

SHEPHERD CAPITAL MANAGEMENT, LLC
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July 31, 2009

Dear Investor:

In May of this year, I advised you of the misappropriation of those funds which had been escrowed by the A&O Life Funds with Prestige Title Company in Biloxi, Mississippi. In addition, I have spoken to many of you regarding this matter. As of this date, Shepherd Capital Management has been unable to access any of the funds which were frozen by the Courts in Mississippi.

In addition, I have become aware of pending litigation against the company which issued the payment bonds backing the maturity date of your investment. Provident Capital Indemnity is being sued for failure to pay on a bond for a similar amount. Though a claim has been filed with Provident Capital Indemnity, it can only be presumed at this time that it will not pay on this claim.

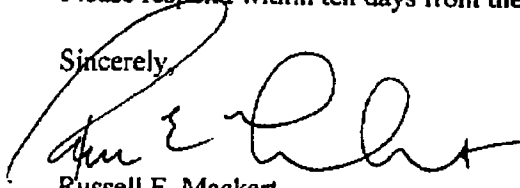
The Policy backing your investment is currently in full force and effect and continues to be paid from accumulated cash value. However, by the end of the year those funds will be depleted. There are two options available at present. The first would be to arrange for the continued payment of premium until the death of the insured. Currently, the premium requirements are \$29,015.50 per quarter. Considering that the company currently does not have the funds to pay for such premium needs, the investors would be requested to pay their pro rata share (based on their individual ownership interest in the policy proceeds) of the total cost of each premium payment until other funding becomes available, Provident Capital Indemnity finally pays or the insured dies. It should be noted that as long as the premiums are paid, the policy will pay the full amount upon the insured's death. The continued payment of premium payments by the investors will impact on the rates of return originally expected. However, there is less likely to be a loss to the principal amount invested.

The second option would be to sell the policy on the secondary market. It is believed that the policy has value, but it is not known whether the price obtained would make the investors whole on their initial investment amount. I can make no representations or warranties as to the amount that can be obtained from the sale of the policy, but that commercially reasonable efforts will be made to obtain the best available price for the policy. After the sale of the policy, the funds will be distributed to you the investors. Upon acceptance of the funds, the obligations of the Funds and Shepherd Capital Management to you shall terminate in full.

There are the two options. A third option – to do nothing – could result in the loss of your entire investment and such is not considered an option.

I would request that each of you vote as to which option you prefer. I would prefer a letter or email from you setting out your vote, but you may call in your vote also. A vote by those holding a majority interest in the policy proceeds shall determine which of the two options are selected. Please respond within ten days from the date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell E. Mackert". The signature is fluid and cursive, with a large initial "R" and "M".

Russell E. Mackert
Shepherd Capital Management, LLC