



Life Settlements with LSX Capital Management



The Life Settlement asset class is a non-correlated investment category that offer investors an opportunity for portfolio diversification and balance.

WHAT WE DO

LSX Capital Management (LSXCM) builds customized life settlement portfolios for investors seeking diversification through this non-correlated asset class. We match client-specific guidelines with the right policy inventory to provide end-to-end portfolio management coupled with a results-based fee structure.

OUR MISSION

Our mission is to provide investors unparalleled access, expertise, and transparency to the growing Life Settlement investment marketplace.

OUR EXPERIENCE

After launching the nation's largest Life Settlement marketplace, two members of the founding team spun off to create LSX Capital Management. While the marketplace centralized real-time deal flow and data analysis, independent investors still struggled to get deals done. LSXCM goes beyond sourcing to handle underwriting, acquisition, and complete portfolio management of Life Settlement investment portfolios. We also provide investors with access to all sourced policies, including shorter life expectancies that are often purchased inside the supply chain and rarely make it to the secondary market.

HOW IT WORKS

Life settlements allow original policy owners to unlock the otherwise hidden economic value in their policy so they may benefit from a non-correlated asset class.

A Life Settlement is a cash payment given in return for a transfer of ownership and the right to receive the face value of a life insurance policy.

Candidates for life settlements are typically 65 years or older and own a life insurance policy with a face amount in excess of \$250,000.

POLICY HOLDER'S NEEDS CHANGE OVER TIME

Policies often held for 16+ years

More than 90% of all life insurance policies lapse

They don't want it, don't need it, or can't afford it



Investors benefit from a non-correlated asset class

Original policy owners get the maximum value from their asset

A photograph of a person with white hair, wearing a teal jacket and a backpack, standing on a rocky cliffside. They are holding a camera up to their eye, looking out over a vast, rugged canyon with layered rock formations. The sky is clear and blue. The image is partially obscured by text on the left side.

“I was unaware that the policy I was about to let lapse was so valuable. Working with LSXCM was a pleasure because my transaction moved smoothly and I received my check quickly. I would recommend them to anyone”

TINA R., POLICY SELLER,
NEW JERSEY

OPPORTUNITY FOR BOTH PARTIES

Before the formation of the Life Settlement market, owners of life insurance policies received little, if any, economic value from policies they no longer wanted, needed, or could afford. More than 90% of all life insurance policies lapse, meaning that no tangible financial value is ever provided to the original policy owner or beneficiary over the lifetime of the life insurance policy. LSXCM provides liquidity for policy owners when there's greater value in the policy than surrendering the policy to the issuer.

Despite the allure of this non-correlated asset class, most investors don't have the access, the process, or the expertise to participate. The Life Settlement market represents a significant and growing opportunity given the aging United States population and the number of senior citizens seeking to bolster their retirement savings by selling assets that require periodic payments. Conning Research & Consulting estimates that the United States gross market potential for life settlements will range between \$188 billion to \$230 billion in face value from 2019 to 2028.

THE LSXCM DIFFERENCE



UNPARALLELED ACCESS TO DIRECT INVENTORY

LSXCM acts as your gateway, providing access to all of the policies we underwrite. Our strong industry relationships allow us to aggregate hundreds of policies each month and analyze them through a purpose-built, proprietary platform. We negotiate directly with the brokers who represent the policy owners. LSXCM's connections give our clients access to one of the largest volumes of direct life settlements in the U.S. LSXCM has underwritten over \$6 billion in face value over the last 12 months.



DELIBERATIVE PROCESS

Being a successful investor in the Life Settlement market requires money, diligence, and patience. During underwriting, diligence is the key. Without the right expertise, life settlements can be difficult to value, and under- or over-estimating the life expectancy for the insured party or failing to understand the future costs of the policy can significantly impact returns. If you don't take the time to understand, you may lose money by mis-estimating either of these factors.

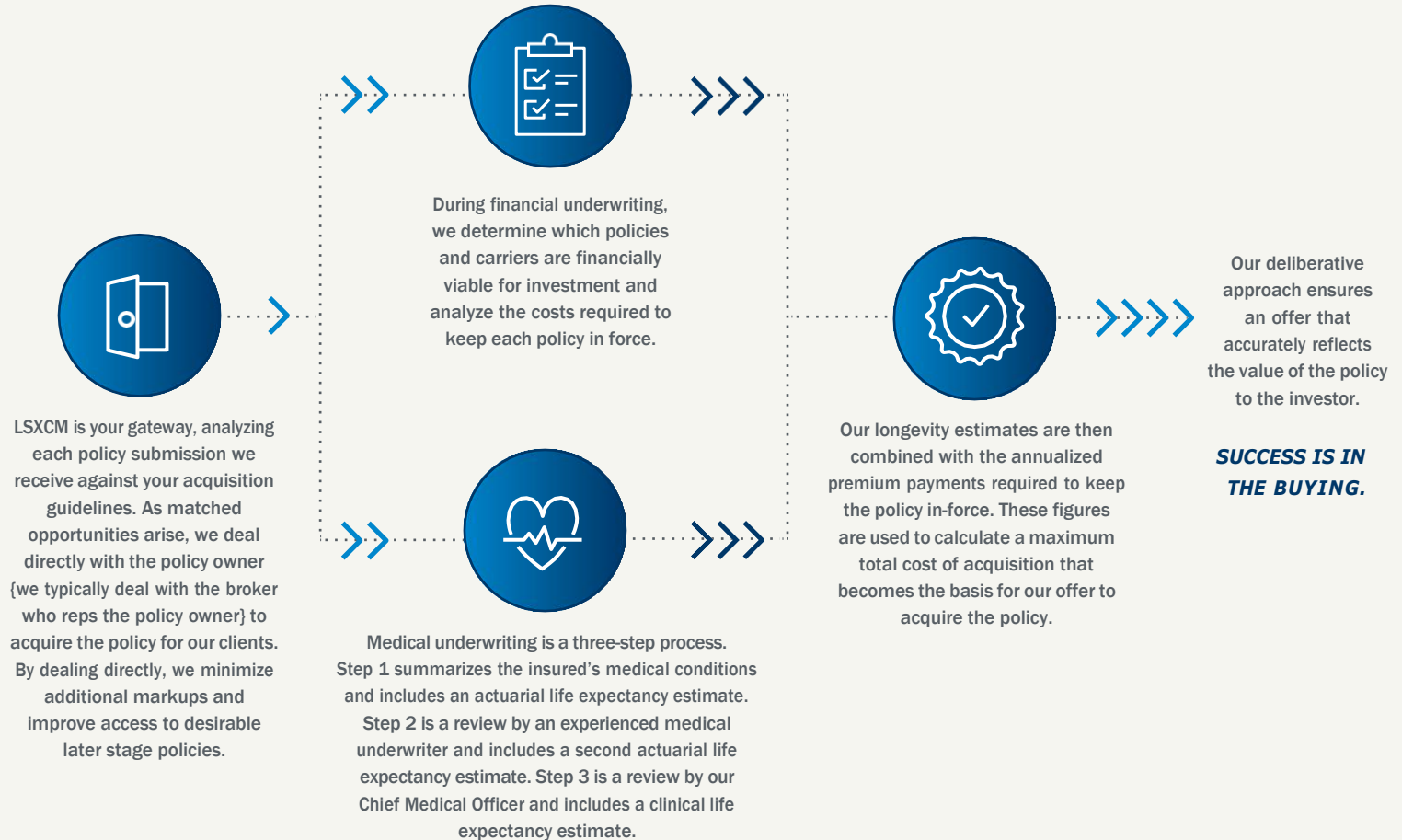
At LSXCM, we take a patient, deliberate approach. The volume and velocity of policies we underwrite allows us to decline marginal opportunities.



END-TO-END EXPERTISE

The closing process for direct life settlements is especially complex. Not only can it be an emotional time for the seller and the beneficiaries, but the documentation is lengthy and complicated. Documents must be notarized or witnessed and we require sign-off by all beneficiaries. The process is also specifically regulated in 43 states where only certain entities are allowed to conduct the sale of a life insurance policy. Once a Life Settlement is completed and the rescission period has expired, the transaction is considered final, so investors need to be confident that a policy is as expected.

THE PROCESS



SPECIAL PURPOSE VEHICLE

HOW DO WE CUSTOMIZE OPPORTUNITIES TO MEET YOUR SPECIFIC NEEDS?



- **SPECIAL PURPOSE VEHICLE (SPV)**

By using an SPV, we offer transparency to the ownership, structure, accounting, and asset base.

- **CRITERIA**

We co-author policy acquisition guidelines with our clients that are then used to match our inventory flow. As each matched opportunity completes underwriting, LSXCM negotiates with the sellers to build the custom portfolio.

- With the wide array of pools we've built, LSXCM can provide actual examples that showcase the buying criteria that was used to build the custom portfolios.

- **TIMING**

The population of senior citizens is growing. Many retirements are underfunded. At an increasing rate, seniors are seeking to simultaneously bolster savings and reduce monthly expenses by selling assets that require periodic payments.

- As an investor, adding truly non-correlated assets to an investment portfolio can be smart management.

- **COMPLETE MANAGEMENT**

After acquisition, LSXCM will manage your policies through maturity. We have the experience to monitor insureds, update and analyze the ongoing financial and medical information, and collect timely on the claim.

INVESTMENT CRITERIA



CAPITAL

Investors can choose the amount of capital to deploy via an SPV to build a customized portfolio of policies. Based on the portfolio size, LSXCM will select a group of policies to maximize the investor's exposure across insureds.

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DURATION

Investors can establish a target maturity date for the policies purchased by the SPV. LSXCM will underwrite and select policies from within the secondary market based on the life expectancy of the insured.

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DIVERSIFICATION

LSXCM balances policy acquisition across other factors including age, gender, medical impairments, geography, and insurance carriers to maximize diversification inside a single portfolio.



"I LOVE THIS ASSET CLASS. THE RETURN ON MY LIFE SETTLEMENT INVESTMENTS ISN'T TIED TO THE EQUITY MARKET, ADDING BALANCE TO MY OVERALL PORTFOLIO. AND WORKING WITH LSXCM IS FANTASTIC. THESE GUYS EXPLAINED THE INVESTMENT TO ME AND IT IS WHAT THEY SAID. THEY ARE A TOP SHELF TEAM."

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