

## NZ Super Fund commits \$145m to Apollo Global's Financial Credit Investment III

June 18, 2017

The NZ\$35 billion (\$25.3 billion) New Zealand Superannuation Fund has committed NZ\$200 million (\$145 million) to New York-based Apollo Global Management's Financial Credit Investment III, a life settlements strategy. The commitment was awarded to Apollo on 19 May 2017. This transaction by the NZ Super Fund is its third life settlements investment with Apollo Global. Life settlement-focused funds acquire insurance policies on secondary and tertiary markets for an amount greater than the cash surrender value offered by the insurance company. This is comparable to real estate deeds and mortgage contract, which are often sold as assets. According to the US Securities Exchange Commission bulletin, in a life settlements transaction, "a life insurance policy owner sells his or her policy to an investor in exchange for a lump sum payment", with the sum being less than the death benefit but more than its cash surrender value of the policy. The investor then maintains this policy, paying for any additional policy costs or premiums. When the insured passes, they then collect the death benefits. Hedge funds, pension funds, multi-national banks, and other major financial corporations often purchase life settlements, with Berkshire Hathaway reportedly investing up to \$600 million annually in life settlements. The NZSF 2016 Annual Report indicates that its value in life settlement funds managed by Apollo Global, Financial Credit Investment I and Financial Credit Investment II, are respectively valued at NZ\$65 million and NZ\$271 million as at end-June 2016. According to its monthly report, as at 31 May 2017, the Fund returned 1.08 per cent, bringing the 1-year return to 18.17 per cent. Over this period, the fund returned \$0.8 billion in excess of the passive reference portfolio. However, its weighting to growth assets also sees the fund experience large short-term movements.

Read more at: <https://www.dealstreetasia.com/stories/nz-super-fund-commits-200m-to-apollo-global-wip-75282/>