GWG Holdings, Inc.
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PROSPECTUS SUPPLEMENT NO. 4

Supplement to Prospectus dated
April 12, 2016

GWG HOLDINGS, INC.

Maximum of 100,000 Shares of Redeemable Preferred Stock

This "Prospectus Supplement No. 4 — Supplement to Prospectus dated April 12, 2016," supplements and amends our prospectus dated April 12, 2016, as earlier supplemented by prospectus sticker supplement no. 1 dated April 26, 2016 (referred to simply as our "prospectus"). You should read this supplement together with the prospectus since the information contained herein supplements and amends the information contained in the prospectus. For clarity, this supplement supersedes and replaces prospectus supplement no. 2 dated May 16, 2016 and prospectus supplement no. 3 dated August 12, 2016. Capitalized terms contained in this supplement have the same meanings as in the prospectus unless otherwise stated herein.

RECENT EVENTS

On November 10, 2016, we filed our Quarterly Report on Form 10-Q for the period ended September 30, 2016. This prospectus supplement has been prepared primarily to set forth certain information contained in that report.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This supplement is part of the prospectus and either it or its contents must accompany the prospectus to satisfy the prospectus-delivery requirements under the Securities Act of 1933.

The date of this prospectus supplement is November 10, 2016

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RISK RELATING TO FORWARD-LOOKING STATEMENTS

Certain matters discussed in this prospectus supplement contain forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions about our operations and the investments we make, including, among other things, factors discussed under the heading “Risk Factors” in the prospectus and the following:

- changes in the secondary market for life insurance;
- our limited operating history;
- the valuation of assets reflected on our financial statements;
- the reliability of assumptions underlying our actuarial models, including our life expectancy estimates;
- our reliance on debt financing;
- risks relating to the validity and enforceability of the life insurance policies we purchase;
- our reliance on information provided and obtained by third parties;
- federal, state and FINRA regulatory matters;
- competition in the secondary market of life insurance;
- the relative illiquidity of life insurance policies;
- our ability to satisfy our debt obligations if we were to sell our entire portfolio of life insurance policies;
- life insurance company credit exposure;
- general economic outlook, including prevailing interest rates;
- performance of our investments in life insurance policies;
- financing requirements;
- litigation risks;
- restrictive covenants contained in borrowing agreements;
- increases in the cost of premiums charged by insurers for the policies we own; and
- our ability to make cash distributions in satisfaction of dividend obligations and redemption requests.

Forward-looking statements can be identified by the use of words like “believes,” “could,” “possibly,” “probably,” “anticipates “estimates,” “projects,” “expects,” “may,” “will,” “should,” “seek,” “intend,” “plan,” “expect,” or “consider” or the negative of expressions or other variations, or by discussions of strategy that involve risks and uncertainties. All forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual transactions, results, performance or achievements to be materially different from any future transactions, results, performance or achievements expressed or implied by such forward-looking statements.

We base these forward-looking statements on current expectations and projections about future events and the information currently available to us. Although we believe that the assumptions for these forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Consequently, no representation or warranty can be given that the estimates, opinions, or assumptions made in or referenced by this prospectus supplement will prove to be accurate. Some of the risks, uncertainties and assumptions are identified in the discussion entitled "Risk Factors" in this prospectus supplement. We caution you that the forward-looking statements in this prospectus supplement are only estimates and predictions, or statements or current intent. Actual results or outcomes, or actions that we ultimately undertake, could differ materially from those anticipated in the forward-looking statements due to risks, uncertainties or actual events differing from the assumptions underlying these statements. These risks, uncertainties and assumptions include, but are not limited to, those discussed in this prospectus supplement.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Note: The following discussion and analysis of the financial condition and results of operations of the Company are derived from our Quarterly Report on Form 10-Q for the period ended September 30, 2016, filed with the SEC on November 10, 2016. We have not materially updated this discussion in any way, although it may be presented in a different order than in our Quarterly Report. As indicated in that report, this discussion and analysis is based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. The statements in this discussion and analysis concerning expectations regarding our future performance, liquidity and capital resources, as well as other non-historical statements in this discussion and analysis, are forward-looking statements. See "Risks Relating to Forward-Looking Statements" above and in the prospectus. These forward-looking statements are subject to numerous risks and uncertainties. Our actual results could differ materially from those suggested or implied by any forward-looking statements.

You should read the following discussion in conjunction with our condensed consolidated financial statements and related notes beginning at page F-1 of this prospectus supplement, as well as our consolidated financial statements and related notes contained within the prospectus.

Overview

GWG Holdings, Inc. is a financial services company participating in the life insurance secondary market. We create opportunities for consumers owning life insurance to obtain significant value for their contracts as compared to the traditional options offered by insurance companies. We also create opportunities for investors to participate in the life insurance alternative investment asset class, not correlated to traditional financial markets. In so doing, we enable investors to take advantage of financial opportunities dominated by banks prior to the 2008 credit crisis.

We seek to build a profitable and large portfolio of life insurance assets that are well diversified in terms of insurance companies and insureds. We believe that diversification is a key risk mitigation strategy to provide consistent cash flows and reliable investment returns from our portfolio. To grow our portfolio and achieve diversification, we offer investors the opportunity to participate in the yield potentially generated by our portfolio of life insurance assets through a variety of financings and securities offerings. We believe we are well positioned to continue providing investors with yield participation opportunities from the life insurance alternative asset class.

Critical Accounting Policies

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with the Generally Accepted Accounting Principles (GAAP) requires us to make judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our judgments, estimates, and assumptions on historical experience and on various other factors believed to be reasonable under the circumstances. Actual results could differ materially from these estimates. We evaluate our judgments, estimates, and assumptions on a regular basis and make changes accordingly. We believe that the judgments, estimates, and assumptions involved in valuing our investments in life insurance contracts have the greatest potential impact on our consolidated financial statements and accordingly believe these to be our critical accounting estimates. Below we discuss the critical accounting policies associated with these estimates as well as certain other critical accounting policies.

Ownership of Life Insurance Contracts — Fair Value Option

We account for the purchase of life insurance contracts in accordance with ASC 325-30, Investments in Insurance Contracts, which requires us to use either the investment method or the fair value method. We have elected to account for all of our life insurance contracts using the fair value method.

The fair value of our life insurance contracts is determined as the net present value of the life insurance portfolio's future expected cash flows (contract benefits received and required premium payments) that incorporates current life expectancy estimates and discount rate assumptions.

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We initially record our purchase of life insurance contracts at the transaction price, which is the amount paid for the contract, inclusive of all external fees and costs associated with the acquisition. The fair value of our investment in our portfolio of insurance contracts is evaluated at the end of each subsequent reporting period. Changes in the fair value of our portfolio are based on periodic evaluations and are recorded in our consolidated and combined statement of operations as changes in fair value of life insurance contracts.

Fair Value Components — Medical Underwriting

Unobservable inputs, as discussed below, are a critical component of our estimate for the fair value of our investments in life insurance contracts. We currently use a probabilistic method of estimating and valuing the projected cash flows of our portfolio, which we believe to be the preferred and most prevalent valuation method in the industry. In this regard, the most significant assumptions we make are the life expectancy estimates of the insureds and the discount rate applied to the expected future cash flows to be derived from our portfolio.

The Society of Actuaries recently finalized the 2015 Valuation Basic Table (“2015 VBT”). The 2015 VBT is based on a much larger dataset of insured lives, face amount of contracts and more current information compared to the dataset underlying the 2008 Valuation Basic Table. The new 2015 VBT dataset includes 266 million contracts compared to the 2008 VBT dataset of 75 million. The experience data in the 2015 VBT dataset includes 2.55 million claims on contracts from 51 insurance carriers. Life expectancies implied by the 2015 VBT are generally longer for male and female nonsmokers between the ages of 65 and 80, while smokers and insureds of both genders over the age of 85 have significantly lower life expectancies. We adopted the 2015 VBT in our valuation process in June 2016.

In September 2015, Equitable Life Insurance Company (“AXA”) announced pending cost-of-insurance rate increases for certain universal life contracts which were effected on March 1, 2016. We identified 14 affected contracts in our portfolio. In April 2016, we received updated contract illustrations from AXA and calculated the change in the fair value of our portfolio resulting from the increased premiums to be a reduction of $2,395,000. This reduction was reflected in our balance sheet as of March 31, 2016. Our review of AXA’s cost-of-insurance rate increases is complete as of September 30, 2016.

We are aware of additional pending cost of insurance increases affecting approximately 1.1% of our portfolio by face amount of benefits. We will adjust our premium schedules and resultant valuation when we have received the required information from the related carriers.

Fair Value Components — Required Premium Payments

We must pay the premiums on the life insurance contracts within our portfolio in order to collect the contract benefit. The same probabilistic model and methodologies used to generate expected cash inflows from the life insurance contract benefits over the expected life of the insured are used to estimate cash outflows due to required premium payments. Premiums paid are offset against revenue in the applicable reporting period.

Fair Value Components — Discount Rate

A discount rate is used to calculate the net present value of the expected cash flows. The discount rate represents the internal rate of return we expect to earn on investments in a contract or in the portfolio as a whole at the stated fair value. The discount rate used to calculate fair value of our portfolio incorporates the guidance provided by ASC 820, Fair Value Measurements and Disclosures.

The table below provides the discount rate used to estimate the fair value of our portfolio of life insurance contracts for the period ending:

September 30, 2016	December 31, 2015

11.07%	11.09%

The change in the discount rate incorporates current information about discount rates applied by other reporting companies owning portfolios of life insurance contracts, discount rates observed by us in the life insurance secondary market, market interest rates, credit exposure to the issuing insurance companies, and our estimate of the risk premium a purchaser would require to receive the future cash flows derived from our portfolio of life insurance contracts. Because we use the discount rate to arrive at the fair value of our portfolio, the rate we choose necessarily assumes an orderly and arms-length transaction (i.e., a non-distressed transaction in which neither seller nor buyer is compelled to engage in the transaction). The carrying value of contracts acquired during each quarterly reporting period are adjusted to their current fair value using the fair value discount rate applied to the entire portfolio as of that reporting date.

We engaged Model Actuarial Pricing Systems (“MAPS”), to prepare a calculation of our life insurance portfolio. MAPS owns and maintains the portfolio pricing software we use. MAPS processed contract data, future premium data, life expectancy estimate data, and other actuarial information to calculate a net present value for our portfolio using the specified discount rate of 11.07%. MAPS independently calculated the net present value of our portfolio of 625 contracts to be $477.6 million and furnished us with a letter documenting its calculation. A copy of such letter is filed as Exhibit 99.1 to this report.

Deferred Income Taxes

Under ASC 740, Income Taxes, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established for deferred tax assets that are not considered more likely than not to be realized. Realization of deferred tax assets depends upon having sufficient past or future taxable income in periods to which the deductible temporary differences are expected to be recovered or within any applicable carryback or carryforward periods. After assessing the realization of the net deferred tax assets, we believe that it is “more likely than not” that we will be able to realize all of our deferred tax assets other than those which are expected to result in a capital loss.

Deferred Financing and Issuance Costs

Financing costs incurred under the senior credit facilities were capitalized and are amortized using the straight-line method over the term of the senior credit facilities. The Series I Secured Note obligations are reported net of issuance costs, sales commissions, and other direct expenses, which are amortized using the interest method over the term of each respective borrowing. The L Bonds are reported net of issuance costs, sales commissions, and other direct expenses, which are amortized using the interest method over the term of each respective borrowing. The Series A, as described in Note 9, was reported net of issuance costs, sales commissions, including the fair value of warrants issued, and other direct expenses, which were amortized using the interest method as interest expense over a three-year redemption period. As of December 31, 2015, these costs have been fully amortized. Selling and issuance costs of RPS and MCA Preferred Stock, described in Notes 10 and 11, are netted against additional paid-in-capital.

Principal Revenue and Expense Items

We earn revenues from the following three primary sources.

- Life Insurance Contract Benefits Realized. We recognize the difference between the face value of the contract benefits and carrying value when an insured’s mortality event occurs. We generally collect the face value of the life insurance contract benefit from the insurance company within 45 days of recognizing the revenue.

- Change in Fair Value of Life Insurance Contracts. We value our portfolio investments for each reporting period in accordance with the fair value principles discussed herein, which includes the expected payment of premiums for future periods as shown in our consolidated financial statements net premium costs.

- Sale of a Life Insurance Contract. In the event of a sale of a contract, we recognize gain or loss as the difference between the sale price and the carrying value of the contract on the date of the receipt of payment on such sale.

Our main components of expense are summarized below.

• Selling, General and Administrative Expenses. We recognize and record expenses incurred in our business operations, including operations related to the purchasing and servicing of life insurance contracts. These expenses include salaries and benefits, sales, marketing, occupancy and other expenditures.

• Interest and Dividends. We recognize and record interest expenses associated with the costs of financing our life insurance portfolio for the current period. These expenses include interest paid to our senior lender under our senior credit facilities, interest paid on our L Bonds and other outstanding indebtedness such as our Series I Secured Notes, and dividends on our Series A and our RPS. When we issue debt, we amortize the issuance costs associated with such indebtedness over the outstanding term of the financing, and classify it as interest expense.

Results of Operations — Three and Nine Months Ended September 30, 2016 Compared to the Same Periods in 2015

The following is our analysis of the results of operations for the periods indicated below. This analysis should be read in conjunction with our consolidated financial statements and related notes.

Revenue.

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2016	**2015**	**2016**	**2015**
Revenue recognized from the receipt of contract benefits	$ 4,221,000	$ 277,000	$ 26,986,000	$ 25,909,000
Revenue (expense) recognized from the change in fair value of life insurance contracts, net of premiums and carrying costs(1)	9,289,000	7,912,000	24,621,000	7,538,000
Gain on life insurance contracts, net	$ 13,510,000	$ 8,189,000	$ 51,607,000	$ 33,447,000
Number of contracts matured	4	1	16	8
The change in fair value related to new contracts acquired	$ 11,668,000	$ 7,423,000	$ 29,509,000	$ 12,546,000

(1) The discount rate applied to estimate the fair value of the portfolio of life insurance contracts we own was 11.07% as of both September 30, 2016 and September 30, 2015. The carrying value of contracts acquired during each quarterly reporting period is adjusted to current fair value using the fair value discount rate applied to the entire portfolio as of that reporting date (see Note 4 to our condensed consolidated financial statements).

Expenses.

	Three Months Ended September 30,			**Nine Months Ended September 30,**		
	2016	**2015**	**Increase (Decrease)**	**2016**	**2015**	**Increase**
Employee compensation and benefits(1)	$ 2,912,000	$ 2,308,000	$ 604,000	$ 8,450,000	$ 6,181,000	$ 2,269,000
Interest expense (including amortization of deferred financing costs and preferred stock dividends)(2)	11,984,000	8,650,000	3,334,000	32,010,000	23,149,000	8,861,000
Legal and professional expenses(3)	587,000	822,000	(235,000)	3,097,000	1,988,000	1,109,000
Other expenses(4)	2,863,000	2,232,000	631,000	7,608,000	5,646,000	1,962,000

Total expenses	$ 18,346,000	$ 14,012,000	$ 4,334,000	$ 51,165,000	$ 36,964,000	$ 14,201,000

(1) We hired additional members to our sales, marketing, legal and information technology teams. At the end of 2015 we employed approximately 50 employees, and at September 30, 2016 we employed approximately 67 employees.

(2) The increase in the current period was due to the increase in our average debt outstanding.

(3) Increase is due to SEC filings and other costs related to securities offerings and on-going compliance.

(4) Increase is due to increased public relations, sales and marketing costs associated with growing and servicing our network of independent financial advisors.

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Income Tax Expense.

The following table reconciles our income tax expense at the statutory federal tax rate to our actual income tax expense:

	Three Months Ended September 30, 2016		September 30, 2015		Nine Months Ended September 30, 2016		September 30, 2015	
Statutory federal income tax (benefit)	$ (1,561,000)	34.0 %	$ (1,948,000)	34.0 %	$ 489,000	34.0 %	$ 1,117,000	34.0 %
State income taxes (benefit), net of federal benefit	(227,000)	4.9 %	(334,000)	5.8 %	240,000	16.7 %	(105,000)	3.2 %
Series A preferred stock dividends	354,000	(7.7)%	175,000	(3.1)%	732,000	51.0 %	526,000	16.0 %
Other permanent differences	15,000	(0.3)%	9,000	(0.1)%	18,000	1.3 %	31,000	1.0 %
Total income tax expense (benefit)	$ (1,419,000)	30.9 %	$ (2,098,000)	36.6 %	$ 1,479,000	102.9 %	$ 665,000	20.2 %

The most significant temporary differences between GAAP net income and taxable net income are the treatment of interest costs with respect to the acquisition of the life insurance contracts and revenue recognition with respect to the fair value of life insurance portfolio.

The primary permanent difference between our effective tax rate and the statutory federal rate are the accrual of preferred stock dividend expense, state income taxes, and other non-deductible expenses. The dividends charged to interest expense were $1.0 million and $0.5 million during the three months ended September 30, 2016 and 2015, respectively, and $2.2 million and $1.5 million during the nine months ended September 30, 2016 and 2015, respectively.

Liquidity and Capital Resources

We finance our business through a combination of life insurance contract benefit receipts, origination fees, equity offerings, debt offerings, and our senior credit facilities. We have used our debt offerings and our senior credit facilities primarily for contract acquisition, contract servicing, and portfolio-related financing expenditures including paying principal and interest.

As of September 30, 2016 and December 31, 2015, we had approximately $117.2 million and $74.4 million, respectively, in combined available cash, cash equivalents, policy benefits receivable, if any, and available borrowing base surplus capacity, if any, under our senior credit facilities for the purpose of purchasing additional life insurance contracts, paying premiums on existing contracts, paying portfolio servicing expenses, and paying principal and interest on our outstanding financing obligations.

Debt Financings Summary

We had the following outstanding debt balances as of September 30, 2016 and December 31, 2015:

Issuer/Borrower	As of September 30, 2016 Principal Amount Outstanding		Weighted Average Interest Rate		As of December 31, 2015 Principal Amount Outstanding		Weighted Average Interest Rate	
GWG Holdings, Inc. – L Bonds	$	384,586,000	7.16	%	$	282,171,000	7.18	%
GWG Life, LLC – Series I Secured Notes		17,830,000	8.63	%		23,578,000	8.47	%
Credit Facility – Autobahn Funding Company LLC (See Note 5 to our consolidated financial statements)		—	—			65,011,000	5.58	%
Credit Facility – LNV Corporation (See Note 6 to our consolidated financial statements)		71,250,000	6.45	%		—	—	
Total	$	473,666,000	7.10	%	$	370,760,000	6.98	%

Our total senior credit facilities and other indebtedness balance as of September 30, 2016 and December 31, 2015 was $473.7 million and $370.8 million, respectively. At September 30, 2016, the total outstanding face amount of our Series I Secured Notes outstanding was $17.8 million, less unamortized selling costs of $0.3 million, resulting in a carrying amount of $17.5 million. At December 31, 2015, the total outstanding face amount of our Series I

Secured Notes outstanding was $23.6 million, less unamortized selling costs of $0.3 million, resulting in a carrying amount of $23.3 million. At September 30, 2016, the total outstanding face amount of L Bonds was $384.6 million plus $6.9 million of subscriptions in process, less unamortized selling costs of $11.6 million resulting in a carrying amount of $379.9 million. At December 31, 2015, the total outstanding face amount of L Bonds was $282.2 million plus $3.0 million of subscriptions in process, less unamortized selling costs of $8.2 million resulting in a carrying amount of $277.0 million.

The weighted-average interest rate of our outstanding Series I Secured Notes as of September 30, 2016 and December 31, 2015 was 8.63% and 8.47%, respectively, and the weighted-average maturity at those dates was 1.31 and 1.06 years, respectively. The Series I Secured Notes have renewal features. Since we first issued our Series I Secured Notes, we experienced $165.1 million in maturities, of which $125.0 million renewed for an additional term as of September 30, 2016. This provided us with an aggregate renewal rate of approximately 76% for investments in these securities. Effective September 1, 2016, we no longer renew the Series I Secured Notes.

The weighted-average interest rate of our outstanding L Bonds as of September 30, 2016 and December 31, 2015 was 7.16% and 7.18%, respectively, and the weighted-average maturity at those dates was 2.10 and 2.02 years, respectively. Our L Bonds have renewal features. As of September 30, 2016, $252.4 million in aggregate principal amount of our L Bonds had matured since issuance, of which $168.3 million renewed for an additional term. The aggregate renewal rate is approximately 67% for investments in these securities.

Future contractual maturities of Series I Secured Notes and L Bonds at December 31, 2016 are:

Years Ending December 31,	Series I Secured Notes		L Bonds		Total	
2016	$	1,177,000	$	23,548,000	$	24,725,000
2017		10,522,000		112,987,000		123,509,000
2018		2,401,000		101,130,000		103,531,000
2019		1,023,000		78,098,000		79,121,000
2020		1,766,000		19,291,000		21,057,000
Thereafter		941,000		49,532,000		50,473,000
	$	17,830,000	$	384,586,000	$	402,416,000

The L Bonds and Series I Secured Notes are secured by all of our assets, and are subordinate to our senior credit facilities. The L Bonds and Series I Secured Notes are pari passu with respect to a security interest in our assets pursuant to an intercreditor agreement (see Notes 7 and 8 to our consolidated financial statements).

We maintain a $105 million revolving senior credit facility with Autobahn/DZ Bank through DLP III. The revolving senior credit facility is used to pay the premium expenses related to our portfolio of life insurance contracts. As of September 30, 2016 and December 31, 2015, we had approximately $0 million and $65.0 million, respectively, outstanding under the revolving senior credit facility, and maintained an available borrowing base surplus of $76.6 million and $40.0 million, respectively.

On September 14, 2016, we entered into a $172 million senior secured term loan with LNV Corp. through GWG Funding DLP IV. We intend to use the proceeds from this facility primarily to grow and maintain our portfolio of life insurance contracts, for liquidity and for general corporate purposes. As of September 30, 2016 we had approximately $71.2 million outstanding under the senior credit facility.

Capital expenditures have historically not been material and we do not anticipate making material capital expenditures in 2016 or beyond.

Corporate Financing History

In November 2009, our wholly owned subsidiary GWG Life offered Series I Secured Notes in a private placement to accredited investors only. This offering was closed in November 2011. As of September 30, 2016 and December 31, 2015, we had approximately $17.8 million and $23.6 million, respectively, in principal amount of Series I Secured Notes outstanding.

In September 2011, we concluded a private placement offering of Series A, having received an aggregate $24.6 million in subscriptions for our Series A. These subscriptions consisted of $14.0 million in conversions of outstanding Series I Secured Notes and $10.6 million of new investments. As of September 30, 2016 and December 31, 2015, respectively, we had approximately $19.8 million and $20.8 million stated value of Series A outstanding.

In January 2012, we began publicly offering up to $250.0 million in debt securities (initially named "Renewable Secured Debentures" and subsequently renamed "L Bonds") that was completed in January 2015.

In September 2014, we consummated an initial public offering of our common stock resulting in the sale of 800,000 shares of common stock at $12.50 per share and net proceeds of approximately $8.6 million after the deduction of underwriting commissions, discounts and expense reimbursements.

In January 2015, we began publicly offering up to $1.0 billion of L Bonds as a follow-on offering to our earlier $250.0 million public debt offering. Through September 30, 2016, the total amount of these L Bonds sold, including renewals, was $637.1 million. As of September 30, 2016 and December 31, 2015, respectively, we had approximately $384.6 million and $282.2 million, respectively, in principal amount of L Bonds outstanding.

In October 2015, we began publicly offering up to 100,000 shares of our RPS at a per-share price of $1,000. As of September 30, 2016 we had issued approximately $33.2 million stated value of RPS.

Portfolio Assets and Secured Indebtedness

At September 30, 2016, the fair value of our investments in life insurance contracts of $477.6 million plus our cash balance of $18.8 million, our restricted cash balance of $15.7 million and our life insurance contract benefits receivable of $6.1 million, totaled $518.2 million, representing an excess of portfolio assets over secured indebtedness of $44.5 million. At December 31, 2015, the fair value of our investments in life insurance contracts of $356.6 million plus our cash balance of $34.4 million and our restricted cash balance of $2.3 million, totaled $393.3 million, representing an excess of portfolio assets over secured indebtedness of $22.5 million. The L Bonds and Series I Secured Notes are secured by all of our assets and are subordinate to our senior credit facilities. The L Bonds and Series I Secured Notes are pari passu with respect to a security interest in our assets pursuant to an intercreditor agreement.

The following forward-looking table seeks to illustrate the impact of the sale of our portfolio of life insurance assets at various discount rates in order to satisfy our debt obligations as of September 30, 2016. In all cases, the sale of the life insurance assets owned by DLP III and DLP IV will be used first to satisfy all amounts owing under the respective senior credit facilities. The net sale proceeds remaining after satisfying all obligations under the senior credit facilities would be applied to L Bonds and Series I Secured Notes on a pari passu basis.

Portfolio Discount Rate	10%	11%	12%	13%	14%
Value of portfolio	$ 503,331,000	$ 479,200,000	$ 456,979,000	$ 436,470,000	$ 417,501,000
Cash, cash equivalents and life insurance contract benefits receivable	40,591,000	40,591,000	40,591,000	40,591,000	40,591,000
Total assets	543,922,000	519,791,000	497,570,000	477,061,000	458,092,000
Revolving senior credit facility	71,250,000	71,250,000	71,250,000	71,250,000	71,250,000
Net after revolving senior credit facility	472,672,000	448,541,000	426,320,000	405,811,000	386,842,000
	402,416,000	402,416,000	402,416,000	402,416,000	402,416,000

Series I Secured Notes and L Bonds Net after Series I Secured Notes and L Bonds	70,256,000	46,125,000	23,904,000	3,395,000	(15,574,000)
Impairment to Series I Secured Notes and L Bonds	No impairment	No impairment	No impairment	No impairment	Impairment

The table illustrates that our ability to fully satisfy amounts owing under the L Bonds and Series I Secured Notes would likely be impaired upon the sale of all of our life insurance assets at a price equivalent to a discount rate of approximately 13.18% or higher. At December 31, 2015, the impairment occurred at a discount rate of approximately 12.58% or higher. The discount rates used to calculate the fair value of our portfolio were 11.07% and 11.09% as of September 30, 2016 and December 31, 2015, respectively.

The table does not include any allowance for transactional fees and expenses associated with a portfolio sale (which expenses and fees could be substantial), and is provided to demonstrate how various discount rates used to value our portfolio could affect our ability to satisfy amounts owing under our debt obligations in light of our senior secured lender's right to priority payments. You should read the above table in conjunction with the information contained in other sections of this report, including our discussion of discount rates included under the "Critical Accounting Policies — Fair Value Components – Discount Rate" caption above. This discussion and analysis is based on the beliefs of our management, as well as significant assumptions made by, and information currently available to, our management.

Cash Flows

The payment of premiums and servicing costs to maintain life insurance contracts represents our most significant requirement for cash disbursement. When a contract is purchased, we are able to calculate the minimum premium payments required to maintain the contract in-force. As the insured ages, premium payments increase (see Note 3 to our consolidated financial statements). Nevertheless, the probability of actually needing to pay the premiums decreases as the probability of mortality increases. These scheduled premiums and associated probabilities are factored into our expected internal rate of return and cash-flow modeling. Beyond premiums, we incur contract servicing costs, including annual trustee, tracking costs, and debt servicing costs, including principal and interest payments, all of which are excluded from our internal rate of return calculations. Until we receive a stable amount of proceeds from the contract benefits, we intend to pay these costs from our senior credit facilities, when permitted, and through the issuance of debt securities, including the L Bonds, and equity securities including our RPS.

The amount of payments for anticipated premiums and servicing costs (excluding debt servicing costs) that we will be required to make over the next five years to maintain our current portfolio, assuming no mortalities, is set forth in the table below.

Years Ending December 31,	Premiums		Servicing		Premiums and Servicing Fees	
Three months ending December 31, 2016	$	10,449,000	$	188,000	$	10,637,000
2017		43,155,000		750,000		43,905,000
2018		46,847,000		750,000		47,597,000
2019		50,813,000		750,000		51,563,000
2020		56,633,000		750,000		57,383,000
2021		63,222,000		750,000		63,972,000
	$	271,119,000	$	3,938,000	$	275,057,000

For the quarter-end dates set forth below, the following table illustrates the total amount of face value of contract benefits owned, and the trailing 12 months of life insurance contract benefits collected and premiums paid on our portfolio. The trailing 12-month benefits/premium coverage ratio indicates the ratio of contract benefits received to premiums paid over the trailing 12-month period from our portfolio of life insurance contracts.

Quarter End Date	Portfolio Face Amount	12-Month Trailing Benefits Collected	12-Month Trailing Premiums Paid	12-Month Trailing Benefits/Premium Coverage Ratio	
December 31, 2013	740,648,000	16,600,000	21,733,000	76.4	%
March 31, 2014	771,940,000	12,600,000	21,930,000	57.5	%
June 30, 2014	784,652,000	6,300,000	22,598,000	27.9	%
September 30, 2014	787,964,000	4,300,000	23,121,000	18.6	%
December 31, 2014	779,099,000	18,050,000	23,265,000	77.6	%
March 31, 2015	754,942,000	46,675,000	23,786,000	196.2	%
June 30, 2015	806,274,000	47,125,000	24,348,000	193.6	%
September 30, 2015	878,882,000	44,482,000	25,313,000	175.7	%
December 31, 2015	944,844,000	31,232,000	26,650,000	117.2	%

March 31, 2016	1,027,821,000	21,845,000	28,771,000	75.9	%
June 30, 2016	1,154,798,000	30,924,000	31,891,000	97.0	%
September 30, 2016	1,272,078,000	35,867,000	37,055,000	96.8	%

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We believe that the portfolio cash flow results set forth above are consistent with our general investment thesis: that the life insurance contract benefits we receive will continue to increase over time in relation to the premiums we are required to pay on the remaining polices in the portfolio. Nevertheless, we expect that our portfolio cash flow results on a period-to-period basis will remain inconsistent until such time as we achieve our goal of acquiring a larger, more diversified portfolio of life insurance contracts. As our receipt of life insurance contract benefits increases, we expect to increasingly use these cash flows to begin paying down our outstanding indebtedness and purchase additional life insurance contracts.

Inflation

Changes in inflation do not necessarily correlate with changes in interest rates. We presently do not foresee any material impact of inflation on our results of operations in the periods presented in our consolidated financial statements.

Off-Balance Sheet Arrangements

GWG Holdings is party to an office lease with U.S. Bank National Association as the landlord. Effective September 1, 2015, GWG Holdings entered into a second amendment to the lease with U.S. Bank National Association (Second Amendment to Lease). The Second Amendment to Lease increases the office space area to 17,687 square feet and extends the lease expiration date by approximately ten years (see Note 16 to our consolidated financial statements).

Credit Risk

We review the credit risk associated with our portfolio of life insurance contracts when estimating its fair value. In evaluating the contracts' credit risk, we consider insurance company solvency, credit risk indicators, economic conditions, ongoing credit evaluations, and company positions. We attempt to manage our credit risk related to life insurance contracts by generally purchasing life insurance contracts issued only from companies with an investment-grade credit rating by Standard & Poor's, Moody's, or A.M. Best Company. See "Portfolio Credit Risk Management" below.

Interest Rate Risk

Our senior credit facilities are floating-rate financing. In addition, our ability to offer interest rates that attract capital (including in our continuous offering of L Bonds) is generally impacted by prevailing interest rates. Furthermore, while our other indebtedness provides us with fixed-rate financing, our debt coverage ratio is calculated in relation to our total cost of financing. Therefore, rising interest rates could materially impact our business by increasing our borrowing costs, and reducing availability under our debt financing arrangements. Furthermore, we calculate our portfolio earnings based upon the spread generated between the return on our life insurance portfolio and the cost of our financing. As a result, increases in interest rates will reduce the earnings we expect to achieve from our investments in life insurance contracts.

Non-GAAP Financial Measures

Non-GAAP financial measures disclosed by management are provided as additional information to investors in order to provide an alternative method for assessing our financial condition and operating results. These non-GAAP financial measures are not in accordance with GAAP and may be different from non-GAAP measures used by other companies, including other companies within our industry. This presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for comparable amounts prepared in accordance with GAAP. Please see our financial statements and related notes contained herein.

We use non-GAAP financial measures for maintaining compliance with covenants contained in our borrowing agreements and for planning and forecasting purposes. The application of current GAAP standards during a period of significant growth in our business, in which period we are building a large and actuarially diverse portfolio of life insurance, results in current period operating performance that may not be reflective of our long-term earnings potential. Management believes that our non-GAAP financial measures permit investors to better focus on this long-term earnings performance without regard to the volatility in GAAP financial results that can occur during this phase of growth.

Therefore, in contrast to a GAAP fair valuation (mark-to-market), we seek to measure the accrual of the actuarial gain occurring within the portfolio of life insurance contracts at our expected internal rate of return based on statistical mortality probabilities for the insureds (using primarily the insured's age, sex, health and smoking status). The expected internal rate of return tracks actuarial gain occurring within the contracts according to a mortality table as the insureds' age increases. By comparing the actuarial gain accruing within our portfolio of life insurance contracts against our adjusted costs during the same period, we can estimate, manage and evaluate the overall financial profitability of our business without regard to mark-to-market volatility. We use this information to balance our life insurance contract purchasing and manage our capital structure, including the issuance of debt and utilization of our other sources of capital, and to monitor our compliance with borrowing covenants. We believe that these non-GAAP financial measures provide information that is useful for investors to understand period-over-period operating results separate and apart from fair value items that could have a disproportionately positive or negative impact on GAAP results in any particular period.

Our senior credit facility with Autobahn/DZ Bank requires us to maintain a "positive net income" and "tangible net worth," each of which are calculated on an adjusted non-GAAP basis using the method described above, without regard to GAAP-based fair value measures. In addition, our revolving senior credit facility with Autobahn/DZ Bank requires us to maintain an "excess spread," which is the difference between (i) the weighted average of our expected internal rate of return of our portfolio of life insurance contracts and (ii) the weighted average of our senior credit facility's interest rate. These calculations are made using non-GAAP measures in the method described below, without regard to GAAP-based fair value measures.

In addition, the Indenture governing our L Bonds and the note issuance and security agreement governing our Series I Secured Notes require us to maintain a "debt coverage ratio" designed to ensure that the expected cash flows from our portfolio of life insurance contracts is able to adequately service our total outstanding indebtedness. This ratio is calculated using non-GAAP measures in the method described below, again without regard to GAAP-based fair value measures.

Adjusted Non-GAAP Net Income. Our senior credit facility with Autobahn/DZ Bank requires us to maintain a positive net income calculated on an adjusted non-GAAP basis. We calculate the adjusted net income by recognizing the actuarial gain accruing within our life insurance contracts at the expected internal rate of return of the contracts we own without regard to fair value. We net this actuarial gain against our adjusted costs during the same period to calculate our net income on a non-GAAP basis.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
GAAP net income (loss)	$ (2,997,000)	$ (3,631,000)	$ (42,000)	$ (2,620,000)
Unrealized fair value gain(1)	(21,073,000)	(14,517,000)	(53,846,000)	(26,651,000)
Adjusted cost basis increase(2)	19,948,000	13,345,000	51,689,000	37,988,000
Accrual of unrealized actuarial gain(3)	11,769,000	9,201,000	29,339,000	21,417,000
Total adjusted non-GAAP net income(4)	$ 7,647,000	$ 4,398,000	$ 27,140,000	$ 30,134,000

(1) Reversal of unrealized GAAP fair value gain of life insurance contracts for current period.

(2) Adjusted cost basis is increased to include interest, premiums and servicing fees which are not capitalized under GAAP (non-GAAP cost basis).

(3) Accrual of actuarial gain at expected internal rate of return based on the non-GAAP cost basis for the period.

(4) We must maintain an annual positive consolidated net income, calculated on a non-GAAP basis, to maintain compliance with our revolving credit facility with Autobahn/DZ Bank.

Adjusted Non-GAAP Tangible Net Worth. Our revolving senior credit facility with Autobahn/DZ Bank requires us to maintain a tangible net worth in excess of $45 million calculated on an adjusted non-GAAP basis. We calculate the adjusted tangible net worth by recognizing the actuarial gain accruing within our life insurance contracts at the expected internal rate of return of the contracts we own without regard to fair value. We net this actuarial gain against our adjusted costs during the same period to calculate our tangible net worth on a non-GAAP basis.

	As of September 31, 2016	As of December 31, 2015
GAAP net worth	$ 46,345,000	$ 16,145,000
Less intangible assets(1)	(20,320,000)	(11,562,000)
GAAP tangible net worth	26,025,000	4,583,000
Unrealized fair value gain(2)	(247,889,000)	(194,043,000)
Adjusted cost basis increase(3)	230,532,000	190,645,000
Accrual of unrealized actuarial gain(4)	140,693,000	111,355,000
Total adjusted non-GAAP tangible net worth	$ 149,361,000	$ 112,540,000

(1) Unamortized portion of deferred financing costs and pre-paid insurance.

(2) Reversal of cumulative unrealized GAAP fair value gain on life insurance contracts.

(3) Adjusted cost basis is increased to include interest, premiums and servicing fees, which are not capitalized under GAAP.

(4) Accrual of cumulative actuarial gain at expected internal rate of return based the non-GAAP cost basis.

Excess Spread. Our revolving senior credit facility with Autobahn/DZ Bank requires us to maintain a 2.00% “excess spread” between our weighted-average expected internal rate of return of our portfolio of life insurance contracts and the revolving senior credit facility’s interest rate. The expected internal rate of return on the portfolio is the rate of return the portfolio would earn if all future cash flows occurred over time in proportion to the likelihood of their projected occurrence. Expected future cash flows represent the size of each potential payment (premiums and contract benefits), multiplied by the probability of that particular payment occurring. This calculation is known as the “probabilistic expectation” and it is based on actuarial estimations of life expectancy. For instance, a required premium payment of $10,000 might be projected for a given contract at a date five years from now. If there is a 50% chance of survival for the next five years, then that particular expected cash-outflow is calculated at $5,000. Similarly, if the contract benefit amount on the same contract is $1 million, then during the next five years, the probable expected cash-inflow of contract benefits will total $500,000 with the other $500,000 projected to occur over the remaining life of the insured. The rate of return generated by the net of all such future expected cash flows for the portfolio is thus the expected IRR for the portfolio.

A presentation of our excess spread and our total excess spread is set forth below. Management uses the “total excess spread” to gauge expected profitability of our investments, and uses the “excess spread” to monitor compliance with our borrowing.

	As of September 30, 2016	As of December 31, 2015
Weighted-average expected IRR(1)	11.65 %	11.11 %
Weighted-average senior credit facility interest rate(2)	6.45 %	5.58 %
Excess spread	5.20 %	5.53 %

Total weighted-average interest rate on indebtedness for borrowed money(3)	7.10	%	6.98	%
Total excess spread(4)	4.55	%	4.13	%

(1) This represents the weighted-average expected internal rate of return of the life insurance contracts as of the measurement date based upon our non-GAAP cost basis of the insurance contracts and the expected cash flows from the life insurance portfolio.

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Investment Cost Basis	As of September 30, 2016	As of December 31, 2015
GAAP fair value	$ 477,585,000	$ 356,650,000
Unrealized fair value gain(A)	(247,889,000)	(194,043,000)
Adjusted cost basis increase(B)	230,532,000	190,645,000
Investment cost basis(C)	$ 460,228,000	$ 353,252,000

(A) This represents the reversal of cumulative unrealized GAAP fair value gain of life insurance contracts.

(B) Adjusted cost basis is increased to include interest, premiums and servicing fees which are not capitalized under GAAP.

(C) This is the non-GAAP cost basis in life insurance contracts from which our expected internal rate of return is calculated.

(2) This is the weighted-average interest rate for both senior credit facilities as of the measurement date.

(3) Represents the weighted-average interest rate paid on all interest-bearing indebtedness as of the measurement date, determined as follows:

Indebtedness	As of September 30, 2016	As of December 31, 2015
Senior credit facilities	$ 71,250,000	$ 65,011,000
Series I Secured Notes	17,830,000	23,578,000
L Bonds	384,586,000	282,171,000
Total	$ 473,666,000	$ 370,760,000
Interest Rates on Indebtedness		
Senior credit facilities	6.45 %	5.58 %
Series I Secured Notes	8.63 %	8.47 %
L Bonds	7.16 %	7.18 %
Weighted-average interest rates paid on indebtedness	7.10 %	6.98 %

(4) Calculated as the weighted-average expected IRR (1) minus the weighted-average interest rate on interest-bearing indebtedness (3).

Debt Coverage Ratio and Subordination Ratio. Our L Bond and Series I Secured Notes borrowing covenants require us to maintain a “debt coverage ratio” of less than 90%. The “debt coverage ratio” is calculated by dividing the sum of our total interest-bearing indebtedness by the sum of our cash and cash equivalents and the net present value of the life insurance portfolio. The “subordination ratio” for our L Bonds is calculated by dividing the total interest-bearing indebtedness that is senior to L Bonds and Series I Secured Notes by the sum of the company’s cash and cash equivalents and the net present value of the life insurance portfolio. The “subordination ratio” must be less than 50%. For purposes of both ratio calculations, the net present value of the life insurance portfolio is calculated using a discount rate equal to the weighted average interest rate paid on all indebtedness. As of the date of this report, the subordination ratio provisions under the Indenture have expired.

	As of September 30,	As of December 31,

	2016	2015
Life insurance portfolio contract benefits	$ 1,272,078,000	$ 944,844,000
Discount rate of future cash flows	7.10 %	6.98 %
Net present value of Life insurance portfolio contract benefits	$ 586,332,000	$ 435,738,000
Cash and cash equivalents	34,462,000	36,767,000
Life insurance contract benefits receivable	6,129,000	—
Total Coverage	626,923,000	472,505,000
Senior credit facilities	71,250,000	65,011,000
Series I Secured Notes	17,830,000	23,578,000
L Bonds	384,586,000	282,171,000
Total Indebtedness	$ 473,666,000	$ 370,760,000
Debt Coverage Ratio	75.55 %	78.47 %
Subordination Ratio	11.36 %	13.76 %

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As of September 30, 2016, we were in compliance with both the debt coverage ratio and the subordination ratio.

Non-GAAP Expected Portfolio Internal Rate of Return at Purchase. The non-GAAP expected portfolio internal rate of return (IRR) at purchase is calculated as the weighted average (by face amount of contract benefits) of the IRR expected at the time of purchase for all life insurance contracts in the portfolio. This non-GAAP measure isolates our IRR expectation at purchase and utilizes our underwriting life expectancy assumptions at the time. This measure does not change with the passage of time as compared to our non-GAAP cost basis that increases with the payment of premiums, financing costs, and the effective life expectancy which changes over time, both of which are used to calculate our expected portfolio IRR.

	As of September 30, 2016	As of December 31, 2015
Life insurance portfolio contract benefits	$ 1,272,078,000	$ 944,844,000
Total number of polices	625	396
Non-GAAP Expected Portfolio Internal Rate of Return at Purchase	15.70 %	15.71 %

We have in the past reported non-GAAP net asset value among our other non-GAAP financial measures. We have determined, however, to cease reporting this measure primarily because we do not believe that it is sufficiently additive to our existing non-GAAP measures in aiding users of our financial statements and disclosures to measure and evaluate our financial condition or operating results. Moreover, we are not aware of other reporting companies in our industry that use this measure to evaluate their financial condition or operating results.

Portfolio Information

Our portfolio of life insurance contracts, owned by our subsidiaries as of September 30, 2016, is summarized below:

Life Insurance Portfolio Summary

Total portfolio face value of contract benefits	$ 1,272,078,000
Average face value per contract	$ 2,035,000
Average face value per insured life	$ 2,263,000
Weighted average age of insured (yrs.)*	81.8
Weighted average life expectancy estimate (yrs.)*	6.8
Total number of contracts	625
Number of unique lives	562
Demographics	73% Males; 27% Females
Number of smokers	24
Largest contract as % of total portfolio	0.79 %
Average contract as % of total portfolio	0.16 %
Average annual premium as % of face value	3.33 %

* Averages presented in the table are weighted averages.

Our portfolio of life insurance contracts, owned by our wholly owned subsidiaries as of September 30, 2016, organized by the insured's current age and the associated number of contracts and contract benefits, is summarized below:

Distribution of Contracts and Contract Benefits by Current Age of Insured

Min Age	Max Age	Contracts	Contract Benefits		Wtd. Avg. Life Expectancy (yrs.)	Percentage of Total Number of Contracts		Contract Benefits	
90	96	55	$	105,815,000	2.4	8.8	%	8.3	%
85	89	155	$	331,989,000	4.8	24.8	%	26.1	%
80	84	152	$	385,904,000	6.7	24.3	%	30.3	%
75	79	115	$	251,466,000	9.2	18.4	%	19.8	%
70	74	87	$	120,791,000	9.8	13.9	%	9.5	%
65	69	61	$	76,113,000	10.1	9.8	%	6.0	%
Total		625	$	1,272,078,000	6.8	100.0	%	100.0	%

Our portfolio of life insurance contracts, owned by our wholly owned subsidiaries as of September 30, 2016, organized by the insured's estimated life expectancy estimates and associated contract benefits, is summarized below:

Distribution of Contracts by Current Life Expectancies of Insured

Min LE (Months)	Max LE (Months)	Contracts	Contract Benefits		Percentage of Total Number of Contracts		Contract Benefits	
6	47	160	$	275,036,000	25.6	%	21.6	%
48	71	145		300,501,000	23.2	%	23.6	%
72	95	112		249,118,000	17.9	%	19.6	%
96	119	97		223,012,000	15.5	%	17.6	%
120	143	63		134,822,000	10.1	%	10.6	%
144	202	48		89,589,000	7.7	%	7.0	%
Total		625	$	1,272,078,000	100.0	%	100.0	%

We track concentrations of pre-existing medical conditions among insured individuals within our portfolio based on information contained in life expectancy reports. We track these medical conditions within the following ten primary disease categories: (1) cancer, (2) cardiovascular, (3) cerebrovascular, (4) dementia, (5) diabetes, (6) multiple, (7) neurological disorders, (8) no disease, (9) other, and (10) respiratory diseases. Our primary disease categories are summary generalizations based on the ICD-9 codes we track on each insured individuals within our portfolio. ICD-9 codes, published by the World Health Organization, are used worldwide for medical diagnoses and treatment systems, as well as morbidity and mortality statistics. Currently, the only primary disease category within our portfolio that represents a concentration of over 10% is cardiovascular, which constitutes 21.25% of the value of our portfolio.

Portfolio Credit Risk Management

We rely on the payment of life insurance contract benefit claims by life insurance companies as our most significant source of cash flow. The life insurance assets we own represent obligations of third-party life insurance companies to pay face value of the life insurance contract benefits. As a result, we manage this credit risk exposure by generally purchasing contracts issued by insurance companies with investment-grade ratings from Standard & Poor's, and diversifying our portfolio among a number of insurance companies.

As of September 30, 2016, 97.0% of our life insurance contracts, by face value benefits, were issued by insurance companies that maintained an investment-grade rating (BBB- or better) by Standard & Poor's. Our largest life insurance company credit exposures and their respective Standard & Poor's credit rating of their respective financial strength and claims paying ability is set forth below:

Rank	Contract Benefits		Percentage of Contract Benefit Amount		Insurance Company	Ins. Co. S&P Rating
1	$	182,494,000	14.3	%	AXA Equitable Life Insurance Company	A+
2	$	165,255,000	13.0	%	John Hancock Life Insurance Company (U.S.A.)	AA-
3	$	145,721,000	11.5	%	Lincoln National Life Insurance Company	AA-
4	$	129,116,000	10.1	%	Transamerica Life Insurance Company	AA-
5	$	89,806,000	7.1	%	Metropolitan Life Insurance Company	A+
6	$	57,250,000	4.5	%	Massachusetts Mutual Life Insurance Company	AA+
7	$	50,975,000	4.0	%	American General Life Insurance Company	A+
8	$	48,095,000	3.8	%	Pacific Life Insurance Company	A+
9	$	45,300,000	3.6	%	Reliastar Life Insurance Company	A
10	$	44,990,000	3.5	%	West Coast Life Insurance Company	AA-
		959,002,000	75.4	%		

The yield to maturity on bonds issued by life insurance carriers reflects, among other things, the credit risk (risk of default) of such insurance carrier. We track the yields on certain publicly traded life insurance company bonds as this information is part of the data we consider when valuing our portfolio of life insurance contracts for our financial statements according to GAAP. Also we believe that these yields provide investors a market-based perspective on the financial strength of the largest life insurance companies backing our portfolio.

Name of Bond	Maturity	YTM		Duration (Years)	Bond S&P Rating
AXA 7.125%	12/15/2020	1.54	%	4.2	BBB
Manulife Finl 4.15%	3/4/2026	2.83	%	9.4	A
Lincoln National Corp Ind 3.35%	3/9/2025	3.05	%	8.7	A-
Amer Intl Grp 4.875%	6/1/2022	2.48	%	5.7	A-
Protective Life 7.375%	10/15/2019	2.18	%	3.0	A-
Metro Life Gbl Fd1 4.75%	9/17/2021	3.01	%	5.0	AA-
Prudential Finl Inc Mtns Book 4.5%	5/15/2024	2.97	%	7.9	A
Average yield on insurance bonds		2.58	%	6.3	

The table above indicates the current yields to maturity (YTM) for the senior bonds of selected life insurance carriers with durations, on average, that are similar to our life insurance portfolio. The average yield to maturity of these bonds was 3.02%, which, we believe, reflects in part the financial market's judgement that credit risk is low with regard to these carriers' financial obligations. It should be noted that the obligations of life insurance carriers to pay life insurance contract benefits is senior in rank to any other obligation. This "super senior" priority is not reflected in the yield to maturity in the table and, if considered, would result in a lower yield to maturity all else being equal. As such, as long as the respective premium payments have been made, it is highly likely that the owner of the life insurance contract will collect the insurance contract benefit upon the mortality of the insured.

The complete detail of our portfolio of life insurance contracts, owned by our wholly owned subsidiaries as of September 30, 2016, organized by the current age of the insured and the associated contract benefits, sex, estimated life expectancy, issuing insurance carrier, and the credit rating of the issuing insurance carrier, is set forth below.

Life Insurance Portfolio Detail
(as of September 30, 2016)

	Face Amount	Gender	Age (ALB)(1)	LE (mo.)(2)	Insurance Company	S&P Rating
1	$ 1,100,000	Male	96	17	Reliastar Life Insurance Company	A
2	$ 184,000	Male	95	38	Reliastar Life Insurance Company	A
3	$ 219,000	Male	95	38	Reliastar Life Insurance Company	A
4	$ 8,000,000	Female	95	14	Massachusetts Mutual Life Insurance Company	AA+
5	$ 4,000,000	Male	95	25	Metropolitan Life Insurance Company	A+
6	$ 1,500,000	Female	95	24	Accordia Life and Annuity Company	A-
7	$ 3,200,000	Male	95	15	West Coast Life Insurance Company	AA-
8	$ 1,000,000	Female	94	22	Transamerica Life Insurance Company	AA-
9	$ 250,000	Male	94	23	North American Company for Life and Health Insurance	A+
10	$ 264,000	Female	94	11	Lincoln Benefit Life Company	BBB+
11	$ 125,000	Female	94	6	Lincoln National Life Insurance Company	AA-
12	$ 3,500,000	Male	93	29	Reliastar Life Insurance Company	A
13	$ 500,000	Male	93	7	John Hancock Life Insurance Company (U.S.A.)	AA-
14	$ 2,000,000	Female	93	7	Pruco Life Insurance Company	AA-
15	$ 500,000	Female	93	41	Sun Life Assurance Company of Canada (U.S.)	AA-
16	$ 250,000	Male	93	7	Transamerica Life Insurance Company	AA-
17	$ 1,682,773	Female	92	40	Hartford Life and Annuity Insurance Company	BBB+
18	$ 572,429	Female	92	26	Reliastar Life Insurance Company	A
19	$ 3,000,000	Male	92	31	West Coast Life Insurance Company	AA-
20	$ 500,000	Female	92	55	John Hancock Life Insurance Company (U.S.A.)	AA-
21	$ 5,000,000	Female	92	43	American General Life Insurance Company	A+
22	$ 400,000	Female	92	59	Principal Life Insurance Company	A+
23	$ 5,000,000	Female	92	23	John Hancock Life Insurance Company (U.S.A.)	AA-
24	$ 1,000,000	Female	92	26	Lincoln National Life Insurance Company	AA-
25	$ 300,000	Female	92	17	West Coast Life Insurance Company	AA-
26	$ 3,845,000	Female	92	36	Pacific Life Insurance Company	A+
27	$ 500,000	Male	91	40	Massachusetts Mutual Life Insurance Company	AA+
28	$ 5,000,000	Male	91	23	John Hancock Life Insurance Company (U.S.A.)	AA-
29	$ 500,000	Female	91	15	Lincoln National Life Insurance Company	AA-
30	$ 3,500,000	Female	91	62	John Hancock Life Insurance Company (U.S.A.)	AA-
31	$ 3,100,000	Female	91	25	Lincoln Benefit Life Company	BBB+
32	$ 1,500,000	Female	91	54	Lincoln National Life Insurance Company	AA-
33	$ 3,000,000	Female	91	25	Lincoln National Life Insurance Company	AA-
34	$ 5,000,000	Female	91	31	Reliastar Life Insurance Company	A
35	$ 5,000,000	Female	91	12	Lincoln National Life Insurance Company	AA-
36	$ 500,000	Male	91	41	Reliastar Life Insurance Company	A

37	$	1,000,000	Male	91	7	Voya Retirement Insurance and Annuity Company	A
38	$	1,203,520	Male	91	33	Columbus Life Insurance Company	AA
39	$	1,350,000	Female	91	27	Lincoln National Life Insurance Company	AA-
40	$	600,000	Female	91	15	Columbus Life Insurance Company	AA
41	$	5,000,000	Female	90	38	Massachusetts Mutual Life Insurance Company	AA+
42	$	2,500,000	Female	90	38	American General Life Insurance Company	A+
43	$	2,500,000	Male	90	45	Pacific Life Insurance Company	A+
44	$	1,000,000	Female	90	40	United of Omaha Life Insurance Company	AA-

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	Face Amount		Gender	Age (ALB)[1]	LE (mo.)[2]	Insurance Company	S&P Rating
45	$	375,000	Male	90	33	Lincoln National Life Insurance Company	AA-
46	$	1,103,922	Female	90	51	Sun Life Assurance Company of Canada (U.S.)	AA-
47	$	1,000,000	Female	90	54	Transamerica Life Insurance Company	AA-
48	$	250,000	Female	90	54	Transamerica Life Insurance Company	AA-
49	$	500,000	Female	90	34	Transamerica Life Insurance Company	AA-
50	$	2,500,000	Female	90	4	AXA Equitable Life Insurance Company	A+
51	$	2,500,000	Female	90	4	AXA Equitable Life Insurance Company	A+
52	$	500,000	Female	90	27	Nationwide Life and Annuity Insurance Company	A+
53	$	715,000	Female	90	45	Lincoln National Life Insurance Company	AA-
54	$	2,225,000	Female	90	74	Transamerica Life Insurance Company	AA-
55	$	3,500,000	Female	90	32	Lincoln National Life Insurance Company	AA-
56	$	1,000,000	Female	89	45	Metropolitan Life Insurance Company	A+
57	$	248,859	Female	89	25	Lincoln National Life Insurance Company	AA-
58	$	500,000	Female	89	57	Sun Life Assurance Company of Canada (U.S.)	AA-
59	$	250,000	Male	89	60	Metropolitan Life Insurance Company	A+
60	$	4,000,000	Female	89	61	Transamerica Life Insurance Company	AA-
61	$	5,000,000	Male	89	42	AXA Equitable Life Insurance Company	A+
62	$	1,200,000	Male	89	42	Massachusetts Mutual Life Insurance Company	AA+
63	$	1,200,000	Male	89	42	Massachusetts Mutual Life Insurance Company	AA+
64	$	1,050,000	Male	89	34	John Hancock Life Insurance Company (U.S.A.)	AA-
65	$	3,000,000	Male	89	85	Transamerica Life Insurance Company	AA-
66	$	1,000,000	Male	89	44	AXA Equitable Life Insurance Company	A+
67	$	500,000	Male	89	52	Lincoln National Life Insurance Company	AA-
68	$	4,785,380	Female	89	32	John Hancock Life Insurance Company (U.S.A.)	AA-
69	$	1,803,455	Female	89	55	Metropolitan Life Insurance Company	A+
70	$	1,529,270	Female	89	55	Metropolitan Life Insurance Company	A+
71	$	800,000	Male	89	54	Lincoln National Life Insurance Company	AA-
72	$	5,000,000	Male	89	41	John Hancock Life Insurance Company (U.S.A.)	AA-
73	$	500,000	Female	89	41	Transamerica Life Insurance Company	AA-
74	$	400,000	Female	89	41	Lincoln Benefit Life Company	BBB+
75	$	3,000,000	Female	89	70	Massachusetts Mutual Life Insurance Company	AA+
76	$	200,000	Male	89	40	Lincoln Benefit Life Company	BBB+
77	$	4,445,467	Male	89	47	Penn Mutual Life Insurance Company	A+
78	$	1,500,000	Male	89	35	Union Central Life Insurance Company	A+
79	$	7,500,000	Male	89	39	Lincoln National Life Insurance Company	AA-
80	$	3,600,000	Female	89	54	AXA Equitable Life Insurance Company	A+
81	$	3,000,000	Male	89	33	Lincoln National Life Insurance Company	AA-
82	$	2,000,000	Male	89	36	John Hancock Life Insurance Company (U.S.A.)	AA-
83	$	100,000	Female	89	46	American General Life Insurance Company	A+
84	$	100,000	Female	89	46	American General Life Insurance Company	A+
85	$	396,791	Male	89	26	Lincoln National Life Insurance Company	AA-
86	$	1,500,000	Male	89	93	Transamerica Life Insurance Company	AA-
87	$	1,000,000	Male	88	45	John Hancock Life Insurance Company (U.S.A.)	AA-

88	$	2,000,000	Male	88	45	John Hancock Life Insurance Company (U.S.A.)	AA-
89	$	5,000,000	Male	88	41	Lincoln National Life Insurance Company	AA-
90	$	5,000,000	Female	88	27	Transamerica Life Insurance Company	AA-
91	$	3,000,000	Male	88	36	Transamerica Life Insurance Company	AA-
92	$	1,200,000	Male	88	62	Transamerica Life Insurance Company	AA-
93	$	6,000,000	Female	88	46	Sun Life Assurance Company of Canada (U.S.)	AA-

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	Face Amount		Gender	Age (ALB)(1)	LE (mo.)(2)	Insurance Company	S&P Rating
94	$	250,000	Male	88	40	Wilton Reassurance Life Insurance Company	N/A
95	$	330,000	Male	88	60	AXA Equitable Life Insurance Company	A+
96	$	175,000	Male	88	60	Metropolitan Life Insurance Company	A+
97	$	335,000	Male	88	60	Metropolitan Life Insurance Company	A+
98	$	3,000,000	Male	88	65	AXA Equitable Life Insurance Company	A+
99	$	2,000,000	Female	88	40	Beneficial Life Insurance Company	N/A
100	$	250,000	Female	88	40	John Hancock Life Insurance Company (U.S.A.)	AA-
101	$	1,000,000	Female	88	30	New York Life Insurance Company	AA+
102	$	1,250,000	Male	88	27	Columbus Life Insurance Company	AA
103	$	300,000	Male	88	27	Columbus Life Insurance Company	AA
104	$	10,000,000	Female	88	61	West Coast Life Insurance Company	AA-
105	$	2,500,000	Male	88	37	Transamerica Life Insurance Company	AA-
106	$	8,500,000	Male	88	68	Massachusetts Mutual Life Insurance Company	AA+
107	$	1,000,000	Female	88	41	West Coast Life Insurance Company	AA-
108	$	2,000,000	Female	88	41	West Coast Life Insurance Company	AA-
109	$	500,000	Female	88	45	Beneficial Life Insurance Company	N/A
110	$	800,000	Male	88	44	National Western Life Insurance Company	A
111	$	1,269,017	Male	88	25	Hartford Life and Annuity Insurance Company	BBB+
112	$	5,000,000	Male	88	68	Lincoln National Life Insurance Company	AA-
113	$	4,513,823	Female	88	18	Accordia Life and Annuity Company	A-
114	$	2,000,000	Male	88	78	Security Life of Denver Insurance Company	A
115	$	2,000,000	Male	88	78	Security Life of Denver Insurance Company	A
116	$	2,000,000	Male	88	78	Security Life of Denver Insurance Company	A
117	$	309,000	Male	88	27	Transamerica Life Insurance Company	AA-
118	$	2,000,000	Female	88	64	U.S. Financial Life Insurance Company	A+
119	$	1,365,000	Female	87	82	Transamerica Life Insurance Company	AA-
120	$	1,000,000	Female	87	76	Security Life of Denver Insurance Company	A
121	$	200,000	Female	87	75	Lincoln National Life Insurance Company	AA-
122	$	1,000,000	Male	87	38	Sun Life Assurance Company of Canada (U.S.)	AA-
123	$	1,000,000	Male	87	29	Massachusetts Mutual Life Insurance Company	AA+
124	$	1,000,000	Female	87	19	State Farm Life Insurance Company	AA-
125	$	2,000,000	Male	87	85	Transamerica Life Insurance Company	AA-
126	$	209,176	Male	87	81	Lincoln National Life Insurance Company	AA-
127	$	2,328,547	Male	87	34	Metropolitan Life Insurance Company	A+
128	$	2,000,000	Male	87	34	Metropolitan Life Insurance Company	A+
129	$	1,000,000	Male	87	23	Transamerica Life Insurance Company	AA-
130	$	500,000	Male	87	69	Metropolitan Life Insurance Company	A+
131	$	750,000	Female	87	71	Lincoln National Life Insurance Company	AA-
132	$	1,500,000	Female	87	71	Lincoln National Life Insurance Company	AA-
133	$	400,000	Female	87	71	Lincoln National Life Insurance Company	AA-
134	$	1,250,000	Female	87	71	Lincoln National Life Insurance Company	AA-
135	$	2,000,000	Male	87	50	Lincoln National Life Insurance Company	AA-
136	$	3,000,000	Female	87	54	Transamerica Life Insurance Company	AA-
137	$	347,211	Male	87	30	Pruco Life Insurance Company	AA-
138	$	1,800,000	Male	87	41	John Hancock Life Insurance Company (U.S.A.)	AA-
139	$	2,000,000	Male	87	51	AXA Equitable Life Insurance Company	A+
140	$	1,750,000	Male	87	51	AXA Equitable Life Insurance Company	A+

141	$	4,000,000	Male	87	41	Metropolitan Life Insurance Company	A+
142	$	2,000,000	Male	87	25	Transamerica Life Insurance Company	AA-

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	Face Amount	Gender	Age (ALB)(1)	LE (mo.)(2)	Insurance Company	S&P Rating
143	$ 1,425,000	Male	87	63	John Hancock Life Insurance Company (U.S.A.)	AA-
144	$ 1,500,000	Male	87	48	AXA Equitable Life Insurance Company	A+
145	$ 1,500,000	Male	86	27	Transamerica Life Insurance Company	AA-
146	$ 1,500,000	Female	86	96	Lincoln Benefit Life Company	BBB+
147	$ 3,750,000	Male	86	63	AXA Equitable Life Insurance Company	A+
148	$ 2,000,000	Male	86	43	Metropolitan Life Insurance Company	A+
149	$ 3,000,000	Male	86	43	Metropolitan Life Insurance Company	A+
150	$ 1,000,000	Male	86	29	John Hancock Life Insurance Company (U.S.A.)	AA-
151	$ 2,000,000	Female	86	73	AXA Equitable Life Insurance Company	A+
152	$ 1,000,000	Male	86	43	Security Life of Denver Insurance Company	A
153	$ 3,000,000	Female	86	71	Sun Life Assurance Company of Canada (U.S.)	AA-
154	$ 125,000	Male	86	53	Jackson National Life Insurance Company	AA
155	$ 1,500,000	Male	86	66	AXA Equitable Life Insurance Company	A+
156	$ 1,000,000	Male	86	45	AXA Equitable Life Insurance Company	A+
157	$ 5,000,000	Male	86	75	Security Life of Denver Insurance Company	A
158	$ 1,500,000	Male	86	38	Reliastar Life Insurance Company	A
159	$ 1,500,000	Male	86	38	Reliastar Life Insurance Company	A
160	$ 5,000,000	Male	86	60	Security Life of Denver Insurance Company	A
161	$ 500,000	Male	86	31	Genworth Life Insurance Company	