



LIFE SETTLEMENTS

F U N D S

# THE LIFE SETTLEMENTS WHOLESALE FUND

*A Unique & Uncorrelated Investment*

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## What are Life Settlements?

**Life Settlements** are the purchase of the beneficial right to an unwanted/unneeded life insurance policy:

- From someone in USA aged 65+ with a medically underwritten diagnosed Life Expectancy (LE) of less than 10 years
- At a discount to the policy's face value
- In return for an immediate cash settlement
- Issued by a US insurance company with a 'secure' rating

***The Fund receives the full face value upon maturity.***



## Non-contestability

A large volume of policies are available for purchase in the U.S. where ***non-contestability*** provisions mean life insurance companies cannot contest the payment of death benefits, provided the premiums are fully paid.

## Size of the Market

Some of the world's largest life insurance companies operate in the U.S. which reduces the risk of financial failure by insurers. 90 million people in the USA own life insurance and 6.5 million of these people qualify for a life settlement (65+). The face value of this insurance is;

***\$US1,500,000,000,000***



- **Alternate Asset Class** offering attractive growth & return.
- **Non-Correlated** to volatile stock & bond markets, interest rates, oil prices.
- **Yield is determined by time** not market forces. It's not a question of 'if' but 'when' a policy will be paid out.
- **Capital Stable** – once a policy has been bought, the benefit (underlying asset) is known.



## Investors will receive two forms of return:

### **1 - Distributions:**

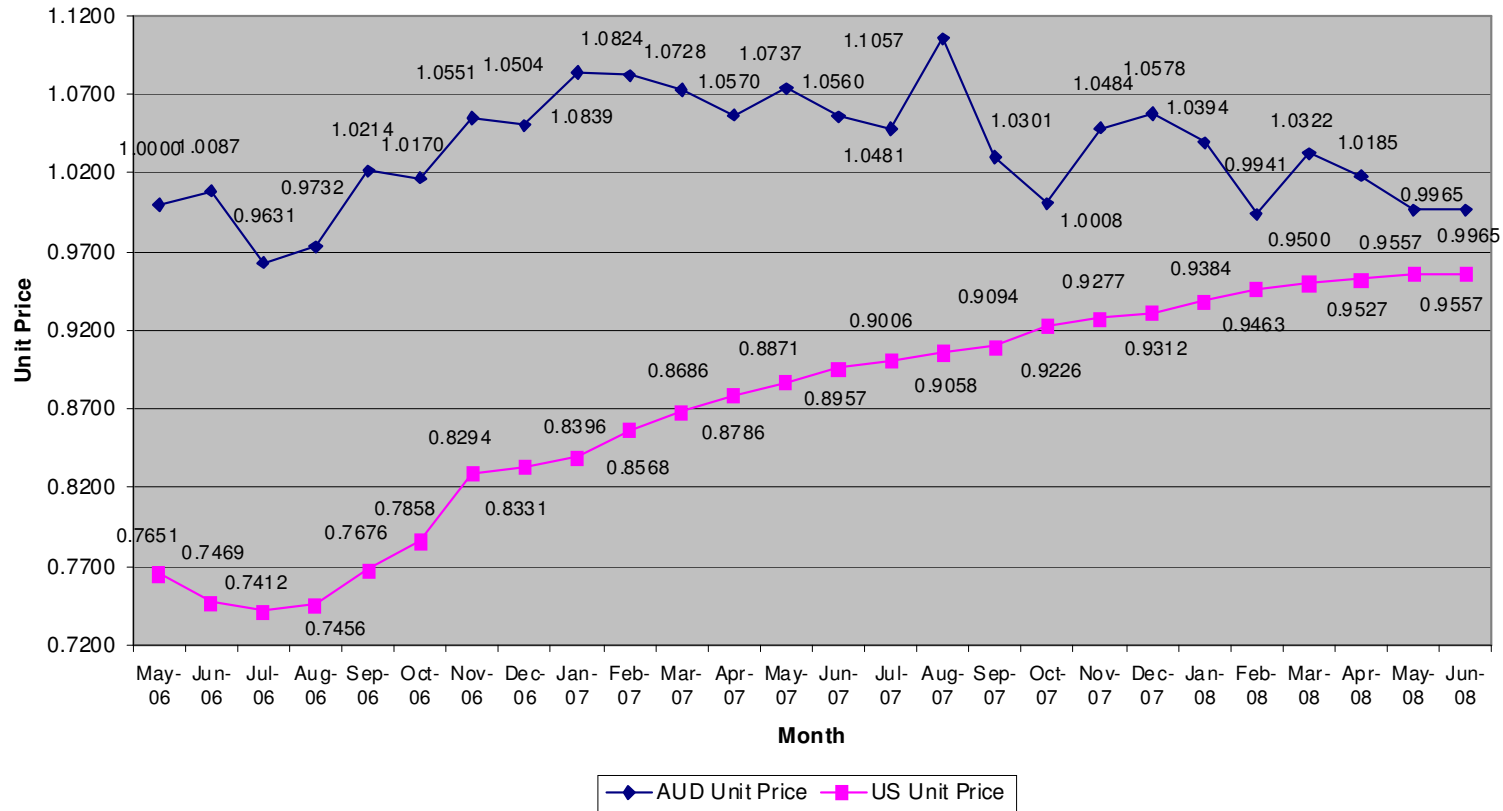
Distribution of profits from matured policies payable annually.

### **2 - Capital Growth:**

The **Fund is structured** so the unit price grows by the aggregation of **increased value each month of each policy**, thus removing the dependence on policy maturities to generate returns for investors.



**Historical NAV Unit Price**  
**Month End Value**  
**Return May 06 - Jun 08 - 24.9%, July 06 - Jun08 - 28.94%**  
**Assets - May 06 \$2M USD, Jun 08 \$2.2B USD**





Policies Owned	568
Average age	81 years
Average rating of insurance company	AA
No. of insurance companies	70
Current FUM	A\$ 1.5 billion
Top 10 unit holders	>US\$ 20 million each

***“Life Settlements are attractive because of their LACK OF CORRELATION with any traditional asset class.”***

*Mr. Leo de Bever, former Chief Investment Officer, VFMC  
Source: Investment & Technology Magazine, Australia, Feb 2008.*

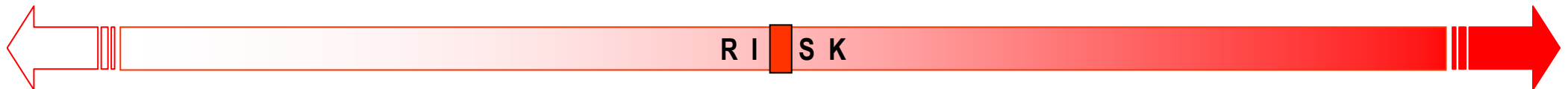
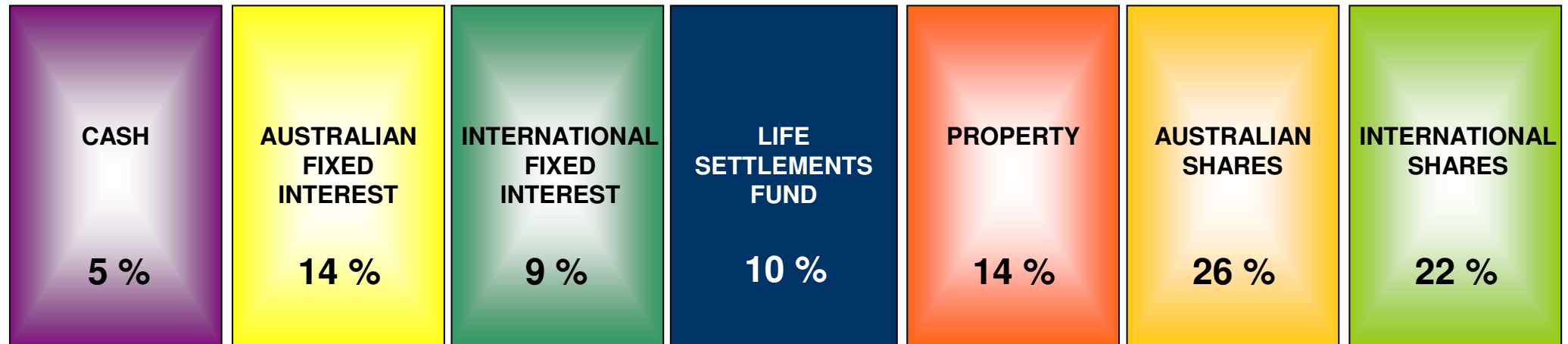


Example - The **Fund** decides to purchase Mr ABC's policy with a face value of **\$2,000,000**:

Description	Costs & Effects	Remarks
Sum Assured	US\$2,000,000	
Premium per year	US\$80,000	~4% of sum assured
Cash Surrender Value	US\$100,000	~5% of sum assured
Life Settlement	US\$600,000	~30% of sum assured
Total Future Premiums	US\$400,000	5 years premiums
Total Acquisition Cost	US\$1,000,000	Purchase cost + premiums
Profit Distribution	<b>US\$1,000,000</b>	<b>2:1</b>



## BALANCED PORTFOLIO



### INVESTMENT STRATEGY

To invest in a **diversified mix of growth and defensive assets**. Growth assets will have a **benchmark allocation of 62%**, with the **balance in defensive assets such as cash and fixed interest**.

### INVESTMENT OBJECTIVE

To **provide moderate growth** in your investment over the **medium to long term** with **moderate fluctuations in value likely**.