



CHARACTERISTICS OF AN IDEAL INVESTMENT

The Problem:

When it comes to mainstream investments these days, viable options are few and far between. The stock market has been in flux over the last several years by virtue of looming inflation, spiraling oil prices and the constant threat of terrorism. Every government bureaucrat, newsletter author, financial expert, and private investor has a different take on the market's future. All, if they're truthful, will agree that the market's direction is uncertain.

Another stalwart of mainstream investment has taken a turn for the worse as well. Unsustainable appreciation in the housing sector has cast doubt in the minds of many investors who once viewed real estate as a safe harbor for their investment dollars.

Even seasoned investors, with no place to turn, are accepting big losses and taking cash positions with little to no profits. They've acquiesced to market and economic forces beyond their control to avoid uncertainties and risks. Regardless of their market prowess, no investor can time the next act of terror.

While money markets, annuities and government treasuries offer safety, the return is miniscule after inflation. Conversely, riskier investments with higher yields require impeccable market timing [read: down right luck] to keep from losing not only profits, but principal as well!

So it goes. If investors are to enjoy the double digit returns of years gone by, then they must accept enormous risks, right?

The Proposition:

If there were such a thing as the ideal investment, how would it be quantified?

Recently, a panel of individual investors with diverse goals defined characteristics that would produce such an investment. All the panelists agreed that the ideal investment would possess the following traits:

Safety & Security
Mainstream
Clear Exit Event

Diversification
Liquidity
Win//Win Investment

No Annual Fees
Performance



The Product:

Fortunately, there is an investment product that not only possesses these traits, but excels at each.

The product is called Life Settlements. Life Settlements are purchased by life settlement companies like Life Partners Holdings, Inc. (LPHI). LPHI is the oldest and only publicly traded life settlement company in the United States (NASDAQ symbol LPHI). For many years now, financial institutions including Warren Buffet's investment arm Berkshire Hathaway, AIG, ABN AMRO, Merrill Lynch, Credit Suisse First Boston, and Deutsche Bank have invested HUNDREDS of MILLIONS in life settlement companies for one simple reason: Life Settlements are not subject to any stock market or economic conditions...*none!*

Statistically, approximately 90 percent of life insurance policies never pay the death benefit because they are allowed to lapse. When they lapse, the insured loses all the money they've invested into premiums and their beneficiaries receive nothing. In times past, the only other alternative for the insured was to take a very small cash surrender value amounting to only pennies on the dollar of their original investment.

LPI a subsidiary of LPHI offers new hope to these policy holders who no longer need their policies. LPI will scrutinize each policy closely and will only purchase B+ or better policies as rated by A.M. Best. LPI only deals with trusted legal reserve insurance companies. Incidentally, since 1845, there has *never* been a single case where a legal reserve insurance company has not paid a death benefit.

After LPI elects to underwrite a policy, it will determine its acquisition costs and make a lump sum offer to the insured. Once the offer is accepted, LPI will divide the policy on the market for multiple investors to buy. The good news is, now, individuals can reap the same rewards the institutional investors mentioned above have enjoyed for years! If an investor buys 10% of the acquisition cost, the investor owns 10% of the policy's face value. Once the investor's money is placed into a policy, the investor will know his or her Absolute Payout.

Since 1991, LPI has a proven track record of greater than double digit annualized ROI; even during crisis abroad and in the wake of 9/11. Why? Again, Life Settlements are *completely uncorrelated to the securities markets or economic events.*



The Payoff:

So how do Life Settlements from LPI measure up to our panels' characteristics of the ideal investment? Let's review:

SAFETY: On the risk continuum, Life Settlements offer the equivalent safety somewhere between money markets and investment grade bonds.

SECURITY: LPI and their independent escrow agent, Dunnam & Dunnam are regulated by the SEC. LPI is regulated by the Texas Department of insurance. They are audited by Murrell, Hall, McIntosh & Co., PLLP and KPMG, PLLP respectively. LPI maintains an "arms length" policy for its investors so all policies and funds are held in trust. LPI does not touch the investor's money.

PERFORMANCE: Since inception Life Settlements as structured by LPI has produced historic double digit returns. Past performance does not guarantee future results. This financial product has a battle tested track record through both bull and bear markets.

DIVERSIFICATION: Life Settlements are the **ultimate diversification** tool due to the fact that they are uncorrelated to the stock market, oil prices, interest rates and even terrorism. Life Settlements, as the cornerstone of any diversified portfolio, offer a hedge during economic downturns as well as during periods of market stability. Life Settlements serve as a better uncorrelated hedge than bonds and have the potential to generate double digit returns. They should be the **FOUNDATION** of every investor's portfolio.

MAINSTREAM: For many years Life Settlements were only available to institutional investors. Financial icons including Berkshire Hathaway, AIG, ABN AMRO, Merrill Lynch, Credit Suisse First Boston, and Deutsche Bank have invested hundreds of millions in life settlements with the understanding that the return of their principal and return on their principal are the **Contractual obligations** of highly rated insurance companies. Their pursuit of this market is related to the degree of **PROTECTION** and the **AVOIDANCE** of **Market and Economic Risk**. These institutions involvement provide immense credibility because of the level of due diligence they require of any investment before actually committing their own dollars. LPI presents the rare opportunity for an accredited investor to participate in the same asset class as major financial institutions.



WIN/WIN INVESTMENT: LPI provides viable options through the secondary insurance market where none existed before. Senior citizens are released from the burden of high premiums and are provided lump sum payments. In many instances, this much needed capital infusion allows them to live out their remaining years in dignity. We allow seniors the ability to turn a death benefit into a LIFE BENEFIT.

NO MANAGEMENT FEES: All fees associated with Life Settlements are built into the acquisition costs. Qualified funds are subject of Custodial fees; typically around \$100 to \$200 annually.

LIQUIDITY: Life Settlements should be viewed as a medium to long term investment. They are perfect for retirement dollars, college savings funds and cash investments.

CLEAR EXIT EVENT: While at certain points in time the DOW has yielded double digit returns, even the best exit strategies are formulated on speculation and conjecture. To enjoy increasing returns, one must accept the ever increasing risk of losing principal along with profits. The investor, at his or her discretion, may exit at every policy maturity. The vast majority of investors however, elect to roll over returns into additional policies. Unlike the securities markets, decisions to exit or reinvest in Life Settlements are never predicated on speculation or mere conjecture. Life Settlements are the ultimate **AUTO PILOT INVESTMENT**.