

THE EUROPEAN

BI-MONTHLY

JANUARY-FEBRUARY 2016

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Luxembourg, home of
Carlisle Management

CARLISLE MANAGEMENT

DIVERSIFIED INVESTMENT SOLUTIONS

With a strong network of global contacts and the ability to adapt to changing market conditions, Carlisle Management offers unrivalled expertise across the entire life settlement value chain and global capital markets

Based in Luxembourg, Carlisle Management Company SCA provides a wide range of clients with access to insurance-linked investment products by offering intelligent alternative fund management solutions designed to work for an array of institutions, corporations, public funds and high-net-worth individuals. Specialising in both open-ended investment funds and related private equity transactions, Carlisle considers itself to be a holistic investment and fund manager, assuming a wide range of tasks over the entire life cycle of the

investment. Carlisle constantly monitors economic conditions, market and sector developments, as well as regulatory changes to stay ahead of market trends. With a rapidly growing asset base, Carlisle and its core team collectively represent nearly 100 years of financial management experience.

The primary focus for Carlisle Management Company is its expertise within the life settlements industry, creating, structuring and managing yield-oriented and tax-optimised investments for institutional investors, financial intermediaries and high-net-

worth individuals specifically within this asset class. Carlisle designs investment products for investors seeking stronger organisational infrastructure, greater regulatory oversight, institutional counterparties and higher diversification through minimal correlation to traditional financial markets.

After years of assisting institutional clients in the development, structuring and management of captive investment vehicles, Carlisle became aware of a lack of products which could offer long-term growth-focused investments within the life settlements space. Particularly to investors who lacked the capital to efficiently build their own captive structure, yet were very interested in this minimally correlated asset class. From this inherent need, one of their flagship investment vehicles, the Luxembourg Life Fund: Long Term

Growth Fund FCP SIF was born, lending its open-ended structure to investors wishing to participate in a larger pool of life settlements while maintaining a more flexible liquidity profile.

Understanding life settlements

A life settlement is the transfer of ownership and beneficiary rights of an unwanted or unneeded life insurance policy on an insured senior in exchange for a cash settlement. The seller no longer has the responsibility of paying future premiums. In exchange, investors' profit is based on the difference between the face value of the policy and its acquisition and maintenance costs. The process is based on the United States life insurance marketplace. For centuries this industry has been developing actuarial data and valuation procedures that deal with mortality and insurance-based products. This data and the procedures are now being used to value mortality within life settlement products, hence the industry is built on the experience and data of the life insurance industry, which provides a robust foundation for this asset class.

The life settlement marketplace has provided consumers with a much needed option whereby they can receive substantially more than the cash surrender value. Studies report that an alarming 55% of seniors in the United States have lapsed a life insurance policy. A policy owner's decision for allowing an unwanted policy to lapse could be numerous, however most cases come down to a few simple reasons. One of the most common reasons boils down to simple affordability. As an individual progresses through their retirement years, cash flow can become a concern, and when confronted with choosing between expenses such as housing payments, medication and other essential living expenses, it is easy to see how a life insurance premium could be one of the first to be eliminated. A life settlement can offer a policy owner a substantially larger value for their unwanted policy, providing funds that could be used to pay for healthcare, finance new life insurance or a myriad of other positive uses that the individual might be in need of.

This is an essential marketplace for a component of many individual's investment structure that until now, might go unrecognised as a valuable portion of their financial planning.



Jose Garcia, CEO,
Carlisle Management

“As the life settlement market grows, it also continues to evolve into a more professional and liquid market that opens up opportunities to a greater number of investors and investment vehicles”

The current marketplace for life settlements

The life settlements market has become increasingly sophisticated over the last several years. As evidence of this transition, the same actuarial techniques and advanced financial analyses used as part of the life insurance industry's underwriting process have now been incorporated into the life settlement underwriting process as well. Similar models, mortality tables and underwriting guidelines were implemented as institutional investors became the most prevalent source of capital for life settlements. As the market has evolved, valuation, underwriting and transaction standards have been developed and recognised – further solidifying life settlements as an established financial market.

Along with a steadily growing retail sector, institutional interest in the life settlements marketplace has been on a significant rise since 2010. As the benefits of a truly uncorrelated class of investment gained exposure across the investing community,

larger and more established investment firms were drawn to the asset class, noting the relative simplicity with which a portfolio of life settlements can be applied to an overall long term growth strategy. Some of the largest names in the banking and capital management sectors now hold significant portions of participation in life settlements.

As the life settlement market grows, it also continues to evolve into a more professional and liquid market that opens up opportunities to a greater number of investors and investment vehicles. The correct investment vehicle can provide investors with a structured solution into accessing the asset class while providing ample liquidity and robust reporting. The investment community is taking note of this and taking advantage of this value proposition. Fund managers must challenge the life settlement market by closely monitoring actual versus expected mortality results, find ways to mitigate longevity risk, and implement a sound mark-to-market valuation methodology. In addition, investment vehicles must be sufficiently diversified to provide risk mitigation on multiple fronts. If executed properly these variables will provide an investment proposition with a diversified asset pool that can help investors generate uncorrelated returns that will significantly bolster their diversification strategy. Carlisle Management has specialised in life settlement since inception. The company believes in providing the investment community with the life settlement investment opportunities that outperform the market. Carlisle's funds were designed for investors seeking greater sophistication in infrastructure, mortality and liquidity profile, offering a smarter approach to investing through mark-to-market valuations, favourable domicile, and advanced mortality modelling.

Carlisle's in-depth market experience has provided it with a strong network of global contacts, the ability to adapt to changing condition and has allowed the organisation to build on its unrivalled expertise across the entire life settlement value chain and global capital markets. ■

Further information
www.cmclux.com
www.luxlf.com



THE
EUROPEAN

GLOBAL BUSINESS AWARDS



As you may have noticed from a number of corporate profiles in this edition, *The European* is in the process of acknowledging the recipients of its Global Business Awards. Therefore, continuing on from our main feature in the November/December 2015 issue, please see below a range of companies who we believe have performed to a particularly high level over the last year.

Arthur Energy Technology Ltd

Renewable Energy Company of the Year – Nigeria

Arthur Anthony Okeyika, Arthur Energy Technology Ltd

Renewable Energy CEO of the Year – Nigeria

Bay Trust International Ltd

Boutique Financial Services Company of the Year – Belize

Carlisle Management Company

Asset Management Company of the Year – Luxembourg

FBS Markets Inc

Forex Broker of the Year – Middle East

Nuclearelectrica

Corporate Governance Company of the Year – Romania