

GIS GENERAL FUND

QUARTERLY REPORT 1 April 2020



Key Facts

Investment Manager
GI Asset Management Limited

Funds Legal Name
GIS General Fund

Domicile
Ireland

Administrator
CACEIS Ireland Limited

Auditors
KPMG

Listing Agent
Matheson

Custodian
CACEIS Bank, Ireland Branch

Securities Intermediary
Wells Fargo Bank, NA

Structure
Umbrella Fund / Company

Asset Category
Insurance Linked Securities

Investment Horizon
5 years +

Currencies
USD

Minimum Investment
€100,000 or equivalent

Management Fee
1.5%

Performance Fee
20% over Hurdle Rate of 8%

Fund Codes
SEDOL-B66NST9
ISIN-IE00B66NST91

Contact Details:
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The GIS General Fund is one of the suite of products offered by Global Insurance Settlements Funds PLC.

Our fund strategy is to utilise our proprietary approach to portfolio evaluation to combine a portfolio of low risk US life insurance policies in an open-ended fund with a buy and hold strategy. These policies will be beyond their contestability period and extensively analysed to ensure correct title can be obtained. The portfolio will be well diversified in terms of issuing insurance companies, medical impairments, age, gender, face value amount and expected maturity dates.

The Fund's overall investment objective is to generate attractive risk-adjusted returns over time, by actively managing a large and diversified portfolio of life insurance policies through Life Settlement transactions.

GIS General Fund Statistics

Launch Date 10 February 2012

Current Share Price US\$0.6210

Asset Under Management US\$53,014,945.73

Quarterly Return -0.05 %

Return Since Inception -23.90 %

Cumulative Dividend: \$0.14

* Indicated Returns Include Dividend

Calendar Year Return

| Year | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------|---------|----------|--------|---------|---------|--------|
| | 5.27 % | 0.47 % | 2.69 % | -1.56 % | -0.27 % | 2.49 % |
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| | -7.78 % | -29.07 % | | | | |

Quarterly Returns

| Year | Qtr Ended Mar | Qtr Ended Jun | Qtr Ended Sep | Qtr Ended Dec |
|------|---------------|---------------|---------------|---------------|
| 2012 | 4.53 % | -0.99 % | 0.16 % | 1.55 % |
| 2013 | 3.48 % | -0.70 % | -0.15 % | -2.08 % |
| 2014 | 0.46 % | 0.88 % | 1.28 % | 0.037 % |
| 2015 | -1.34 % | 0.56 % | 0.02 % | -0.81 % |
| 2016 | -0.01 % | 0.79 % | 0.31 % | -1.38 % |
| 2017 | 2.33 % | 0.25 % | 0.83 % | -0.92 % |
| 2018 | -1.41 % | -5.07 % | -1.46 % | -0.10 % |
| 2019 | -0.12 % | -32.57 % | 1.75 % | 3.49 % |
| 2020 | -0.05 % | | | |

* Indicated Returns Include Dividend

Commentary

During times of economic instability, the GIS General Fund shows a history of remaining stable. It had managed to weather the financial storm of the GFC, and it appears that it will do so yet again during COVID-19 pandemic. The GIS General Fund has been seeded with seasoned life settlements policies. The insureds have already impaired health with an average age approaching 90 years old. It is the collection of maturities that drives the return and we anticipate an increased number of claims will be lodged over time. In June 2019 the fund updated the underwriting on all the policies to take into account the Underwriters changes to life tables. The GIS General Fund has begun to already experience some encouraging results, returns in the first 6 months since the update have been in line with our targeted net annual return of 8-10%.

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Why Invest?

- Diversification benefits;
- Underlying assets have low correlation to financial markets or economic matters;
- Tax clarity thanks to unique tax efficient structure;
- Asset selection targets only low risk life policies for this sub fund.
- Target returns for each policy should average 8% - 12% if held to maturity;
- Proven management team; never failed to collect a claim.
- Investor security is paramount, so we only deal with blue-chip service providers and are domiciled in a regulated jurisdiction.
- Opportunity to structure individual portfolios to meet needs and risk appetite

Benefits Investing In The Fund

- Exposure to a wider range of policies through pooled approach;
- Can add to your investment at any time;
- Limited Liquidity - low redemption restrictions; and
- Access to the asset class with a reasonable sized investment.

Valuation Methodology

The monthly value of the pool of Life Settlements is determined by the Investment Manager. This is then confirmed on a half yearly basis by an independent actuarial firm, based on similar valuation technique.

The probabilistic approach is an actuarial method that fits a policy's expected cash flows (premium payments and death benefits) to a mortality scale.

An appropriate probability factor is determined from an actuary's Mortality Table and this is applied to generate a series of expected cash flows and an internal rate of return, to price the policy.

The probabilistic approach acknowledges the range of possibilities that may apply to a life expectancy and therefore affect the return from an investment in a Life Settlement.

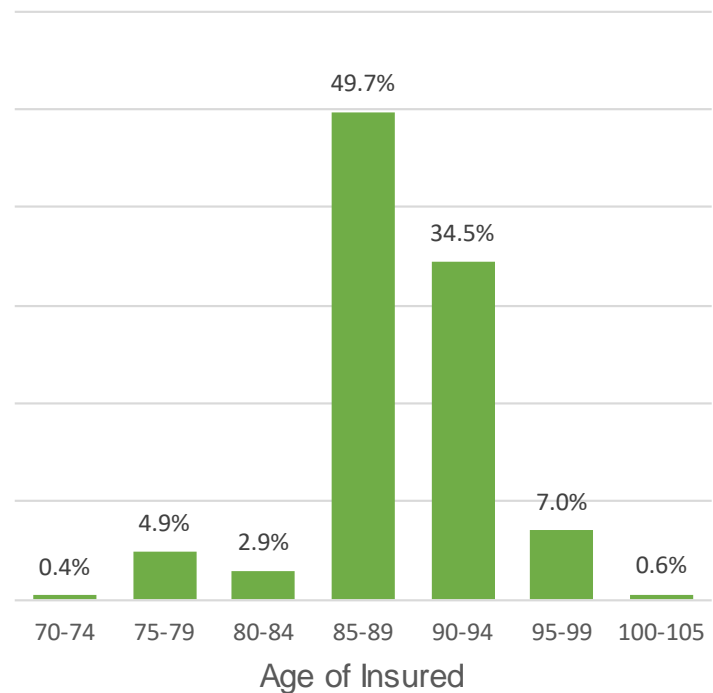
Risk Mitigation Strategies

- **Selection Risk** - Policies are sourced from licensed Policy Providers following extensive due diligence and a rigorous screening programme;
- **Counter-party Risk** - Best of Breed service providers and a selection process that includes diversification amongst highly rated insurance companies; and
- **Longevity Risk** - Whilst a small number of policies could leave you exposed to this risk, a larger pool of carefully assessed policies provides the necessary diversification.
- **Taxation Risk** - The fund is structured under the umbrella of Global Insurance Settlements Funds PLC, a listed Irish company, so is not liable for US withholding tax, nor will distributions paid from Ireland to offshore jurisdictions be liable for Irish withholding tax;

A key feature to managing the asset is to have the appropriate structure so that the investor would normally pay tax in its own jurisdiction and therefore avoid the potential for unnecessary tax leakage to other jurisdictions.

Global Insurance Settlements Funds PLC can ensure a high level of tax clarity for investors.

Cases by Insured Age (% of Face Value)



Face Amount by AMBest Rating

