

Email not displaying correctly? [View it in your browser.](#)



The Tranen Capital Alternative Investment Fund was up 1.24% for April while the S & P 500 Index was up 2.96%. The Dow Jones Industrials rose 4.13%, closing at less than 10% below its high water mark, set in October 2007. Despite continued rising turmoil and uncertainty in the Middle East and North Africa, and S & P's warning on US government debt, the markets for the most part ignored these concerns and reacted to strong corporate earnings, rising consumer demand and a belief that the recession is past and the US and much of the world is experiencing an economic expansion.

Predictably, the combination of an accelerating economy and geo-political turmoil drove commodities and small cap stocks to record highs. Oil and precious metals were the biggest commodities winners for the month, but industrial metals and agricultural commodities surged as well. The Russell 2000 index of small cap stocks finished the month at an all time high of 856.29.

A front page article of the April 30 Wall Street Journal reported that investors were persuaded "to make risky bets on small cap stocks and commodities". Now, "risky," like any adjective, is a relative term, but there is general agreement that commodities are highly volatile and advisors counsel investors that small cap stocks are assigned to the highest risk/return space in the classic "style box" graphic. An investment in the Tranen Capital Alternative Investment Fund is aptly identified as an alternative investment. Alternative investments are frequently characterized as "risky" or "speculative," and sometimes even as "exotic" or "complex". But, is an investment in a Life Settlements fund really that risky or speculative compared to commodities or small cap stocks? Let's separate perception from reality.

First, a Life Settlements fund is simply the present value of a discounted future cash flow, that is, death benefits. The fund operates like many other mainstream financial instruments by investing in a vehicle that yields an income stream from assets such as mortgages, royalties, or receivables. The most common investment, individual stocks, is also simply investing in a company with the expectation of a future income stream, such as dividends.

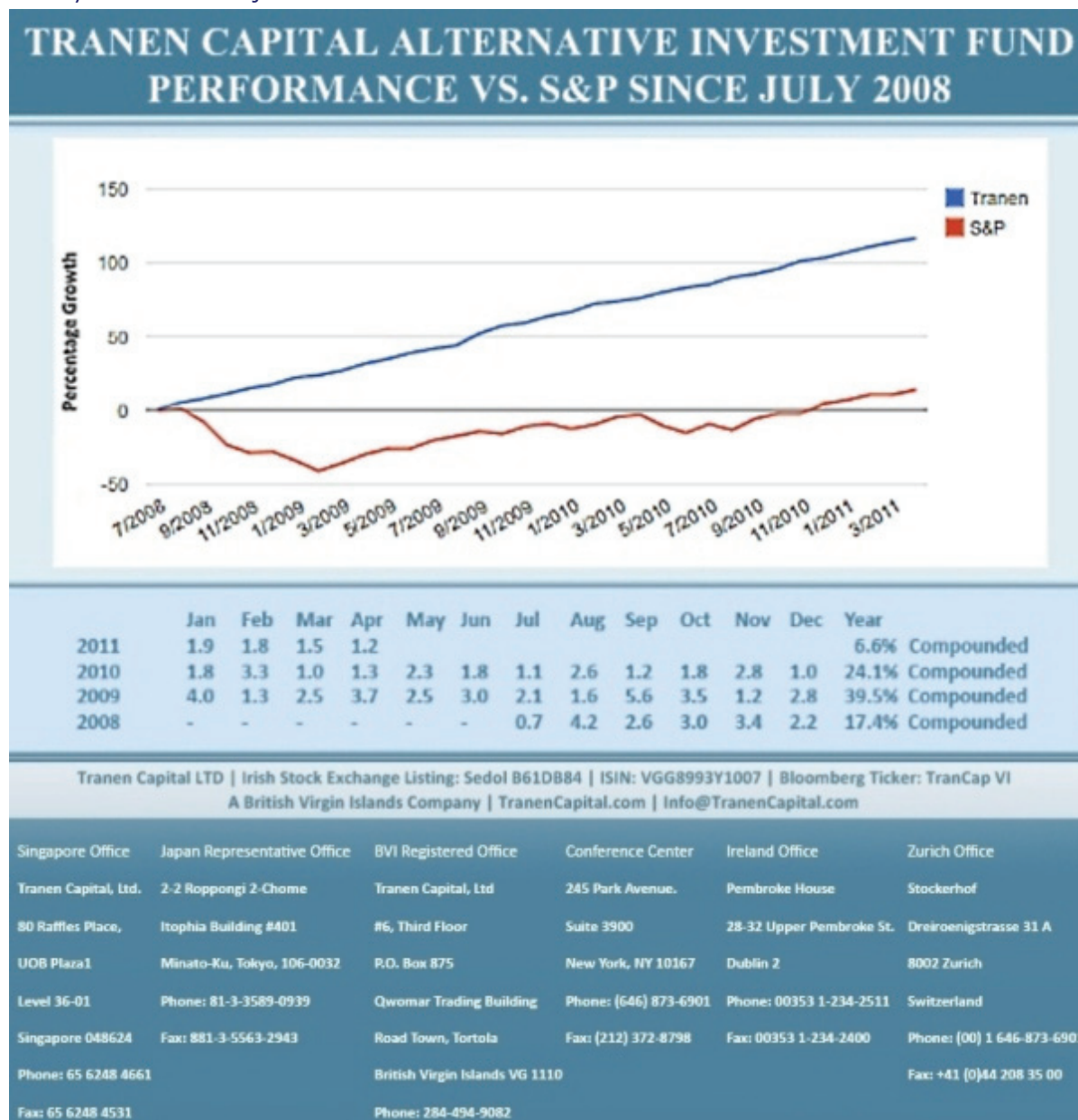
Second, in a Life Settlements fund the underlying asset that yields the return is a life insurance policy issued by a US life insurance company. A life insurance policy is a legal contract giving the owner certain guarantees and property rights. Unlike a futures or option contract or synthetic alternative investments like index or basket of currencies funds, the Life Settlements fund's bank custodian holds a tangible asset—a portfolio of life insurance policies.

Third, US life insurance companies are highly regulated by state insurance departments, which oversee their capital and reserve requirements and marketing practices. Additionally, The National Association of Insurance Commissioners (NAIC) has developed a Settlement Model Act that state insurance departments can use for guidance in regulating the Life Settlements market.

Given the above observations, investing in a Life Settlements fund may not seem so "risky"

after all. However, like all investments, due diligence must be performed, particularly on the most critical variable impacting returns in a Life Settlements fund, the assessment and calculation of the life expectancy of the insured of a settled policy. The expertise of the Tranen team in life expectancy calculations will be profiled in an upcoming newsletter.

We are committed to keeping you informed about industry developments and helping you meet your business objectives in 2011.



To visit our website: www.TranenCapital.com

Please do not hesitate to contact us: info@tranencapital.com

This Fact Sheet is neither an offer to sell nor a solicitation of an offer to buy any securities described herein. Any offer can only be made by the Fund's Confidential Private Placement Memorandum, which contains important information concerning risk factors, and other material aspects of the Fund and Tranen Capital Ltd., and must be read carefully before any decision to invest is made. An investment in the Fund is speculative and involves a high degree of risk. There can be no assurance that the Fund will achieve its investment objectives or avoid substantial losses. Portfolio returns shown are targeted, based on simulations of the current invested portfolio, and have been prepared by Tranen Capital Ltd. on the basis of estimates and assumptions about the performance of the Fund. Actual results may differ materially from the performance indicated. Targeted returns are inherently subject to significant economic, market and other factors (including, without limitation, policy purchasing criteria) that may adversely affect the performance of the Fund, including certain risk factors as discussed in the offering documents of the Fund. Targeted returns should not be relied upon as facts as there is no assurance that these results will be achieved. The hypothetical performance results are presented for illustrative purposes only and do not represent actual or guaranteed results. No assurances can be given that the performance results will be typical or representative of any or all investments associated with the Fund's strategy. Past performance is not indicative of future results.