



ASR Alternative Investments

With over 100 years of collective successful management, marketing and investment experience, ASR was founded on the principles of integrity, character and a passion for excellence. With over a billion dollars of life settlement death benefit facilitated, ASR specializes in the structuring, servicing and management of robust customized life settlement portfolios. The entire ASR team has an unyielding commitment to customer service and an unprecedented support system for our clients. Our structure allows us to align our interests with our strategic partners while maintaining transparency, risk management, rigorous underwriting and process control.

Our continued focus is to bring a secure and innovative alternative asset-class to market. Our Life Settlement product has provided thousands of clients and counting, an excellent alternative to the volatility of today's market. This asset-class is highly uncorrelated to the turbulent stock, bond, real estate market and even geo political events. As a leading sales and marketing organization in the alternative wealth strategies arena, we have worked diligently over the years to develop a solid relationship with our providers. These relationships have cultivated unprecedented growth without compromising the integrity of the product.

What is a Life Settlement?

A life settlement is a transaction where, the owner (who may or may not be the insured) of a life insurance policy is paid a discounted value in cash in exchange for transferring ownership and all beneficiary rights of the policy to a new owner/investor. That new owner/investor assumes the future premium payments. A life settlement policy typically covers insurance policies of insured's over the age of 65.

Rate of Return

The primary factors affecting the rate of return in a life settlement transaction are the discount at

which the policy is purchased, the premium payments necessary to keep the policy in force, and the time until maturity. Since the maturity of a life insurance policy depends upon the passing of the insured, this is the factor with the most uncertainty in a life settlement transaction. The sooner the policy matures, the higher the purchasers' annualized rate of return. Conversely, the later the policy matures, the lower the purchasers' annualized rate of return, both because of the time value of money and the need to pay premiums to keep the policy in force. While there is certainly the potential for a higher or lower rate of return, historically investors can expect to receive double digit returns by investing in a number of life settlement policies.

True Diversification

We often hear the constant maxim of "diversification" from financial professionals and the business press. Most investors, however, (as well as their advisors) consider diversification within their portfolio to be a variety of holdings in different traditional financial instruments whose returns and risks are still in some way tied to the financial markets and the overall health of the domestic or global economy. Whether invested in stocks, bonds, variable annuities, or real estate, most investors have taken huge hits to their portfolios at some time or another – even if they thought they were adequately diversified. Many investors have found that, in one way or another, all of their investments were linked to the condition of the economy through interest rates, the stock market, or even through the health and viability of well known Wall Street investment banks.

Life settlement investments provide portfolio diversification through an emerging asset class uniquely poised to remain uncorrelated to the economic instability often found in traditional capital markets. Family and Institutional investors, pension plans, endowment funds, individual accredited investors, insurance companies and banks have long recognized the value of this alternative investment class called senior life settlements.

What are the Risks?

Of course, just as with any investment, life settlements have their own set of risks. Life settlements are considered an illiquid investment. They are a growth instrument, not an income producing investment and should only be purchased with funds with which you do not need access. Policies may be purchased with life expectancy estimates from 24 months and up to 120 months. Since the life expectancy for the insured cannot be determined with certainty, life settlements do not have a known holding period or date of maturity. Purchasing life insurance policies that are all issued by investment rated, legal reserve life insurance companies, mitigates the risk of an investor never being paid the death benefit when the insured dies. While these and other risks do exist, these risks are not directly tied to market or economic conditions making life settlements a great way to truly diversify your investment portfolio.

The Market Outlook

With a growing number of investors in search of more uncorrelated investments, life settlements have become the go to asset-class that remains unaffected by the market volatility. Life Settlements remove the stress of the up and down roller-coaster ride of the S&P. Imagine if your long-term investment funds were free from major stock market crashes like the ones many experienced in 2002 and 2008 and, the returns from your investments were being backed by top investment rated insurance companies like MetLife, Prudential and Pacific Life, to name a few.

According to a Conning 2015 report on life settlements, Investors bought \$1.7 billion worth of U.S. life insurance policies in 2014, boosting the face value of in-force, resalable life settlements at year-end to \$32 billion-plus, according to new research. The report unveils its

finding that; based on an analysis of state life settlement filings and in-force business, the study pegs the average annual gross market potential for life settlements over the next decade at \$182 billion (between 2015 and 2024). During the same period, average annual volume of new life settlements will be approximately \$1.8 billion per year.¹

The report states, “Life settlements continued to attract investor interest as an alternative asset class in 2014 and into 2015,”. “This attraction reflects the desire for investors to generate above average returns in a prolonged low interest rate environment. Despite this environment, the life settlement industry continues to face a persistent challenge: the inability to re-attract capital to pre-2009 levels.”²

¹ Conning Life Settlement Report 2015

² Conning Life Settlement Report 2015