

TRANEN CAPITAL



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Irish Stock Exchange Listing: Sedol B61DB84 | ISIN Number: VGG8993Y1007
Bloomberg Ticker: TranCap VI | A British Virgin Islands Company

Tranen Capital Newsletter | September, 2011
Performance Data as of 8/31/11



The Tranen Alternative Investment Fund was up +2.03% for the month of August while the S&P 500 Index was down -5.43% and the Dow Jones Industrials was down -3.96%.

Historically, August is somewhat of a sleeper month for US markets, with many investment professionals on hiatus for much of the month. This year it was anything but that with the S&P downgrade of US debt to AA+, European bank woes and expanding Middle East conflicts yielding roller coaster-like market volatility on a near daily basis. The volatility drove investors to perceived safe havens such as the Swiss franc, driving its value up and driving the return on US Treasuries lower. At one point, the return on a ten year Treasury note was less than 2%, a rate not seen since April 1950.

With real returns on fixed income securities nearing zero, investors struggling to calibrate equity risk with return, and commodities getting into "bubble" territory as evidenced by near parity in the price of gold with platinum, many investors are focusing on two tried and true basic investment strategies—diversification of asset classes and hedging to reduce risk in their portfolios.

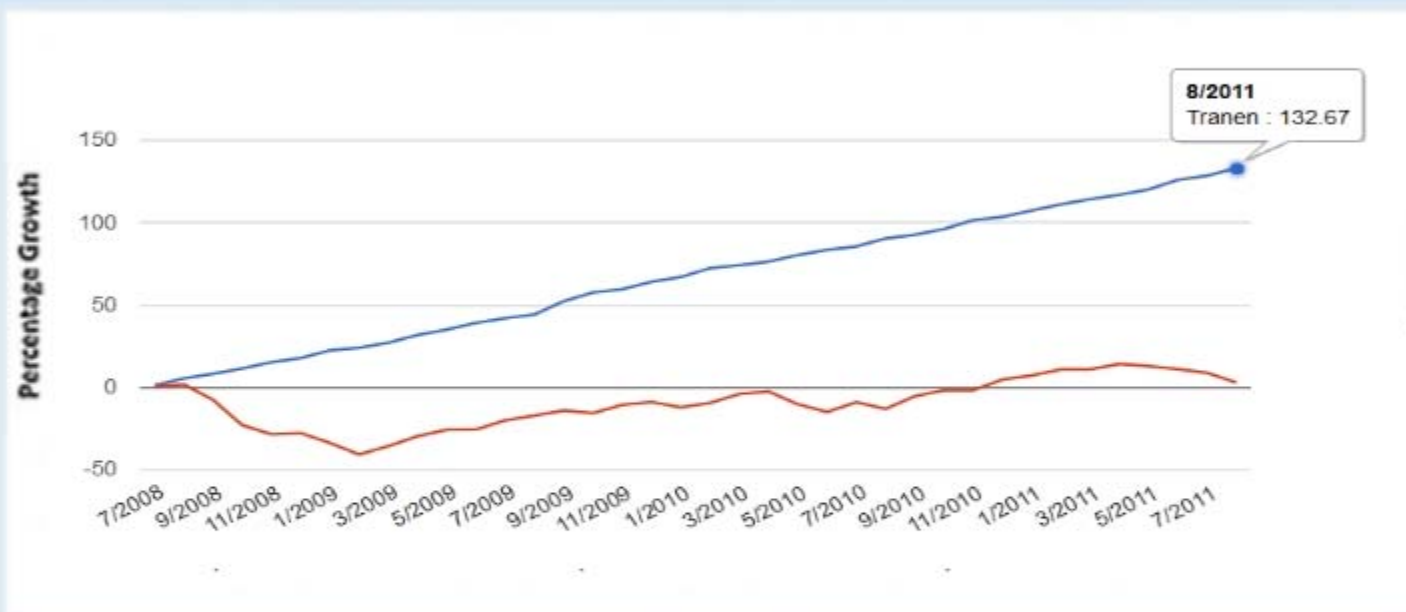
Three avenues to reduce portfolio risk are to: 1. seek a negative covariance between investments in the same asset class, 2. introduce more risk free assets into the portfolio and 3. leverage the power of asset correlation or, specifically, non-correlation. Life settlements are non-correlated to standard economic risks: market, interest rate, credit, sovereign monetary and fiscal policies and environmental and geo-political shocks. As a rule of thumb, introducing or adding non-correlated assets to a portfolio to reduce risk in general yields a higher return than seeking a negative covariance or adding more risk free assets.

Investing both in theory and practice has two parts—at the macro level investors perform portfolio management to meet their preferences and needs, while at the micro level, Tranen's Investment Manager seeks to minimize risk by acquiring life settlement policies that it believes to be mispriced, in this case individual life insurance policies, which can be held as a non-correlated asset within the investor's portfolio.

As this newsletter goes out, we are attending the Andes Summit and will report on that in our next newsletter.

With best wishes, The Tranen Team

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					14.6% 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

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