Over half of institutional investors will cut bond exposure this year

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- Investors cite default risk and inflation concerns
- Managing Partners Group sees end of four-decade bull run in bonds
- 83% are positive on life settlements

- London, 3rd February 2021 – More than half (51%) of institutional investors globally plan to reduce their exposure to bonds this year, according to new research1 commissioned by Managing Partners Group (MPG), the international asset management group.

Nearly two in three (65%) see default risk rising this year on corporate bonds in developed economies and 16% are 'extremely concerned' that inflation will reduce the real yields on bonds this year, while 48% are 'moderately concerned' and 22% 'somewhat concerned'. Two in five (41%) of investors anticipate higher inflation this year, with 42% see it remaining about the same and 13% see lower inflation.

The research shows that of those planning to switch, 68% of institutional investors plan to redirect their investments into real estate, 55% to hedge funds, 52% to life settlements, 45% to commodities and 24% to equities. Only one in four (24%) plan to increase their exposure to bonds this year.

Gan Wyndham-Jones, MPG's Head of Investments, commented: "The high number of names that have already left the high street show the current recession is likely to be deeper than many expect. The four-decade bull run in bonds is most likely over now as investors divest from bonds on fears over the double impact of higher default risks and rising inflation.

"Our research also shows that investors want to switch into alternative investments, including life settlements, which 83% say they would be happy to invest in. This is hardly surprising, given the inflation-beating returns they offer that are uncorrelated with other asset classes."

Life settlements are US-issued life insurance policies that have been sold by the original owner at a discount to their future maturity value and are institutionally traded through a highly regulated secondary market. The market increasingly includes high profile institutional investors and service providers, including Apollo Global Management, GWG Life, Vida Capital, Broad River Asset Management, Red Bird Capital Partners, Partner Re, SCOR, Berkshire Hathaway, Coventry First, Wells Fargo, Bank of Utah, Wilmington Trust and Credit Suisse Life Settlements LLC.

MPG's High Protection Fund, which is an absolute return vehicle that invests in life settlements, recorded its best year in 2020, delivering 9.91% net of fees over the calendar year with no drawdowns in any month.2 It has returned 145% since it was launched in July 2009. The standard deviation in its performance has been 0.19% since launch and its Sharpe Ratio of 2.7 reflects its excellent consistency in outperforming the risk-free rate. The fund has no initial or performance fees, which has given it a performance edge on competing funds within the life settlement sector.

MPG is an award-winning business, having been named the 2018 Alternative Investment Firm of the Year – Europe by The European business publication, in 2019 and 2020 Asset Management Company of the year – UK and Europe by ACQ5 Global Awards and in 2021 was named Best Alternative Asset Management Firm 2021 – Switzerland by the Corporate Vision Magazine 2021 Corporate Excellence Awards, whilst its High Protection Fund won Best Diversified Fund (Five Years) and Best in Insurance-Linked Investments categories 2018 by Corporate USA Today Awards. High Protection Fund also came first in the Best Diversified Fund (Five Years) and Best in Insurance-Linked Investments categories for three years' running in the 2019, 2020 and 2021 by Corporate America Today Awards. Most recently, MPG has won the award for Most Outstanding Asset Management Company 2020 by the Acquisition International 2020 Global Excellence Awards. MPG was also awarded Best in Insurance Linked Investments 2019 by the M&A Today Global Awards, which also awarded High Protection Fund in 2019 and 2021 with Best Diversified Fund (Five Years) United Kingdom. High Protection Fund was also recognised by Global 100 in 2018 and 2020 as the Best in Insurance-Linked Investments & Best Diversified Fund (five years) – United Kingdom. MPG was awarded as Most Outstanding Asset Management

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Company – Europe 2020 by Acquisition International Global Awards. MPG also won the award for Most Influential Leader in Asset Management 2019 – Switzerland by the CV Magazine 2019 Corporate Excellence Awards as well as Asset Management Group of the year – United Kingdom 2019, 2020 and 2021 by Corporate Live Wire Global Awards.

MPG is a multi-disciplined investment house that specialises in the creation, management and administration of regulated mutual funds and issuers of asset-backed securities for SMEs, financial institutions and sophisticated investors. It currently manages funds with a gross value of $500m. For more information on Managing Partners Group see: www.managingpartnersgroup.com

-Ends-

(1) Source: Survey conducted by Pure Profile among 105 institutional investors globally, 10-18 January 2021

(2) Source: MPG monthly factsheet, January, based on performance of the HPF's USD Growth Share Class

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Notes to Editors

About Managing Partners Group

Managing Partners Group (MPG) is a multi-faceted investment house that specialises in managing alternative asset classes for institutions and qualified investors and is a market leader in structuring and managing alternative investment funds and structured finance vehicles.

MPG manages a range of collective investment schemes that invest principally in property, life settlements, absolute return and hedge fund asset classes. The group has offices in Malta, Spain, Switzerland and the United Kingdom and is recognised by the Cayman Islands Monetary Authority as an asset manager where it manages a number of collective investment schemes and regulated mutual funds, and in Switzerland as a Regulated Asset Management Company, where its specialist team focuses on institutional investment advice and discretionary management.

In 2018, MPG was named the Alternative Investment Firm of the Year – Europe by The European business publication. Its High Protection Fund also won the Best Diversified Fund (Five Years) and Best in Insurance-Linked Investments categories in the Corporate USA Today Awards.

MPG currently has over $500m assets under management.

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