

The markets are steady going

August was stronger than the previous two months. The activity in the secondary as well as tertiary market was increased.

The policy size was unusually low in the secondary market during the last few months. The average face amount was meandering around USD 2.2 Mio for many years but gradually decreased to around USD 1.6 Mio. However, the average face amounts were even lower during the last few months. We are unsure if the supply

of the market with policies has changed further or if it is temporary phenomenon. Policy sourcing has changed significantly over the last years. And it is common knowledge that the number of smaller face amount policies increased as a general consequence which led to the decreasing average face amount. But will this trend sustain?

The AAP Life Settlement Reference Rate—Main Market increased from 15.4% in July to 16.0% in August.

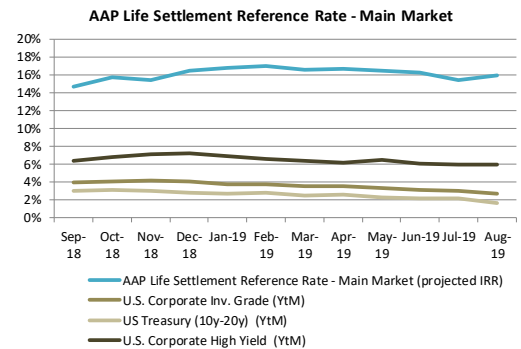


Chart of the month – market trends

In August 2014 we published for the first time a ‘trading map’. We looked into this topic back then since we were often asked which market segments were in particular active.

The life settlement market is far from being static. It changes since the market forces change—the sell side is developing new ways for policy sourcing, the investors’ appetite is shifting and so forth. Trading maps are a great tool to illustrate such shifts. We therefore included the trading map from August 2014 on right hand side as well as an actual map.

It is first of all impressive how the markets shifted towards smaller face amount policies. Back in 2013/14 slightly more than 50% of the transactions referred to policies with face

amounts up to USD 1 Mio. The actual chart however reveals that more than 70% of the transactions have face amounts of up to USD 1 Mio. And consequently the share of transactions referring to policies with face amounts over USD 1 Mio is much lower than five years ago and the average face amount is considerably lower.

The second really striking change refers to the used LEs. In both samples roughly 40% of the transactions have LEs between 49 and 96 months. It is, however, impressive how the market segment of shorter LEs changed. Five years ago roughly 11.6% of the transactions belonged to this segment whereas it is 29.8% today. And it goes without saying that the proportion of the market with longer LE decreased in importance if compared to five years ago.

Life settlement trading — brackets in % of all
Secondary market August 2013—July 2014

LE up to	48	96	144	192	240
\$ 0.5 mio	1.9%	13.5%	8.8%	2.3%	0.0%
\$ 1 mio	3.7%	8.4%	11.2%	1.9%	0.0%
\$ 2 mio	3.7%	6.5%	5.6%	2.8%	0.0%
\$ 3 mio	0.9%	4.7%	4.2%	0.5%	0.0%
\$ 4 mio	0.5%	0.9%	1.4%	0.5%	0.0%
\$ 5 mio	0.0%	4.2%	2.8%	2.8%	0.5%
\$ 10 mio	0.9%	1.9%	1.9%	1.4%	0.0%

Life settlement trading — brackets in % of all
Secondary market September 2018—August 2019

LE up to	48	96	144	192	240
\$ 0.5 mio	13.8%	17.8%	7.6%	3.1%	0.1%
\$ 1 mio	9.3%	10.8%	6.3%	2.7%	0.4%
\$ 2 mio	3.9%	5.4%	1.9%	0.7%	0.1%
\$ 3 mio	1.0%	1.9%	1.6%	0.4%	0.3%
\$ 4 mio	0.6%	2.3%	0.3%	0.4%	0.0%
\$ 5 mio	0.4%	0.9%	1.1%	1.1%	0.0%
\$ 10 mio	0.9%	1.6%	0.7%	0.4%	0.1%

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):

- Emergent Capital, Inc.
- 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	↑	↑

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