

A Farewell to 2021

2021 marks the second year of the COVID-19 pandemic. The life settlement markets proved to be robust, the market data indicate that the markets worked properly and without disruptions throughout the year. However, it is clear already today that major shifts occurred, compare also the 'Chart of the month' section below. We will take a closer look going forward and will make them a topic in upcoming newsletters and certainly also at our AAP Life Settlement Roundtable 2022.

A great 'Thank You' to our data providers!

The life settlement markets are very opaque. It is difficult for instance to get access to market information even though this is of utmost importance out of various reasons. The more we appreciate to have a great panel of data providers which support the idea of improved transparency and provide each month a file with actually closed transactions, compare the list at the bottom. And we encourage all readers to consider them for their investments going forward!

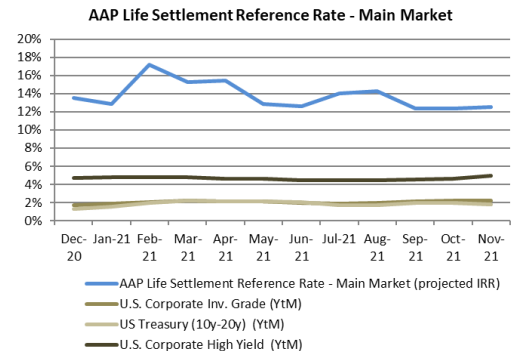
Chart of the month – preliminary trend of longer LE

Preliminary data indicate a substantial change with regards to the used life expectancies ('LE'). This is of great relevance since the LE are the single most important variable in our industry. We used secondary market transactions referring to insureds aged 75-86 years ('main market') in order to illustrate the changes, so the used market segment is identical for all four used time periods. Viaticals, joint policies and so forth were ignored.

Substantial lengthening of used LE

The average LE became considerably longer, compare the table at the middle right. It was 77 months for the time period Nov 2017 to Oct 2018 and it is 98 months for the last twelve months. This is a whopping increase of

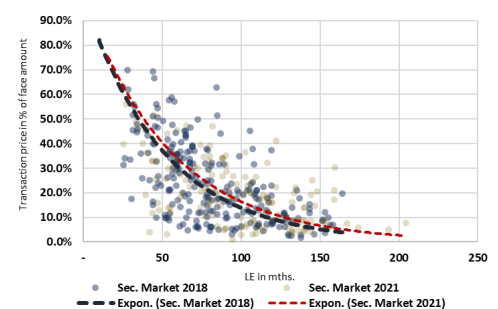
about 27%. Also remarkable is that the median LE got constantly closer to the average LE. This indicates that the distribution of LE also changed. The on average longer LE led to a decrease of the paid prices. The average purchase price was 24% of face amount for the time period Nov 2017 to Oct 2018 whereas it was just 19.2% for the last twelve months. The regressions through the data clouds at the bottom right indicate that the valuation did not fundamentally change over the last years. The difference between the two regressions can be explained by factors as f.i. the decreasing face amount etc. We are closely following this developments and we will make it a topic in other reports and at our upcoming AAP life settlement conference.



Market trends Secondary market— Main Market

Time period	Av FA [\$ Mio]	Transaction price [% of FA]	Av LE [mts]	Median LE [mts]
Nov17-Oct18	1.6	24.0%	77	67
Nov18-Oct19	1.4	20.6%	82	76
Nov19-Oct20	1.3	20.2%	87	81
Nov20-Oct21	1.1	19.2%	98	95

LE and transaction price in % of face amount Secondary market— Main Market



Data Sampling and Data Provider

The information in this report is based on life settlement transaction data which is collected by AAP on a multi provider basis. The transparent life settlement providers are (in alphabetical order):

- Life Equity
- Life Policy Traders
- Life Settlement Solutions
- LifeTrust, LLC
- Q Capital Strategies
- RiverRock Partners, LLC
- Settlement Group, Inc.
- FairMarket Life Settlements
- Habersham Funding LLC
- Life Capital Group

Life Settlement Market Activity

Mth to Mth

Secondary Market	Proj. Ret.	Volume
Main Market (Age 75-86)	↑	↑
Tail Market (Age < 75)	↑	↓
Tail Market (Age > 86)	↑	↓
Tertiary Market		
Tertiary Market All	→	↓
Total Market		
Sec. and Tert. Market	↑	↓

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