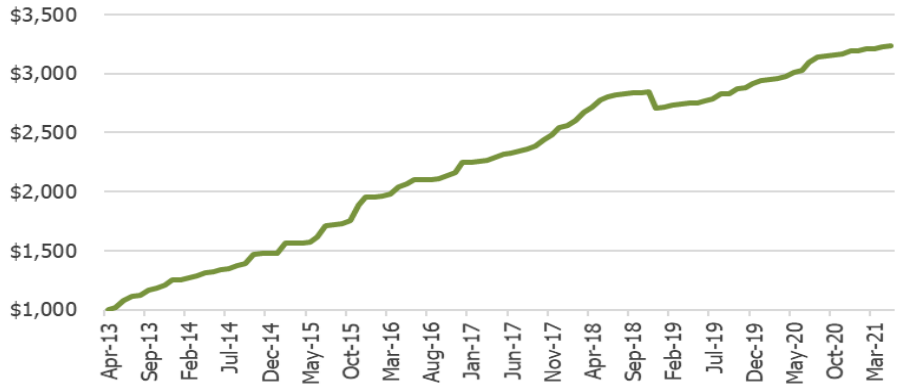




## FUND DETAILS

Investment minimum: \$100,000  
 Follow-up Investment: \$25,000  
 Liquidity: Monthly (120 days' notice)  
 Redemption fees years 1-3  
 Administrator: Apex Fund Services  
 Custodian: Bank of Utah  
 Valuation Consultant: Lewis & Ellis  
 Auditor: Deloitte  
 Regulator: The Bermuda Monetary Authority

## VALUE OF \$1,000 INVESTED (USD)



|             | Jan      | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Oct  | Nov  | Dec   | Year         |
|-------------|----------|------|------|------|------|------|------|------|------|------|------|-------|--------------|
| <b>2013</b> | \$ -     | -    | -    | -    | 1.9% | 6.0% | 3.0% | 0.6% | 3.9% | 1.9% | 1.9% | 3.4%  | <b>24.8%</b> |
| <b>2014</b> | \$ 0.4%  | 1.1% | 1.7% | 1.7% | 1.0% | 0.9% | 0.7% | 2.4% | 0.8% | 5.8% | 0.6% | 0.2%  | <b>18.5%</b> |
| <b>2015</b> | \$ -0.3% | 6.0% | 0.2% | 0.1% | 0.5% | 2.5% | 5.9% | 0.4% | 0.8% | 1.3% | 7.3% | 3.7%  | <b>31.9%</b> |
| <b>2016</b> | \$ 0.2%  | 0.4% | 0.7% | 3.0% | 1.6% | 1.4% | 0.1% | 0.1% | 0.5% | 1.1% | 1.0% | 4.0%  | <b>15.1%</b> |
| <b>2017</b> | \$ 0.2%  | 0.3% | 0.5% | 1.0% | 1.2% | 0.3% | 0.9% | 0.8% | 1.0% | 2.0% | 2.0% | 2.2%  | <b>13.1%</b> |
| <b>2018</b> | \$ 0.7%  | 1.8% | 2.6% | 1.6% | 2.0% | 1.0% | 0.8% | 0.3% | 0.3% | 0.0% | 0.3% | -4.9% | <b>6.4%</b>  |
| <b>2019</b> | \$ 0.5%  | 0.7% | 0.2% | 0.2% | 0.2% | 0.5% | 0.7% | 1.6% | 0.0% | 1.4% | 0.4% | 1.2%  | <b>7.9%</b>  |
| <b>2020</b> | \$ 0.8%  | 0.3% | 0.3% | 0.4% | 1.3% | 0.7% | 2.2% | 1.3% | 0.4% | 0.3% | 0.2% | 0.9%  | <b>9.6%</b>  |
| <b>2021</b> | \$ 0.0%  | 0.4% | 0.1% | 0.4% | 0.4% |      |      |      |      |      |      |       | <b>1.3%</b>  |

## PERFORMANCE ANALYSIS (USD)

Current month: 0.4%  
 Year to Date: 1.3%

Compound Annual Growth Rate: 15.6%  
 Since Inception: 224%

Annual Cash Yield: 0% to 10%

Worst / Best month: -4.9% / 7.3%

Fund AUM (USD): \$ 68 ml  
 Advisor AUM (USD): \$ 78 ml

## THE INVESTMENT ENVIRONMENT

### Equities Stable; Bonds as "Return Free Risk"?

US equities were up 0.5% in May and US 10 yr. Treasuries ended May at 1.58% yield. Debt levels continue to surge: the ratio of Treasuries to GDP increased from 87% to 109% in only 15 mos. The ratio was 59% in 1999. Companies and individuals have also borrowed record amounts.

Not all the money will get paid back. An example: the US federal budget recently forecast a 4x increase in losses from student loans from \$15 bn to \$68 bn in just one year. Fixed income investors currently face not only above average credit risk and above average interest rate risk, but also the risk of losing purchasing power. The income offered by 10-year Treasuries has declined by 94% since 1981, and in other countries is actually negative. US T-bills are virtually at 0%. Riskier "junk" bonds currently yield less than 5%, even that won't allow taxable investors to keep up with today's inflation.

And there are real signs of inflation. Consumer prices have risen at the fastest pace in 12 years, with May inflation up 5% y-o-y. Most of the increase in prices is due to the post-pandemic recovery, but a shortage of shipping containers, port bottlenecks, accidents, cyber attacks, and the imposition of green policies have all contributed.

Warren Buffet's description of bonds as "return free risk" is truer than ever. Investors looking for fixed income alternatives to provide their portfolios with diversification, stability, and income are considering Life Settlements in increasing numbers.

## CONTACT

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## LAST MONTH IN THE LIFE SETTLEMENT MARKETS

### **LS Markets Stable; Some Secondary Market Statistics from 2020**

LS markets were stable in May with most closing IRRs in the 12% to 16% range. Laureola was again able to invest the monthly cash flow at the higher end of that range without sacrificing on policy quality.

The 2020 trading statistics for the secondary market (insureds selling to the Providers) have been announced. According to news reports, the number of policies purchased increased 13% to 3,241 policies, total face increased 5% to \$4.8 bn, and the amount paid to the insureds was up 1% to \$848 ml. The average face of traded policies in 2020 was \$1.4ml, twice the average face of policies in the Laureola (Bermuda Feeder) portfolio.

The growth in trading is encouraging, especially in light of the pandemic and related shutdowns, but the market is still tiny compared to other asset classes; a phenomenon which favours smaller players such as Laureola. The Provider market remains somewhat concentrated, with the top 4 Providers doing 2/3<sup>rd</sup> of the business: the other 20 Providers fighting over 1/3<sup>rd</sup>. Some new Providers have entered the market and have expanded the sources of policies for smaller investors, an encouraging sign.

## THE PORTFOLIO – RECENT ACTIVITY

### **A Solid Month; A Strong Fixed Income Alternative**

The Laureola (Bermuda Feeder) Fund returned 0.4% for May and is up 1.3% ytd. Returns in May were mostly driven by the maturity of a smaller policy; the purchase of 8 small face policies at below market value also contributed a small amount.

Maturities for 2021 have been below expectations in the first 5 months of the year and this has resulted in returns below expectation for this period. Experienced Life Settlement investors will remember that there is randomness in the timing of maturities; such is the nature of mortality. Returns will be lumpy even in a well-managed Life Settlement portfolio, if it is properly valued. In 2020, the Fund returned over 9% net to investors with half the total return coming in the best 3 months; the worst 5 months had a combined 1.5% return – about the same as the return in the first 5 months of 2021. These statistics do not guarantee a 9% year for 2021, but they do illustrate that any concern based on the performance of the first 5 months may be mis-placed.

Laureola Advisors continues its in-depth research into mortality, and new channels of supply are being established, including some that are proprietary. The benefits of this work may not necessarily manifest next month but will over the next three years. Having the correct time horizon is critical for success in this asset class.

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The portfolio now holds 189 policies of which 20% have insureds over age 90; many are not well. Over 35% of the policies have insureds with life expectancies of less than 48 months. The portfolio is overdue maturities, especially on its larger policies.

With improved sourcing channels, overdue maturities, and a superior understanding of mortality, the 8% to 12% expected annual return over 3 years should be met, providing investors with an attractive fixed income alternative for their portfolios.

**This Document is neither an offer to sell nor a solicitation of an offer to buy any securities described herein. Such an offer will only be made to qualified investors by means of the Confidential Private Placement Memoranda, The Laureola Investment Feeder Fund Supplement, the Laureola Master Fund Supplement, the Subscription Agreement, and related documents ("Offering Documents"). This document is provided for information purposes only. Prospective Investors should carefully consider all the Risk Factors contained in the Offering Documents.**



### **Additional information for Qualified Investors in Switzerland**

The Fund is compliant with Swiss law for distribution to qualified investors in or from Switzerland.  
The Swiss representative is Fundbase Fund Services AG, Bahnhofstrasse 3, CH-8808 Pfaeffikon SZ.  
The Swiss paying agent is Neue Helvetische Bank Ltd., Seefeldstrasse 215, CH-8008 Zurich.

Investors in Switzerland can obtain the binding documents of the Fund, such as legal fund documents, audited annual reports, directors' reports and marketing material free of charge from the Swiss representative. This document may only be issued, circulated or distributed so as not to constitute an offering to the general public in Switzerland. Recipients of the document in Switzerland should not pass it on to anyone without first consulting their legal or other appropriate professional adviser, or the Swiss representative

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