



TECUMSEH

ALTERNATIVES, LLC

Tecumseh - AIR II Fund Update

Dear investor,

The Tecumseh AIR II fund continues to perform well as January was up .43% after an 11.64% gain for 2021.

As mentioned before, the Tecumseh AIR II fund should perform comparably to the AIR US Life Fund II. However, the two funds will invest in the sub-funds in different proportions plus the AIR US Life Fund II will invest in sub-funds which Tecumseh AIR II does not. This was the cause of the AIR US Life Fund II out performance in January as a \$12 million policy had a monetization event in a sub-fund that Tecumseh AIR II is not invested. However, in November and December 2021 Tecumseh AIR II handily outperformed AIR US Life Fund II as there was some strong maturity income in PPI in November and a monetization event in the AIR Annuity fund in December; both of which comprised a much larger percentage of our fund than the AIR US Life Fund II.

The monetization event in the annuity fund consisted of the selling of the annuities in the fund at a large profit. Securitization groups look upon these as safe stable returns that can be packaged and securitized for their clients. Since these groups do not have the bandwidth to purchase individual policies, the AIR Annuity fund can buy these at discount and sell them packaged in the market at a large mark-up. Because of this, we should see this transaction become at least a yearly event generating outsized returns.

Our other two sub-funds continue to perform well. Below is a table summarizing all the sub-funds activities for the fourth quarter of 2021.

	AIR Policy Portfolio I	AIR Life Opp Fund	AIR Annuity Fund
# of Policies Owned 12/31/21	134	81	89
Life Settlements purchased in Q4 2021 (9/30/21-12/31/21)	7	25	13
Avg Policy Valuation on 12/31/21	\$ 611,324	\$ 750,892	\$ 186,030
Avg Policy Net Death Benefit Policies Owned on 12/31/21	\$ 1,323,496	\$ 1,738,018	\$ 426,827

We continue to be excited about the prospects for this fund as it continues to grow and the life settlement industry seems to have recovered from the selling pressure of early 2021. In these turbulent times life settlements have continued to perform as advertised with steady returns completely uncorrelated to the market.

Please feel free to contact either Chad Meyer or Michael Belotz if you have any other questions or comments.

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