Policy Selection Limited

Response to the FSA guideline of 28th November 2011

The UK FSA issued a warning against the marketing of Life Settlements to retail investors on 28th November 2011.

They have classified the asset as high risk, but PSL would argue that, for properly informed investors, this asset is a valuable addition to diversify their portfolio. The FSA have identified the key risks as liquidity and life expectancy extension. The FSA are concerned about currency exposure which is true of any investment where the assets are not in the investor's home currency.

Assured Fund has always been open about the characteristics of the asset class. The risks are clearly identified in the Offering Memorandum so that investors appreciate the basis of their investment. The Fund has been built to an institutional standard and it is the role of the manager to minimise the risk exposure as far as possible.

Unlike many investments the payout is known. Assured Fund holds assets with a face value of $706,676,101.00. This sum will be paid on the maturity of the portfolio. 62.8% of the insureds are aged 85 years or older. These facts are not open to interpretation and form the basis for the investment.

The Manager is about to complete a review of life expectancy so that the returns and the cash flow is built on the most accurate information based on the latest expertise of the independent underwriters. The Fund has a credit line which is allocated to meet the on-going premiums. The portfolio contains non-premium financed policies issued by life offices rated 'A' or higher (S&P). The portfolio has been balanced as far as possible to ensure a steady return.

The team at PSL

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