



LAUREOLA (Bermuda Feeder) Fund

April 2022

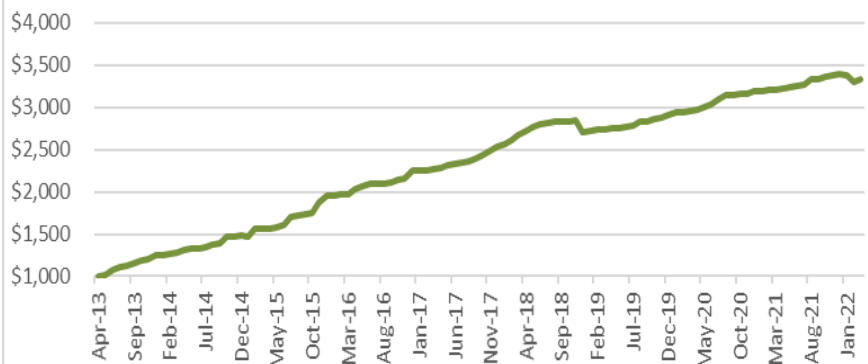
LAUREOLA ADVISORS
INTEGRITY | DILIGENCE | SUCCESS

Dedicated to Life Settlements

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
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%	1.3%	0.4%	0.3%	0.2%	0.9%	9.6%
2021	\$ 0.0%	0.4%	0.1%	0.4%	0.4%	0.4%	0.4%	2.1%	0.1%	1.0%	0.3%	0.2%	6.0%
2022	\$ -0.1%	-2.3%	1.0%										-1.5%

PERFORMANCE ANALYSIS (USD)

Current month:	1.0%
Year to Date	-1.5%
Compound Annual Growth Rate	14.5%
Since Inception	234%
Annual Cash Yield	0% to 10%
Worst / Best month	-4.9% / 7.3%
Fund AUM (USD)	\$ 59 ml
Advisor AUM (USD)	\$ 72 ml

THE INVESTMENT ENVIRONMENT

Continuing Instability, More War; Credit Excesses

The S&P 500 was up 3.6% in March but down -4.9% ytd. Fixed income did worse: the broad bond market was down -5.7%. Both stocks and bonds continued their decline in April.

The war in Ukraine continues with shocking humanitarian suffering and carnage not seen in Europe in 8 decades. The on-going war and related sanctions will likely lead to sustained inflation, more market instability, and heightened geo-political uncertainties. The reaction of the Russian leadership to any failure on the ground cannot be predicted.

In China an outbreak of Covid has led to strict lockdowns with the inevitable economic downturn and possible social unrest. China has her own deflating financial bubble, primarily in real estate: the yields on major Chinese Developers ranged from 15.5% (Country Garden) to 109% (Evergrande). Excess credit leads to instability in all countries.

Real world inflation continues to be an issue – another outcome of credit excess exacerbated by war, Covid, and supply chain problems. Many commodity prices are up double digits, wages are up, and central banks appear to be starting a tightening cycle: the first since 1994, nearly 30 years ago. Most Fund Managers will be seeing one for the first time.

Investors must contemplate multiple scenarios including current inflation, credit instability, rising default rates, and probable deflation in financial assets. Life Settlements can contribute to portfolios in most scenarios.

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INFLATION AND LIFE SETTLEMENTS

Should Life Settlements be part of investors' portfolios in times of inflation? A rational analysis will begin by establishing three assumptions: expected return on the LS portfolio, expected inflation, and the time horizon.

The expected return of the Laureola LS strategy is 8% to 12%; the actual return in the past few years has been between 6% and 9%. At least this has the validity of being backed by realised gains. Let's use 7% as a conservative assumption with a high probability of being realised. (Laureola's portfolio is currently valued at a 13.5% IRR – gross of fees and fund costs - so there is a buffer).

As for inflation expectations, there are as many as there are investors. Current yoy inflation is above 8%, but the broad market expects inflation to average 3.34% according to the 5-year TIPS auction last week. This has been climbing since April 2020 so let's use 4% to have some buffer above current market expectations. Let's use 5 years as the time horizon as we have the 5-year figure for inflation expectations, LS returns are more reliable over the 3-5 year time frame, and seasoned investors will typically prefer a longer time frame for their decisions.

Mathematically, a 7% return will be helpful even in a 4% inflation environment. Investors can adjust both figures according to their own analysis, but there is a significant buffer. Despite the fixed income characteristics, LS prices are only modestly correlated to interest rates. The IRRs on LS have ranged between 6% and 12% above Treasuries and LS prices have proven to be more dependent on capital flows and liquidity. The prices of LS may vary over the coming 5 years but the realised return on those already purchased will not be affected. The realised return on LS is reliant primarily on getting the mortality right, and that is why Laureola has such a strong focus on understanding the mortality of each insured. Control for this variable and the portfolio will beat inflation in most scenarios.

THE PORTFOLIO – RECENT ACTIVITY

Performance Recovers: Fund Well Positioned

The Laureola (Bermuda Feeder) Fund returned +1.0% in March and is down -1.5% ytd. Returns for the month were the result of 4 smaller policies maturing. Mortality experience ytd (5 in total) has been slightly below average but within the expected range. For comparison, quarterly maturities last year ranged between 6 and 8 per qtr. The portfolio still has most larger policies and several smaller policies overdue for a maturity; the actuarial projections are for \$18 ml of maturities in each of the next two years, which bodes well for future returns.

The portfolio now has 162 policies with combined \$117 ml of face value. The policies are valued at a 13.5% IRR based on updated medical information, which also supports the expected net return of 8% to 12% to investors. The crucial assumption is always the mortality; the experience of recent years suggests that Laureola continues to improve their mortality analysis.

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Investors are concerned about the effects of inflation on their portfolios. There is no doubt a place for assets that directly protect against inflation, such as commodity exposure, real estate, or possibly gold. But a portfolio focused only on these assets may not do well in other scenarios e.g. more moderate inflation or deflation resulting from a credit crisis. A stable 7% annual return over 5 years will provide investors with 40% more purchasing power 5 years from now.

Laureola has always delivered 7% or better over 5 years, and as the strategy is based on mortality, it brings the added benefits of genuine non-correlation, stability, and protection from geo-political and economic shocks.

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.



Historical Performance by Feeder Fund, Currency Series and Class

		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%
	€	-	-	-	-	1.6%	4.3%	2.4%	0.6%	3.7%	1.8%	1.8%	3.3%	21.2%
	£	-	-	-	-			2.7%	0.4%	3.4%	1.9%	1.8%	3.3%	14.2%
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%
	€	0.5%	1.0%	1.6%	1.6%	1.0%	0.9%	0.7%	2.4%	0.7%	5.8%	0.6%	0.1%	18.1%
	£	0.4%	1.0%	1.6%	1.4%	1.0%	0.3%	0.6%	2.4%	0.7%	5.8%	0.6%	0.1%	17.1%
	Fr.	1.9%	0.9%	1.6%	1.6%	1.1%	0.8%	0.9%	2.5%	1.2%	5.9%	0.6%	0.1%	20.7%
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%
	€	-0.4%	6.0%	0.1%	0.2%	0.4%	2.4%	5.6%	0.4%	1.5%	1.2%	7.5%	3.5%	31.9%
	£	-0.4%	5.8%	0.1%	0.2%	0.4%	2.4%	5.9%	0.4%	1.3%	1.3%	7.4%	3.8%	32.2%
	Fr.	-0.5%	6.0%	0.0%	-0.1%	0.2%	2.2%	5.6%	0.3%	1.2%	1.2%	7.4%	3.3%	29.8%
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%
	€	0.2%	0.3%	0.6%	2.8	1.5%	1.5%	0.0%	0.0%	0.4%	0.7%	1.0%	3.8%	13.4%
	£	0.2%	0.4%	0.7%	2.9	1.6%	1.5%	0.1%	0.0%	0.4%	-0.9%	1.0%	4.0%	12.4%
	Fr.	0.1%	0.2%	0.5%	2.8	1.5%	1.2%	-0.1%	-0.1%	0.3%	0.6%	0.9%	3.0%	11.6%
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%
	€	0.1%	0.1%	0.2%	0.8%	1.1%	0.1%	0.8%	0.6%	0.8%	1.9%	1.7%	2.0%	10.6%
	£	0.1%	0.2%	0.3%	0.8%	1.1%	0.1%	0.8%	0.7%	0.9%	1.9%	1.8%	2.1%	11.4%
	Fr.	0.0%	0.1%	0.2%	0.7%	1.0%	-0.0%	0.7%	0.6%	0.8%	1.8%	1.7%	1.9%	9.9%
US Feeder						1.2%	0.2%	0.8%	0.8%	0.9%	1.9%	1.9%	2.1%	10.2%
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%
	€	0.4%	1.8%	2.4%	1.3%	2.3%	0.7%	0.4%	-0.1%	0.3%	-0.3%	-0.1%	-5.4%	3.5%
	£	0.6%	1.8%	2.4%	1.3%	1.9%	0.7%	0.7%	0.3%	0.1%	-0.2%	0.0%	-5.2%	4.3%
	Fr.	0.4%	1.7%	2.5%	1.3%	2.6%	0.5%	0.6%	-0.1%	-0.1%	-0.4%	-0.1%	-5.3%	3.4%
US Feeder		0.6%	1.8%	2.5%	1.6%	2.0%	0.9%	0.7%	0.2%	0.2%	-0.0%	0.2%	-5.0%	5.5%
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%
	€	0.0%	0.6%	-0.1%	-0.2%	-0.2%	0.2%	0.3%	1.3%	-0.3%	1.0%	0.2%	1.9%	4.8%
	£	0.3%	0.4%	0.1%	-0.0%	-0.1%	0.3%	0.6%	1.5%	-0.2%	1.1%	0.2%	2.0%	6.4%
	Fr.	-0.1%	0.4%	-0.1%	-0.2%	-0.2%	0.1%	0.3%	1.2%	-0.3%	1.0%	0.0%	1.8%	4.0%
US Feeder		0.4%	0.6%	0.2%	0.2%	0.1%	0.5%	0.6%	1.6%	-0.0%	1.3%	0.3%	1.2%	7.1%
2020 BM Feeder	\$	0.8%	0.3%	0.3%	0.4%	1.3%	0.7%	2.2%	1.3%	0.4%	0.3%	0.2%	0.9%	9.6%
	€	0.7%	1.9%	0.0%	0.2%	1.1%	0.8%	1.9%	1.2%	0.3%	0.2%	0.2%	0.7%	9.3%
	£	0.5%	0.1%	0.2%	0.3%	1.2%	0.6%	2.0%	1.2%	0.3%	0.2%	0.1%	0.8%	7.7%
	Fr.	0.4%	-0.0%	-0.0%	0.2%	1.1%	0.5%	1.9%	1.1%	0.2%	0.1%	-0.1%	0.7%	6.3%
\$AUD									1.0%	0.4%	0.3%	-0.0%	0.7%	2.4%
US Feeder		0.8%	0.2%	0.3%	0.4%	1.2%	0.6%	2.2%	1.3%	0.3%	0.3%	0.1%	0.9%	8.9%
AUD Feeder											0.2%	-0.1%	0.7%	0.9%
2021 BM Feeder	\$	0.0%	0.4%	0.1%	0.4%	0.4%	0.4%	0.4%	2.1%	0.1%	1.0%	0.3%	0.2%	6.0%
	€	-0.1%	0.2%	-0.1%	0.2%	0.3%	0.3%	0.3%	2.0%	-0.1%	0.9%	0.2%	1.7%	6.0%
	£	-0.1%	0.4%	0.0%	0.3%	0.3%	0.4%	0.3%	2.1%	0.0%	0.9%	0.3%	0.9%	6.0%
	Fr.	-0.2%	0.1%	-0.1%	0.2%	0.2%	0.2%	0.2%	2.0%	-0.1%	0.8%	0.3%	1.6%	5.3%
\$AUD		-0.1%	0.3%	0.0%	0.2%	0.3%	0.2%	0.1%	2.0%	-0.1%	0.8%	0.2%	1.8%	5.8%
US Feeder		0.0%	0.4%	0.1%	0.3%	0.4%	0.4%	0.4%	2.1%	0.1%	1.0%	0.3%	0.4%	6.0%
AUD Feeder		-0.2%	0.2%	0.0%	0.2%	0.3%	0.2%	0.1%	2.0%	-0.1%	1.2%	0.3%	1.8%	6.0%

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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