

# TRANEN CAPITAL



Registered with the Monetary Authority of Singapore  
Registered with the Financial Services Authority of Japan  
Registered with the Financial Supervisor of Columbia  
Irish Stock Exchange Listing: Sedol B61DB84 | ISIN Number: VGG8993Y1007  
Bloomberg Ticker: TranCap VI | A British Virgin Islands Company

Tranen Capital Newsletter | October, 2011  
Performance Data as of 9/30/11



The Tranen Alternative Investment Fund was up +0.5% for the month of September while the S & P 500 Index was down -7.03% and the Dow Jones Industrials was down -5.91%.

All investor eyes are on Germany and France to see whether they can lead a consortium of the European Central bank (ECB) and Sovereign nations to bail out Greece, which continues to teeter on the brink of economic collapse. If a bail-out agreement cannot be reached, the fear is that larger EU economies such as Italy and Spain would be at risk to follow suit, which could jeopardize the future of the EU common currency. The uncertainty has strained already jittery markets with even the current safe havens of gold and oil losing some of their appeal, as "gold bugs" convert some of their positions to cash and oil futures decline to \$80 a barrel. In the U.S., the Treasury Department announced a program dubbed "Operation Twist" where maturing short term Treasuries will be re-invested in 10 year notes with the intent to drive down interest rates even further. Fixed income investors are left with diminishing returns and equity market investors grapple with high volatility and a general decline into near "bear market" territory.

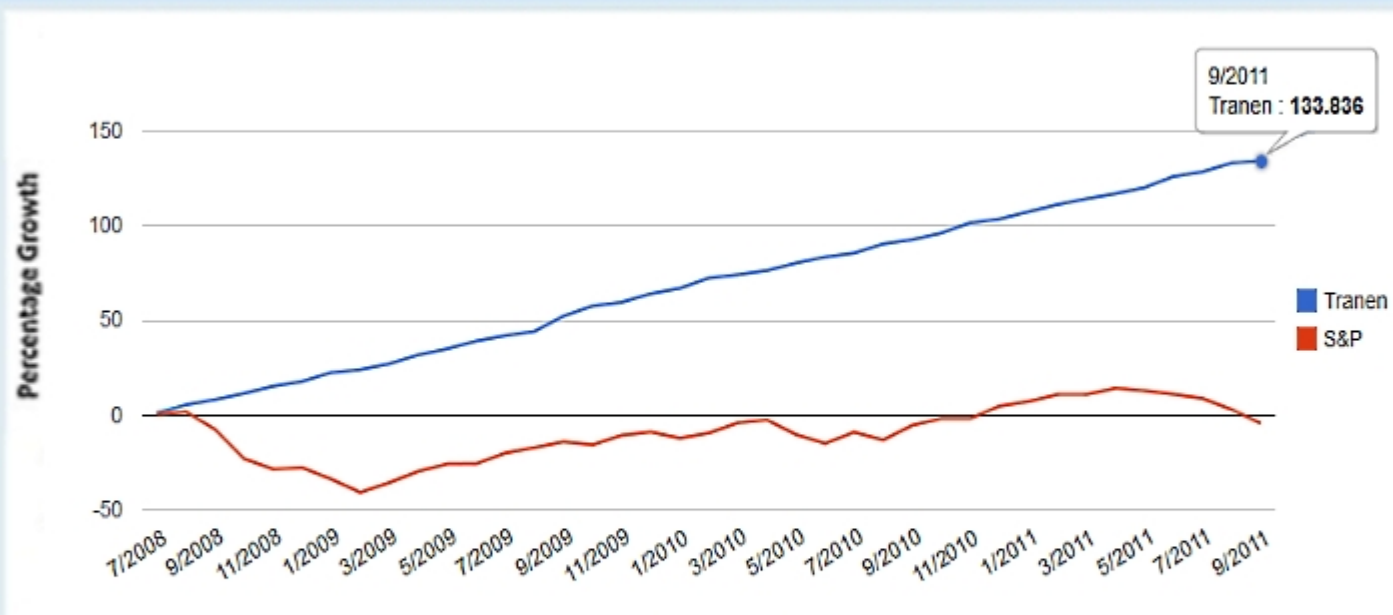
A previous newsletter profiled the life settlement underwriting process and its two components—actuarial and medical review and assessment. In this newsletter we will drill down further into the medical component of the underwriting process. There were no life settlement underwriters per se when the product was developed about 13 years ago. Although there were experienced underwriters for the viatical settlement market which preceded life settlements by about 15 years, the expertise needed to underwrite a viatical versus life settlement was dramatically different. With a viatical, the insured is deemed to have a life expectancy of no longer than 24 months as certified by a physician, a state the industry calls "clinical". Although no one can predict a death with certitude, when an insured is clinical, an underwriter can estimate a higher degree of probability of death within a limited time period, as opposed to a life settlement where life expectancy can reach 10-12 years.

Traditional life insurance underwriters were the logical underwriting resource for the emerging life settlement market. However, the lens through which they view a case would be dominated by their experience with mortality and the law of large numbers—two variables that are relevant, but not to the extent that they were originally used. Instead, morbidity, or the deterioration of one's health, has become the most important variable in underwriting a life settlement case. Given the age and condition of many life settlement applicants, assessing the effects of a number of medical conditions (or co-morbidity) has emerged as the key to estimating a life expectancy. As underwriters gained experience and underwriting shops started capturing data and initiating proprietary research, medical life settlement underwriting progressed to the point where it is today—a discipline that has a lot more science and less art than a decade ago. Five underwriting companies captured most of the market within the industry, having established their reputations through expertise, credibility and service. Tranen typically engages two of the leaders, AVS and 21st Services.

Tranen is a sponsor of the China Investment Summit, to be held in London on October 25-28, at the Grange St Paul's. This investment conference focuses on the opportunities in China for European investors and others who attend. It will bring together institutional investors, sovereign wealth funds, banks, fund and asset managers, and regulators, to assess and access investment opportunities in China. There will be both speakers, including the CEO of China Asset Management (HK) Ltd, as well as interactive panel discussions. Tranen will have a booth at the conference, which should provide us with both visibility to these varied groups, as well as giving us the particular opportunity to attract Chinese investors to our funds. We invite you to stop by the booth for a visit should you be in attendance. It is always fruitful to meet in person our investors and friends.

Tranen Capital representatives also visited Colombia this past month, attending the Andes Summit. The conference was full of energy, reflecting that Colombia is growing in many diversified ways. Tranen Capital is the first hedge fund to be registered in the country. Life Settlements is very new to many in this market but the business community appears to be receptive to new investment ideas. The conference brought together government officials, such as the Attorney General and the President of the Superintendencia, the Financial Regulator for Private Equity firms, and many businesses to the well attended event. Tranen Capital has Spanish speaking agents in Colombia, and our office there is nicely situated geographically, providing access to both Central and South America.

## TRANEN CAPITAL INVESTMENT FUND PERFORMANCE VS. S&P SINCE JULY 2008



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2011	1.9	1.8	1.5	1.2	1.5	2.7	1.1	2.0	0.5				15.2% Compounded
2010	1.8	3.3	1.0	1.3	2.3	1.8	1.1	2.6	1.2	1.8	2.8	1.0	24.1% Compounded
2009	4.0	1.3	2.5	3.7	2.5	3.0	2.1	1.6	5.6	3.5	1.2	2.8	39.5% Compounded
2008	-	-	-	-	-	-	0.7	4.2	2.6	3.0	3.4	2.2	17.4% Compounded

Tranen Capital LTD | Irish Stock Exchange Listing: Sedol B61DB84 | ISIN: VGG8993Y1007 | Bloomberg Ticker: TranCap VI  
A British Virgin Islands Company | [TranenCapital.com](http://TranenCapital.com) | [Info@TranenCapital.com](mailto:Info@TranenCapital.com)

BVI Office	Singapore Office	Japan Representative Office	Ireland Office	Zurich Office
P.O. Box 961	32 Pekin Street	2-2 Roppong1 2-Chrome	28-32 Upper Pembroke Street	Stockerhop
30 De Castro St.	#03-01 Far East Square	Itophia Building	Dublin 2	Dreilroenigstrasse 31 A
Road Town	Singapore 048762	#401Minato-Ku,	Ireland	8002 Zurich
British Virgin Islands	Phone: 65-6438-9890	Tokyo, 106-0032	Phone: 353-1-234-2511	Switzerland
Phone: 1-284-494-9082	Fax: 65-6438-0348	Phone: 813-3589-0939	Fax: 3531-1-234-2400	Phone: 1-646-873-6901
Fax: 1-212-372-8798	Email: <a href="mailto:Info@TranenCapital.com">Info@TranenCapital.com</a>	Fax: 813-5563-2943	Email: <a href="mailto:Info@TranenCapital.com">Info@TranenCapital.com</a>	Email: <a href="mailto:Info@TranenCapital.com">Info@TranenCapital.com</a>

To visit our website: [www.TranenCapital.com](http://www.TranenCapital.com)

Please do not hesitate to contact us: [info@tranencapital.com](mailto: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.