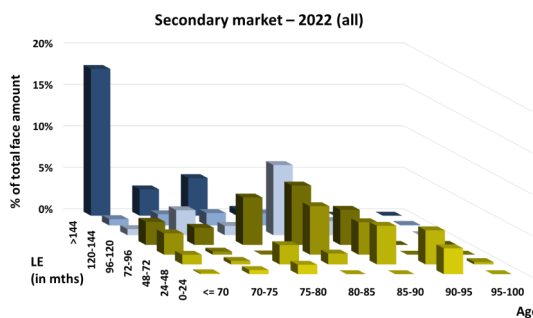


Secondary market structure

Life settlements have three main dimensions: the face amounts, the age of the insured persons and the life expectancies ('LE'). This is relevant since it's the dimensions in which an investor makes the investment decisions—smaller or larger face amounts, younger or older insureds, shorter or longer life expectancies—and it is linked to the structure of the market, i.e. where is the bulk of the traded policies, where are separate 'pockets' etc.

We presented this topic at our AAP Life Settlement Roundtable. And we decided to make it the topic of this month's newsletter since we got a number of feedbacks. The charts refer to secondary market transactions which were closed in 2022. On the x-axis one can find the age of the insureds and on y-axis the life expectancies. The size of the bars indicates how much of the total traded face amount can be assigned to a particular combination of age and LE.

The market is not homogeneous



The bars illustrate that a large part of the market is allocated between about age 70 and age 90, the life expectancies decrease with increasing age. This central part of the market is amended with smaller 'pockets' which have distinct characteristics.

- One pocket represents trades with up to 70 years old insureds with LEs up to 12 years. The significantly shorter life expectancies, if compared to what would be reasonably expected for insureds of that age, therefore differentiates this cohort from the rest of the market.

- A second pocket are viaticals, so policies which were traded

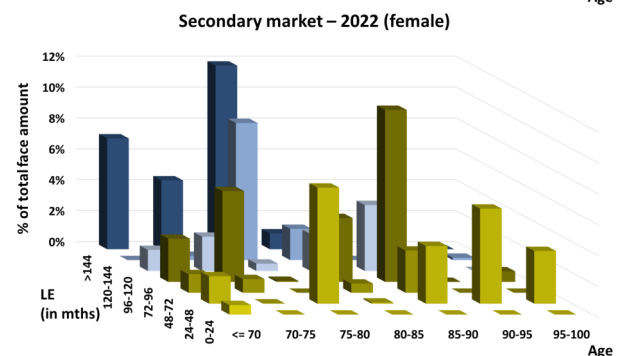
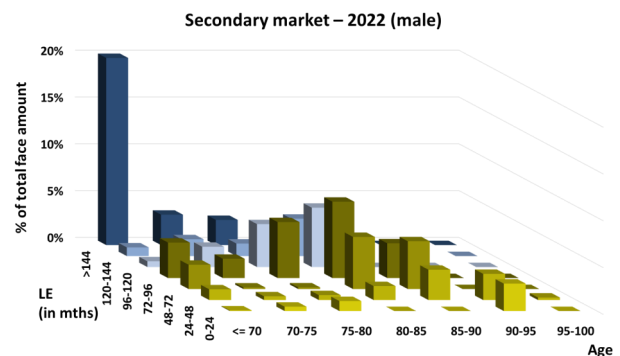
with life expectancies up to 24 months. They can be found in all age brackets however they are a relatively small part of the market overall.

- A third pocket are policies referring to insureds with life expectancies in excess of 144 months.

This is the 'investment menu' in the secondary market! The behaviour of a investment portfolio depends i.a. on the composition, so from which parts of the market a portfolio was rump up by the investment manager.

Large differences between the genders

Things are sometimes different than what they seem to be! We split the data from the first chart according to the gender of the insured persons. The split reveals that gender matters, male and female insureds are not equally distributed in the various parts of the market.



Data Sampling and Data Provider

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

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

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	↑	↓

AA-Partner is a boutique company specialized on life settlement consulting. The company is domiciled in Zurich, Switzerland and provides consulting services as independent 3rd party for institutional clients. AA-Partner is a member of ELSA, the European Life Settlement Association.

AA—Partners Ltd.

Witikonstrasse 36
CH-8032 Zurich
Switzerland
Tel. +41 76 414 42 29

Partnering for mutual success

www.aa-partners.ch

Disclaimer

This report has been prepared by and the opinions expressed are those of AA-Partners Ltd. as of the date of writing.

This report is for distribution only under such circumstances as may be permitted by applicable law. Nothing in this report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. It is published solely for information and illustration purposes and may not be relied on in any way. It does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the report. AA-Partners Ltd. does not undertake that investors will obtain profits, nor will it share with investors any investment profits nor accept any liability for any investment losses. Investments involve risks and the report should not be regarded by recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other market participants as a result of using different assumptions and criteria. AA-Partners Ltd. is under no obligation to update or keep current the information contained herein.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Any reference to past performance is not necessarily a guide to the future. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. Neither AA-Partners Ltd. nor any of its directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report. AA-Partners Ltd. does not provide any legal or tax advice.

Issuers of the securities referred herein or AA-Partners Ltd. may have acted upon the information and analysis contained in this publication before being made available to recipients. AA-Partners Ltd. may, to the extent permitted by law, participate or invest in other financial transactions with issuers of the securities referred herein, perform services or solicit business from such issuers, and/or have a position or effect transactions in the securities or options thereof.

The disclosures contained in research reports produced by AA-Partners Ltd. shall be governed by and construed in accordance with Swiss law. The report is assigned to the use of the subscriber to this publication. AA-Partners Ltd. prohibits the redistribution of this material in whole or in part without the written permission of AA-Partners Ltd. to any other person or company or legal entity, and AA-Partners Ltd. accepts no liability whatsoever for the actions of third parties in this respect.