



CONFIDENTIAL

Guidelines

relating to the
AAP Life
Settlement Market Review

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INTRODUCTION

The life settlement marketplace experiences insufficient transparency due to a general lack of independent market data. The purpose of the AAP Life Settlement Market Review is to provide market participants, investors and interested parties unbiased information about the secondary market for life insurance. The AAP Life Settlement Market Review is generated using transaction data from actual and current life settlement transactions. The data is provided directly by the licensed life settlement providers which perform the closing of each transaction or by asset management companies, hereinafter referred to as “data providers”.

The report will be released monthly by AA-Partners Ltd., hereinafter referred to as “AAP”, to subscribers and the report specifications are summarized under chapter 1.

The AAP Life Settlement Market Review has gathered an advisory board, hereinafter referred to as the “board”. The board oversees the guidelines and rules for the analysis of the data and approves the exclusion of data providers. Together with an independent third party that performs the calculation, the advisory board will use its best efforts to ensure the reliability and integrity of the data used and each final report. Information regarding the advisory board and its duties in detail can be found under chapter 2.

The data for this market report is provided by data providers. The composition of the data universe and calculations within the report are described in chapters 3 & 4.

For the purpose of the report the collected data used needs to be refined and analyzed. The respective rules are summarized under Chapter 5. Under the same section the conditions by which data providers may be excluded or may be put on hold (dormant) are detailed.

If changes or amendments of the guidelines are necessary the board will decide about said amendments.

Data of the AAP Life Settlement Market Review may be used for indices. The guidelines for the calculation of such indices are described in a separate document.

The AAP Life Settlement Market Review is generated and published by AAP. AAP reserves all rights relating to the report, the contents as well as indices which may be released using data published in the report.

Report specifications

REPORT SPECIFICATIONS

The purpose of the AAP Life Settlement Market Review is to provide investors and other interested parties with actual, independent and unbiased information with regards to the secondary market for traded US life insurance policies. Furthermore it seeks to provide independent and accurate transactional data and current market rates for the life settlement industry.

Release of the report

The AAP Life Settlement Market Review is released monthly by AAP using the available life settlement transaction data submitted by data providers.

The report shall be released on or around the 20th business day of each month. Since the release of the report depends on the timely data delivery of the data providers, delays may occur.

The AAP Life Settlement Market Review shall be generated using data received on the 8th business day of each month or as may be decided by AAP. The exclusion of non-fitting data and outliers in the data sample must be approved by the board or must meet rules, algorithms or guidelines previously approved by the board to the report. Said omissions will be listed in each report.

Any calculation subsequently deemed to be incorrect will be adjusted on a retrospective basis.

Underlying data

The AAP Life Settlement Market Review is generated using data referencing completed life settlement transactions provided by data providers. The generation of the report

depends on the timely delivery of the data. AAP is under no obligation to release the report if the necessary information is not available.

The relationships for the delivery of the requested transaction data is managed by AAP and is not ruled under this document.

If a new company agrees to provide data for the report, such data can be used for the generation of the report as soon as the data is available. Data may be used for up to a maximum of the last six closed calendar months.

If a data provider fails to deliver the requested information by the due date, but delivers such data at a later date, it may be used for the next AAP Life Settlement Market Review if this does not violate the respective agreement or if AAP receives a written approval to do so prior to enclose the data in the respective data set.

If a company ceases to deliver the requested data, if a company is excluded by the board to this report from the panel of data providers or is put on hold, if a company cancels the agreement for the data delivery or if the delivery of data is stopped out of any other reason the existing delivered data remains part of this report and is not excluded with retrospective effect.

Weighting

The report uses the data on an equal-weighted basis. Exceptions from this rule need to be appropriately mentioned in the report.

Decision-making bodies

AAP decides about the composition, content and the release of the AAP Life Settlement Market Review.

The board to the AAP Life Settlement Market Review decides on the rules regarding the refinement of the used data and about the exclusion of data providers on well-founded proposition of AAP.

In case of extraordinary events AAP in close co-operation with the board will implement necessary adjustments and take the necessary steps in order to satisfy said events.

The board to the AAP Life Settlement Market Review decides about changes of Guidelines. Such decisions must be taken with a 66% majority vote. Abstention from voting is not possible.

Relevant decisions will be properly disclosed to report recipients.

Licensing

Licenses to receive the AAP Life Settlement Market Review are issued by AAP only.

The Advisory Board to the AAP Life Settlement Market Review

THE ADVISORY BOARD

The board to the AAP Life Settlement Market Review uses its best efforts to ensure the integrity of the AAP Life Settlement Market Review. It oversees the exclusion of outliers and of data providers when necessary. The advisory board acts in a purely advisory capacity, an executive responsibility and respective liability is excluded.

Composition of the advisory board and voting

The board consists of a minimum of two and a maximum of five members. A representative of AAP heads the board.

Members of the board must be investors, or persons with an interest in credible and unbiased information about the life settlement market, persons representing an association of companies with an interest in unbiased market information, or a person which qualifies on his or her professional background and/or working experience for said position.

To ensure conflicts of interests are avoided the members of the board shall commit themselves to work only with counterparties which provide data to the report, or just a small part of their ongoing business shall be made with counterparties which do not provide data.

Members of the board must not be persons representing, or owning shares in, life settlement providers, brokers or other intermediaries for life settlements including but not limited to medical underwriters and servicing companies.

Candidates for the board confirm to support the ideas and objectives of the publication and to comply fully with the preconditions to become a member of the advisory board. They confirm to give the necessary insights to AAP on request.

If a member of the advisory board becomes involved with a life settlement provider or another participant in the life settlement industry as described above this member must resign from the board with immediate effect.

Each member of the advisory board has one vote. If a member does not vote for whatever reason that vote shall be assumed to be in favor of the respective requests.

Decisions are made with a 66% majority vote. If a final ballot is necessary, it is with the head of the board.

The members of the board can be mentioned towards third parties on request. It's up to the discretion of AAP to include this information for example also on the AAP website.

Constitution and breakup of the board

The board will be established before the AAP Life Settlement Market Review is released for the first time.

If the distribution of the publication is ceased the board shall be closed.

Replacement and confirmation of the board members

Leaving members will be replaced if the remaining board members believe it will be useful and necessary and if a suitable candidate can be found. The existing members will vote on each proposed new member to the board. The vote must be unanimous.

The maximum term each member can serve on the board for persons not representing AAP is three years, and AAP shall take responsibility over the periodic upgrade of the board and respective changes of the composition of the board.

Duties of the board

The data universe for the report is defined by the number of companies which provide data respective their delivery. AAP proposes monthly to the board which data and/or data providers should be excluded from the sample along with a rational argument for the requests.

The members of the board decide on well-founded request of AAP to exclude data and/or data providers. Decisions of the board are binding. The decisions are recorded by the chairman of the board in minutes.

Decisions of the board, their reasons and backgrounds shall be communicated in an appropriate form to subscribers of the report and, if appropriate, to third parties. Reserved are exceptions for example on the background of regulatory decisions or concerns, contractual obligations and so forth.

Miscellaneous

The AAP Life Settlement Market Review follows the guidelines to the report and the adherence to the guidelines is confirmed annually by an independent third party. The board will be responsible for deciding whether to change the independent third party if such a change seems to be necessary. AAP will propose suitable candidates to the board. The vote has to be taken with a 66% majority. Abstention from vote is possible.

Members of the board receive the AAP Life Settlement Market Review for free.

Composition of the data universe

COMPOSITION OF THE DATA UNIVERSE

The basis for the AAP Life Settlement report is the data universe. This chapter rules the composition of the data set for the report.

Definition of the data universe for the report

The data universe for the report is defined by the number data providers respective their delivery. The report is obliged to use all fitting data and not to exclude data systematically or at random.

If data delivery is delayed by one or several data providers, this data can be used for subsequent reports upon the receipt of a written approval by AAP.

If a data provider leaves the set of data providing companies or is excluded by the board the contribution of this company will remain in the data set as per the leaving date and will not be excluded retrospectively.

If a new data provider joins the set of data providing companies after the launch of the report the data from this company can be used immediately. A retrospective use of data and a respective amendment of past results is excluded.

Ordinary adjustments of the data universe

The data universe for the report is ordinarily adjusted monthly on the 8th bank working day for the release of the AAP Life Settlement Market Review or as may be decided by AAP. Exceptions are possible as long as the credibility and the reliability of the report are not negatively affected.

Extraordinary adjustments of the data universe

Extraordinary adjustments of the data universe will be avoided. In case such an extraordinary adjustment becomes absolutely necessary AAP will take the necessary steps in close co-ordination with the board to the report and will always make steps to maintain the integrity of the data and of the report.

Calculations within the market report

CALCULATIONS

Data which is delivered for this market report may be used for the purpose of the report and for the purpose of calculations for the report.

Formulas

Formulas which are used for calculations within the report will be explained if necessary in the Annex of the report and/or in one or several amendments or manuals. The release of such amendments or manuals is a duty of AAP.

Accuracy

The data is rounded to two, one or zero decimal places.

Refinement of data & universe of data providers

EXCLUSION OF OUTLIERS AND DATA PROVIDERS

The data for the AAP Life Settlement Market Review is provided directly from companies which were involved in the closing of the respective transactions. The data needs to be refined for outliers for the results to be meaningful. In addition companies which provide data for the report could be refused from the set of data providers.

Exclusion of outliers

EXCLUSION OF DATA

It is intended to restrict the exclusion of data to a minimum.

The following rules shall apply for the exclusion of data from the sample.

- a. Data is excluded if essential information regarding a trade is missing.
- b. Data is excluded if the available information is contradictory or is significantly out of sync with the rest of the data set.
- c. Data is excluded if with a publication the contractual obligations towards the data providers can't be met. The contractual obligations are appropriately mentioned in the report or its annexes.

- d. Data referring to joint life policies shall be excluded if reasonably possible. Joint policies refer to more than one life and an inclusion of the respective information therefore could bias the results.
- e. Data referring to tertiary market trades are excluded as long as the sample is considered to not give a reliable picture of the tertiary market. AAP will decide about an inclusion if appropriate. If tertiary market trades are included in the report it shall be in a distinct part of the report.
- f. Data referring to viatical settlements are excluded. A viatical settlement is a life insurance policy where the estimated life expectancy which was used for closing the transaction is equal to, or smaller than, 24 months.
- g. Data referring to policies which are not Universal Life or Whole Life policies are excluded since their value is driven by different variables than with Universal Life and Whole Life policies.
- h. Data is excluded if the life expectancy estimate which was used for the closing of the transaction indicates an impairment of the insured which is clearly different to the broad market. If for example the average life expectancy with regards to the age bracket of 80 years is 100 months then the board can exclude a trade which was closed using a life expectancy of 45 months.

If AAP discovers a discrepancy in the data it will promptly report said discovery to the advisory board.

The above list is not concluding, further reasons for data exclusion are possible. The decisions for an exclusion of data must be taken with a 66% majority vote. Abstention from voting is not possible.

Exclusion of data providers

EXCLUSION OF DATA PROVIDERS

The board to the AAP Life Settlement Market Review is responsible for deciding whether a data provider should be excluded from the set of data providing companies. The exclusion of a data provider is possible if one or more of the following circumstances arise:

- a. The data provider did not provide all trades for a given time period.
- b. The data provider manipulated data or delivered incomplete, misleading or wrong data.
- c. The data provider did not cooperate with AAP with regards to the data delivery for this market report. Examples for a non-cooperation are on-going missing of

deadlines for data delivery or non-delivery of data, non-response regarding requests from AAP, or similar.

- d. If it comes to the attention of AAP that a data provider is in conflict with State law in one or several States. Beside an exclusion from the panel of data providing companies, with the consent of the provider the participation can be put onto hold and can be switched to a full participation again if there are no pending legal issues any more on State level (compare also chapter 5.3).

The above list is not concluding, further circumstances for exclusion of data providers are possible. A decision for an exclusion of a data provider must be made with a 66% majority vote. Abstention from vote is not possible.

Option of switch to a 'dormant' status for providers

DORMANT PROVIDERS

The board to the AAP Life Settlement Market Review shall decide if a provider shall get the status of a 'dormant' company. A dormant company is not obliged to provide a monthly data file with closed trades.

A data provider can get the status of dormant company if one or several of the following points are met:

- a. If it comes to the attention of the advisory board that a data provider has pending issues with State authorities.
- b. A data provider is not currently active or intends to become active within reasonable time.

The above list is not concluding, further reasons are possible. If a dormant company becomes active or active again it is obliged to switch to an active status immediately and is consequently obligated to meet the requirements which are connected with being a part of this initiative.

The option of becoming a dormant provider is considered to offer the necessary flexibility to adequately meet individual situations of the data providers. The board together with AAP cares that this option is used in this sense and that it is not misused.

AAP cares that the option of becoming a dormant provider does not lead to an unwarranted advantage of dormant providers versus the remaining sample of providers for example with regards to remuneration from subscriptions to the report.

If a provider shall be put onto hold the vote is to be made with a 66% majority vote. Abstention from vote is not possible.

Reporting
regarding exclusion
of outliers and
excluded data
providers

REPORTING

AAP will report in an appropriate manner to report recipients regarding data that has been excluded and about the reasons for each exclusion. The maximum space of time between the exclusion and a respective reporting shall not exceed 18 months. With any reporting the obligations towards data providers must be respected.

It's in the discretion of AAP to choose the way to report about excluded data.

AAP, in addition to the above, will also report about excluded data providers in an appropriate form to third parties. It will respect all contractual or other obligations as well as apply proper business ethics and, reasonably possible, the interest of an excluded data provider.

If a provider receives the status of a dormant company AAP will decide about a respective publication.

Disclaimer

GLOBAL DISCLAIMER

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