



The Fund was up 1.77% for the month of June, and is up 11.84% for the year. However, perhaps reflecting, again, that the Fund is an uncorrelated investment, the stock market rounded out its worst quarter since late 2008, as the reaction to both Moody's warning that it might lower Spain's credit rating and the data on the American jobs market cast more doubt on the health of the global economy.

As of June 30, the Dow has closed back down to 9,774.02, the S&P closed at 1,030.71. These declines left the Dow down nearly 10% for the second quarter and the S&P lost over 11% for the quarter. So far this year, the S&P is down 6.65% and the Dow Jones industrial average is down 6.40%.

The month of June was very busy for the Tranen Capital Alternative Investment Fund Ltd ("the Fund") and the Fund Managers as they traveled to Monaco, Geneva and Madrid to give presentations on life settlements and continue to educate the market on this asset class.

Life Policy Dynamics Report

Before talking about some interesting developments for the Fund while in Europe this past month, we wanted to call your attention to a new report issued by Life Policy Dynamics ("LPD"), a research consultant in the life settlements market that provides independent market analysis.

First, it was reassuring for the Fund that the bids in the market for the purchase of non-contestable policies was generally in the range that would reflect a projected IRR of between 12-16%, with an average of around 13.96%.

Another interesting fact reflected in the LPD report is that the market for non-contestable policies is both stabilizing and increasing on a sustained basis, with volumes and pricing finding higher support levels. The market is recovering nicely from the pull back of credit that initially allowed some funds to offset some of their premium dollars but then subsequently forced them to sell off assets when those lines of credit were withdrawn. This resulted in an oversupply of policies in the market and therefore drove down the pricing of policies rather quickly. Additionally some of the premium finance programs that had used mostly credit based lending against their policies also found themselves needing to sell off assets and this too resulted in the market becoming swamped with policies but with a lack of purchasers.

This trend is now changing, in part because many of those unsalable policies now have lapsed, causing a retraction in the supply of policies. In addition, there have been recently many new market participants, who are purchasing large blocks of policies. but these are mostly funds and not banks. It would appear that because of both regulatory uncertainty and in anticipation of possible legislation that would prohibit banks to get into alternative assets, banks are not providing credit for, or directly investing in, the purchase of policies.

The result of this is that there is smaller supply of policies available for resale, which is driving the prices higher per policy. The new funds that are coming in are not relying on credit lines, much like our Fund, and therefore we hope to see a continuing trend of sustained increases in demand and pricing for the non-contestable policy market.

If you are interested in obtaining a copy of the LPD report, please let us know and we will provide contact information for LPD.

All in all June was a profitable month for the Fund in many ways. We can see more clearly how the market is going to grow and have a better feel of what newer participants' expectations are.

July might be a little slow, with many starting to take summer holidays, but not for the Fund: this market is just getting going!

See you next month!

Recent Conferences

The Fund Managers went to conferences in both Geneva, for a Family Office and Private Wealth Management Conference, and in Monaco, for the GAIM Conference in Monaco, during the last month of June (as well as a side trip to meet with several investor groups in Madrid).

It was encouraging to see that the education of life settlements by both our Fund and some other market participants is clearly starting to take hold. The message continues to be delivered that we are part of a non-correlated asset class whose performance is not related to the rest of the market

In Geneva, the Fund Managers made a presentation with Dr. Robert Shavelle, Santa Clara University, who, with his colleagues, has been working on something called the Life Expectancy Project, covering the last 50 years. This is a group of epidemiologists who have worked out their own methodology with respect to life expectancies (or LEs).

The Fund has been exploring the possibility of expanding the Fund into the purchase of non-contestable policies as part of a larger strategy within the LS sector. The Fund Managers believe that it is vital that all approaches to this asset class are taken while still in its infancy. What we learned is that the applications of longevity measurement are going to play such an important role, well beyond the market of life settlements, into Pension Funds, Endowments, Healthcare benefits, reverse mortgages etc. In presenting with Dr. Shavelle, we found that the audience was very interested in his analysis. Given the ever-increasing issues around longevity and mortality, this makes a lot of sense.

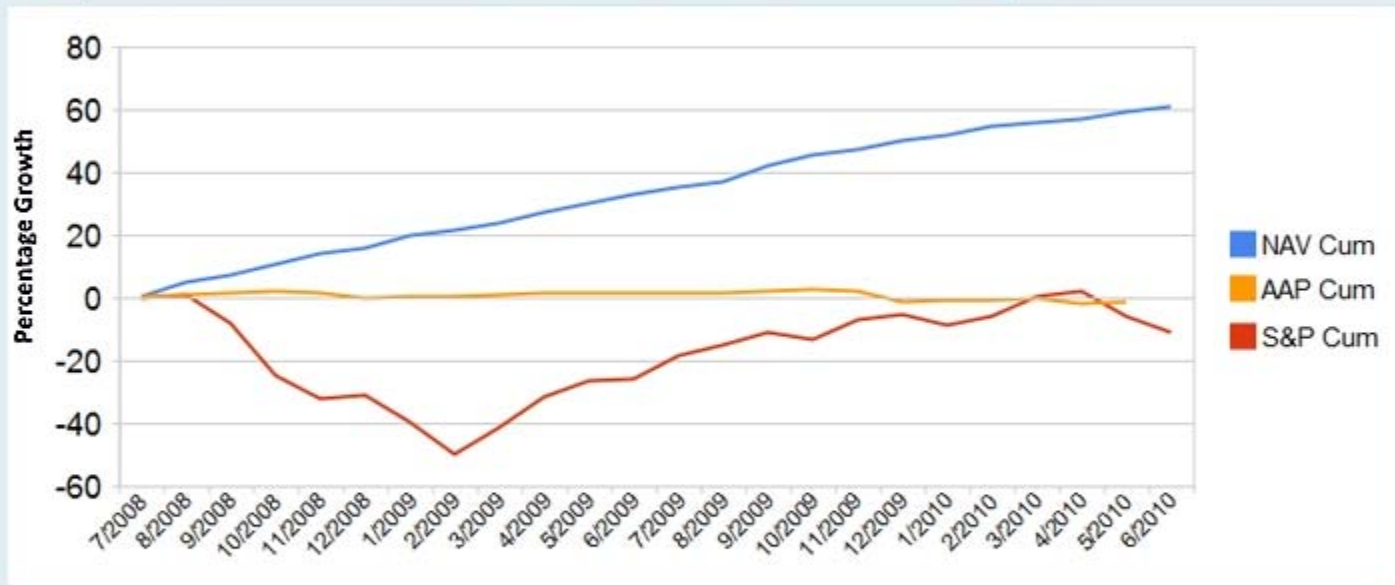
For more information about Robert and his Life Expectancy Project, please contact us.

Monaco presented a somewhat different opportunity. It largely consisted of hedge fund managers and family office professionals looking at new and alternative investments. The Fund made a lot of new and interesting connections while there and found out about two new Life Settlement funds that are looking to launch. The good news for the Fund is that this creates more counter-parties to start doing business with in the future.

A majority of the Monaco conference was devoted to trying to understand who those emerging counter-parties are and to explore what prices they might be willing to pay for policies. It was a reaffirming of the Fund's approach to marketing the Fund to Market. Monaco is the largest hedge fund conference in Europe and it was good to have multiple presentations about life settlements so that the market understands that the life settlements market is here to stay.

TRANEN FUND PERFORMANCE VS. AAP & S&P SINCE JULY 2008

NAV Cum UP +61.4% AAP Cum DOWN -1.05% S&P Cum DOWN -11.06%



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2010	1.8	3.3	1.0	1.3	2.3	1.8	-	-	-	-	-	-	11.8% 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

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