BABY BOOMERS TO BOOST TLP MARKET, SAYS MPL

- Asset class to strengthen as regulations tighten and interest grows worldwide

- 11th February 2013 - The traded life policy (TLP) market is primed for substantial growth and liquidity in coming decades as the baby boomers – the most life insured generation of all time – enter retirement and potentially sell policies as they seek sources of finance, according to Managing Partners Limited, the boutique fund management company.

MPL also anticipates the TLP asset class will gain in strength as regulations covering TLPs in the US tighten and interest grows from investors worldwide.

Analysis* of US census data by MPL shows the US will see baby boomers reach normal retirement age of 65 at an average rate of around 3,619 every single day between 2010 and 2015. According to the Census Bureau's projections, the rate of retirement will accelerate to around 4,361 between 2015 and 2020 and to around 4,982 between 2015 and 2020. The US population aged 85 and over- a grouping highly likely to sell life policies – is projected to grow from 5.75m in 2010 to 6.60m in 2020 and 7.24m by 2025.

Many of these baby boomers – defined as those born between 1946 and 1964 - will be looking to raise funds for their retirement. Selling life policies that very often are no longer needed represent one of the easiest and quickest options for them. The baby boomer generation has also often been described as the 'sandwich generation' because it has been called upon to provide financial support to both children and elderly parents.

Jeremy Leach, managing Director of MPL, commented: "The demographics in the US point overwhelmingly to growth in the TLP market. The evidence shows that millions of baby boomers will be reaching retirement age over the next decade and beyond and that means every day thousands more people in the US will be thinking hard about what financial assets they have to carry them through retirement.

"One factor that has held them back historically from selling is their lack of awareness that they can do so. But regulatory authorities in the US are addressing this by forcing insurance

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companies to tell policyholders of this option. As that awareness grows we can expect a massive rise in the supply of policies, making the market much more liquid and creating great opportunities for investors, reinforcing the validity of this fantastic asset class that is also attracting growing interest from investors globally."

The Merlin Stone Report, commissioned by MPL in 2010, pointed out that Suneet Kamath, writing in the Bernstein Research Call in March 2005, predicted the TLP market in the US would grow from $13bn in 2005 to $161bn by 2030. His calculation was based on a rise in the US population aged over 65 to 72m by 2030 and that the 'penetration rate', or the percentage sale of policies among that age group, would rise from around 3% to 20% by 2030.

MPL points to growing interest in TLPs as an asset globally, especially in Asia. For example, annualised returns of 8-10% per annum, which can be achieved when funds are managed in a prudent manner with a tight control on risk, are highly attractive to investors in Japan, who are naturally conservative and have experienced very low interest rates for decades. Interest is also growing in Switzerland, where investors, preoccupied with capital preservation, will be looking to switch their bond holdings when interest rates rise to an asset class offering steady, predictable returns. Because of this attribute, TLP funds also lend themselves to pension funds involved in liability driven investment (LDI).

Some large scale investors have also invested in TLPs over the last year, including the US' Dow Chemical Pension Fund, which invested $250m in the asset class in 2012.

MPL's Traded Policies Fund has delivered outstanding returns since its launch in 2004 - a period that includes one of the most turbulent times ever for financial markets. The USD Institutional share class has delivered a total return of 107.06% net of fees from its launch on 1 July 2007 to 15 January 2013, representing an annualised return of 8.94%. In the year to that date the Fund has delivered 8.76%.

For further information on Managing Partners Limited range of funds, visit (www.managing-partners.com).

To download a free copy of the Merlin Stone report 2010 go to: http://www.managing-partners.com/media/reports/MPL-MerlinStoneReport.pdf

*Source: US Census Bureau, 2010