



TECUMSEH

ALTERNATIVES, LLC

NON-CORRELATED INVESTMENT STRATEGIES

Private & Confidential



BENEFITS OF ALTERNATIVE INVESTMENTS

- SUPERIOR DIVERSIFICATION TO JUST STOCKS AND BONDS**
- DO NOT UNDERPERFORM IN TIMES OF MARKET PANIC**
- DO NOT MOVE UP AND DOWN WITH EQUITY OR DEBT MARKET FORCES**
- TEND TO HAVE A “LIQUIDITY PREMIUM” OVER AND ABOVE PUBLIC MARKETS TO REWARD THE INVESTOR FOR HOLDING**
- LOW VOLATILITY**

NON-CORRELATED

A non-correlated asset is exactly what it sounds like: an asset whose value isn't tied to larger fluctuations in the traditional markets

Advantages of non-correlation

- Reduction of risk in the portfolio
- Potential increase of returns

The advantages of DIVERSIFICATION!



NON-CORRELATED

Types of non-correlated assets

- Art
- Farmland
- Baseball Cards

These are great diversifiers but they are tied to the economy in some way



NON-CORRELATED

We look at non-traditional financial assets that are uncorrelated to economic events

- Life Settlements
- Intellectual Property
- Medical Receivables
- Litigation Finance

Unlike other non-correlated assets, ours should continue to generate return regardless of the direction of markets since returns are driven by non-market factors.



LIFE SETTLEMENT BASICS

The transfer of ownership and beneficiary rights of a life insurance policy on an insured in exchange for a cash payment. Sellers receive cash for their policies and no longer pay future premiums. Investors in this strategy typically target an annual return of 8%-12%.



Sellers no longer
pays future
premiums



Buyers (investors) profit

=

Face Value –
(Acquisition Price +
Premiums Paid)



Insureds (sellers)
typically 64–80 years
old with a \$100,000+
policy



Settlement >
cash
surrender
value

BACKGROUND ON LIFE SETTLEMENTS

Life settlements can offer a favorable alternative for senior citizens who own unneeded, unwanted, or unaffordable life insurance policies.

Typical Life Insurance Policy Holder Profile

Age (years)	24-45	46-64
Financial needs	Family Mortgage College Savings	Family Mortgage College Savings
Cost of premiums	Low	Increasing

Typical Profile of those that enter a life settlement contract

64-85
Family Healthcare Retirement
Expensive

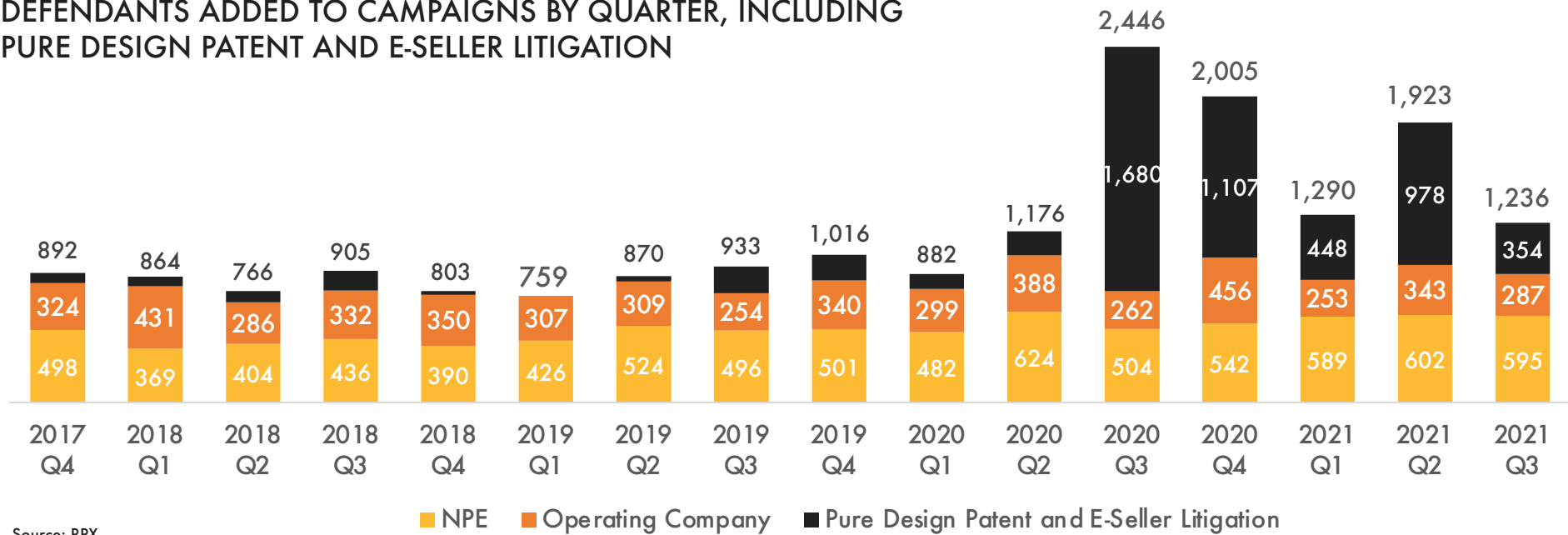
A typical policy holder accumulates two to four life insurance policies during their lifetime. In retirement, the original purpose for which a policy was purchased may no longer exist, and premiums become onerous as funds are required for other purposes such as long-term healthcare, medical bills, family travel, or lifestyle.

INTELLECTUAL PROPERTY - PATENTS AS AN INVESTMENT

Necessary for Innovation

It has been reported in the press that virtually all major tech companies (HP, Cisco, Apple, Google) operate their own outbound licensing divisions and buy, sell and litigate patents never used in their products. Google is an investor in Intellectual Ventures, one of the larger Non-Practicing Entities (NPE)'s.

DEFENDANTS ADDED TO CAMPAIGNS BY QUARTER, INCLUDING PURE DESIGN PATENT AND E-SELLER LITIGATION



Notes
1. <https://patentlyo.com/patent/2011/05/intellectual-ventures-revealing-investors.htm>
2. <https://www.ipwatchdog.com/2014/04/09/myths-of-the-patent-wars-are-non-practicing-entities-the-problem/id=48984/>

INTELLECTUAL PROPERTY - PATENTS AS AN INVESTMENT

Noncyclical	Returns are tied to the value of intellectual property, which are independent of stock and bond markets. Returns potentially benefit from downturns in the economy as IP owners seek to divest patents to generate additional cash flow.
	"Indeed, many patent holders—including operating companies and universities—are currently facing increased pressure to preserve, as well as augment, balance sheet cash. Expect many to turn in the coming year to their patent portfolios as a source of revenue, including by selling patent assets to NPEs, by entering into privateering partnerships with NPEs, and/or by monetizing their own assets directly through licensing or litigation." – Dec 7, 2020, RPX
	"NPEs filed 8.9% more litigation in Q4 2020 than they did in the year-ago quarter." – RPX Q4 2020 in Review
Attractive Targeted Returns	Return target a potential 18-27% net IRR with low volatility.
	Potential gains from settlement or trial can be substantial relative to the invested capital.

MEDICAL RECEIVABLES

The **strategy** is to acquire an interest in medical receivables relating to services rendered to plaintiffs in connection to personal injury cases where a lawyer has been retained. The receivable purchasing companies analyze individual cases and recommend for purchase only those receivables relating to claims with the highest likelihood of settling and being paid out by an insurance company.

The **strategy** provides investors with exposure to an asset class that is non-correlated to broad equity and fixed income markets, and which has historically generated superior risk-adjusted returns. Investors in this strategy typically target 15% - 25% annual returns.





LITIGATION FINANCE

Investing in law firms by funding a portfolio of their United States cases primarily in personal injury, wrongful death, medical malpractice, mass tort, class action, and other similar cases. In addition, a small (around 10%) of the portfolio will fund recourse and non-recourse advances for commercial litigation or arbitration proceedings, enforcement of judgments and awards, and recovery of misappropriated assets and certain debtor-in-possession matters whether those cases are settled or not. Typical returns are 12% - 16% annually.



SUMMARY

Non-Correlated Investments

Non-correlated assets should generate returns regardless of the direction of markets since returns are driven by independent forces and factors

Examples of non-traditional financial assets that are uncorrelated to economic events include:

- Life Settlements
- Intellectual Property
- Medical Receivables
- Litigation Finance



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