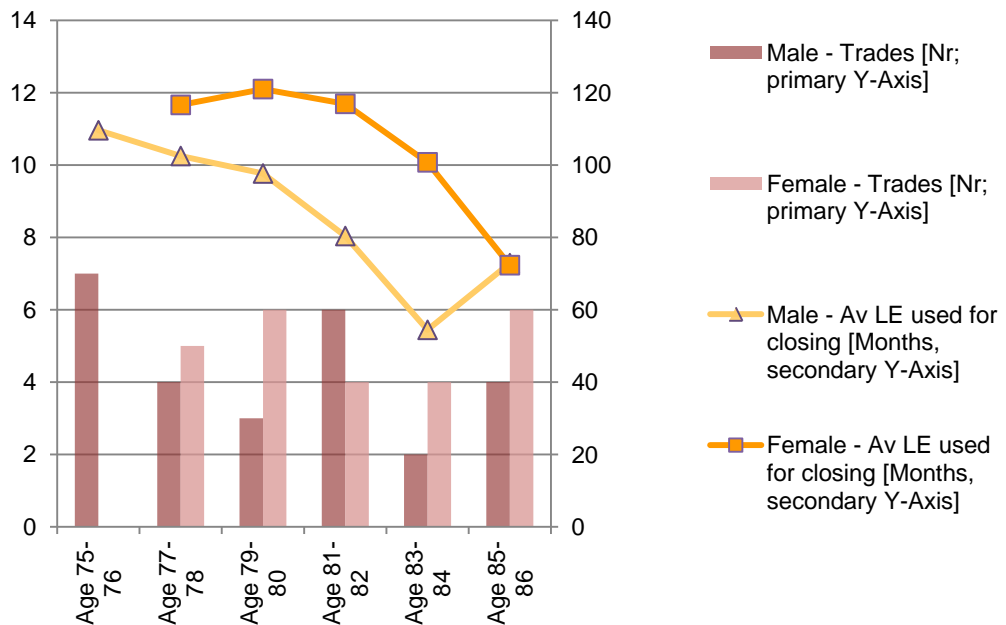


In the last six months on average policies were transferred at 13.5% of face value. Policies referring to ages 75-80 trades at around 10% of face value. This ratio increases to 22.5% for the age bracket 85-86. The relatively high figure with age bracket 81-82 can be explained with the lower average projected IRR which resulted from the trades in this bracket.

In general the cash surrender value of the traded policies was low. In total the cash surrender values amount to 0.7% of the face values over the six months period so the sale via the secondary market was by far the better alternative for insured than surrendering the policies.

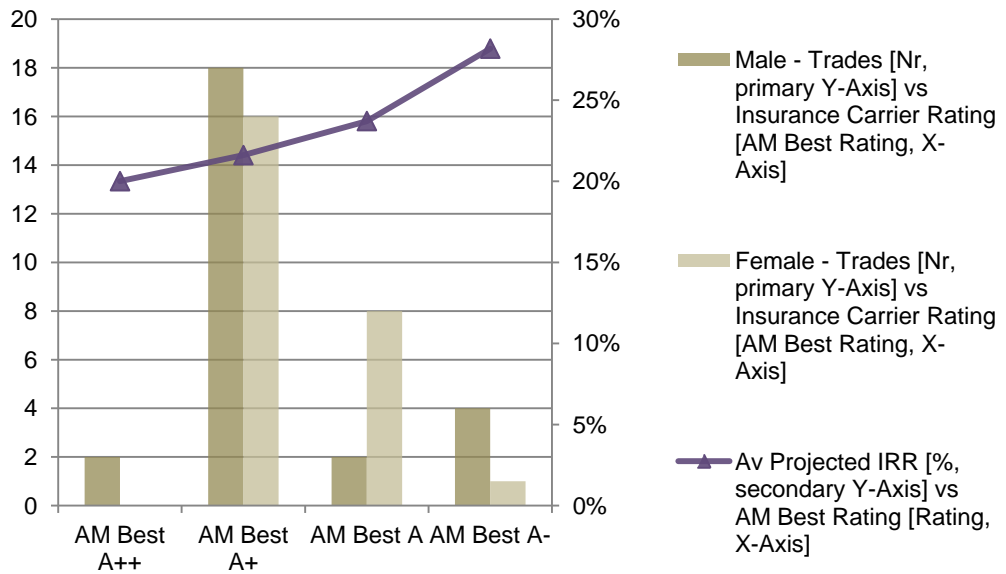
On average the projected IRR referring to female was with 23.4% a bit higher than for male which average to 21.9%. There is no clear trend of the projected IRR apparent regarding age of insured. Investors don't ask for higher IRR levels for younger insured and lower for older, or vice versa.

Trades per gender and respective average LE per age brackets



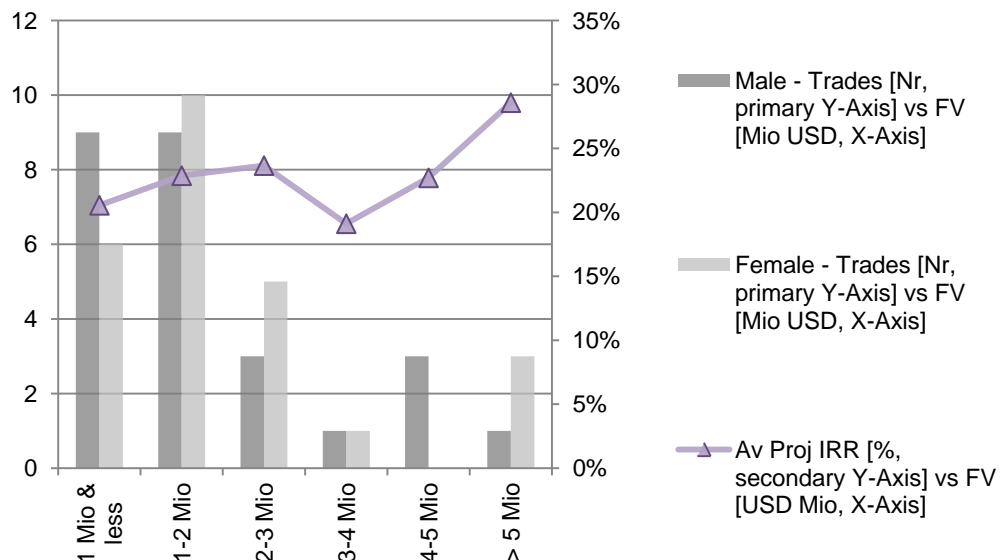
The trading activity is similar in all age brackets over the last six months. Female insured account to a larger part of the trades with higher ages. In the age bracket 75-76 years just male insured were traded. The life expectancy estimates (LE) which were used for closing the transactions in general become shorter with increasing age of insured. In general female insured have a longer LE than male insured of same age.

Number of trades per insurance carrier rating & average projected IRR



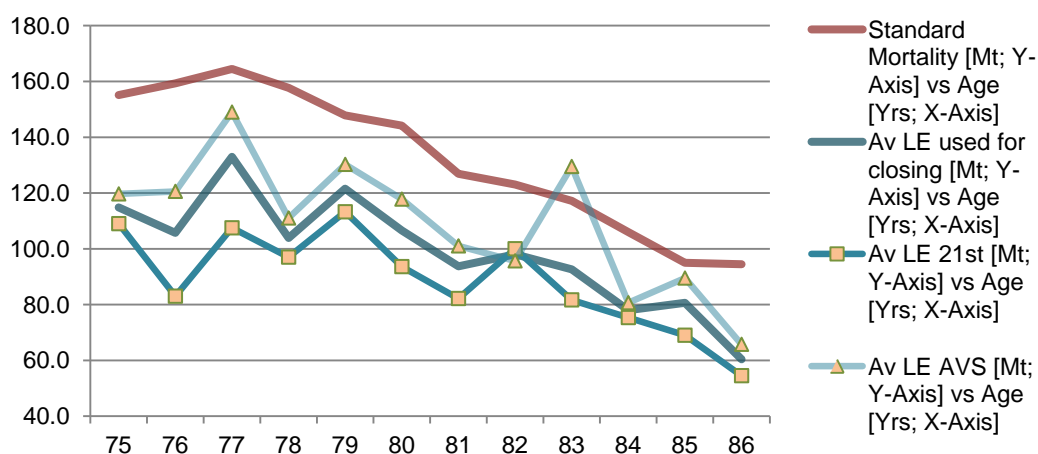
The trades of the main market were split following the AM Best rating of the insurance carriers which effected the policies. The majority of trades refer to insurance carrier with an A+ rating ('superior'). With decreasing AM Best rating the average projected IRR increases. The average face value of policies referring to 'A' rated carriers is with USD 1.8 Mio, and for 'A-' rated carriers with USD 0.6 Mio. The level of projected IRR therefore can't be attributed to the size of the traded policies (compare also the following section).

Number of trades per face value bracket & average projected IRR



In general trading activity was larger with small face values than with large face values, a fact which is also reflected in the average face value per trade. The largest trading activity was in the face value bracket USD 1-2 Mio. With exception of face value bracket 3-4 Mio the average projected IRR of the trades increase with increasing face value. The smallest policies traded on average at 20.5% projected IRR and the largest policies at 28.6%.

LE used for closing  
and LE of medical  
underwriters versus  
standard mortality



With regards to life estimates (LE) four distinct sets of data are used, all referring to the same sample of lives. The data sets are the LE which was used for closing the transaction, the LE from AVS and from 21<sup>st</sup> Services, and the standard mortality. With regards to LE from AVS and 21<sup>st</sup> Services for 98% of the trades the respective LE estimate is available. The standard mortality refers to the VBT 2008 tables. It assumes a very large sample of insured and therefore average health.

From ISC and EMSI just a LE referring to one life each was available. Given the low number of LE estimates from the two medical underwriters a meaningful analysis is not possible and they are therefore not covered in the following section.

The vast majority of trades were closed using a (blended) LE from 21<sup>st</sup> Services and AVS. Therefore the average LE which was used for closing the transactions is between the LE from AVS and 21<sup>st</sup> Services. The LE from AVS were, except with age 82, in general a bit longer than LE from 21<sup>st</sup> Services. The LE from AVS as well as from 21<sup>st</sup> Services are shorter than the standard mortality. The difference between 21<sup>st</sup> Services and AVS and the standard mortality is larger with lower ages. With increasing age of insured the LE of the medical underwriters get closer to the standard mortality.

# Secondary Market

## Tail Markets

### Age bracket 'Under 75 Years'

Numbers/Figures	1 Month	6 Months
Policies [Nr]	2	12
Sum FV [USD Mio]	9.0	36.0
Av. FV [USD Mio]	4.5	3.0
% Male [%]	100%	100%
Av. Age [Yrs]	74.0	71.7
Av. LE [Mt]	133	133
Av. IRR [%]	17.6	20.8

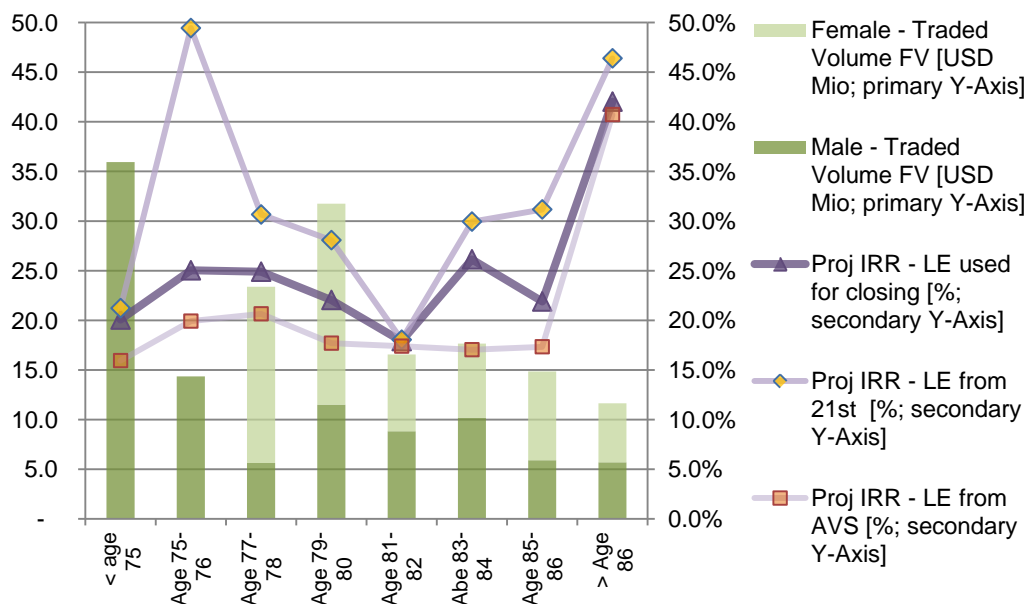
### Age bracket 'Over 86 years'

Numbers/Figures	1 Month	6 Months
Policies [Nr]	1	10
Sum FV [USD Mio]	0.5	11.6
Av. FV [USD Mio]	0.5	1.2
% Male [%]	100%	60%
Av. Age [Yrs]	90.1	89.8
Av. LE [Mt]	35	39
Av. IRR [%]	20.9%	42.0%

Secondary market –  
Statistics 'Tail  
Markets'

The tail markets referring to ages below 75 years and over 86 years are partly significantly different to the main market and the two segments therefore are shown separated from the main secondary market.

Traded volumes in  
the secondary  
market & projected  
IRR referring to three  
different LE



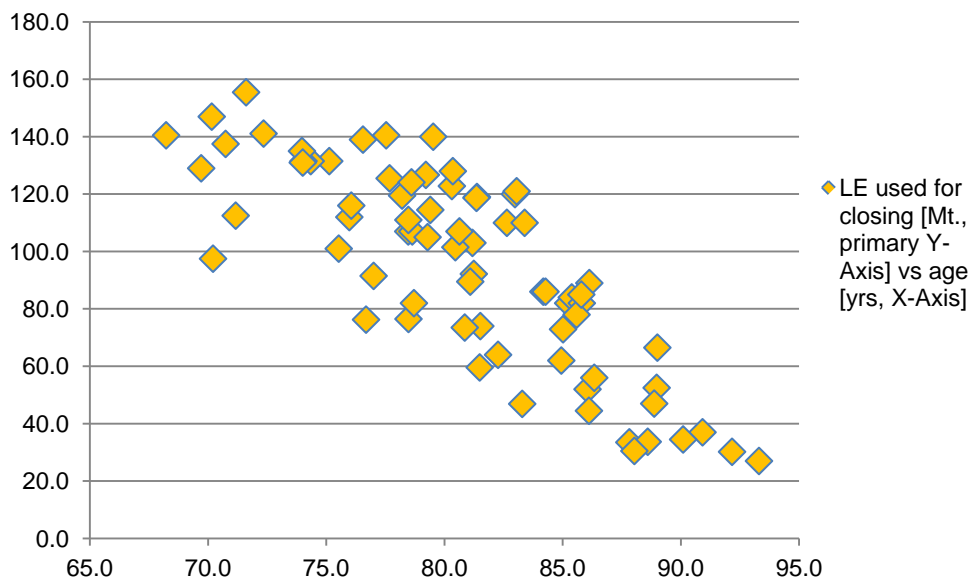
The trading activity referring to the age brackets 'Under age 75' and 'Over age 86 years' was significant in the last six months.

In the age bracket 'Under age 75' just policies of male insured were traded. The average face value was with USD 3.0 Mio higher than in the main market. The average LE of the sample is 133 months which is clearly shorter than the respective average standard mortality of 202 months. The level of projected IRR is with 20.8% lower than in the main market and referring to male insured. On average the policies in this sample were traded at 11.1% of face value which is a bit higher than in the age brackets '75-76' and '77-78'. The average cash surrender value is with 0.95% of face value low.

With regards to the age bracket '> age 86' male insured account for 60% of the trades, the gender split of the six months sample is therefore as expected. The average face amount is with USD 1.2 Mio over the last six months clearly lower than the averages in the main market or in the age bracket 'under age 75'.

The projected IRR in the bracket '> age 86' is very different to all other market segments. The average projected IRR of the whole sample is 42.0% if referring to the LE which was used for closing the transaction. The average projected IRR of male insured is 50.8%, trades referring to female insured average 33.5% IRR. The carriers which effected the policies have AM Best ratings of 'A+' respective 'A'.

LE used for closing versus age of insured – whole secondary market



The average LE for the insured in age bracket '>age 86' which was used for closing the transactions is 39.2 months. The short average LE reflect the high age of the insured. On average the policies were transferred for 29.4% of the face value. The average cash surrender value is with 4% of face value. On average the policies were 13.1 years in force before they were sold.

# Tertiary Market

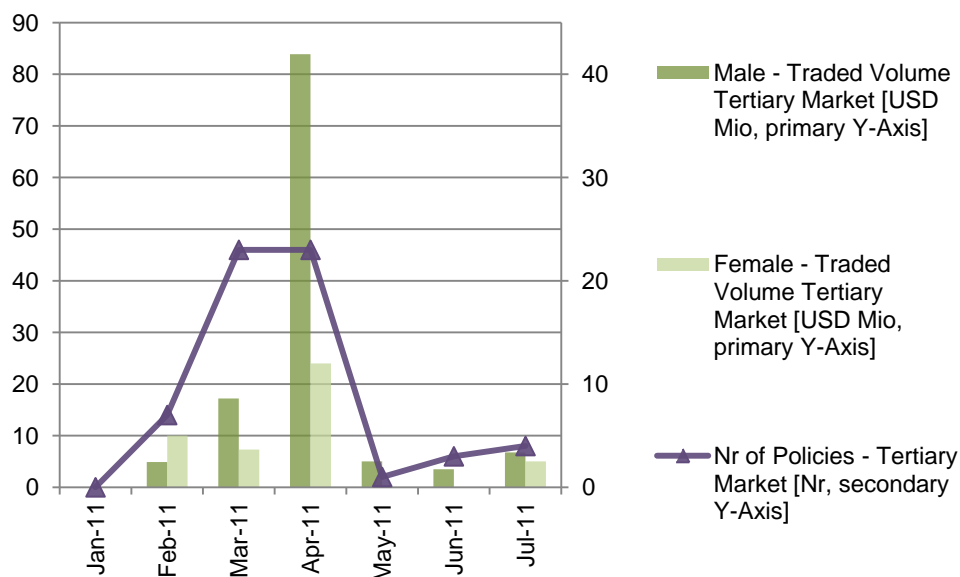
## Broad market

Tertiary Life Settlement Market – Statistics (please compare also Annex 2 & 3)

Numbers/Figures	1 Month	6 Months	Numbers/Figures	1 Month	6 Months
Policies [Nr]	4	61	Av. FV [USD Mio]	2.9	2.8
Sum FV [USD Mio]	11.8	167.5	Av. Age [Yrs]	82.8	83.0
% Male [%]	75.0	75.8	Av. LE used [Mt]	98	93
% Female [%]	25.0	24.2	Av. IRR [%]	18.1	18.6

The trading activity with regards to tertiary market policies was similar as in June and May. Four trades with cumulated face values of USD 11.8 Mio were reported. This result underlines the large volatility with regards to tertiary market trades since trading is often linked to portfolios, as can be seen for example in April. In addition block trades often refer to sets of policies which are clearly different to the rest of the reported tertiary trades which should be remembered when analyzing the results.

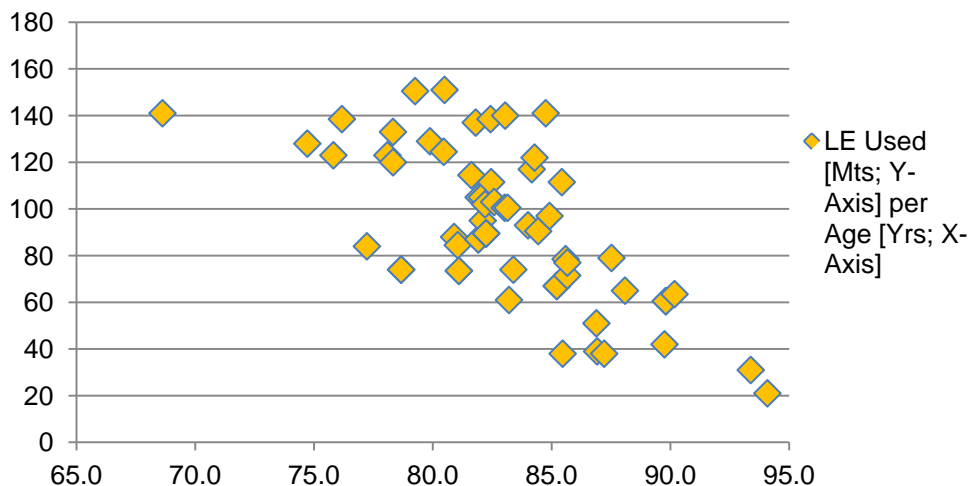
Traded volume in the tertiary market per gender & number of traded policies



The average face value of the July trades is USD 2.9 Mio which is in line with the average face value of the tertiary market trades if the block trade in April is included. If the block trade is not included the average face value in July is much larger than the USD 1.6 Mio of the whole sample. The average LE of the July trades of 98 months and the average age of 82.8 years is in line with the six months sample (block trade included). If the block trade in April is disregarded the average age of the insured of the sample is with 82.2 years and the 38 policies closed with an average life expectancy estimate of 100.4 months.

Over the last six months, and if the block trade is disregarded, the average female age is 85.7 years, the average face value amounts to USD 2.5 Mio and the average life expectancy is with 92.8 months. For male insured the respective averages are 81.1 years, USD 1.3 Mio and 103 months.

Life expectancy used for closing versus age of insured (including block trade)



The average projected IRR of the four July transactions is 18.1%. This is close to the average projected IRR of 18.6% of all tertiary market trades and including the block trade. The level of projected IRR is different between the genders. If the block trade is disregarded the average projected IRR referring to female is with 20.8%, male insured average to a 17.7% projected IRR.

The number of premium financed policies considering all reported policies is seven with cumulated face values of USD 48 Mio, so on average much larger policies than the non premium financed policies. There was just one policy reported with smoker status 'yes'. The cash surrender value of the tertiary market trades was low with 0.6% of the sum face values. On average the policies were 9.5 years in force until they were traded over the last six months.

# Detailed Data regarding Secondary Market – Main Market

Please refer also to the market commentary. Abbreviations and Explanations can be found in the annexes.

## Secondary Market – Main Market Projected IRR

### LE used for closing

#### Statistics

Numbers/Figures	1 Month	6 Months	Averages	1 Month	6 Months
Transactions [Nr]	7	51	Av. Age [Yrs.]	78.0	81.1
Sum FV [USD Mio]	17.1	118.6	Av. LE used [Mt.]	126	97
% Male [%]	71.4	51.0	Av. FV [USD Mio]	2.4	2.3
% Female [%]	28.6	49.0	Av. IRR [%]	22.3	22.6

#### Yield Structure



#### Yield Structure - Statistics

Age	75	76	77	78	79	80	81	82	83	84	85	86
Trans [Nr]	3	4	2	7	4	5	7	3	3	3	6	4
Av FV [Mio]	2.8	1.5	2.0	2.8	4.3	3.0	1.7	1.7	1.6	4.3	1.2	1.9
Av LE [Mt]	115	106	133	104	122	107	94	98	93	78	81	60
Av IRR [%]	24.1	25.8	18.5	26.7	18.9	24.6	15.9	22.6	27.2	25.0	21.5	22.5
Max [IRR]	34.7	38.5	23.4	44.7	24.9	30.5	18.7	24.2	42.8	27.3	30.9	28.0
4 <sup>th</sup> Q [IRR]	28.1	28.9	21.0	30.3	22.4	27.6	17.4	24.0	32.2	27.3	20.7	26.7
Med [IRR]	21.6	24.0	18.5	23.8	18.5	24.2	15.6	23.7	21.6	27.3	19.8	22.9
2 <sup>nd</sup> Q [IRR]	18.8	20.9	16.1	19.5	15.0	22.8	15.4	21.8	19.4	23.9	19.2	18.7
Min [IRR]	16.0	16.5	13.7	18.8	13.7	17.8	11.3	19.8	17.3	20.5	18.7	16.1

#### Remarks & Comments

For abbreviations and explanations compare Annex.

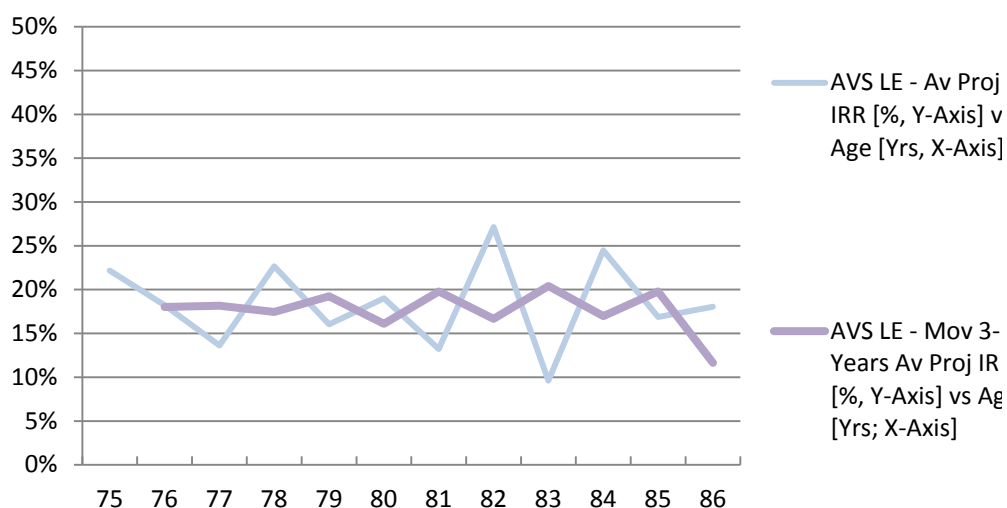
## Secondary Market – Main Market Projected IRR

### LE from AVS

#### Statistics

Numbers/Figures	1 Month	6 Months	Averages	1 Month	6 Months
Transactions [Nr]	7	50	Av. Age [Yrs.]	78.0	81.0
Sum FV [USD Mio]	17.1	117.4	Av. LE used [Mt.]	136	106
% Male [%]	71.4	50.0	Av. FV [USD Mio]	2.4	2.3
% Female [%]	28.6	50.0	Av. IRR [%]	18.0	18.3

#### Yield Structure



#### Yield Structure - Statistics

Age	75	76	77	78	79	80	81	82	83	84	85	86
Trans [Nr]	3	4	2	7	4	5	7	3	2	3	6	4
Av FV [Mio]	2.8	1.5	2.0	2.8	4.3	3.0	1.7	1.7	1.7	4.3	1.2	1.9
Av LE [Mt]	120	121	149	111	130	118	101	96	130	81	90	66
Av IRR [%]	22.2	18.2	13.6	22.7	16.0	19.0	13.2	27.1	14.4	24.5	16.9	18.0
Max [IRR]	32.4	26.4	16.7	31.8	21.8	23.4	16.6	38.6	15.8	27.1	23.9	20.5
4 <sup>th</sup> Q [IRR]	27.4	19.1	15.2	27.6	20.0	20.6	15.2	33.2	15.1	25.1	19.9	19.5
Med [IRR]	22.3	16.5	13.6	20.5	15.8	20.5	12.9	27.7	14.4	23.2	14.5	18.1
2 <sup>nd</sup> Q [IRR]	17.0	15.7	12.1	17.9	11.8	16.9	12.1	21.4	13.8	23.2	13.6	16.5
Min [IRR]	11.8	13.4	10.5	15.3	10.9	13.7	8.4	15.1	13.1	23.1	13.4	15.5

#### Remarks & Comments

For one trade of the main market a LE from AVS is missing, therefore just 50 data points. For abbreviations and explanations compare Annex.

## Secondary Market – Main Market Projected IRR

### LE from 21<sup>st</sup> Services

#### Statistics

Numbers/Figures	1 Month	6 Months	Averages	1 Month	6 Months
Transactions [Nr]	7	50	Av. Age [Yrs.]	78.0	81.1
Sum FV [USD Mio]	17.1	115.6	Av. LE used [Mt.]	109	87
% Male [%]	71.4	52.0	Av. FV [USD Mio]	2.4	2.3
% Female [%]	28.6	48.0	Av. IRR [%]	44.1	30.3

#### Yield Structure



#### Yield Structure - Statistics

Age	75	76	77	78	79	80	81	82	83	84	85	86
Trans [Nr]	3	4	2	7	4	5	6	3	3	3	6	4
Av FV [Mio]	2.8	1.5	2.0	2.8	4.3	3.0	1.4	1.7	1.6	4.3	1.2	1.9
Av LE [Mt]	109	83	108	97	113	94	82	100	82	75	69	55
Av IRR [%]	26.8	66.4	28.3	31.3	21.9	33.0	19.8	20.6	33.5	26.3	32.3	29.5
Max [IRR]	37.1	161.	32.3	53.6	28.2	46.5	31.2	25.9	50.2	32.1	68.2	41.7
3 <sup>rd</sup> Q [IRR]	30.0	82.9	30.3	36.7	23.7	32.5	21.0	23.4	39.4	32.1	29.3	40.2
Med [IRR]	22.9	44.1	28.3	27.5	20.8	30.4	19.5	20.9	28.5	32.1	26.2	29.8
2 <sup>nd</sup> Q [IRR]	21.7	27.6	26.3	23.4	19.0	29.6	17.5	17.9	25.2	23.5	23.6	19.0
Min [IRR]	20.5	16.3	24.2	18.2	17.8	26.0	10.1	14.9	21.9	14.8	20.1	16.7

#### Remarks & Comments

For one trade of the main market a LE from 21<sup>st</sup> Services is missing, therefore just 50 data points.  
For abbreviations and explanations compare Annex.

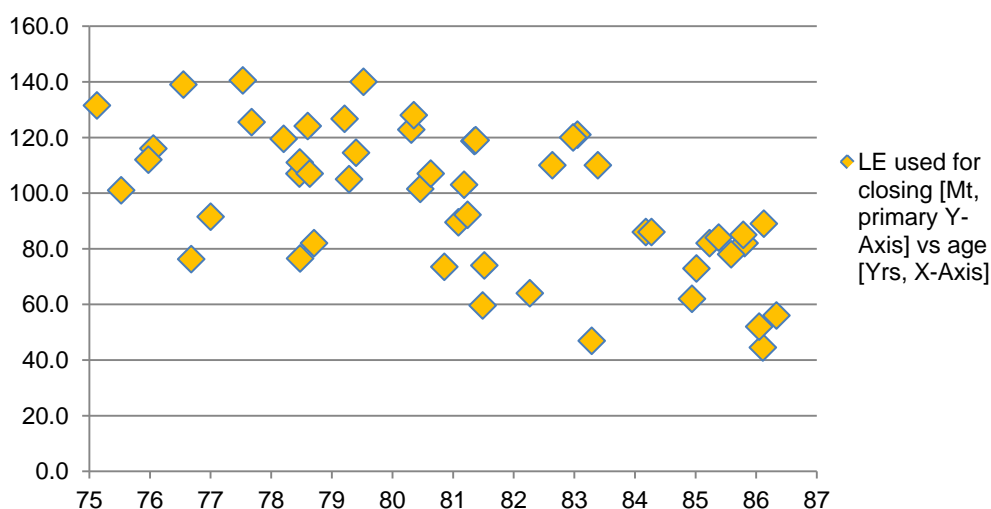
## Secondary Market – Main Market Life Estimates

LE used for closing

### Statistics

Numbers/Figures	1 Month	6 Months	Averages	1 Month	6 Months
Transactions [Nr]	7	51	Av. Age [Yrs.]	78.0	81.1
Sum FV [USD Mio]	17.1	118.6	Av. LE used [Mt.]	126	97
% Male [%]	71.4	51.0	Av. FV [USD Mio]	2.4	2.3
% Female [%]	28.6	49.0	Av. IRR [%]	22.3	22.6

### LE Distribution



### LE Distribution - Statistics

Age	75	76	77	78	79	80	81	82	83	84	85	86
Trans [Nr]	3	4	2	7	4	5	7	3	3	3	6	4
Av FV [Mio]	2.8	1.5	2.0	2.8	4.3	3.0	1.7	1.7	1.6	4.3	1.2	1.9
Av LE [Mt]	115	106	133	104	122	107	94	98	93	78	81	60
Av IRR [%]	24.1	25.8	18.5	26.7	18.9	24.6	15.9	22.6	27.2	25.0	21.5	22.5
Max [LE]	132	139	141	124	140	128	119	120	121	86	85	89
4 <sup>th</sup> Q [LE]	122	122	137	115	130	123	111	115	116	86	84	64
Med [LE]	112	104	133	107	121	107	92	110	110	86	82	54
2 <sup>nd</sup> Q [LE]	107	88	129	95	112	102	82	87	78	74	79	50
Min [LE]	101	76	126	77	105	74	60	64	47	62	73	45

### Remarks & Comments

For abbreviations and explanations compare Annex.

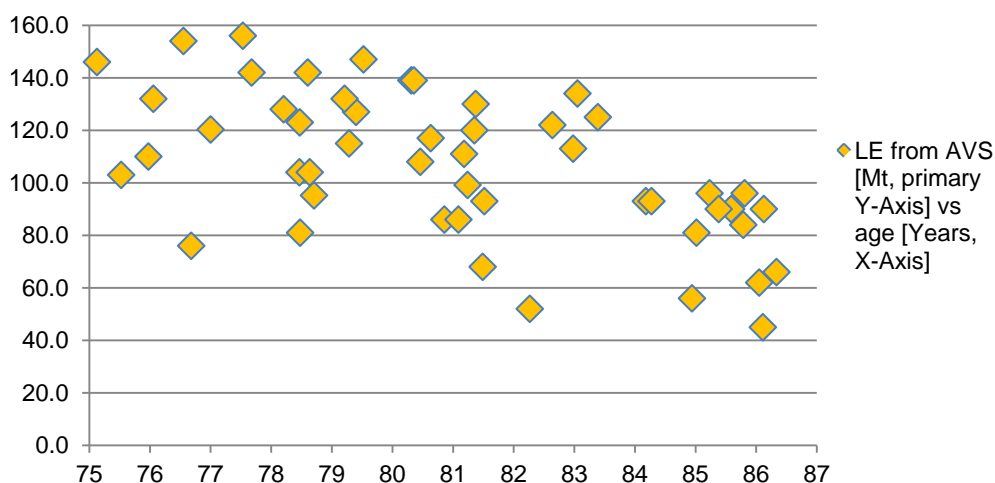
## Secondary Market – Main Market Life Estimates

### LE from AVS

#### Statistics

Numbers/Figures	1 Month		6 Months	
	1 Month	6 Months	Averages	
Transactions [Nr]	7	50	Av. Age [Yrs.]	78.0
Sum FV [USD Mio]	17.1	117.4	Av. LE used [Mt.]	136
% Male [%]	71.4	50.0	Av. FV [USD Mio]	2.4
% Female [%]	28.6	50.0	Av. IRR [%]	18.0

#### LE Distribution



#### LE Distribution - Statistics

Age	75	76	77	78	79	80	81	82	83	84	85	86
Trans [Nr]	3	4	2	7	4	5	7	3	2	3	6	4
Av FV [Mio]	2.8	1.5	2.0	2.8	4.3	3.0	1.7	1.7	1.7	4.3	1.2	1.9
Av LE [Mt]	120	121	149	111	130	118	101	96	130	81	90	66
Av IRR [%]	22.2	18.2	13.6	22.7	16.0	19.0	13.2	27.1	14.4	24.5	16.9	18.0
Max [LE]	146	154	156	142	147	139	130	122	134	93	96	90
4 <sup>th</sup> Q [LE]	128	138	153	126	136	139	116	118	132	93	95	72
Med [LE]	110	126	149	104	130	117	99	113	130	93	90	64
2 <sup>nd</sup> Q [LE]	107	109	146	100	124	108	90	83	127	75	86	58
Min [LE]	103	76	142	81	115	86	68	52	125	56	81	45

#### Remarks & Comments

For one trade of the main market a LE from AVS is missing, therefore just 50 data points. For abbreviations and explanations compare Annex.

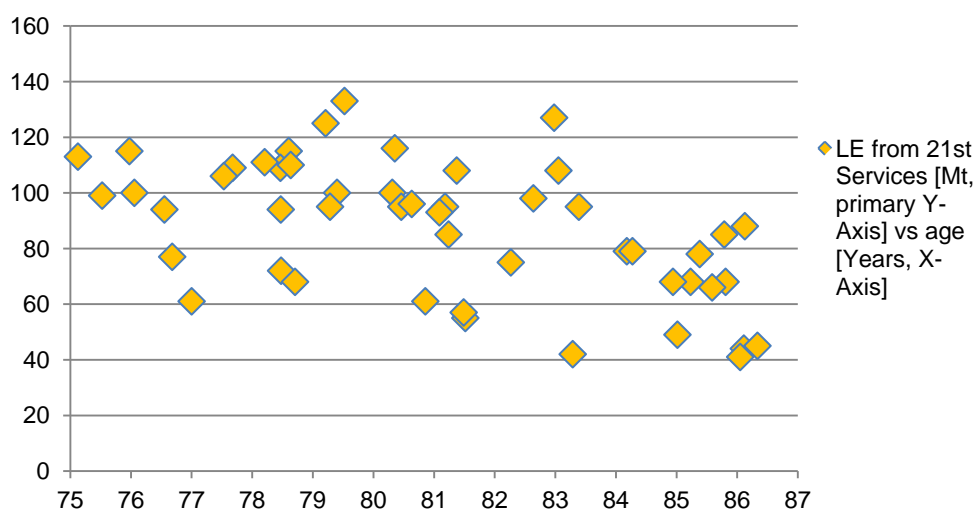
## Secondary Market – Main Market Life Estimates

### LE from 21<sup>st</sup> Services

#### Statistics

Numbers/Figures	1 Month	6 Months	Averages	1 Month	6 Months
Transactions [Nr]	7	50	Av. Age [Yrs.]	78.0	81.1
Sum FV [USD Mio]	17.1	115.6	Av. LE used [Mt.]	108.5	87.4
% Male [%]	71.4	52.0	Av. FV [USD Mio]	2.4	2.3
% Female [%]	28.6	48.0	Av. IRR [%]	44.1	30.3

#### LE Distribution



#### LE Distribution - Statistics

Age	75	76	77	78	79	80	81	82	83	84	85	86
Trans [Nr]	3	4	2	7	4	5	6	3	3	3	6	4
Av FV [Mio]	2.8	1.5	2.0	2.8	4.3	3.0	1.4	1.7	1.6	4.3	1.2	1.9
Av LE [Mt]	109	83	108	97	113	94	82	100	82	75	69	55
Av IRR [%]	26.8	66.4	28.3	31.3	21.9	33.0	19.8	20.6	33.5	26.3	32.3	29.5
Max [LE]	115	100	109	115	133	116	108	127	108	79	85	88
3 <sup>rd</sup> Q [LE]	114	96	108	111	127	100	95	113	102	79	76	56
Med [LE]	113	86	108	109	113	96	89	98	95	79	68	45
2 <sup>nd</sup> Q [LE]	106	73	107	83	99	95	64	87	69	74	67	43
Min [LE]	99	61	106	68	95	61	55	75	42	68	49	41

#### Remarks & Comments

For one trade of the main market a LE from 21<sup>st</sup> Services is missing, therefore just 50 data points. For abbreviations and explanations compare Annex.

# Annex & Disclaimer

## Annex 1

### Abbreviations & Explanations

#### Abbreviations

Av	Average.
FV [Mio]	Face value in Mio USD.
IRR [%]	Projected internal rate of return in percent using a certain [LE].
LE [Mt]	Life expectancy estimate in months.
Proj	Projected [IRR].
Ref	Referring to [LE from Medical Underwriter].
Max [LE/ IRR]	Maximum value.
Mov	Moving [Average], compare below.
4 <sup>th</sup> Q [LE/ IRR]	Data point which is the lowest in the fourth quartile.
Med [LE/ IRR]	Median data point.
2 <sup>nd</sup> Q [LE/ IRR]	Data point which is the lowest in the second quartile.
Min [LE/ IRR]	Minimum value.
Trans [Nr]	Number of life settlement transactions.
Yrs	Years.

#### Explanations

Transparent providers	Companies which provide data for the report.
AAP Life Settlement Reference Rate – Main Market	Benchmark return for the main life settlement market (ages 75-86); it is calculated as average projected IRR referring to the life expectancy which was used for closing the transactions. The calculation starts with all trades of the most recent month from which the outliers (+/- 8% from the average) are excluded. If the number of trades is lower than nine, the data is amended with all trades of the previous month and so forth, until the number of values is at least nine.
LE used for closing	LE which was the basis for the transfer of a policy. The LE which was used for closing a transaction normally is equal to a LE of a medical underwriter, or a blend of the LE of two or more medical underwriters.
Bracket/ sample	Sample of data points selected following a certain criteria as age, insurance carrier rating, LE and so forth.
Standard mortality	Mortality based on VBT 2008 ANB assuming average health.
Gender split	Gender distribution in a given sample of transactions.
Mov 3-Years Av	Averages Ages 75-77, 76-78, etc.; average leads to a smoothed curve.

## Annex 2

### Data & calculations

#### Data collection & used data

Data collection	Transaction data is provided by companies in the United States on a contractual basis. The collection is organized via an independent third party.
Reported trades	The providers report all closed trades on a monthly basis and all reported trades are used for the report (exclusions compare Annex 3). The reported information refers to the closing of a transaction.
Data exclusion	Data can be excluded based on the guidelines to this report and the exclusion is overseen by the advisory board to the report (refer to Annex 3).

#### Calculations

Projected IRR	Projected internal rate of return using a life expectancy estimate.
Settings for projected IRR calculations	<p>Mortality table: VBT 2008 ANB.</p> <p>Premium payments: monthly.</p> <p>Mortality improvement: 0.5% p.a. for non-smokers and both genders, starting at the transaction date and for 15 years. With insured with smoker status no mortality improvement is used.</p> <p>LE date: three months prior to the transaction date.</p> <p>Death benefit collection: 2 months delay.</p> <p>Maturity date: 30 years from transaction date or age 100.</p>
Standard mortality	Impairment factor: 100% (average health based on VBT 2008).
Average	Equal weighting.

Note: In April 2011 a tertiary market block trade was reported for which not a price per single policy was delivered but just a price for the whole transferred portfolio. With regards to calculations and the use of data in the report it was decided that: A.) the block trade shall be one transaction with regards to projected IRR and shall not be used for averages regarding gender; B.) Averages referring to LE and age shall be expressed referring to the underlying persons of the block trade; C.) with regards to the face amount the joint policy shall be one policy for broad averages, and if data shall be shown regarding gender the face amount of the joint policy shall be split between genders.

## Annex 3

### Excluded data

#### Foundation for data exclusion and reporting

Foundation	The exclusion of data is detailed in the guidelines to the report (available on the homepage of AA-Partners Ltd. or on request).
Decision-making body	An independent advisory board to the market report decides about exclusion of data points on request of AA-Partners Ltd. The members of the advisory board can be found on the homepage of AA-Partners Ltd.
Reporting about excluded data	Excluded data is not part of the analysis of the report. Instead it is mentioned in the Annex to the report. In addition the exclusions are annually verified by an independent third party.

#### Excluded data

	Policy Type	Age at closing	LE used for closing
Paragraph 5.1 Lit. b	Universal Life	47.4 Years	32.4 Months
Paragraph 5.1 Lit. d	Universal Life	83/ 85 Years	Av 66.5 Months
Paragraph 5.1 Lit. f	Universal Life	72.1 Years	23.0 Months
	Universal Life	75.0 Years	11.3 Months
	Universal Life	72.4 Years	21.6 Months
Paragraph 5.1 Lit. g	Other	64.2 Years	13.9 Months
	Other	65.7 Years	33.6 Months
	Other	45.5 Years	25.7 Months
	Other	59.4 Years	10.8 Months
	Other	62.0 Years	20.2 Months
	Other	75.9 Years	56.9 Months
	Other	68.6 Years	84.7 Months
	Other	59.2 Years	10.2 Months

Note: Following the guidelines joint policies shall be excluded. In the current data sample a joint policy was reported as part of a block trade. Since with a block trade the transaction price is reported for the whole bunch of policies and not as per single policy the exclusion of the joint policy was not reasonably possible and it therefore remained in the sample.

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