

Cayman Island-based life settlements fund offers IFAs enhanced allocation and extra commission options.

Managing Partners Limited, the boutique fund manager, is offering IFAs the choice of up to 3% extra commission or enhanced allocation for their clients – or a blend of the two - on all new investments in its Traded Policies Fund for a limited period.

For new investments in the Fund's Sterling Growth and Income share classes, an extra 3% commission or investment enhancement is available between 16 August and 12 September; 2% is available between 13 September and 12 October; and 1% is available between 13 October and 12 November. The 5% initial charge on the Fund's share classes remains unchanged. Special terms are also available on the institutional share classes.

TLPs, also known as life settlements, are US-issued whole of life policies sold before their maturity date to allow the original owners to enjoy some of the benefits during their own lifetimes.

The Fund has been an outstanding performer in a variety of market conditions. The GBP Growth share class, which is available to retail investors, has returned 47.54% net of all charges from its launch on 15 March 2007 to 1 August 2011, equivalent to an annualised return of 9.39%. It has delivered 9.25% over the 12 months to 1 August.

Jeremy Leach, Managing Director of MPL, commented: "Investors are once again deeply worried as concerns about recession and the Euro cast a shadow over financial markets. We expect the opportunity to invest at preferential rates in an asset class that proved its ability to deliver steady, incremental returns during the last financial crisis is highly attractive at the current time. This offer provides intermediaries with an ideal opportunity to reposition clients without eroding investor capital nor compromising their own commercial position."

The fund offers investors the security of knowing exactly what amount will be paid out upon maturity, but not when. Therefore fund managers need to carry out prudent actuarial analysis and sufficient diversification.

Research by MPL has shown the extent to which traded life policies (TLPs) are uncorrelated with other major asset classes, particularly in bear markets. Using the Traded Policies Fund as a proxy for TLPs and the S&P 500 as a proxy for equities, the research shows that the Fund had a negative correlation of -0.35 over the five years to 1 May 2011, where '1' represents a 100% positive correlation and '-1' represents 100% negative correlation. This period covers the credit crunch bear market when equity markets were extremely volatile.

Compared with the JPMorgan Global Aggregate Bond Index, the Fund had a 76% and 93% positive correlation respectively over three and five years to 1 May. Yet over the last year - when bonds have struggled - the correlation is negative at -45%.

The Traded Policies Fund offers share classes denominated in US dollar, Sterling, Euro, Yen, and Swedish krona. The minimum direct investment in the fund is £35,000 but the fund can also be accessed via insurance bonds or SIPPs for £2,500.