GWG Holdings, Inc.
Form 424B3
August 10, 2017

Filed pursuant to Rule 424(b)(3)

Registration Nos. 333-197227 and

333-197227-01

PROSPECTUS SUPPLEMENT NO. 8

Supplement to Prospectus dated
April 12, 2016

GWG HOLDINGS, INC.

1,000,000 Units of L Bonds
($1,000,000,000)

This "Prospectus Supplement No. 8 — Supplement to Prospectus dated April 12, 2016," supplements and amends our prospectus dated April 12, 2016, as restated in its entirety and superseded by our Prospectus Supplement No. 6 dated April 5, 2017 and further supplemented by our Prospectus Supplement No. 7 dated May 15, 2017 (collectively referred to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. Capitalized terms contained in this supplement have the same meanings as in the prospectus unless otherwise stated herein.

RECENT EVENTS

On August 10, 2017, we filed our Quarterly Report on Form 10-Q for the period ended June 30, 2017. 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 August 10, 2017

TABLE OF CONTENTS

GWG Holdings, Inc.

220 South Sixth Street, Suite 1200

Minneapolis, MN 55402

Tel: (612) 746-1944

Fax: (612) 746-0445

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 this prospectus supplement and the following:

- changes in the secondary market for life insurance;
- changes resulting from the evolution of our business model and strategy with respect to the life insurance industry;
- 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;
- risks relating to our ability to license and effectively apply technologies to improve and expand the scope of our business;
- 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;
- cost-of-insurance (premium) increases on our life insurance policies;
- general economic outlook, including prevailing interest rates;
- performance of our investments in life insurance policies;
- financing requirements;
- risks associated with the merchant cash advance business;
- the various risks associated with our attempts to commercialize our M-Panel technology;
- litigation risks;

- restrictive covenants contained in borrowing agreements; 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 involves 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 the prospectus. We undertake no obligation to update our forward-looking statements. We caution you that the forward-looking statements in (or incorporated by reference into) 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.

2

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 June 20, 2017, filed with the SEC on August 10, 2017. 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 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.

JOBS Act

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012, or JOBS Act, was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933 for complying with new or revised accounting standards. This means that an "emerging growth company" can make an election to delay the adoption of certain accounting standards until those standards would apply to private companies. We are an emerging growth company and have elected to delay our adoption of new or revised accounting standards and, as a result, we may not comply with new or revised accounting standards at the same time as other public reporting companies that are not "emerging growth companies." This exemption will apply for a period of five years following our first sale of common equity securities under an effective registration statement (September 2019) or until we no longer qualify as an "emerging growth company" as defined under the JOBS Act, whichever is earlier.

Overview

We are a financial services company disrupting and transforming the life insurance industry and related industries with innovative products and services. We built our business by creating opportunities for consumers to obtain significantly more value for their life insurance policies as compared to the traditional options offered by the insurance industry by creating a secondary market. We are enhancing and extending these activities through innovation in our products and services, business processes, financing strategies, and advanced epigenetic technologies that we expect will improve insurance predictive underwriting analytics. At the same time, we are creating opportunities for investors to receive income and capital appreciation from our life insurance investment activities and the businesses we create in the life insurance and related industries.

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 significant 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 policies 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 Policies — Fair Value Option

We account for the purchase of life insurance policies in accordance with ASC 325-30, 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 policies using the fair value method.

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

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 policies. 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 2015 Valuation Basic Table ("2015 VBT") finalized by the Society of Actuaries is based on a much larger dataset of insured lives, face amount of policies and more current information compared to the dataset underlying the 2008 Valuation Basic Table. The new 2015 VBT dataset includes 266 million policies compared to the 2008 VBT dataset of 75 million. The experience data in the 2015 VBT dataset includes 2.55 million claims on policies 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.

For life insurance policies with face amounts greater than $1 million and that are not pledged under any senior credit facility (approximately 30% of our portfolio by face amount of policy benefits) we attempt to update the independent life expectancy estimates on a continuous rotating three year cycle. For life insurance policies with face amounts greater than $750,000 that are pledged under the LNV senior credit facility (approximately 58% of our portfolio by face amount of policy benefits) we are presently required to update the independent life expectancy estimates every two years.

Our prior experience in updating independent life expectancy estimates has generally resulted in shorter life expectancies of the updated insureds within our portfolio, but often not as short as we had projected. This has resulted in reductions to the fair value of our portfolio in the amounts of $6.7 million and $8.6 million for the three and six months ended June 30, 2017, respectively. As our life insurance portfolio continues to grow, we may experience additional and material adjustments to the fair value of our portfolio due to updating independent life expectancy estimates.

In July 2017, Lincoln National Life Insurance Company announced pending cost-of-insurance rate (i.e., premium) increases for certain life insurance policies which were effected on August 1, 2017. We identified two affected policies in our portfolio. We have requested updated policy illustrations in order to calculate the change in fair value resulting from the expected increased premiums. In August 2017, Transamerica Life Insurance Company announced pending cost-of-insurance rate increases for certain life insurance policies that will be effected on the policy anniversary dates. We identified three affected policies in our portfolio. We are aware of one additional pending cost-of-insurance increase affecting one other policy in our portfolio.

Fair Value Components — Required Premium Payments

We must pay the premiums on the life insurance policies within our portfolio in order to collect the policy benefit. The same probabilistic model and methodologies used to generate expected cash inflows from the life insurance policy 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 used to calculate fair value of our portfolio incorporates the guidance provided by ASC 820.

4

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

June 30, 2017	December 31, 2016
10.81%	10.96%

The change in the discount rate incorporates current information about discount rates applied by other reporting companies owning portfolios of life insurance policies, 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 policies. Management has discretion regarding the combination of these and other factors when determining the discount rate. The discount rate we choose 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), which is consistent with related GAAP guidance. The carrying value of policies 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 System, Inc. ("MAPS") to prepare a calculation of our life insurance portfolio. MAPS owns and maintains the portfolio pricing software we use. MAPS processed policy 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 10.81%. MAPS independently calculated the net present value of our portfolio of 793 policies to be $577.0 million and furnished us with a letter documenting its calculation. A copy of such letter is filed as Exhibit 99.1 to our Quarterly Report on Form 10-Q for the period ended June 30, 2017, filed on August 10, 2017.

Deferred Income Taxes

Under ASC 740, 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 have resulted from capital losses.

Deferred Financing and Issuance Costs

Financing costs, which include issuance costs, sales commissions and other direct expenses 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 financing costs, which are amortized using the interest method over the term of each respective borrowing. The L Bonds are reported net of financing costs, which are amortized using the interest method over the term of each respective borrowing.

Principal Revenue and Expense Items

We earn revenues from the following three primary sources.

- Life Insurance Policy Benefits Realized. We recognize the difference between the face value of the policy benefits and carrying value when an insured event has occurred and we determine that settlement and collection of the policy benefits is realizable and reasonably assured. Revenue from a transaction must meet both criteria in order to be recognized. We generally collect the face value of the life insurance policy from the insurance company within 45 days of our notification of the insured's mortality.

• Change in Fair Value of Life Insurance Policies. We value our portfolio investments for each reporting period in accordance with the fair value principles discussed herein, which reflects the expected receipt of policy benefits in future periods as shown in our consolidated financial statements, net premium costs.

5

• Sale of a Life Insurance Policy. In the event of a sale of a policy, we recognize gain or loss as the difference between the sale price and the carrying value of the policy 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 policies. These expenses include salaries and benefits, sales, marketing, occupancy and other expenditures.

• Interest Expense. 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 lenders under our senior credit facilities, interest paid on our L Bonds and other outstanding indebtedness such as our Series I Secured Notes. When we issue debt, we amortize the financing costs associated with such indebtedness over the outstanding term of the financing, and classify it as interest expense.

Results of Operations — Three and Six Months Ended June 30, 2017 Compared to the Same Periods in 2016

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 June 30, 2017	2016	Six Months Ended June 30, 2017	2016
Revenue recognized from maturities of life insurance contracts	7,920,000	8,137,000	24,526,000	22,765,000
Revenue recognized from change in fair value of life insurance contracts	$ 15,235,000	$ 21,241,000	$ 29,119,000	$ 32,773,000
Premiums and other annual fees	(11,859,000)	(8,995,000)	(22,949,000)	(17,441,000)
Gain on life insurance contracts, net	$ 11,296,000	$ 20,383,000	$ 30,696,000	$ 38,097,000
Other income	372,000	394,000	1,060,000	584,000
Total revenue	$ 11,668,000	$ 20,777,000	$ 31,756,000	$ 38,681,000
Number of policies matured	9	6	19	12
Face value of matured policies	$ 10,935,000	$ 19,238,000	$ 29,910,000	$ 29,067,000
The change in fair value related to new policies acquired during the period	$ 8,044,000	$ 9,822,000	$ 18,645,000	$ 17,841,000

---

(1) The discount rate applied to estimate the fair value of the portfolio of life insurance policies we own was 10.81% as of June 30, 2017, compared to 10.96% as of December 31, 2016 and 11.05% as of June 30, 2016. The carrying value of policies 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.

6

Expenses.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Increase/ Decrease	2017	2016	Increase/ Decrease
Employee compensation and benefits(1)	$ 3,741,000	$ 3,071,000	$ 670,000	$ 6,904,000	$ 5,538,000	$ 1,366,000
Interest expense (including amortization of deferred financing costs)(2)	12,246,000	9,765,000	2,481,000	25,490,000	18,914,000	6,576,000
Legal and professional expenses(3)	1,331,000	1,304,000	27,000	2,277,000	2,510,000	(233,000)
Provision for MCA loans(4)	878,000	300,000	578,000	878,000	400,000	478,000
Other expenses(5)	2,883,000	2,033,000	850,000	5,664,000	4,345,000	1,319,000
Total expenses	$ 21,079,000	$ 16,473,000	$ 4,606,000	$ 41,213,000	$ 31,707,000	$ 9,506,000

____

(1) We hired additional members to our sales, marketing and policy acquisition teams. At June 30, 2017 we employed 76 employees and on June 30, 2016, we employed 66 employees.

(2) Increase in all periods was due to the increase in our average debt outstanding.

(3) Increase for the three months ended June 30, 2017 over the same period of 2016 is due to increased legal fees associated with MCA collections. Decrease for the six months ended June 30, 2017 over the same period of 2016 is due to fewer SEC filings.

(4) Increase is due to further impairment of the Nulook loan due to decreased recovery estimates.

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

Deferred Income Taxes.

The Company is engaged in acquiring of life insurance policies and holding them to maturity. Due to the nature of holding policies and the aging of the underlying insureds, it will be more likely than not that the Company will recognize taxable income as the policies in our portfolio start maturing at an accelerated rate in the near future. Due to this, we believe that sufficient taxable income will be recognized during the net operating loss carryover period to utilize the reported deferred tax asset, and that no additional valuation allowance, other than that already recorded, is required.

Income Tax Expense. For both the three and six months ended June 30, 2017, we realized income tax benefits of $3.7 million. In the three and six months ended June 30, 2016, we had an income tax expense of $1.8 million and $2.9 million, respectively. The effective tax rate for the three and six months ended June 30, 2017 was 39.5% and 39.3% and for the three and six months ended June 30, 2016, was 42.3% and 41.7%, respectively.

The following table provides a reconciliation of our income tax expense at the statutory federal tax rate to our actual income tax expense:

Three Months Ended		Six Months Ended	
June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016

Statutory federal income tax (benefit)	$ (3,200,000)	34.0 %	$ 1,463,000	34.0 %	$ (3,215,000)	34.0 %	$ 2,371,000	34.0 %
State income taxes (benefit), net of federal benefit	(607,000)	6.5 %	281,000	6.5 %	(609,000)	6.4 %	456,000	6.5 %
Other permanent differences	90,000	(1.0)%	78,000	1.8 %	106,000	(1.1)%	80,000	1.2 %
Total income tax expense (benefit)	$ (3,717,000)	39.5 %	$ 1,822,000	42.3 %	$ (3,718,000)	39.3 %	$ 2.907,000	41.7 %

7

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 policies and revenue recognition with respect to the mark-to-market of the life insurance portfolio.

Liquidity and Capital Resources

We finance our business through a combination of life insurance policy 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 policy acquisition, policy servicing, and portfolio-related financing expenditures including paying principal and interest.

Under the terms of our senior credit facilities (discussed in Notes 5 and 6), we are required to maintain collection and escrow accounts that are used to fund the acquisition of policies, pay annual policy premiums, pay interest and other charges under the facility, and collect policy benefits. The agents for the lenders authorize disbursements from these accounts. At June 30, 2017 and December 31, 2016, there was a balance of $46,160,000, and $37,827,000, respectively, in these restricted cash accounts.

As of June 30, 2017 and December 31, 2016, we had approximately $105.4 million and $121.7 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 policies, paying premiums on existing policies, paying portfolio servicing expenses, and paying principal and interest on our outstanding financing obligations.

Financings Summary

We had the following outstanding debt balances as of June 30, 2017 and December 31, 2016:

	As of June 30, 2017				As of December 31, 2016			
Issuer/Borrower	Principal Amount Outstanding		Weighted Average Interest Rate		Principal Amount Outstanding		Weighted Average Interest Rate	
GWG Holdings, Inc. – L Bonds	$	407,850,000	7.30	%	$	387,067,000	7.23	%
GWG Life, LLC – Series I Secured Notes		6,815,000	8.72	%		16,614,000	8.68	%
GWG DLP Funding IV, LLC – Senior credit facilities		155,625,000	7.59	%		162,725,000	7.34	%
Total	$	570,290,000	7.40	%	$	566,406,000	7.30	%

In November 2009, our wholly owned subsidiary GWG Life began a private placement of Series I Secured Notes to accredited investors only. This offering was closed in November 2011. As of June 30, 2017 and December 31, 2016, we had approximately $6.8 million and $16.6 million, respectively, in principal amount of Series I Secured Notes outstanding. Effective as of the date of this prospectus supplement, we exercised our contractual right to call for the redemption of the Series I Secured Notes. We expect that our redemption of outstanding Series I Secured Notes will occur on or about September 8, 2017 and require us to pay an aggregate of approximately $6.6 million.

In June 2011, we concluded a private placement offering of Series A for new investors, 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 both June 30, 2017 and December 31, 2016, we had approximately $19.7 million of Series A stated value outstanding. As of the date of this prospectus supplement, we exercised our contractual right to call for the redemption of the Series A Preferred Stock and all related outstanding warrants. We expect that our redemption of outstanding

Series A Preferred Stock and related warrants will occur on or about October 9, 2017 and require us to pay an aggregate of approximately $22.2 million.

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.

8

On September 24, 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 to our earlier $250.0 million public debt offering. Through June 30, 2017, the total amount of these L Bonds sold, including renewals, was $749.8 million. As of June 30, 2017 and December 31, 2016, respectively, we had approximately $407.9 million and $387.1 million 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 June 30, 2017, we had issued approximately $99.1 million stated value of RPS. As of June 30, 2017, we no longer offer RPS.

On February 14, 2017, we began publicly offering up to 150,000 shares of RPS 2 at a per-share price of $1,000. As of June 30, 2017, we have issued approximately $22.5 million stated value of RPS 2.

The weighted-average interest rate of our outstanding Series I Secured Notes as of June 30, 2017 and December 31, 2016 was 8.72% and 8.68%, respectively, and the weighted-average maturity at those dates was 1.96 and 1.14 years, respectively. 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 June 30, 2017 and December 31, 2016 was 7.30% and 7.23%, respectively, and the weighted-average maturity at those dates was 2.27 and 2.13 years, respectively. Our L Bonds have renewal features. Since we first issued our L Bonds, we have experienced $341.9 million in maturities, of which $207.8 million has renewed through June 30, 2017 for an additional term. This has provided us with an aggregate renewal rate of approximately 61% for investments in these securities. Effective September 1, 2016, we discontinued the sales and renewals of 6-month and 1-year L Bonds.

Future contractual maturities of Series I Secured Notes and L Bonds at June 30, 2017 are:

Years Ending December 31,	Series I Secured Notes		L Bonds		Total	
Six months ending December 31, 2017	$	749,000	$	47,068,000	$	47,817,000
2018		2,376,000		108,772,000		111,148,000
2019		1,024,000		116,767,000		117,791,000
2010		1,725,000		49,062,000		50,787,000
2021		941,000		28,753,000		29,694,000
2022		—		24,773,000		24,773,000
Thereafter		—		32,655,000		32,655,000
	$	6,815,000	$	407,850,000	$	414,665,000

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).

We maintain a $105 million senior credit facility with Autobahn/DZ Bank through DLP III. The senior credit facility is used to pay the premium expenses related to our portfolio of life insurance policies. As of both June 30, 2017 and December 31, 2016, we had no amounts outstanding under that senior credit facility, no life insurance policies were pledged, and we maintained an available borrowing base of $0 million. On September 14, 2016, we paid off the Autobahn/DZ Bank senior credit facility in full with funds received under a new senior credit facility with LNV Corporation as described in Note 6.

On September 14, 2016, we entered into a $172 million senior credit facility with LNV Corporation in which DLP IV is the borrower. We intend to use the proceeds from this facility to grow and maintain our portfolio of life insurance policies, for liquidity and for general corporate purposes. As of June 30, 2017 we had approximately $155.6 million outstanding under the LNV senior credit facility.

We expect to meet our ongoing operational capital needs through a combination of the receipt of policy benefits from our portfolio of life insurance policies and net proceeds from our L Bonds and RPS 2 offerings. We expect to meet our policy acquisition, servicing, and financing capital needs principally from the receipt of policy benefits from our portfolio of life insurance policies, net proceeds from our offering of L Bonds and RPS 2, and from our senior credit facilities. We estimate that our liquidity and capital resources are sufficient for our current and projected financial needs for at least the next twelve months given current assumptions. However, if we are unable to continue our offerings for any reason (or if we become unsuccessful in selling our securities), and we are unable to obtain capital from other sources, our business will be materially and adversely affected. In addition, our business will be materially and adversely affected if we do not receive the policy benefits we forecast and if holders of our L Bonds or Series I Secured Notes fail to renew with the frequency we have historically experienced. In such a case, we could be forced to sell our investments in life insurance policies to service or satisfy our debt-related and other obligations.

Capital expenditures have historically not been material and we do not anticipate making material capital expenditures in 2017 or beyond.

Debt Financing Summary

The table below reconciles the face amount of our outstanding debt to the carrying value shown on our balance sheet:

	As of June 30, 2017	As of December 31, 2016
Total senior facilities and other indebtedness		
Face amount outstanding	$ 155,626,000	$ 162,725,000
Unamortized selling costs	(6,617,000)	(6,660,000)
Carrying amount	$ 149,009,000	$ 156,065,000
Series I Secured Notes:		
Face amount outstanding	$ 6,815,000	$ 16,614,000
Unamortized selling costs	(134,000)	(209,000)
Carrying amount	$ 6,681,000	$ 16,405,000
L Bonds:		
Face amount outstanding	$ 407,850,000	$ 387,067,000
Subscriptions in process	6,521,000	5,882,000
Unamortized selling costs	$ (13,539,000)	$ (11,636,000)
Carrying amount	$ 400,832,000	$ 381,313,000

Portfolio Assets and Secured Indebtedness

At June 30, 2017, the fair value of our investments in life insurance policies of $577.0 million plus our cash balance of $52.3 million and our restricted cash balance of $46.2 million, plus matured policy benefits receivable of $7.0 million, totaled $682.5 million representing an excess of portfolio assets over secured indebtedness of $105.4 million. At December 31, 2016, the fair value of our investments in life insurance policies of $511.2 million plus our cash balance of $78.5 million and our restricted cash balance of $37.8 million, plus matured policy benefits receivable of $5.3 million, totaled $632.9 million, representing an excess of portfolio assets over secured indebtedness of $66.4 million.

The following forward-looking table seeks to illustrate the impact that a hypothetical sale of our portfolio of life insurance assets at various discount rates would have on our ability to satisfy our debt obligations as of June 30, 2017. 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, if any, 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%**	**15%**	**16%**
Value of portfolio	$599,960,000	$571,539,000	$545,377,000	$521,240,000	$498,920,000	$478,238,000	$459,034,000
Cash, cash equivalents and policy benefits receivable	105,423,000	105,423,000	105,423,000	105,423,000	105,423,000	105,423,000	105,423,000
Total assets	705,383,000	676,962,000	650,800,000	626,663,000	604,343,000	583,661,000	564,457,000
Senior credit facilities	155,625,000	155,625,000	155,625,000	155,625,000	155,625,000	155,625,000	155,625,000
Net after senior credit facilities	549,758,000	521,337,000	495,175,000	471,038,000	448,718,000	428,036,000	408,832,000
Series I Secured Notes and L Bonds	414,665,000	414,665,000	414,665,000	414,665,000	414,665,000	414,665,000	414,665,000
Net after Series I Secured Notes and L Bonds	135,093,000	106,672,000	80,510,000	56,373,000	34,053,000	13,371,000	(5,833,000)
Impairment to Series I Secured Notes and L Bonds	No impairment	No impairment	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 our life insurance assets at a price equivalent to a discount rate of approximately 15.69% or higher. At December 31, 2016, the likely impairment occurred at a discount rate of approximately 13.94% or higher. The discount rate used to calculate the fair value of our portfolio was 10.81% and 10.96% at June 30, 2017 and December 31, 2016, 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. This table also does not include the yield maintenance fee, which could be substantial, we are required to pay in certain circumstances under our senior credit facility with LNV Corporation. You should read the above table in conjunction with the information contained in other sections of our Quarterly Report on Form 10-Q for the period ended June 30, 2017, filed on August 10, 2017 and this prospectus supplement, 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 assumptions made by, and information currently available to, our management.

Cash Flows

The payment of premiums and servicing costs to maintain life insurance policies represents our most significant requirement for cash disbursement. When a policy is purchased, we are able to calculate the minimum premium payments required to maintain the policy in-force. Over time as the insured ages, premium payments will increase. Nevertheless, the probability we will actually be required to pay the premiums decreases as mortality becomes more likely. These scheduled premiums and associated probabilities are factored into our expected internal rate of return and cash-flow modeling. Beyond premiums, we incur policy 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 ("IRR") calculations. Until we receive a sufficient amount of proceeds from the policy 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 preferred stock offerings.

The amount of payments for anticipated premiums and 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
Six months ending December 31, 2017	$ 24,455,000	$ 654,000	$ 25,109,000
2018	52,611,000	654,000	53,265,000
2019	58,206,000	654,000	58,860,000
2020	65,722,000	654,000	66,376,000
2021	74,105,000	654,000	74,759,000
2022	83,310,000	654,000	83,964,000
	$ 358,409,000	$ 3,924,000	$ 362,333,000

11

Our anticipated premium expenses are subject to the risk of increased cost-of-insurance charges (i.e., premium charges) for the universal life insurance policies we own. In July 2017, Lincoln National Life Insurance Company announced pending cost-of-insurance rate increases for certain life insurance policies which were effected on August 1, 2017. We identified two affected policies in our portfolio. We have requested updated policy illustrations and in order to calculate the change in fair value resulting from the expected increased premiums. In August 2017, Transamerica Life Insurance Company announced pending cost-of-insurance rate increases for certain life insurance policies that will be effected on the policy anniversary dates. We identified three affected policies in our portfolio. We are aware of one additional pending cost-of-insurance increase affecting one other policy in our portfolio. As a result, we expect that our premium expense will increase and the fair value of the policy and our portfolio will be negatively impacted once the insurer has specified and implemented the proposed increases. Except as noted above, we are not aware of cost-of-insurance increases by other insurers, but we are aware that cost-of-insurance increases have become more prevalent in the industry. Thus, we may see additional insurers implementing cost-of-insurance increases in the future.

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

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, 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	193.5	%
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	%
December 31, 2016	1,361,675,000	48,452,000	40,240,000	120.4	%
March 31, 2017	1,447,558,000	48,189,000	42,753,000	112.7	%
June 30, 2017	1,525,363,000	49,295,000	45,414,000	108.5	%

We believe that the portfolio cash flow results set forth above are consistent with our general investment thesis: that the life insurance policy 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 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 policies. As our receipt of life insurance policy benefits increases, we expect to use these cash flows to begin paying down our outstanding indebtedness and purchase additional life insurance policies.

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

We are party to an office lease with U.S. Bank National Association as the landlord. On September 1, 2015, we entered into an amendment that expanded the leased space to 17,687 square feet and extended the term through August 31, 2026 (see Note 16).

Credit Risk

We review the credit risk associated with our portfolio of life insurance policies when estimating its fair value. In evaluating the policies' 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 policies typically by purchasing policies issued only from companies with an investment-grade credit rating by either Standard & Poor's, Moody's, or A.M. Best Company. As of June 30, 2017, 96.3% of our life insurance policies, by face value benefits, were issued by companies that maintained an investment-grade rating (BBB or better) by Standard & Poor's.

Interest Rate Risk

Our senior credit facilities are floating-rate financing. In addition, our ability to offer interest and dividend rates that attract capital (including in our continuous offering of L Bonds and RPS 2) is generally impacted by prevailing interest rates. Furthermore, while our L Bond and RPS 2 offerings provide us with fixed-rate debt and equity financing, our debt coverage ratio is calculated in relation to the interest rate of our debt financing. Therefore, fluctuations in interest rates impact our business by increasing our borrowing costs, and reducing availability under our debt financing arrangements. We calculate our portfolio earnings based upon the spread generated between the return on our life insurance portfolio and the total 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 policies.

Non-GAAP Financial Measures

Non-GAAP financial measures disclosed by our 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. See our consolidated financial statements and our financial statements contained herein.

We use non-GAAP financial measures for maintaining compliance with covenants contained in our borrowing agreement with Autobahn/DZ Bank and for management's assessment of our financial condition and operating results without regard to GAAP fair value standards. The application of current GAAP fair value standards, especially during a period of significant growth of our portfolio and our company may result in current period GAAP financial results that may not be reflective of our long-term earnings potential or overall financial condition. Management believes that our non-GAAP financial measures permit investors to understand long-term earnings performance without regard to the volatility in GAAP financial results that can and does occur during this stage of our portfolio and company 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 policies 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 policies according to a mortality table as the insureds' age increases. By comparing the actuarial gain accruing within our portfolio of life insurance policies against our adjusted operating costs during the same period, we can estimate, manage and evaluate the overall financial performance of our business without regard to mark-to-market (fair value) volatility. We use this information to balance our life insurance policy 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 can have a disproportionately positive or negative impact on GAAP results in any particular reporting 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 below, without regard to GAAP-based fair value measures. In addition, our 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 policies; and (ii) the weighted average of the Autobahn/DZ Bank senior credit facility's interest rate. These non-GAAP measures (i.e., positive net income, tangible net worth, and an excess spread) are common non-GAAP measures of financial performance and condition in the industry.

13

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 policies is reasonably expected to be 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.

Non-GAAP Investment Cost Basis	As of June 30, 2017	As of December 31, 2016
GAAP fair value	$ 577,050,000	$ 511,192,000
Unrealized fair value gain(A)	(293,745,000)	(264,625,000)
Adjusted cost basis increase(B)	281,924,000	248,377,000
Non-GAAP investment cost basis(C)	$ 565,229,000	$ 494,944,000

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

(B) Adjusted cost basis is increased to include interest, premiums and servicing fees that are expensed under GAAP.

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

Excess Spread. Management uses the “total excess spread” to gauge expected profitability of our investments. The expected IRR of our portfolio is based upon future cash flow forecasts derived from a probabilistic analysis of our policy benefits received and policy premiums paid in relation to our non-GAAP investment cost basis (“Expected IRR”).

	As of June 30, 2017	As of December 31, 2016
Expected IRR	11.05 %	11.34 %
Total weighted-average interest rate on indebtedness for borrowed money(1)	7.40 %	7.30 %
Total excess spread(2)	3.65 %	4.04 %

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

Indebtedness	**As of June 30, 2017**	**As of December 31, 2016**
Senior credit facilities	$155,626,000	$162,725,000
Series I Secured Notes	6,815,000	16,614,000
L Bonds	407,850,000	387,067,000
Total	$570,291,000	$566,406,000

Interest Rates on Indebtedness

Senior credit facilities	7.59%	7.34%
Series I Secured Notes	8.72%	8.68%
L Bonds	7.30%	7.23%
Weighted-average interest rates paid on indebtedness	7.40%	7.30%

(2) Calculated as the Expected IRR minus the weighted-average interest rate on interest-bearing indebtedness(1).

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

14

	Three Months Ended June 30, 2017	2016	Six Months Ended June 30, 2017	2016
GAAP net income (loss) attributable to common shareholders	$ (7,725,000)	$ 1,881,000	$ (9,638,000)	$ 2,956,000
Unrealized fair value gain(1)	(15,235,000)	(21,241,000)	(29,119,000)	(32,773,000)
Adjusted cost basis increase(2)	22,739,000	16,373,000	44,461,000	31,740,000
Accrual of unrealized actuarial gain(3)	7,505,000	7,460,000	12,415,000	13,527,000
Total adjusted non-GAAP net income (loss)(4)	$ 7,284,000	$ 4,473,000	$ 18,119,000	$ 15,450,000

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

(2) Adjusted cost basis is increased to include interest, premiums and servicing fees that are expensed under GAAP.

(3) Accrual of actuarial gain at the Expected IRR.

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

Adjusted Non-GAAP Tangible Net Worth. We calculate our adjusted non-GAAP tangible net worth by recognizing the actuarial gain accruing within our life insurance policies at the Expected IRR of the policies we own without regard to fair value. We net this actuarial gain against our costs during the same period to calculate our adjusted tangible net worth on a non-GAAP basis. Our 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.

	As of June 30, 2017	As of December 31, 2016
GAAP net worth	$ 113,889,000	$ 67,298,000
Less intangible assets(1)	(21,630,000)	(19,442,000)
GAAP tangible net worth	92,259,000	47,856,000
Unrealized fair value gain(2)	(293,745,000)	(264,625,000)
Adjusted cost basis increase(3)	281,924,000	248,377,000
Accrual of unrealized actuarial gain(4)	145,223,000	132,808,000
Total adjusted non-GAAP tangible net worth	$ 225,661,000	$ 164,416,000

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

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

(3) Adjusted cost basis is increased to include interest, premiums and servicing fees that are expensed under GAAP.

(4) Accrual of cumulative actuarial gain at the Expected IRR.

Debt Coverage 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, cash equivalents, policy benefits receivable, if any, and the net present value of the life insurance portfolio.

	As of June 30, 2017	As of December 31, 2016
Life insurance portfolio policy benefits(5)	$ 1,525,363,000	$ 1,361,675,000
Discount rate of future cash flows	7.40 %	7.30 %
Net present value of life insurance portfolio policy benefits	$ 686,490,000	$ 614,908,000
Cash and cash equivalents	98,453,000	121,659,000
Life insurance policy benefits receivable	6,970,000	—
Total Coverage	791,913,000	736,567,000