

Introduction to Private Placement Life Insurance (PPLI)

Robert D. Colvin
Robert D. Colvin & Associate
12 Greenway Plaza, Suite 1100
Houston, TX 77046
(713) 666-6045



Michael B. Liebeskind
Winged Keel Group
1700 Broadway, 34th Floor
New York, NY 10019
(212) 527-8000

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Introduction to Private Placement Life Insurance (PPLI)

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PPLI combines the protection and tax advantages of life insurance with the investment potential of a comprehensive selection of variable investment options. The insurance component provides death benefit coverage and the variable investment component provides you the flexibility to potentially increase the policy's surrender and loan value.

The tax and legal references attached herein are designed to provide accurate and authoritative information with regard to the subject matter covered and will be provided with the understanding that the presenter is not engaged in rendering tax, legal, or actuarial services. If tax, legal, or actuarial advice is required, you should consult your accountant, attorney, or actuary. The presenter does not replace those advisors. This analysis does not include any fees charged by professional advisors engaged by the client for tax and/or legal advice.

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Investors should consider the investment objectives and horizons, income tax brackets, risks, charges, and expenses of any variable product carefully before investing. This and other important information about the investment company is contained in each fund's offering memorandum, which can be obtained by calling 212.527.8000. Please read it carefully before you invest.

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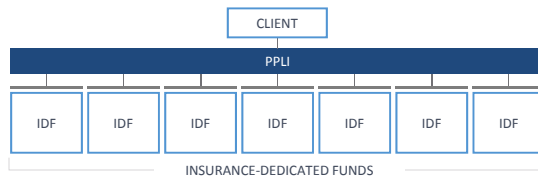
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Introduction to Private Placement Life Insurance (PPLI)

PPLI: An Overview



- Customized product structuring and investment options
- Can be syndicated among insurance companies to provide greater funding capacity and competitive pricing
- The incremental costs include: federal Deferred Acquisition Cost (“DAC”) tax, state premium tax, a structuring fee, cost of insurance charges, and policy administration fees
- Assets held in Separate Accounts are not subject to life insurance company credit risk. Life insurance benefit proceeds in excess of PPLI asset values are subject to life insurance company credit risk
- No K-1s

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Income Tax Benefits

Trust, LLC or FLP



PPLI Policy



Portfolio Investments

Tax Free
Inside
Build-Up

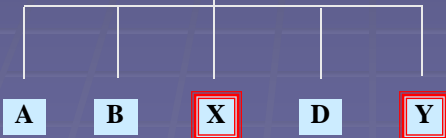
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Income Tax Benefits

Trust, LLC or FLP



PPLI Policy



Tax Free
Shifting
Among
Investments

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Income Tax Benefits

Trust, LLC or FLP



PPLI Policy



Portfolio
Investments



Tax Free
Access to
Policy
Values

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Income Tax Benefits

Trust, LLC or FLP



PPLI Policy



Portfolio Investments

Tax Free Death Benefit:

- Portfolio Investments
- True Insurance Benefit

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Income Tax Benefits

Trust, LLC or FLP



PPLI Policy



Portfolio Investments

Death Benefit as hedge against poor investment performance

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What are the Economics of PPLI?

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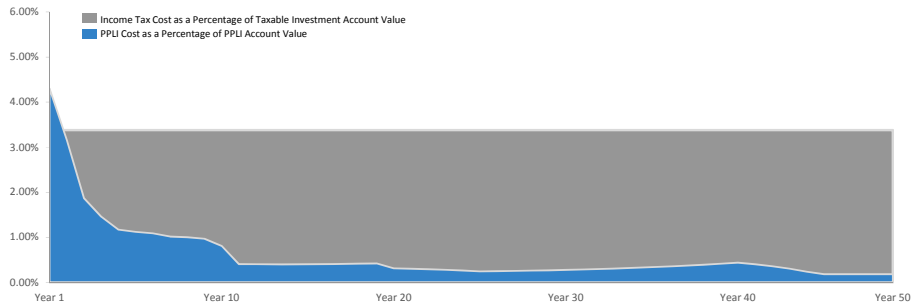


Introduction to Private Placement Life Insurance (PPLI)

The Cost of a PPLI is Less than the Cost of Taxes

Comparative Economic Results: \$50 Million Investment

75% STCG / Ordinary Income; 25% LTCG
8.00% Gross Return (7.00% Return Net of Investment Management Fees)



1. Assumes a net level annual rate of return of 7.00% in the variable policy subaccounts after a 1.00% investment management fee and before insurance-related charges on a \$50 million investment in a Taxable Investment Account and a PPLI. 75.00% of realized gains are taxed at the Short Term Capital Gains (STCG) / Ordinary Income rate, and 25.00% of realized gains are taxed at the Long Term Capital Gains (LTCG) rate.
2. Assumes that investment management fees are not tax-deductible in the Taxable Investment Account due to the 2% of AGI threshold and the limitations on deductions of such fees for alternative minimum tax purposes.
3. Tax rates assume no additional tax legislation is enacted. Assumes a STCG / Ordinary Income tax rate of 48.60% and LTCG tax rate of 23.00%.
4. Assumes insured, a male age 50, will be classified as a Preferred non-smoker life insurance risk. The life expectancy of a male age 50 classified as a Preferred non-smoker life insurance risk is 40 years. Life expectancy is defined herein as the year in which the probability of the insured still being alive is 50%, based on Society of Actuaries' 2008 VBT Select mortality table.
5. In the Taxable Investment Account, an additional annual outlay of approximately \$198,768 is required in years 1 - 10 for the annual premium for a \$168,590,000 term life insurance policy for a male age 50 classified as a Preferred non-smoker life insurance risk. This additional annual outlay is not included in the illustrated results.
6. Assumes the policy is issued in the state of South Dakota and is structured to qualify as a non-Modified Endowment Contract (non-MEC). Under current tax law, if the policy lapses or is surrendered, all investment gains in excess of the policyowner's cost basis are taxed to the policyowner as Ordinary Income in the year the policy lapses or is surrendered.

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Introduction to Private Placement Life Insurance (PPLI)

PPLI versus Taxable Investment Account

Comparative Economic Results: \$50 Million Investment

75% STCG / Ordinary Income; 25% LTCG

	Assumed Rate of Return Net of Investment Management Fees	Account Value at Life Expectancy	IRR at Life Expectancy	Impact of Taxes at Life Expectancy
Taxable Investment Account Summary	9.00%	\$305,646,212	4.63%	4.37%
	7.00%	\$198,269,247	3.50%	3.50%
	5.00%	\$128,007,569	2.38%	2.62%
PPLI Insurance Benefit Summary	Assumed Rate of Return Net of Investment Management Fees	Insurance Benefit at Life Expectancy	IRR at Life Expectancy	Impact of PPLI Fees and Charges at Life Expectancy
	9.00%	\$1,169,694,400	8.52%	0.48%
	7.00%	\$568,113,805	6.51%	0.49%
5.00%	\$272,036,802	4.49%	0.51%	

- Assumes the net level annual rates of return shown above in the variable policy subaccounts after a 1.00% investment management fee and before insurance-related charges on a \$50 million investment in a Taxable Investment Account and a PPLI. 75.00% of realized gains are taxed at the Short Term Capital Gains (STCG) / Ordinary Income rate, and 25.00% of realized gains are taxed at the Long Term Capital Gains (LTCG) rate.
- Assumes that investment management fees are not tax-deductible in the Taxable Investment Account due to the 2% of AGI threshold and the limitations on deductions of such fees for alternative minimum tax purposes.
- Tax rates assume no additional tax legislation is enacted. Assumes a STCG / Ordinary Income tax rate of 48.60% and LTCG tax rate of 29.00%.
- Assumes insured, a male age 50, will be classified as a Preferred non-smoker life insurance risk. The life expectancy of a male age 50 classified as a Preferred non-smoker life insurance risk is 40 years. Life expectancy is defined herein as the year in which the probability of the insured still being alive is 50%, based on Society of Actuaries' 2008 VBT Select mortality table.
- In the Taxable Investment Account, an additional annual outlay of approximately \$198,768 is required in years 1-10 for the annual premium for a \$168,590,000 term life insurance policy for a male age 50 classified as a Preferred non-smoker life insurance risk at a 7.00% level annual rate of return net of investment management fees. This additional annual outlay is not included in the illustrated results.
- Assumes the policy is issued in the state of South Dakota and is structured to qualify as a non-Modified Endowment Contract (non-MEC). Under current tax law, if the policy lapses or is surrendered, all investment gains in excess of the policyowner's cost basis are taxed to the policyowner as Ordinary Income in the year the policy lapses or is surrendered.

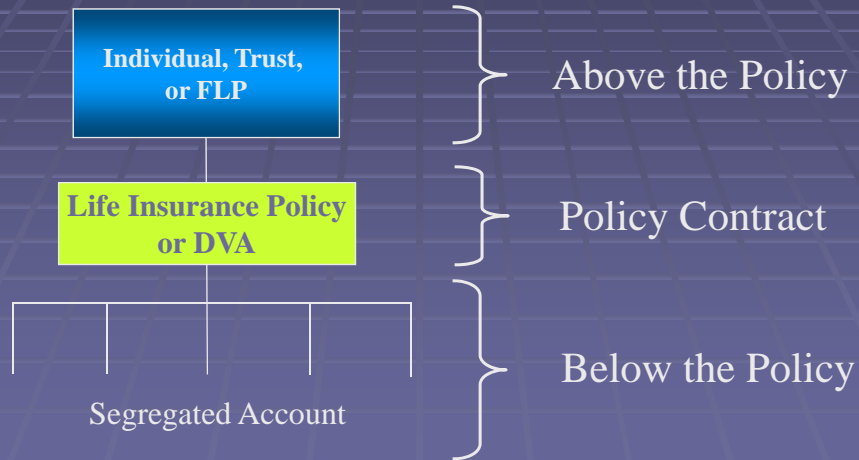
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Case Analysis Process



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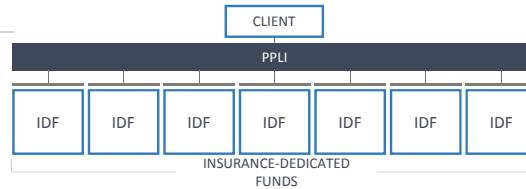
Policy Contract Planning Issues

- Policy qualification requirements
- Cash Value Designs
- Onshore vs Offshore vs §953(d) Carriers
- Underwriting Limitations & Reinsurance Capacity
- MEC vs. Non-MEC

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Introduction to Private Placement Life Insurance (PPLI)

STRUCTURE



TAX CHARACTERISTICS - NON-MODIFIED ENDOWMENT CONTRACT (NON-MEC)

- ▶ Investment returns accumulate on a tax-deferred basis *I.R.C. Section 7702(g)(1)(A)*
- ▶ Assets within PPLI may be reallocated without tax *Rev. Rul. 81-225 and Rev. Rul. 82-54*
- ▶ Withdrawals up to cost basis and properly structured policy loans may be taken on a tax-free basis. Approximately 80% - 85% of PPLI values can be accessed income tax-free during the owner's lifetime *I.R.C. Section 72(e)*
- ▶ If PPLI is fully surrendered, deferred investment gains are subject to tax at ordinary income rates *I.R.C. Section 72(e)(5) and Rev. Rul. 2009-13*
- ▶ Life insurance proceeds received by a beneficiary, including any accumulated investment gains, are fully exempt from income tax *I.R.C. Section 101(a)(1)*
- ▶ The PPLI must be allocated to one or more investment vehicles that qualify as an Insurance-Dedicated Fund (IDF)
Priv. Ltr. Rul. 201105012; C.C.A. 200840043; Priv. Ltr. Rul. 200420017; Rev. Rul. 2003-91, 2003-2 C.B. 349-350; Rev. Rul. 2003-92, 2003-2 C.B. 351-352; Priv. Ltr. Rul. 9433030; Christoffersen v. U.S. 1984; Rev. Rul. 81-225

ATTRIBUTES

- ▶ Customized product structuring and investment options
- ▶ Can be syndicated among insurance companies to provide greater funding capacity and competitive pricing
- ▶ The incremental costs include: federal Deferred Acquisition Cost ("DAC") Tax, State Premium Tax, a structuring fee, cost of insurance charges, and policy administration fees
- ▶ Assets held in Separate Accounts are not subject to life insurance company credit risk. Life insurance benefit proceeds in excess of PPLI asset values are subject to life insurance company credit risk
- ▶ No K-1s

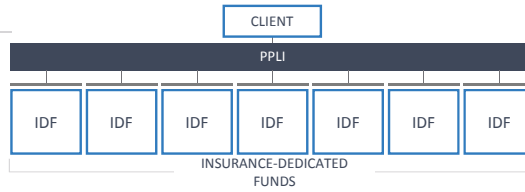
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Introduction to Private Placement Life Insurance (PPLI)

STRUCTURE



TAX CHARACTERISTICS - MODIFIED ENDOWMENT CONTRACT (MEC)

- ▶ Investment returns accumulate on a tax-deferred basis *I.R.C. Section 7702(g)(1)(A)*
- ▶ Assets within PPLI may be reallocated without tax *Rev. Rul. 81-225 and Rev. Rul. 82-54*
- ▶ Withdrawals and policy loans from a MEC are taxed on a LIFO basis (i.e. the gain element is first recognized until all that remains is the cost basis) at ordinary income tax rates. In addition, withdrawals and policy loans taken prior to the PPLI policyowner's age 59 ½ are subject to a 10% excise tax on the gain element *I.R.C. Section 72(e)(3) and 72(e)(5)*
- ▶ If PPLI is fully surrendered, deferred investment gains are subject to tax at ordinary income rates. If surrendered prior to the PPLI policyowner's age 59 ½, an additional 10% excise tax is payable on the gain element *I.R.C. Section 72(e)(3)*
- ▶ Life insurance proceeds received by a beneficiary, including any accumulated investment gains, are fully exempt from income tax *I.R.C. Section 101(a)(1)*
- ▶ The PPLI must be allocated to one or more investment vehicles that qualify as an Insurance-Dedicated Fund (IDF)
Priv. Ltr. Rul. 201105012; C.C.A. 200840043; Priv. Ltr. Rul. 200420017; Rev. Rul. 2003-91, 2003-2 C.B. 349-350; Rev. Rul. 2003-92, 2003-2 C.B. 351-352; Priv. Ltr. Rul. 9433030; Christoffersen v. U.S. 1984; Rev. Rul. 81-225

ATTRIBUTES

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- ▶ The incremental costs include: federal Deferred Acquisition Cost ("DAC") Tax, State Premium Tax, a structuring fee, cost of insurance charges, and policy administration fees
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- ▶ No K-1s

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Introduction to Private Placement Life Insurance (PPLI)

What are the attributes of Onshore and Offshore PPLI?

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Introduction to Private Placement Life Insurance (PPLI)

Onshore PPLI Attributes

- Regulated state-by-state
- Products are structured to comply with U.S. insurance and tax law
- Seven major U.S. domestic insurance companies: Crown Global, Investors Preferred Life, John Hancock, Lombard International, Pacific Life, Prudential, and Zurich
- Federal Deferred Acquisition Cost (DAC) Tax
- State Premium Tax
- Generally offer lowest mortality expense pricing
- Generally have more extensive investment manager due diligence process
- Fee sharing arrangements generally require clear disclosure

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Introduction to Private Placement Life Insurance (PPLI)

Offshore PPLI Attributes

- Regulated by insurance company's country of domicile
- Typically, the offshore insurance companies cede nearly all of the insurance risk to reinsurance companies
- Federal Excise Tax
- No State Premium Tax
- Solicitation rules: offshore insurance physical, solicitation, paperwork, and licensing
- Generally have more flexibility with respect to investment managers (i.e. can invest in funds not cleared by the SEC and not otherwise available to U.S. persons)
- Know Your Customer (KYC) and ongoing reporting requirements can be more onerous (particularly in British Crown Dependencies such as Bermuda and Cayman)

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953(d) vs. Non-953(d) Products

953(d)

- Insurance company has made an election to be taxed as a U.S. domestic corporation
- Deferred Acquisition Cost (DAC) Tax
- Allocations to U.S. Insurance-Dedicated Funds (IDFs) are generally permitted

Non-953(d)

- Insurance company has not made an election to be taxed as a U.S. domestic corporation
- Federal Excise Tax (1% of premium)
- No DAC Tax
- Allocations to U.S. Insurance-Dedicated Funds (IDFs) are generally not permitted

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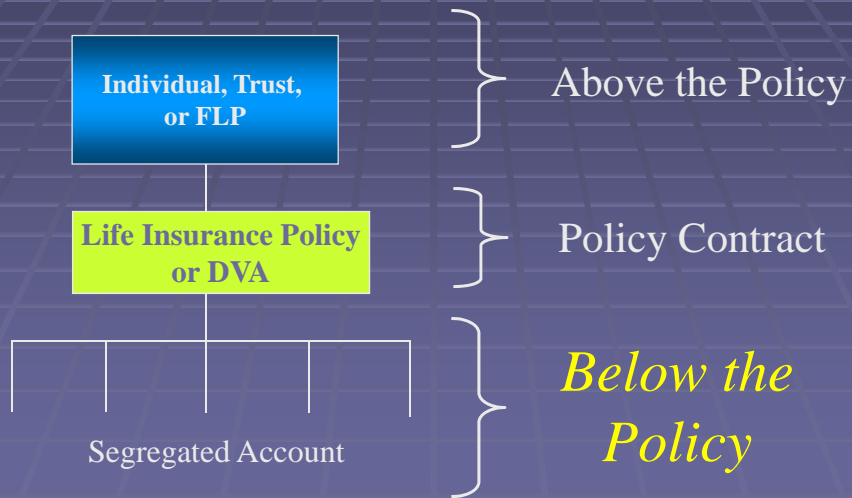


Frozen Cash Value Policies

- Intentionally Non-Compliant Policy
- Freeze increase in Cash Value
- Why use an FCV Policy?
 - Inability to obtain large reinsurance coverage
 - Reduce COI charges
 - Preservation of assets for lower generations
- Only available from International Carriers

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Case Analysis Process



Below the Policy

- Investor Control
- Diversification requirements
- Investment Management

Introduction to Private Placement Life Insurance (PPLI)

Structuring the Investment Vehicle: Diversification Requirement

- Under I.R.C. Section 817(h):
 - No more than 55% of account value in any one investment
 - No more than 70% of account value in any two investments
 - No more than 80% of account value in any three investments
 - No more than 90% of account value in any four investments
- IRS treats non-insurance-dedicated hedge funds and funds of funds as one investment that cannot be “looked-through”

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Introduction to Private Placement Life Insurance (PPLI)

Structuring the Investment Vehicle: Investor Control Doctrine

- Policy owners can allocate among any of the IDFs offered by the insurance company that issues the policy
- But, policy owners cannot directly or indirectly influence an investment manager with respect to specific investments made within the IDF
- Common practice for policy owners to have an understanding of the investment mandate for a currently offered IDF or for an IDF in the process of being developed

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Introduction to Private Placement Life Insurance (PPLI)

Structuring the Investment Vehicle: Insurance-Dedicated Fund

The graphic image below shows the difference between an Insurance-Dedicated Fund (IDF) structure (on the left) and a Segregated Asset Account (SAA) structure (on the right).



- Conforms to the IRS safe harbor requirements
- Enables Investment Management Firm to co-mingle allocations (from multiple insurance companies and from multiple policies)
- Higher cost
- Has been challenged by the IRS (CCA 200840043); Webber v. Commissioner
- Does not enable Investment Management Firm to co-mingle allocations (single life insurance company)
- Lower cost

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Failure to Comply

- Loss of U.S. life insurance tax benefits
 - Current period taxation for investment income and realized gains
 - I.R.C. Section 817(h) violation destroys the policy tax benefits permanently

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What investment options are available through PPLI?

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

Currently Available for Allocation

Single Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
1. Alkeon Capital Management	Alkeon Insurance Growth Fund	Long / Short Equity	Multi-Strategy
2. Alpine Associates Management Inc.	Alpine Dedicated, L.P.	Event-Driven	Merger Arbitrage
3. Arcadia Funds, LLC	Cirrix Capital IDF	Credit	Consumer Lending
4. Audax Management Company (NY), LLC	Audax Senior Loan Insurance Fund	Credit	Middle Market Lending
5. Axonic Capital LLC	Axonic High Conviction Series A	Credit	Structured Credit
6. Bessemer Trust Company, N.A.	Fifth Avenue Insurance Fund	Multi-Strategy	Diversified
7. Bessemer Trust Company, N.A.	Fifth Avenue Insurance Fund II	Multi-Strategy	--
8. BlackGold Capital Management LP	BlackGold® Insurance Fund	Credit	Energy
9. Cambria Investment Management, LP	Cambria GTAA Insurance Dedicated Fund, L.P.	Global Macro	Indexed
10. Carlyle Group L.P.	Carlyle-MRE Real Estate Series	Real Estate	Secondaries and Co-Investments
11. Carlyle IDF Management L.L.C.	Carlyle Private Equity Series	Private Equity	Primaries, Secondaries, and Co-Investments
12. Checchi Capital Fund Advisers, LLC	CCA Aggressive Return Insurance Fund	Long-Only Equity	Multi-Strategy

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

Currently Available for Allocation

Single Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
13. Checchi Capital Fund Advisers, LLC	CCA Core Return Insurance Fund	Long-Only Equity	Multi-Strategy
14. Contravisory Investment Management	Contravisory IDF LP (Long-Short Equity)	Long / Short Equity	--
15. Cushing ® Asset Management, LP	Cushing ® / SALI MLP Alpha Total Return Insurance Fund	Master Limited Partnerships	Mid-Stream Pipeline
16. Echelon Capital Strategies, LLC	Echelon Insurance Dedicated Fund	Credit	Peer-to-Peer Lending
17. Evercore Wealth Management	Evercore Insurance Fund	Long-Only Equity	U.S. Domestic
18. GC Advisors, LLC	Golub Capital Insurance Fund	Credit	Middle Marketing Lending
19. Glaxis Capital Management, LLC	Glaxis Insurance Dedicated Fund, LP	Global Macro	Multi-Strategy
20. GoldenTree Asset Management LP	GoldenTree Insurance Fund	Credit	Opportunistic
21. Goldman Sachs Asset Management, L.P.	Yield Opportunities (Insurance Dedicated) Fund	Credit	Opportunistic
22. Hamilton Lane Advisors LLC	Chestnut Street Fund	Private Equity	Primaries, Secondaries, and Co-Investments
23. Harvest Fund Advisors LLC	Harvest MLP Income Fund III, LLC	Master Limited Partnerships	Mid-Stream Pipeline
24. Heronetta Management	Heron Total Return Fund, L.P.	Master Limited Partnerships	Mid-Stream Pipeline

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

Currently Available for Allocation

Single Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
25. Iridian Asset Management, LLC	Iridian Insurance Fund	Long-Only Equity	Mid-Small Cap - Relative Value
26. Landmark Equity Advisors, LLC	Landmark Partners Insurance Fund	Private Equity	Secondaries
27. LJM Partners, Ltd.	LJM Partners Insurance Fund	Market Neutral	Systematic
28. LongRun Capital Management, LLC	LongRun Risk-Managed Growth Series	Long-Only Equity	Systematic
29. Main Management, LLC	Main Management Insurance Fund	Long / Short Equity	Multi-Strategy
30. Martin Money Management, Inc.	DUNN's Insurance Dedicated Futures Fund, LLC	Commodity Trading Advisor	Managed Futures
31. Masters Capital Management LLC	Marlin Fund III, L.P.	Long / Short Equity	Long-Biased
32. Merrill Lynch	Short-Term U.S. Treasury Insurance Fund	Interest Rate	Investment Grade
33. Merrill Lynch & Co., Inc.	U.S. TIPS Insurance Fund	Interest Rate	Investment Grade
34. Millennium Management LLC	Millennium Global Estate LP	Multi-Strategy	Diversified
35. Moab Capital Partners, LLC	Moab Select	Event-Driven	--
36. NB Alternatives Advisers, LLC	Neuberger Berman Insurance Fund	Private Equity	Primaries, Secondaries, and Co-Investments

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

Currently Available for Allocation

Single Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
37. Paulson & Co. Inc.	Paulson Partners Premium L.P.	Event-Driven	Merger Arbitrage
38. Phoenix Investment Adviser LLC	JLP Credit Opportunity IDF	Credit	Distressed / Event-Driven
39. PIMCO	PIMCO Absolute Return Strategy Fund (PARS) IV IDF	Multi-Strategy	Relative Value
40. Pine River Capital Management L.P.	Pine River Insurance Fund	Credit	Diversified
41. Providence Investment Management, LLC	Providence Insurance Fund	Credit	Mortgage-Backed Securities
42. Rand Advisors, LLC	Atlas IDF, LP	--	--
43. Rand Advisors, LLC	Rand Advisors Series I Insurance Fund	Credit	Bank Loans
44. Rimrock Capital Management, LLC	Rimrock Series of Copperstone Multi-Series IDF, LP	Credit	Structured Credit
45. SoundPoint Capital	Sound Point Floating Rate Fund	Credit	Floating Rate
46. Systematica Investments Limited	Systematica Insurance Dedicated Fund	Credit	Systematic
47. The Commerce Trust Company	The Commerce Trust Company Insurance Fund	Credit	Relative Value
48. Value Monitoring, Inc.	H & L Insurance Fund	Credit	Statistical / Momentum

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

Currently Available for Allocation

Single Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
49. Vida Capital Management, LLC	Vida Insurance Fund	Other	Life Settlements
50. Vontobel Asset Management, Inc.	Vontobel Emerging Markets Insurance Fund	Long-Only Equity	Emerging Market
51. Westchester Capital Funds	The Merger Fund VL	Event-Driven	Merger Arbitrage
52. Wexford Capital LP	Wexford Absolute Return Fund, L.P. - Class B	Multi-Strategy	Diversified
53. WVP AL IDF L.P.	WVP AL IDF L.P.	Alternative Lending	--

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

Currently Available for Allocation

Multi-Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
54. Access Fund Management	Access Dynamic Growth (IDF) Fund, LP	Fund of Funds	Multi-Strategy
55. Athena Capital	Athena Catholic Values Fund L.P.	Fund of Funds	Multi-Strategy
56. Balter Capital Management	Balter '40 Act Capital Alternatives LP	Fund of Funds	Multi-Strategy
57. Berens Capital Management, LLC	Berens Insurance Dedicated Fund, LLC	Fund of Funds	Multi-Strategy
58. BluePointe Capital Management, LLC	BluePointe Insurance Dedicated Fund	Fund of Funds	Multi-Strategy
59. Canterbury Consulting Incorporated	Canterbury Absolute Return Strategy	Fund of Funds	Multi-Strategy
60. Chalkstream Capital Group, L.P.	Chalkstream Insurance Fund	Fund of Funds	Multi-Strategy
61. Covenant Multifamily Offices, LLC	Covenant Alternative Strategies Insurance Fund	Fund of Funds	Multi-Strategy
62. CTC myCFO, LLC	Sequence Multi Asset IDF	Fund of Funds	Multi-Strategy
63. Drexel Morgan Capital Advisers, Inc.	McCabe / Natural Investments SRI Insurance Fund	Fund of Funds	Socially Responsible Investments
64. Drexel Morgan Capital Advisers, Inc.	McCabe Income Insurance Fund	Fund of Funds	Multi-Strategy
65. Drexel Morgan Capital Advisers, Inc.	McCabe Multi-Manager Insurance Fund	Fund of Funds	Multi-Strategy

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

Currently Available for Allocation

Multi-Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
66. Durbin Bennett Private Wealth Management	DB Diversified Allocation Fund	Fund of Funds	Multi-Strategy
67. Eagle's View Capital Management, LLC	Eagle's View Insurance Dedicated Fund	Fund of Funds	Multi-Strategy
68. Ehrenkrantz Partners L.P.	E&E Capital Advisors Diversified Arbitrage Strategies - Insurance, L.P.	Fund of Funds	Diversified Arbitrage / Event-Driven
69. Ehrenkrantz Partners L.P.	E&E Capital Advisors Investment Fund - Insurance, L.P.	Fund of Funds	Long / Short Equity
70. Forester Capital, L.L.C.	Forester Insurance Fund	Fund of Funds	Multi-Strategy
71. Gerber/Taylor Management	GT Insurance, LP	Fund of Funds	Multi-Strategy
72. Greer Anderson Capital, LLC	Greer Anderson Global Diversified IDF	Fund of Funds	Multi-Strategy
73. Greycourt & Co., Inc.	Greycourt Insurance Dedicated Fund	Fund of Funds	Multi-Strategy
74. Highmore Group Advisors, LLC	Highmore Insurance Dedicated Fund	Fund of Funds	Multi-Strategy
75. Ironwood Capital Management	Ironwood Insurance Fund	Fund of Funds	Relative Value
76. J.P. Morgan Private Investments Inc.	Global Access Growth Strategies Insurance Fund	Fund of Funds	Multi-Strategy
77. J.P. Morgan Private Investments Inc.	Global Access Hedge Fund Strategies Insurance Fund	Fund of Funds	Multi-Strategy

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

Currently Available for Allocation

Multi-Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
78. J.P. Morgan Private Investments Inc.	Managed Hedge Fund – Alpha 1 Insurance Fund	Fund of Funds	Multi-Strategy
79. JPMorgan Chase Bank, N.A.	Boulder Lake Insurance Fund	Fund of Funds	Multi-Strategy
80. KWK Management LLC	KWK Multi-Strategy Fund	Fund of Funds	Multi-Strategy
81. Lionstone Capital Management LLC	Lionstone IDF II	Fund of Funds	Multi-Strategy
82. Lionstone Capital Management LLC	Lionstone Insurance Fund, LP	Fund of Funds	Multi-Strategy
83. Marcuard Family Office Ltd.	MFO IDF LP Portfolio A - Equity Europe	Fund of Funds	European Equity
84. Marcuard Family Office Ltd.	MFO IDF LP Portfolio B - Equity Asia	Fund of Funds	Asian Equity
85. Marcuard Family Office Ltd.	MFO IDF LP Portfolio C - Commodities	Fund of Funds	Precious Metals
86. Marcuard Family Office Ltd.	MFO IDF LP Portfolio D - Equity North America	Fund of Funds	North American Equity
87. Massey Quick & Co., LLC	Massey Quick Insurance Dedicated Fund	Fund of Funds	Multi-Strategy
88. Meritage Capital, LLC	Insignia Insurance Dedicated Fund, L.P.	Fund of Funds	Long / Short Equity
89. Miller/Russell & Associates, LLC	Vega Multi-Strategy Fund	Fund of Funds	Multi-Strategy

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

Currently Available for Allocation

Multi-Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
90. Morgan Stanley Smith Barney LLC	Lemon Bay Insurance Fund	Fund of Funds	Multi-Strategy
91. Ninepeaks Capital Management, LP	Ninepeaks Multi-Strategy Insurance Fund	Fund of Funds	Multi-Strategy
92. Pacific Alternative Asset Management Company, LLC	Pacific Ridgeline Insurance Dedicated Fund	Fund of Funds	Multi-Strategy
93. Partners Capital Investment Group, LLC	Partners Capital Kestrel Fund, L.P.	Fund of Funds	Multi-Strategy
94. Pathstone Federal Street	PFS Insurance Fund	Fund of Funds	Multi-Strategy
95. Peconic Partners, LLC	Peconic Partners Insurance Fund	Fund of Funds	Long / Short Equity
96. Pulteney Street Capital Management, LLC	Pulteney Premier Fund, LP	Fund of Funds	Multi-Strategy
97. Ramius Alternative Solutions LLC	Ramius IDF Master Fund LLC	Fund of Funds	Multi-Strategy
98. Ryan Labs Asset Management	Ryan Labs TIPS Insurance Fund, L.P.	Fund of Funds	Macro Fixed Income
99. Sarasin Asset Management, Ltd	Sarasin Insurance Fund	Fund of Funds	Multi-Strategy
100. SCS Capital Management, LLC	SCS Insurance Global Series I	Fund of Funds	Multi-Strategy
101. Seven Bridges Advisors LLC	Seven Bridges Emerging Markets Fund	Fund of Funds	Emerging Markets

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

Currently Available for Allocation

Multi-Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
102. Seven Bridges Advisors LLC	Seven Bridges Long/Short Equity Fund	Fund of Funds	Long / Short Equity
103. Seven Bridges Advisors LLC	Seven Bridges Multi-Strategy Fund	Fund of Funds	Multi-Strategy
104. Seven Bridges Advisors LLC	Seven Bridges Strategic Equity Fund	Fund of Funds	Long-Only Equity
105. SkyBridge Capital II, LLC	SkyBridge Multi-Strategy Insurance Fund	Fund of Funds	Tactical
106. TAG Associates, LLC	Cascade River Fund	Fund of Funds	Multi-Strategy
107. TAG Associates, LLC	TAG Associates Insurance Fund	Fund of Funds	Multi-Strategy
108. Talson Capital Management, LLC	Talson Acier Fund	Fund of Funds	Multi-Strategy
109. Taylor Investment Advisors, LP	Taylor Insurance Series, L.P. - Series C - Global Alpha	Fund of Funds	Multi-Strategy
110. Taylor Investment Advisors, LP	Taylor Insurance Series, L.P. - Series G - Diversified Strategies	Fund of Funds	Multi-Strategy
111. Taylor Investment Advisors, LP	Taylor Insurance Series, L.P. - Series K - Global Opportunity	Fund of Funds	Multi-Strategy
112. Taylor Investment Advisors, LP	Taylor Relative Value Strategies, L.P.	Fund of Funds	Multi-Strategy
113. Tilney Asset Management Limited	Tilney IDF Growth Strategy	Fund of Funds	Global Multi-Asset

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

Currently Available for Allocation

Multi-Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
114. Titan Legacy Fund Advisors	Titan Legacy Credit Opportunities Fund, L.P.	Fund of Funds	Multi-Strategy
115. Titan Legacy Fund Advisors	Titan Legacy Fund I, L.P. - Series A	Fund of Funds	Multi-Strategy
116. Titan Legacy Fund Advisors	Titan Legacy Fund I, L.P. - Series B	Fund of Funds	Multi-Strategy
117. Titan Legacy Fund Advisors	Titan Legacy Fund II, L.P. - Series A	Fund of Funds	Multi-Strategy
118. Titan Legacy Fund Advisors	Titan Legacy Ultra Fund, L.P.	Fund of Funds	Multi-Strategy
119. Voyager Management, LLC	Voyager Global Absolute Return Insurance Fund, LP	Fund of Funds	Multi-Strategy
120. Wells Fargo Advisors, LLC	Augusta Lake Balanced Insurance Fund	Fund of Funds	Multi-Strategy
121. Wells Fargo Bank, N.A.	Augusta Lake Insurance Fund II	Fund of Funds	Multi-Strategy
122. Windward Management Ltd	Windward ART Fund Class A	Fund of Funds	Multi-Strategy
123. Windward Management Ltd	Windward ART Fund Class B2	Fund of Funds	Multi-Strategy
124. Windward Management Ltd	Windward ART Fund Class B5	Fund of Funds	Private Equity

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

In Development

Single Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
125. 3 Dimensional Wealth Advisors, LLC	--	Exchange-Traded Fund	Dividend Growth
126. 3 Dimensional Wealth Advisors, LLC	--	Long / Short Equity	Long-Biased
127. 3 Dimensional Wealth Advisors, LLC	--	Long-Only Equity	Dividend Growth
128. 3 Dimensional Wealth Advisors, LLC	--	Long-Only Equity	Systematic
129. 3 Dimensional Wealth Advisors, LLC	--	Long-Only Equity	U.S. Domestic
130. Armory Investment Management LLC	--	Credit	Asset-Based Lending
131. Arrowpoint Asset Management, LLC	--	Credit	Opportunistic
132. Ashmore Investment Management Limited	--	Credit	High-Yield
133. Benefit Street Partners L.L.C.	--	Credit	Private Debt
134. Breakwater Investment Management, LLC	--	Credit	Middle Market Lending
135. Brevet Capital Management, LLC	--	Credit	Short Duration
136. Candlewood Investment Group, LP	--	Credit	Distressed

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

In Development

Single Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
137. Carlyle Investment Management L.L.C.	--	Credit	Middle Market Lending
138. Cushing * Asset Management, LP	--	Master Limited Partnerships	--
139. Eagle Group Finance Loan Corp	--	Private Real Estate	Commercial-Direct Lending
140. Goldman Sachs Asset Management, L.P.	--	BOLI-Eligible	Mortgage-Backed Securities
141. Goldman Sachs Asset Management, L.P.	--	Credit	Investment Grade
142. Graham Capital Management, L.P.	--	Multi-Strategy	Diversified
143. Hoplite Capital Management, L.P.	--	Long / Short Equity	Multi-Strategy
144. Kore Advisors L.P.	--	Multi-Strategy	--
145. MidOcean Credit Partners	--	Credit	Structured Credit
146. MKP Capital Management, L.L.C.	--	Global Macro	--
147. Monroe Capital Management, LLC	--	Credit	Middle Market Lending
148. Mount Lucas Management LP	--	Multi-Strategy	--

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

In Development

Single Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
149. NBW Capital LLC	--	Long / Short Equity	Master Limited Partnerships
150. Newbrook Capital Advisors LP	--	Long / Short Equity	Multi-Strategy
151. OZ Management LP	--	Multi-Strategy	Diversified
152. P. Schoenfeld Asset Management LP	--	Event-Driven	--
153. Rimrock Capital Management, LLC	--	Credit	Structured Credit / Mortgage-Backed Securities
154. Solus Alternative Asset Management LP	--	Credit	Distressed / Event-Driven
155. Tricadia Capital Management, LLC	--	Multi-Strategy	Diversified
156. United Asset Strategies (UAS)	--	Interest Rate	Investment Grade
157. United Asset Strategies (UAS)	--	Long-Only Equity	Opportunistic
158. Wellington Management Company LLP	--	BOJ-Eligible	Mortgage-Backed Securities
159. Western Asset Management Company	--	Fixed Income	--
160. Winton Capital Management	--	Systematic	--

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Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017

In Development

Single Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
161. York Managed Holdings, LLC	--	Credit	Distressed / Event-Driven

Multi-Manager

<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
162. 3 Dimensional Wealth Advisors, LLC	--	Fund of Funds	Exchange-Traded Fund
163. 3 Dimensional Wealth Advisors, LLC	--	Fund of Funds	Multi-Strategy
164. Athena Capital	--	Fund of Funds	--
165. BlackRock, Inc.	--	Fund of Funds	Multi-Strategy
166. Blackstone Alternative Asset Management L.P.	--	Fund of Funds	Multi-Strategy

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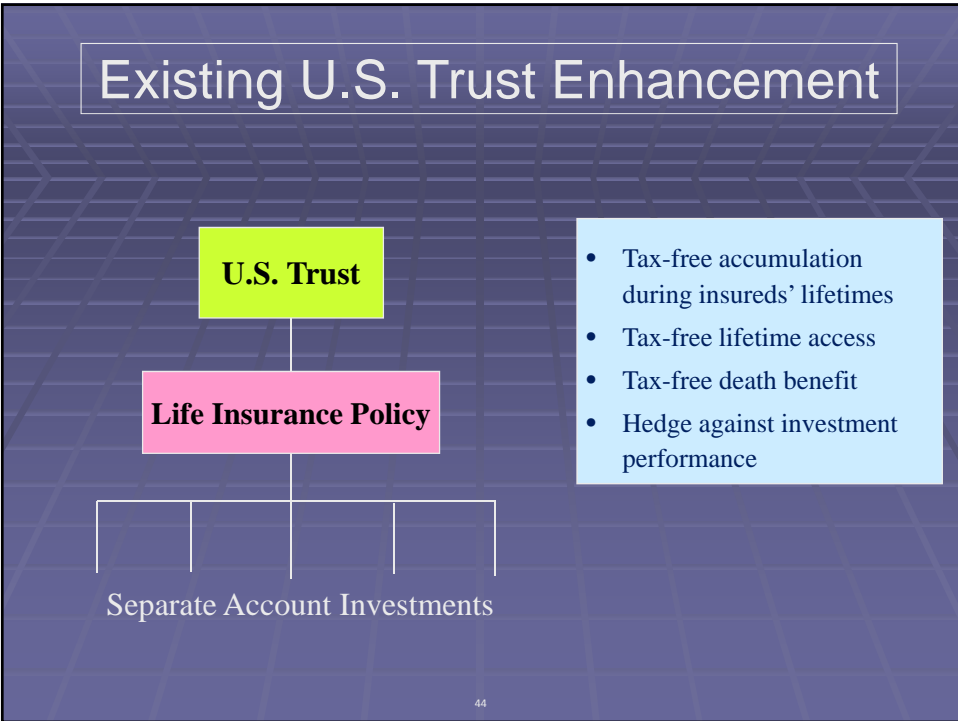


Non-Registered Insurance-Dedicated Funds (IDFs) as of 01/01/2017			
In Development			Multi-Manager
<u>Investment Subadvisor</u>	<u>Insurance-Dedicated Fund (IDF) Name</u>	<u>Investment Strategy</u>	<u>Investment Sub-Strategy</u>
167. Covenant Multifamily Offices, LLC	--	Fund of Funds	Multi-Strategy
168. CPA, LLC (Citi)	--	Fund of Funds	Multi-Strategy
169. Crow Holdings Capital Partners, LLC	--	Fund of Funds	Multi-Strategy
170. Goldman Sachs Hedge Fund Strategies LLC	--	Fund of Funds	Multi-Strategy
171. Grand Central IDF Manager, LLC	--	Fund of Funds	Multi-Strategy
172. Gupta Wealth Management	--	Fund of Funds	Multi-Strategy
173. LLBH Private Wealth Management	--	Fund of Funds	Multi-Strategy
174. Magnitude Capital, LLC	--	Fund of Funds	Multi-Strategy
175. Seven Bridges Advisors LLC	--	Fund of Funds	Multi-Strategy
176. Tilney Asset Management Limited	--	Fund of Funds	--
177. Tilney Asset Management Limited	--	Fund of Funds	--

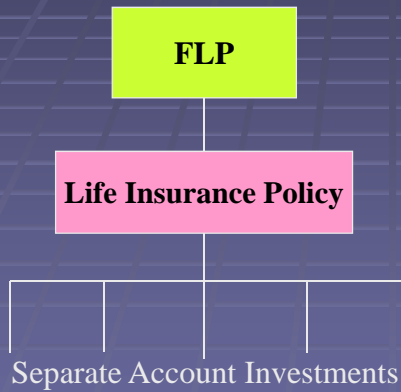
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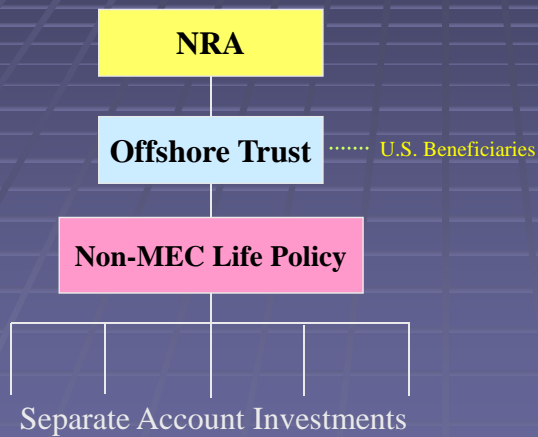
FLP Enhancement



- Partners share in benefits
- Tax-free accumulation
- Tax-free lifetime access
- Exit as tax-free death benefit
- Hedge investment performance

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NRA Funding For US Beneficiaries

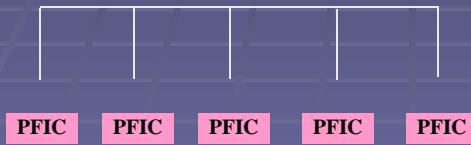


- Extend beyond grantor's lifetime.
- Avoid U.S. tax and interest charge on distributions to U.S. beneficiaries.
- Avoid home country tax issues for NRA settlor.
- Establish dynasty trust free of U.S. gift, estate and GST taxes.

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PFIC Planning

US Investor



PFIC

- Ordinary income
- Interest Charge
- Reporting

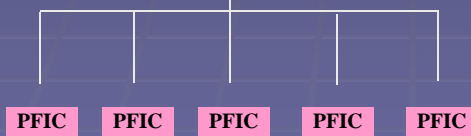
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PFIC Planning

US Investor



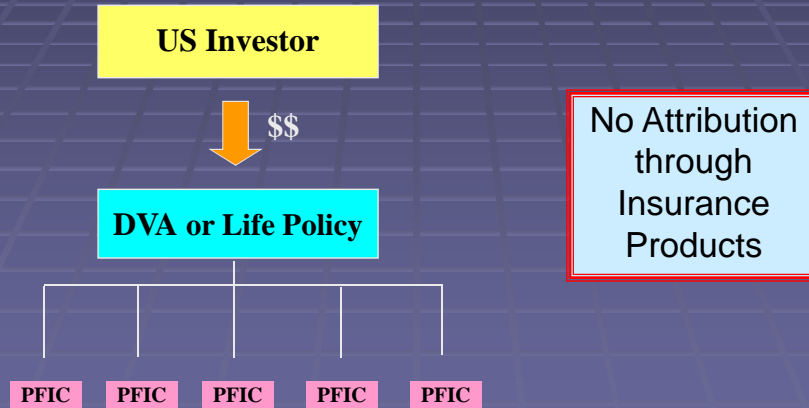
Trust



Potential
Attribution of
PFIC
Ownership

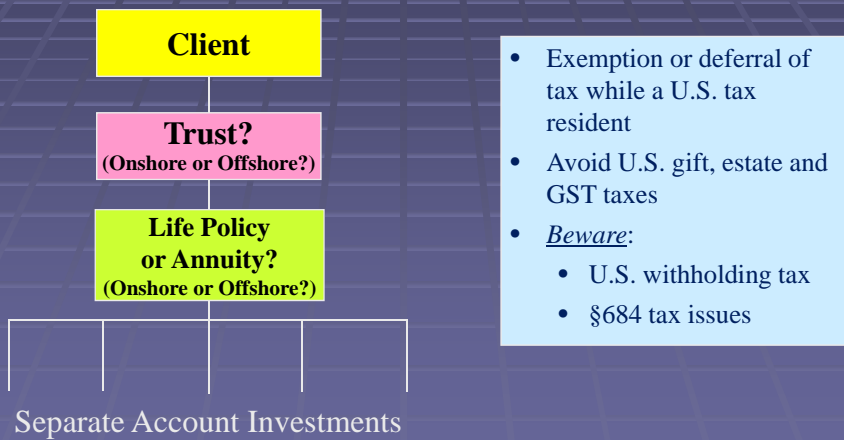
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PFIC Planning



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Pre-Immigration Planning



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Insurance as Estate Tax Blocker

NRA Individual



DVA or Life Policy



US Portfolio Investments

- No US income tax on portfolio income
- Concerns re home country income taxation
- Home country concerns re trusts
- US estate tax concerns

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Introduction to Private Placement Life Insurance (PPLI)

Robert D. Colvin
Robert D. Colvin & Associate
12 Greenway Plaza, Suite
1100
Houston, TX 77046
(713) 666-6045



Michael B. Liebeskind
Winged Keel Group
1700 Broadway, 34th Floor
New York, NY 10019
(212) 527-8000

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