Why is a Collegiate Investment Contract different to other investments?

- ✓ **Distribution**

  Collegiate is not licenced to sell investments but is allowed to sell business ideas to potential distributors. We give the potential distributor as much information as possible so that they can understand and explain the product, the risks and the positives.

- ✓ **Understanding**

  Collegiate encourages all investors to read and understand their investments

- ✓ **Distribution fees**

  Collegiate pays fees of 5% of the investment amount for the distribution of its product. This goes to you or to a trusted friend.

- ✓ **Specific assets**

  Each Collegiate investment depends on the performance of a specific Life Insurance Policy and we can set out the cash flows and probabilities very simply.

- ✓ **Aligning interests**

  Collegiate pays fees to the external parties who ensure that the assets are properly managed. The promoters of Collegiate only earn a return once investors are all paid out. The structure was established with the aim of providing a good return to all investors first.

- ✓ **Risk**

  Collegiate tries to spread the risk of an individual life policy more evenly.

Cashflow

A borrowing facility is available to qualifying investors that could make a Collegiate investment package add up to an interest free loan or money in your pocket. If nothing else, you should not be worried that your cash might disappear.

- ✓ **Return**

  The cash flow arrangements produce expected high after-tax returns that are much closer to the pre-tax returns than with most investments.

- ✓ **Disclosure**

  Collegiate relies on disclosure rather than salesmen to give investors a proper understanding of the product.

- ✓ **Uncorrelated**

  A Collegiate investment’s return should not be correlated with the stock or real estate markets. This makes them a good addition to an investment portfolio as they are likely to stabilise and grow the total portfolio value through different market conditions.

Why Collegiate ICs produce a great expected return compared to the risk.

Collegiate ICs depend on US life settlement policies that generally have a high expected return (around 15% pa) but are also risky because they depend on the mortality of individual lives. The Collegiate IC spreads the individual life risk by taking a mortality fee from all early maturities to support any ICs that have not matured before year 8. This makes the mortality risk on an IC much smaller than the risk on the underlying life settlement. Collegiate ICs also allow life settlements to be broken into smaller pieces so that an investor can hold several ICs covering different lives instead of just one life settlement.

The other significant source of risk is the US/AUS exchange rate risk. The forward exchange rate goes in a positive direction for an IC so this risk is biased in your favour.