

A close-up photograph of a businessman in a dark blue suit and tie, with his hands held out in a gesture of offering or support. A glowing white silhouette of a family (two adults and two children) is superimposed on his chest area.

# LD MICRO INVESTOR CONFERENCE

Bill Acheson, Chief Financial Officer

DECEMBER 7, 2016



# FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” or “target.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about our announced plan to reduce the size of our financial services businesses, including expected cash and non-cash charges associated with this plan; expected income; earnings per share; revenues; organic growth; margins; cost structure; restructuring charges; cash flows; return on capital; capital expenditures, capital allocation or capital structure; dividends; and particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: obtaining (or the timing of obtaining) any required regulatory reviews or approvals or any other consents or approvals associated with our financial services businesses; our ability to maintain access to capital markets; changes in law, economic and financial conditions, including interest and exchange rate volatility, commodity and equity prices and the value of financial assets, including the impact of these conditions on our ability to sell or the value of incremental assets to be sold; the impact of conditions in the financial and credit markets on the availability and cost of GWG’s funding; actual and expected actuarial and mortality experience; the adequacy of our cash flows and earnings and other conditions which may affect our ability to pay our debt and preferred dividends; the price we purchase life insurance policies in the secondary market; the effectiveness of our risk management framework;

the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation and litigation; adverse market conditions; and the other factors that are described in “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015. These or other uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

This document includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially. This document also contains non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results and providing meaningful period-to-period comparisons. For a reconciliation of non-GAAP measures presented in this document, see the accompanying supplemental information in our Quarterly Report on Form 10-Q for the three months ended September 30, 2016.

GWG’s Investor Relations website is at [www.gwgh.com](http://www.gwgh.com) contain a significant amount of information about GWG, including financial and other information for investors. GWG encourages investors to visit these websites from time to time, as information is updated and new information is posted.

## A LEADING ORIGINATOR AND PURCHASER OF ALTERNATIVE LIFE INSURANCE ASSETS IN THE SECONDARY MARKET

- Large, untapped market - \$185B annual opportunity
- \$1.3B portfolio of life insurance policies, backed by investment grade credits
- Proprietary origination platform disintermediating traditional channels
- Ability to raise attractively-priced capital to fund growth
- Improving balance sheet and operating metrics
- Access to revolutionary DNA-based predictive mortality technology
- Experienced management team, vested in the Company's success

# MANAGEMENT TEAM AND BOARD SIGNIFICANT INDUSTRY EXPERIENCE



FOUNDED IN 2006 WITH INSTITUTIONAL BACKING  
WE HAVE ACQUIRED OVER \$2 BILLION OF LIFE INSURANCE BENEFITS

## Management



- 25 years of experience in finance, law, and business management
- Oversees strategy, active in day-to-day operations
- Co-founder, Board Member

Jon Sabes, Chief Executive Officer



- 14 years of experience in secondary life markets
- Developed statutory/regulatory framework for life settlements
- Board Member, Life Insurance Settlement Association

Michael Freedman, President



- 25 years in structured finance, securitization, and institutional finance
- Oversees capital allocation, risk management, SEC reporting
- Former CPA

Bill Acheson, Chief Financial Officer

## Board of Directors



- Co-founder, Chairman of Board
- Founder and President, Insurance Studies Institute
- Board Member, Life Insurance Settlement Association, 2012-2014

Paul Siegert, Executive Chairman



- Executive with 35 years experience in financial services at Merrill Lynch
- Former Director of Financial Institutions, Merrill Lynch
- Registered FINRA Arbitrator

Charles Maguire III, Director



- Former President, AXA Distributors
- Former President, RiverSource Distributors
- Former President, Colonial Investment Services
- Designations include LUTC, CFP, CLU, Series 24/7

Jeffrey McGregor, Director



- Certified Public Accountant
- Former SVP, AXA Financial/Equitable Life Insurance
- Former Chairman and CEO, Grant Thornton Advisors
- Former National Managing Partner, Grant Thornton Advisors

David Abramson, Director



- Financial and marketing executive - 20 years
- Former SVP, Marketing, Target Corporation
- Former President, Target Bank
- Former VP and Assistant Treasurer Conesco Finance

Shawn Gensch, Director

78% of common shares owned by management and board

# OPPORTUNITY SENIORS & FINANCIAL ADVISORS



88%

OF UNIVERSAL LIFE POLICIES LAPSE  
OR ARE SURRENDERED BEFORE A  
CLAIM\*

\$12.3T

OF CONSUMER OWNED LIFE POLICY  
BENEFITS IN 2015\*\*

\$638B

OF CONSUMER OWNED LIFE POLICY  
BENEFITS LAPSED OR WERE  
SURRENDERED IN 2015\*\*

## Historical Options

Insured	Male, Age 85
Policy Benefit	\$1,000,000
Annual Premium	\$27,000
Cash Surrender Value	\$14,000

## New Options

**MARKET VALUE**

\$115<sup>K</sup>

Cash Payment

For illustrative purposes only

\$250<sup>K</sup>

Retain Policy Benefit

Financial Advisor Compensation

**\$10,000**

\*Life Insurance Settlement Association Testimony – Michigan House of Representatives Insurance Committee – May 14, 2009

\*\*NAIC/ACLI Annual Insurance Fact Book

# OPPORTUNITY LARGE AND UNTAPPED MARKET



## \$185B

ESTIMATED MARKET POTENTIAL IF  
CONSUMERS WERE AWARE IN 2015

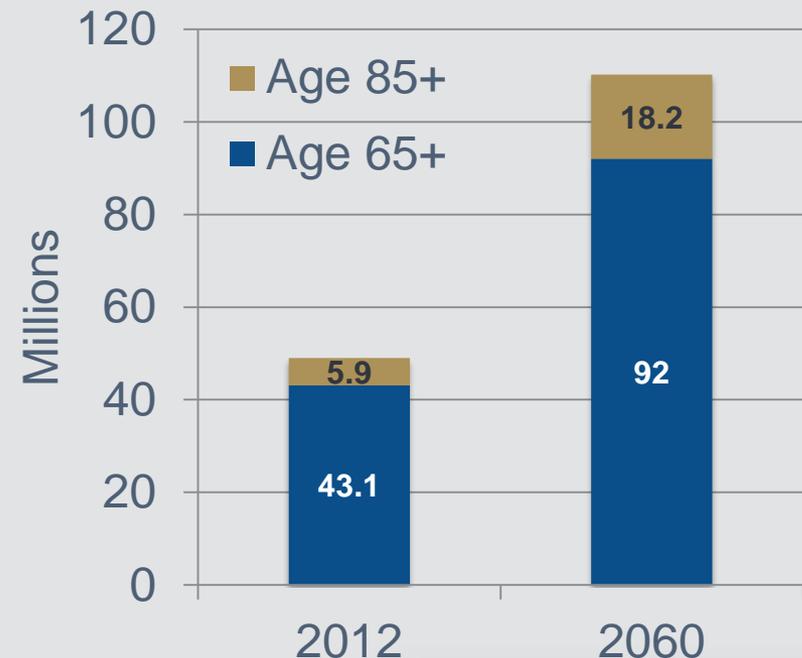
## \$1.7B

ESTIMATED AMOUNT OF INSURANCE  
BENEFITS PURCHASED IN 2014

## 1%

PENETRATION OF THE ADDRESSABLE  
SECONDARY MARKET

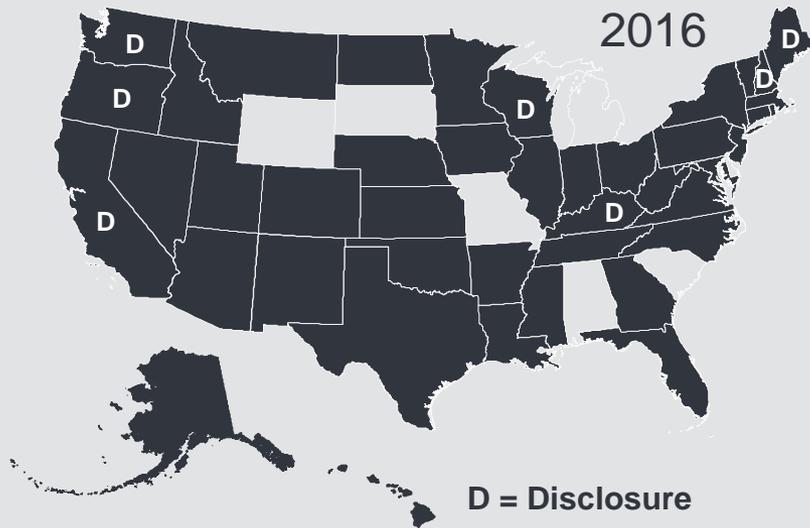
## AGING POPULATION



**KEY MARKET DRIVERS**  
**LOW SURRENDER VALUES**  
**UNAFFORDABLE PREMIUMS**  
**RETIREMENT FINANCIAL NEEDS**



# POSITIVE REGULATORY ENVIRONMENT



**42** STATES REGULATE OUR MARKET

**90%** OF THE U.S. POPULATION

**7** STATES REQUIRE SECONDARY MARKET DISCLOSURE

## Stable and Settled Environment Recent Events

- Medicaid Laws: Texas, Kentucky
- Agent Protection Law: Georgia
- Proposed Legislation: NY, PA, MA, ME, LA, NJ

**1** CONSUMER COMPLAINT REPORTED NATIONALLY SINCE 2013

## Key Features of Regulation

### TRANSPARENCY

- Risk Disclosures
- Disclosure of Alternatives
- Transactional Disclosures

### ACCOUNTABILITY

- Licensing of Participants
- State Approved Forms
- State Approved Anti-Fraud

### CONSUMER PROTECTION

- Competency Certification
- Beneficiary Approval
- Privacy Protections

### INVESTOR PROTECTION

- Quiet Title
- Securities Laws
- Enforcement

# ORIGINATION NETWORK & PLATFORM

**\$185B** Annual Market Potential

**GROWTH**  
 Life Insurance Agents  
 Financial Advisors  
 Market Brokers  
 Consumer Direct

\$1.7L  
 Current  
 1%

## Appointed Agents

- 4,300+ Independent Financial Advisors
- Source Policies
- Provide Capital

250,000+ Financial Advisors  
 500,000+ Life Insurance Agents

Call Center Capabilities  
 National Wholesaling Team  
 Requisite Licenses/Regulatory

# REVOLUTIONARY DNA TECHNOLOGY

## Option to license DNA-based predictive mortality technology from UCLA

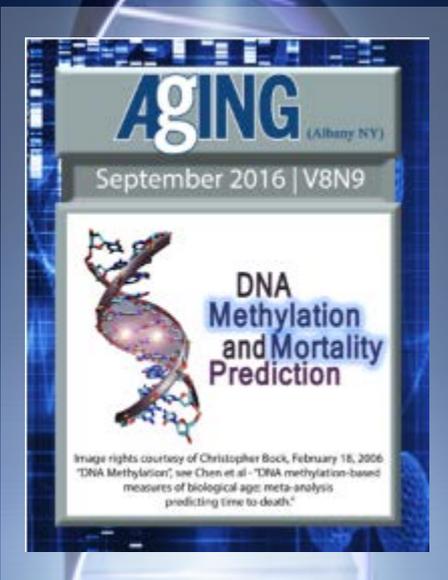
- A method to record “biological age” independent of “chronological age”
- The capability to analyze the aging process using genetics and compare to outcomes based on traditional predictors
- Discovered by Dr. Steven Horvath, Human Genetics expert
- Over 13,000 sample size across multiple cohorts

## Access to this technology will improve our underwriting process...

- Better predictive capabilities of longevity
- Enhanced ability to analyze and underwrite policy acquisitions
- Increased efficiencies - enhances scalability of business

## And potentially generate new revenue opportunities

- The potential to transform life insurance and annuity product pricing and underwriting



**THE USE OF BIOMARKERS IS A POTENTIAL GAME-CHANGER FOR OUR INDUSTRY**

# PORTFOLIO SUMMARY

Life Insurance Portfolio . . . . .	\$1.27 billion
Investment Cost Basis . . . . .	\$460 million
Number of Policies . . . . .	625
Avg. Age of Insured (Yrs.) . . . . .	81.8
Avg. Life Expectancy (Yrs.) . . . . .	6.8
Expected IRR <sup>(1)</sup> . . . . .	15.7%
Investment Grade Policies . . . . .	97%



\$182,494,000  
S&P A+



\$165,255,000  
S&P AA-



\$145,721,000  
S&P AA-



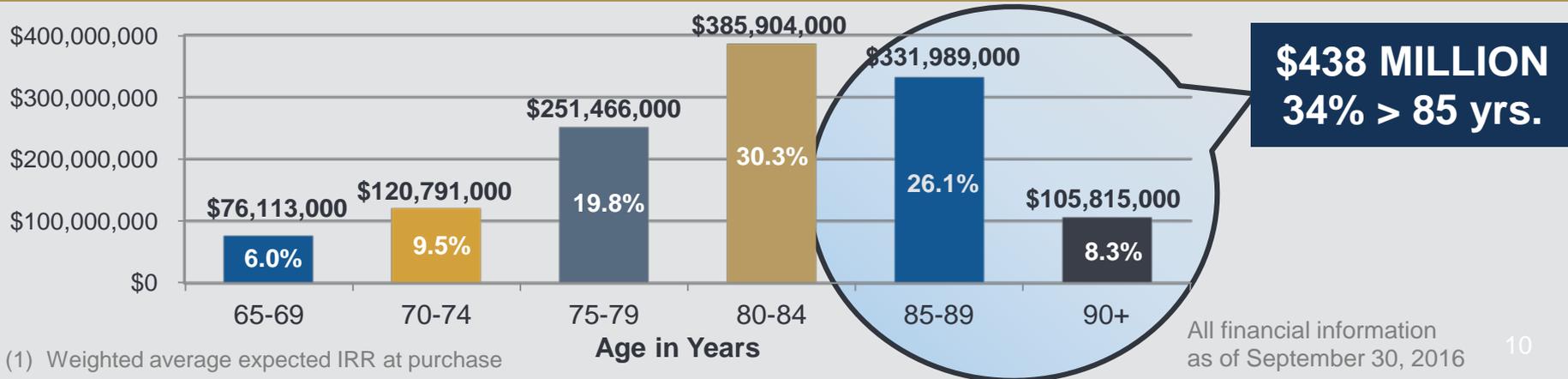
\$129,116,000  
S&P AA-



\$89,806,000  
S&P A+

## DISTRIBUTION OF POLICY BENEFITS BY INSURED'S AGE

\$1.27B – Portfolio Benefits | 81.8 Years – Average Age



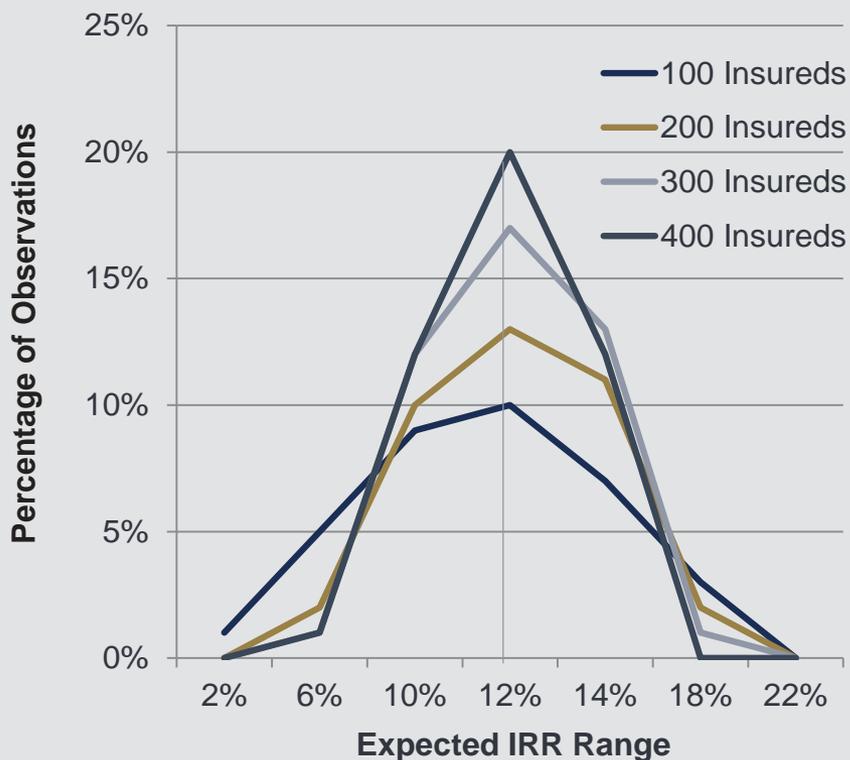
(1) Weighted average expected IRR at purchase

# PORTFOLIO PERFORMANCE AND EXPECTED RETURNS



AS THE NUMBER OF INSUREDS INCREASE,  
RETURNS CAN BE PROJECTED WITH GREATER CERTAINTY

**Expected Yield Results Versus  
Number of Insureds**



Source: A.M. Best Life Settlement Securitization Report 2014

## Historical Portfolio

Aggregate Face Value<sup>(1)</sup> . . . . \$1.38 billion  
 Number of Policies . . . . . 677  
 Total Benefits Received . . . . \$112 million  
 Number of Policies Matured. . . . . 52

## Current Portfolio

Total Face Value . . . . . \$1.27 billion  
 Number of Policies . . . . . 625  
 TTM Benefits Received . . . . \$36 million  
 TTM Premiums Paid . . . . . \$37 million  
 Projected IRR<sup>(2)</sup> . . . . . 11.7%  
 Expected IRR at Purchase . . . . . 15.7%

(1) Aggregate face value includes all policies acquired since 2009, including current portfolio of \$1.27B face value and \$112.2M of benefits received

(2) Projected IRR using current non-GAAP full cost basis and life expectancy estimates which have been lengthened due to the passage of time since policy acquisition

# YTD FINANCIAL HIGHLIGHTS

## IMPROVING OPERATING METRICS

- Revenue up 56% year-over-year
- GAAP Net loss of \$0.04 million or \$0.01 per basic share
- Non-GAAP Net income of \$27.1 million
- \$36 million of TTM benefits received
- 4,300+ financial advisors on the platform
- \$362 million in face value of life insurance purchased
- 27% of the 2016 policy purchases from direct originations
- \$173 million investor capital raised – over double 2015 amount

# BALANCE SHEET SUMMARY

## **OUR NEAR-TERM OBJECTIVES** STRENGTHEN OUR BALANCE SHEET IMPROVE OUR CAPITAL STRUCTURE

- \$34.5 million cash and equivalents
- \$6.1 million policy benefits receivable
- \$478 million portfolio GAAP value<sup>(1)</sup>
- \$64 million out on \$172 million senior revolver
- \$117 million total liquidity
- \$398 million Fixed Income investor debt
- \$53 million preferred stock redemption value
- 5.98 million common shares outstanding (basic)
- 78% of common shares owned by management

(1) Life Insurance portfolio marked-to-market GAAP valuation based on an 11.07% discount rate.

# INVESTMENT HIGHLIGHTS

MARKET LEADER IN THE LIFE INSURANCE SECONDARY MARKET WITH LIMITED DIRECT COMPETITION

ADDRESSING A \$200 BILLION ANNUAL MARKET THAT IS VIRTUALLY UNTAPPED AND GROWING

4,300+ FINANCIAL ADVISOR ORIGINATION AND OPERATIONAL PLATFORM IN PLACE TO EXECUTE GROWTH PLANS

\$1.3 BILLION PORTFOLIO OF LIFE INSURANCE POLICIES, GENERATING NON-CORRELATED RETURNS

ACCESS TO REVOLUTIONARY DNA-BASED TECHNOLOGY THAT IS A POTENTIAL GAME-CHANGER FOR THE INDUSTRY

SEASONED MANAGEMENT TEAM WITH SIGNIFICANT INDUSTRY EXPERTISE AND STOCK OWNERSHIP

# Appendix

# RELATED INDUSTRY ARTICLES AND REPORTS



2015: Life Settlements and Secondary Market Annuities - Opportunities and Challenges

<https://www.conning.com/viewpublications-article.aspx?id=12873>

Retirees Stung by 'Universal Life' Cost – *The Wall Street Journal* – Aug. 9, 2015

<http://www.wsj.com/articles/cost-of-universal-life-insurance-stings-retirees-1439172119>

Surprise: Your Life-Insurance Rates Are Going Up – *The Wall Street Journal* – Dec. 4, 2015

<http://www.wsj.com/articles/surprise-your-life-insurance-rates-are-going-up-1449225000>

Life Settlement Securitization – A.M. Best Methodology – Feb. 1, 2014

<http://www3.ambest.com/ambv/ratingmethodology/OpenPDF.aspx?rc=197705>

Life Insurance Settlement Association Testimony – Michigan House of Representatives  
Insurance Committee – May 14, 2009

<https://legislature.mi.gov/documents/2009-2010/CommitteeDocuments/House/Insurance/Testimony/Committee12-5-14-2009-2.pdf>