

2025



Investing in Life Settlements



expertise with longevity

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SL Investment Management

SL Investment Management (SL) is recognised as one of the largest and most experienced 'full service' secondary life policy specialists in Europe.

Established in 1990, SL has managed or advised over 40 collective investment vehicles comprising assets in excess of \$9.9bn. We have 30+ trained professionals, and an executive team who each average 21 years' experience in the sector.

We specialise in investment products based primarily on US life settlements. Our 'full service' solution includes product design and structuring, investment negotiation & acquisition, along with all aspects of managing and servicing portfolios.

SL has a worldwide client base; our funds should be viewed as medium to long-term investments and we pride ourselves on developing successful long-term client relationships.

Aggregating policies into investment portfolios that will generate real value for investors is dependent upon accurate modelling and pricing together with rigorous asset selection. SL has its own in-house actuarial team and a proven and unique value-based pricing system, providing clients with unparalleled expertise in these areas.

SL is also able to offer a wide range of advisory and management services to the owners of pre-existing life settlement portfolios.

"SL has been an important partner over many years, serving as investment advisor, and co-manager on 4 of our publicly listed Investment Trust funds"

Peter Ingram, Allianz Global Investors



Why Choose SL?

- Over 35 years of experience.
- Asset level IRR of 15.3%¹ and BlackOak Fund annualised return of 13.3%².
- 100% collection record of maturity proceeds for secondary life assets (\$2.0bn of maturity proceeds³).
- All management functions controlled in-house e.g. payment of life settlement premiums, daily monitoring for claims.
- Unfettered market access; we utilise all sources of secondary and tertiary policy acquisitions.
- Comprehensive due diligence on all transactions - life settlement due diligence approved by US counsel.
- Cautious and conservative, we build long-term relationships and partnerships based on quality advice. Future performance projections are realistic and based on full, transparent actuarial calculations.
- Specialist teams in trading, fund management and administration, all underpinned by our in-house actuarial team.
- Fully cost transparent including origination, servicing and management.
- Proprietary actuarial pricing model achieves portfolios tailored to each product profile.
- Extensive in-house developed trading platform.

1. Includes all SL life settlement purchases made since 2014;
2. BlackOak Fund annualised return from inception to 31 March 2025.
3. Figure includes US life settlements and UK traded endowment policies.



Key Statistics

Established Market:

- **50bn+**
USD trading activity
2020 to 2024¹
- **100+**
years of trading

Analytical Excellence:

- **591k+**
policies analysed²
- **72k+**
policies acquired²
- **100+**
insurance companies
utilised²

Performing Asset:

- **15.3%**
IRR of SL acquired
policies³
- **13.3%**
BlackOak Fund IRR⁴

Management Pedigree:

- **30+**
seasoned professionals
- **35+ years**
of trading secondary
insurance assets

1. SL estimate of combined secondary and tertiary market trading activity over the 5 years;

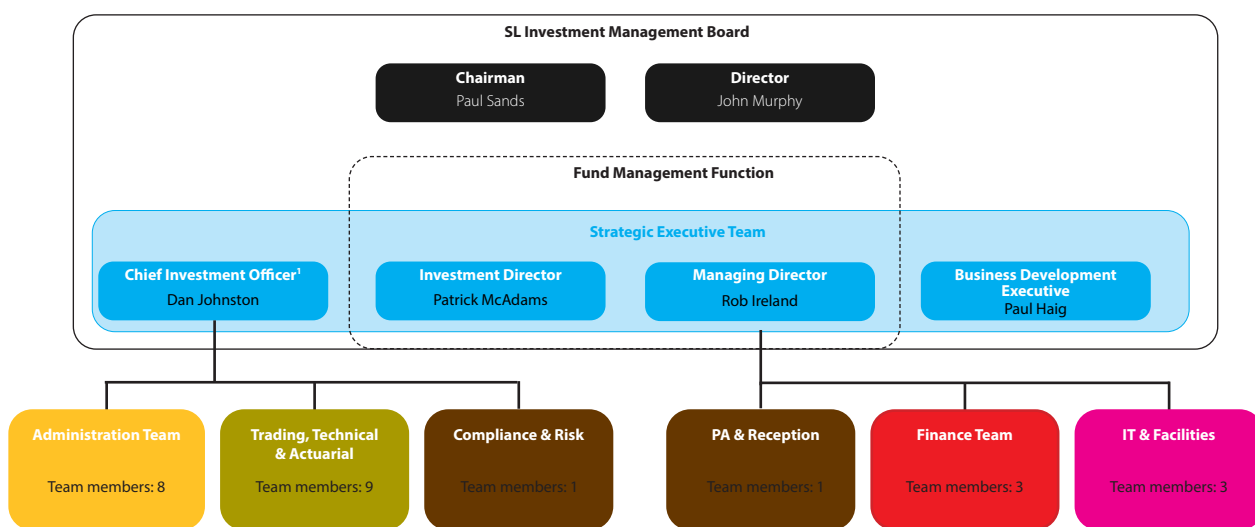
2. Figure includes US life settlements and UK traded endowment policies;

3. Includes all SL life settlement purchases made since the introduction of VBT2008;

4. BlackOak Fund annualised return from inception to 31 March 2025.

SL Organisational Profile

SL Investment Management's highly experienced executive team is comprised of financial and technical specialists who collectively form the intellectual capital of the organisation. They are fundamental to our client-centric approach. Listening, understanding and ultimately implementing innovative solutions tailor made to client's requirements.



total team: 31 professionals

Solid Credentials

SL Investment Management leads the promotion of transparency and standards in the markets in which we participate.

- Founding member of the European Life Settlement Association (ELSA), founded in 2009 to define standards for the European life settlement industry.
- Founding member of the Association of Policy Market Makers (APMM), founded in 1992 to bring together the leading organisations in the UK traded endowment policy market.
- Authorised and regulated as an Alternative Investment Fund Manager.
- Signatory to the internationally recognised United Nations Principles for Responsible Investment, demonstrating our commitment to responsible investment.



Signatory of:



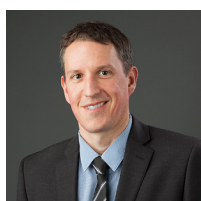
SL Team

Today, as a recognised expert and leader in life settlement investments, SL has one of the most highly experienced teams in the sector. The senior team collectively holds over 125 years of experience in the market and on average 21 years working within SL.



Paul Sands | Chairman

As joint founder, Paul Sands has been driving the strategic direction of SL since 1990. From a background of corporate finance and insurance sales, Paul's vision for SL was to lead the market by focusing on the detailed technical analysis required to understand the true underlying features of the assets, with the primary aim of producing more predictable and stable returns for investors.



Robert Ireland BSc CFA | Managing Director

Rob has over twenty-five years' experience in the alternative investment industry and is currently the managing director at SL. Rob holds a degree in Management and Mathematics from the University of Leeds and is accredited with the Investment Management Certificate (IMC), Certificate in Company Direction (IoD) and became a CFA Charter Holder in 2012.



Patrick McAdams CFA | Investment Director

Patrick has been Investment Director at SL since 2006, and has been fundamental in shaping SL's US life settlement service proposition. Patrick began his career at Bank of America, is a CFA Charter Holder, and founding chair of the European Life Settlement Association (ELSA). As fund manager of SL's open-ended life settlement strategy he co-manages the BlackOak Fund which has delivered returns in excess of 13% annualised since its inception in 2014.



Daniel Johnston BSc honours | Chief Investment Officer

Daniel is the Chief Investment Officer (CIO) for BlackOak Fund and chairs the risk committee at SL, with full responsibility for the delivery of services across the US life settlement areas of the business. Dan studied Mathematics at the University of York and is a part-qualified actuary with over thirty years' experience in the UK life & pensions, and US life settlement industries.



Paul Haig BSc | Business Development Executive

Paul joined SL as Business Development Executive in 2024, tasked with developing SL's Life Settlement fund offering and enhancing the proposition and suitability for institutional investors. With over twelve years' experience in the insurance industry, his understanding of institutional investor requirements in the UK and in wider markets is highly valued within the Executive Team.



Ioan Roberts BA FCISI | Head of Life Settlement Trading

Since joining SL in 2004, Ioan has taken a leading role in the acquisition of life settlement policies with a face value in excess of \$3 billion. He has a degree in Business and Finance and 9 years' experience with regional private client investment management companies prior to joining SL. He holds the Certificate in Securities; the Chartered Institute for Securities and Investment (CISI) Diploma; and is a Chartered Fellow of the CISI as well as a Chartered Wealth Manager.

Life Settlements - Key Investment Characteristics

Life settlement investment returns are fundamentally based on mortality and thus have low market correlation coupled with low volatility. This represents an excellent 'market neutral' alternative to traditional investment classes.

Life settlements are life insurance policies purchased at a significant discount to the maturity amount (Net Death Benefit, NDB). This offers attractive returns typically around 8%-12% per annum, net of fees. The counterparties for NDB payments are US insurance companies with investment-grade ratings, typically A+ and above.

Insurance liabilities (including the commitment to pay the NDB on maturing policies) rank above an insurance company's commitments to equity and bondholders. The collection of the NDB upon maturity is very secure; hence why life settlements have a very attractive risk-return ratio when compared to an insurance company's bonds.

Excellent risk-adjusted returns

Insurers' policy liabilities rank above their equity and debt; yet the Gross Redemption Yield (GRY) on a life settlement is above the current GRY on insurance company bonds - please refer to the graph on the next page and subsequent discussion on the unique properties of life settlements.

Reliably projected performance

Sophisticated actuarially based models and value-based pricing systems are used to forecast life settlement investment performance.

Proven track record

The SL life settlement performance index indicates that policies purchased across vehicles managed or advised by SL have delivered 15.3% annualised growth¹.

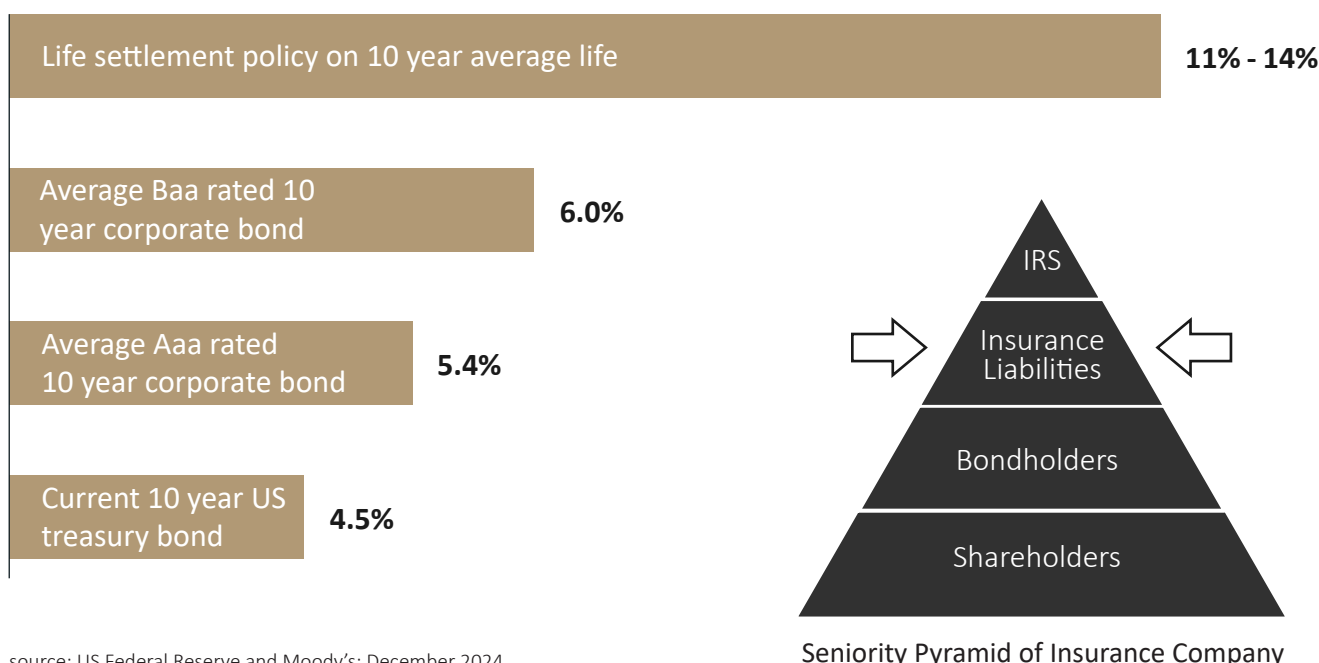
Low volatility

Life settlement portfolio investments held to maturity are less volatile than traditional investments such as equities. Returns are primarily dependent upon mortality experience and secondary market values, which have historically changed slowly.

Minimal market correlation

'Buy to hold' investment performance is directly linked to the life expectancy of the insured. Therefore, the asset has a low correlation to traditional equity, property and bond markets.

Net Yields of Various 10 Year Assets December 2024



source: US Federal Reserve and Moody's; December 2024
note: chart is not to scale

Typical Life Settlement Policy Investment Example

Policy Type	Universal Life
Maturity Proceeds	\$400,000
Average Annual Premium	\$27,677
Surrender Value	\$1,000
Age of Life Insured	76 years
Pricing Life Expectancy	8.25 years
Purchase Price	\$106,000
Life Company Rating	A+

Sensitivity Matrix - annualised returns

Life Expectancy (years)	IRR
6.25	21.3%
7.25	16.8%
8.25	13.4%
9.25	10.7%
10.25	8.6%

Life settlement returns are fundamentally driven by the timing of the passing of the insured life. Consequently, an investor is exposed to the 'longevity risk' of an insured life surviving longer than projected.

The valuation methodology employed by SL utilises mortality expectations set out in the VBT2015 (issued by the Society of Actuaries),

along with additional adjustments that allow for future mortality improvements, and a period of lower mortality immediately following the policy purchase.

Multiple policy specific factors are taken into account to ensure the projected returns are appropriate for the perceived risk.

History of Life Settlements & SL Investment Management



Added Value

Life settlements are life insurance policies issued on the lives of US seniors that have been sold by the original policy owner.

The investment return to the new owner is the excess of the maturity proceeds received over the acquisition price of the policy plus premiums paid to maturity.

Typically, sensible target net returns for investors in a life settlement fund are 8% - 12% per annum.

Although many life settlement fund managers frequently use more aggressive assumptions to indicate much higher returns are achievable, we believe in a more conservative approach, quoting what we believe to be realistic expectations of actual investor performance.

A number of key skills and targeted approaches

can be used to create value in a life settlement investment, these include:

- Targeted stock selection based on the historical analysis of medical underwriter performance.
- Enhancing policy value through the prudent selection of service partners.
- Efficient sourcing of assets from secondary and tertiary markets, creating value through utilisation of broad supply channels, providing access to the widest range of policies at the best possible prices.
- Accurately modelled distribution of mortality events for each insured life leads to a rigorous and diligent valuation process, resulting in the 'right' purchase price.
- Ongoing monitoring and active management of the portfolio.



Market Structure

SL utilises all available sources for acquiring policies. A typical transaction will involve the direct transfer of ownership from the original US senior into the name of the SL client portfolio.

However, as the market has matured there has been an increasing component of re-trading, whereby existing investors onwardly sell policies. This ‘tertiary’ market is now estimated to account for more than half of transactions in the life settlement market.

In recent years SL has developed a powerful and user-friendly on-line submission and valuation platform that allows for a rapid and efficient turnaround of bids.

Further, it is typical that SL will see identical policies offered through multiple sources in the market; our systems allow for an authoritative cross-referencing

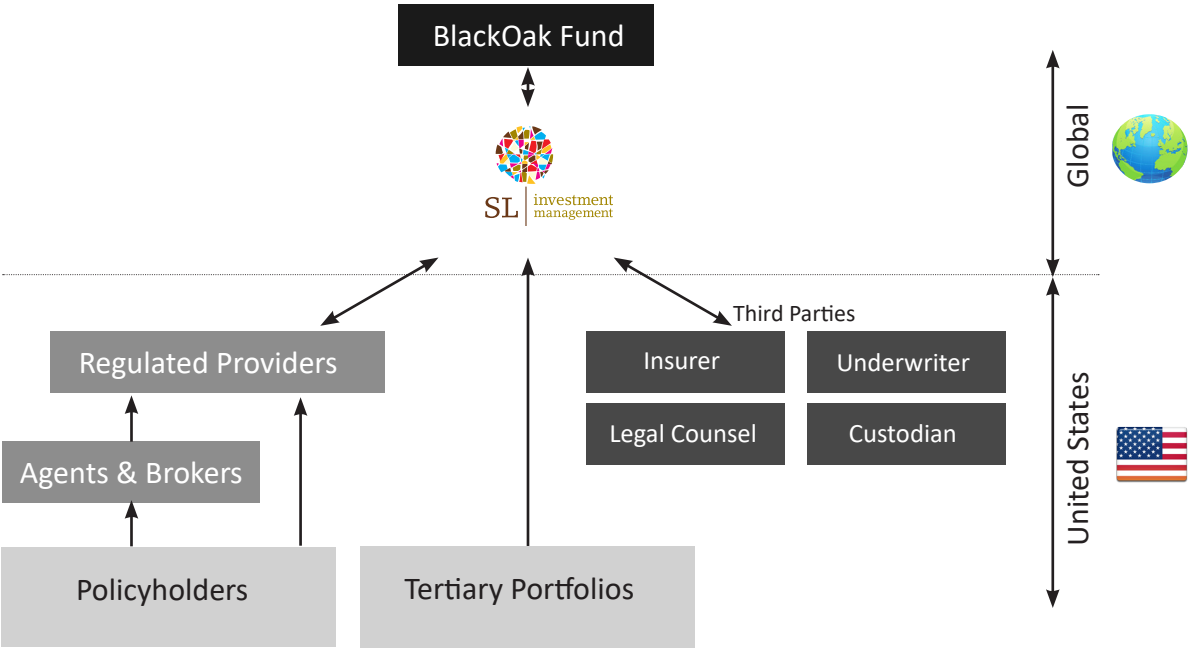
of data at both life insured and policy level.

This provides SL with a distinct advantage in terms of rapid response bidding, and aggregating of data enables us to identify particular value opportunities for investors in the market.

Our broad and independent acquisition approach has the benefit of increasing competition between brokers. This results in downward pressure on commission payments to intermediaries, which is to the ultimate benefit of both the policy vendor and secondary investor.

The level and quality of information provided from multiple sources also improves the overall quality of information in respect of each policy, enabling a better informed assessment to be made of the real underlying value to the investor.

Life settlement market structure



Market Growth

Increasing Policy Supply

The American Council of Life Insurers¹ estimated that the total in-force life insurance cover in the US amounted to \$22.2 trillion in maturity benefits, an increase of 1.6% on the previous year. With trading in the life settlement market estimated to have been around \$50.0bn² in the 5 years to 2024, there is huge potential for market growth as public awareness of the life settlement option continues to increase.

Sustained direct-to-consumer campaigns by members of the life settlement industry will help to support increased supply to the market. In addition, some US States have started to encourage individuals to consider a life settlement to complement the use of Medicaid to fund long term care.

Ageing Population

We are now in a 4 year period that has been described as the “Peak 65 Zone” as it is the period in which the largest proportion of the baby-boomer generation reach retirement age. In 2024 alone, 4.1m US citizens turned 65³, more than in any previous year, with similar or greater numbers projected for the following 3 years.

In its annual study Conning estimated that the average annual net market potential will be \$225 bn⁴ of face amount in the 10 years to 2033. In addition to the secondary market there is a vibrant tertiary market where policies can be traded. Conning project that the face amount of in-force settled policies in portfolio by the end of 2033 will be almost of \$38bn⁴.

Market Regulation

The life settlement market is regulated at state level, with each state having its own insurance commission to regulate and enforce the business of insurance within its state borders.

The market is maturing rapidly, with very few states now failing to include provision for life settlement regulation. Further, the level and quality of oversight is increasing in those states that have already adopted regulation.

SL has always been a strong supporter of consistent and rigorous regulation of secondary life markets, both in the US and the UK.

At federal level, a General Accounting Office report in 2012 concluded that the market successfully

benefits US seniors. The report supports the opinion that the market is here to stay, with expectations that market regulation will continue to be developed and supported at both the state and federal level.

SL is a founding member of ELSA (the European Life Settlement Association) which was formed to encourage ethical practices in the life settlement market and promote investor understanding of the market.

Members must adhere to a strict Code of Practice, introduced by ELSA to establish common standards of best practice within the European life settlement industry - protecting the interests of Investors in the asset class.

Q&A

Is this market beneficial for US seniors?

For “Seniors” (older policyholders), the development of the secondary market has created liquidity for a previously illiquid asset. Policyholders are now receiving a value for their policies where previously they were left to lapse or surrender at a nominal value. Over 80% of all life policies lapse prior to claim; so the biggest benefactors of a policy sale are always the policyholders themselves.

The secondary market provides a win-win arbitrage opportunity; the life insured gains more value than surrendering or lapsing a policy, whilst the secondary investor acquires a unique investment with low correlation.

Why do policy holders sell?

Prior to the establishment of the secondary market, if policyholders no longer wished to retain a policy they had two options: return the policy to the issuing life insurance company in return for the surrender value; or let the policy lapse by ceasing premium payments. Both options are highly unattractive when compared to selling the policy on the secondary market.

Typically, in excess of 80% of all terminated life policies lapse prior to maturity. The reasons are that policyholders often no longer have a need for the policy or, having retired, can no longer afford to pay the premiums on their policies. The emergence of a secondary market, with the possibility for the policyholder to obtain more value through a sale, offers an attractive alternative for seniors – providing liquidity to the policyholder for an otherwise illiquid asset.

A policy may be sold for various reasons, for example:

- Estate planning needs have changed
- The policy was used as key person insurance for a now retired employee
- Children have reached adulthood and are self-supporting
- Change in health status of insured
- Divorce
- Can no longer sustain premium commitments in retirement

Do You Trade In 'Viatical' Policies?

No. A life settlement is typically sold by a US senior aged 65 and over who has age-related medical impairments that, whilst not necessarily terminal, do reduce life expectancy.

This differs from viatical policies, where the lives insured are typically younger and have an advanced terminal illness with a life expectancy shorter than two years.

SL does not purchase viatical policies.

How do I select a Fund Manager?

Life settlements offer a particularly attractive investment opportunity for institutional investors. The choice of a proficient fund manager should always be of paramount importance to such investors.

SL has produced a guidance note, [10 Key Questions to Ask Life Settlement Fund Managers](#), listing the key questions investors should be asking during their due diligence process to ensure a sound choice of investment manager.



Contact Us

If you would like to learn more about attractive investment opportunities in life settlements, or require any further information about the BlackOak Fund, please contact:

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