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An Introduction to Life Settlements

August 26, 2020

What Are Life Settlements?

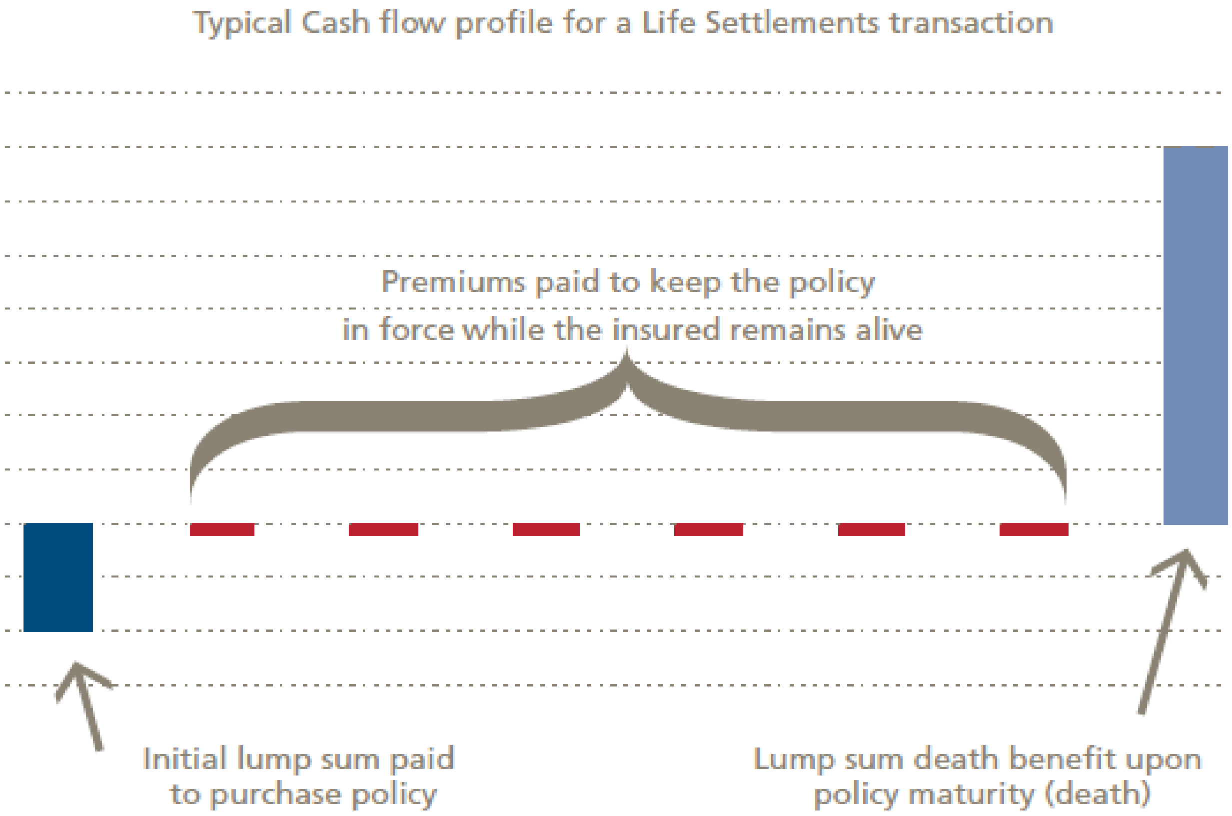
The Sale in the USA of a Life Insurance Policy to a 3rd Party.

Legal

Highly Regulated

Both buyer and seller profit

Life Settlements – The Cash Flows



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Life Settlements – Investment Qualities

Safety

Known future value / less investment risk

Backed by A rated companies

Income

Can produce Cash Flow in all environments / not reliant on price appreciation

Diversification

Non Correlated - Can Make money When Others Can't

Diversification on both quantitative and qualitative measures

Performance

Expect double digits if done properly

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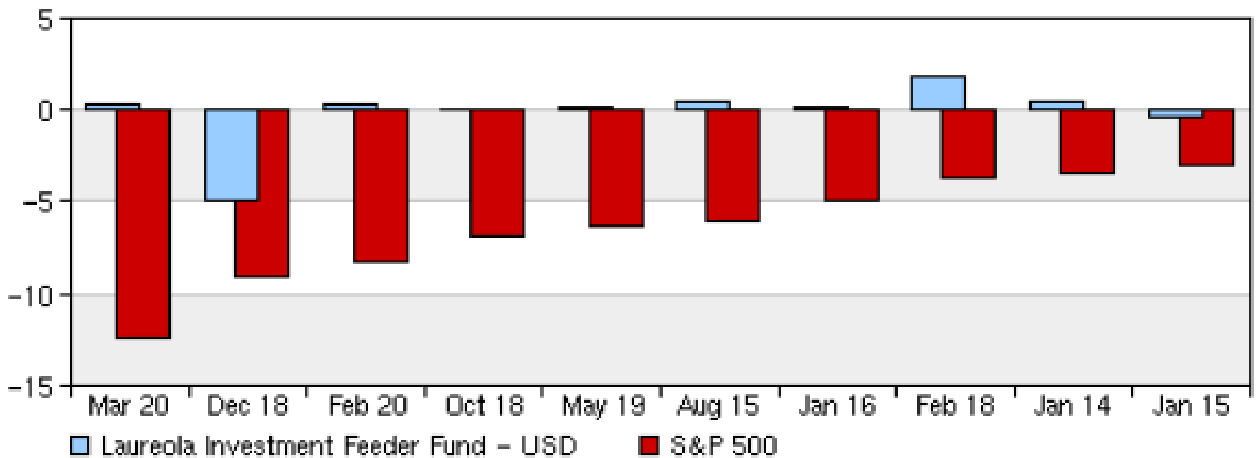
Non Correlation in Theory and Practice

CORRELATIONS			
Barclay Hedge:	0.13	S&P 500	0.22
MSCI World Index:	-0.26	MSCI EAFE	0.16
J.P. Morgan Global Bonds	-0.18		

Source: BarclayHedge

DOWN CAPTURE VS S&P 500



Laureola Fund – Long Term Performance
(USD Class)

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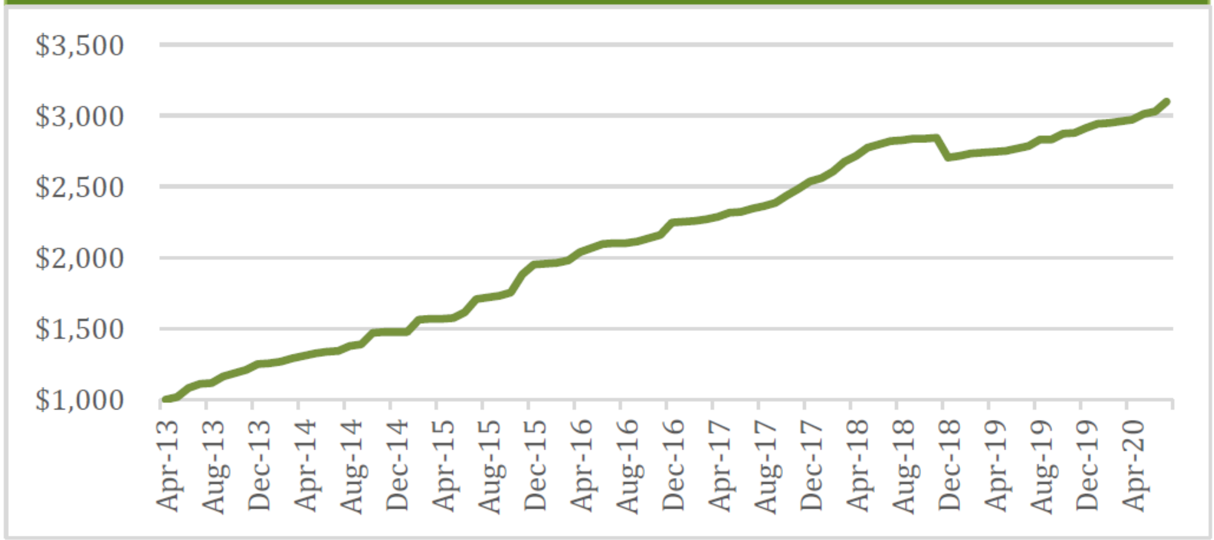
VALUE OF $1,000 INVESTED (USD)



		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2013	$	-	-	-	-	1.9%	6.0%	3.0%	0.6%	3.9%	1.9%	1.9%	3.4%	**24.8%**
2014	$	0.4%	1.1%	1.7%	1.7%	1.0%	0.9%	0.7%	2.4%	0.8%	5.8%	0.6%	0.2%	**18.5%**
2015	$	-0.3%	6.0%	0.2%	0.1%	0.5%	2.5%	5.9%	0.4%	0.8%	1.3%	7.3%	3.7%	**31.9%**
2016	$	0.2%	0.4%	0.7%	3.0%	1.6%	1.4%	0.1%	0.1%	0.5%	1.1%	1.0%	4.0%	**15.1%**
2017	$	0.2%	0.3%	0.5%	1.0%	1.2%	0.3%	0.9%	0.8%	1.0%	2.0%	2.0%	2.2%	**13.1%**
2018	$	0.7%	1.8%	2.6%	1.6%	2.0%	1.0%	0.8%	0.3%	0.3%	0.0%	0.3%	-4.9%	**6.4%**
2019	$	0.5%	0.7%	0.2%	0.2%	0.2%	0.5%	0.7%	1.6%	0.0%	1.4%	0.4%	1.2%	**7.9%**
2020	$	0.8%	0.3%	0.3%	0.4%	1.3%	0.7%	2.2%						**6.2%**

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Life Settlements – Potential Risks

Time Horizon: 3-5 years

Manage Longevity Risk

Mitigate Cash Flow Risk

Risks Related to Fund Investing

- Usual Fund Issues
- Alignment of Interests more important than in other asset classes

- Valuation of Assets
- Check for duration mis-match

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Why Include Life Settlements in Your Portfolio

Sacred Investment Trinity of

- Non Correlation
- Moderate Risk
- Equity-like Performance

+ Fixed Income Characteristics

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Laureola Australian Feeder Fund
Terms and Service Providers

Fund Terms

Minimum Investment	$100,000 AUD or $100,000 USD
Management Fee	2%
Performance Fee	20% - **on realised gains only**
High Water mark	Yes
Hurdle Rate	6% net
Currencies available	AUD (hedged), USD
Redemptions / Subscriptions	Monthly
Redemption Fees	3 year soft lock with redemption penalties. 20%/15%/10% years 1/2/3
Redemption Notification	120 days

Service Providers

Auditor (Feeder Fund)	Grant Thornton Audit Pty LTD
Fund Administrator (Feeder Fund)	Apex Fund Services (Australia) Pty Ltd.
Legal Counsel (Feeder)	Baker MacKenzie
Fund Trustee (Feeder)	Quay Fund Services LTD
Actuarial Consultant and Policy Valuations (Master Fund)	Lewis & Ellis
Auditor (Master Fund)	Deloitte
Custodian (Master Fund)	Bank of Utah Corporate Trust Division
Fund Regulator (Master Fund)	Bermuda Monetary Authority

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Performance Updates

- Australian Fund Monitors

On-Line Applications

- Olivia123

Appendix V
Laureola – Significance and Meaning

- **Definition**
  - *n* latin: a laurel branch or crown symbolising victory, triumph, success (Source: Oxford Latin Dictionary)

- **Use in the Ancient World**
  - In ancient Greece the laurel wreath was awarded to the victors of the Pythian games, which were held at Delphi to honour the god Apollo. The Pythian games were held every four years, in the year before the Olympic Games

- **Significance Today**
  - Today the laurel wreath has become a symbol of peace and protection as well as achievement.
  - The word "laureola" is the source of the accreditations Poet Laureate and Nobel Laureate

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- **This Presentation Document is neither an offer to sell nor a solicitation of an offer to buy any securities described herein.**

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Appendix I:
US Life Insurance: Glossary of Terms

Policy
- The written document that spells out the insurance contract between the insurance company and the insured

Beneficiary
- The person or party chosen by the policy owner to receive the benefits from the life insurance policy.

Face Value
- The amount of the death benefit payable if the insured person dies while the policy is in force.

Premium
- The payments required to the insurance company for the insurance coverage. Depending on the type of coverage, premiums may be fixed or flexible.

Cash Value
- The amount of money and interest accumulated in the life insurance account within the policies.

Rider
- Optional protection or clauses added to the insurance plan. Provides additional benefits to the base policy.

Policy Maturity Date
- The date to which the policy stays in force unless death occurs prior to that date.

Grace Period
- The length of time (usually 31 days) after a premium is due and unpaid during which the policy remains in force.

Lapse
- The termination of an insurance policy if premium is not paid by the end of the grace period.

Appendix II:
US Life Insurance: Types of Policies

Term

– Life insurance which pays a benefit if the insured dies during a specified period. Term insurance provides a level premium and a level-death benefit protection for a stated period of time, such as 10 or 20 years, or to a specific age. Premiums then increase, often rapidly.

Whole Life

– Whole life insurance is a contract with premiums that includes insurance and investment components. The insurance component pays a predetermined amount when the insured individual dies. The investment component builds an accumulated cash value which the insured individual can borrow against or withdraw. Whole Life policies have fixed premiums for life.

Universal Life

– A permanent life insurance product that builds cash value at an interest-crediting rate declared by the company. Within certain limits, you can choose the premium you wish to pay, and this affects the policy's cash value. Each month, a monthly deduction to cover the cost of the insurance protection provided by the policy is deducted from the policy cash value.

Convertible Term

– A type of term insurance that allows you to exchange the term insurance policy for a permanent life insurance policy (whole or universal) without having to take a new medical exam. The premium rate is normally based on the age of the insured at the time of the conversion.

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Appendix III:
Life Settlements: Glossary of Terms

Agent

- An insurance company representative licensed by the state who solicits and negotiates contracts of insurance, and provides service to the policyholder for the insurer. An agent can be independent.

Broker

- Generally, a life settlement broker is a person who, for compensation, solicits and negotiates a life settlement contract. In most states, including California, a person must be licensed to act as a life settlement broker.

Provider

- Life settlement providers serve as the purchaser in a life settlement transaction and are responsible for paying the client a cash sum greater than the policy's cash surrender value. Life Settlement providers must be licensed in the state where the policy owner resides. Approximately 41 states have regulations in place regarding the sale of life insurance policies to third parties.

Secondary Market

- When insureds sell to third parties via Providers, it is called the secondary market. All secondary market transactions must go through a Provider.

Tertiary Market

- When one investor sells to another investor. A Provider is not required for these transactions

Life Expectancy

- The probability of an individual living to a certain age according to a particular mortality table.

Premium Optimisation

- paying the lowest practicable amount of premiums in order to maintain a policy in force so as to maximize the investor's return at maturity.