

A Q&A WITH DAVE REYNOLDS, CHIEF MARKETING OFFICER, SPEARHEAD ADMINISTRATIVE SERVICES

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Summary Below—Full Interview on Page 2

Through JR KATZ's experience working with RIAs and investment advisors, Jordon has helped advisory firms navigate carrier platform onboarding and connect with Spearhead Administrative Services to implement SMA programs for qualified clients. The conversation with Dave Reynolds provides an insightful view of the expanding investment environment available to policy owners.

PPI MARKET EVOLUTION

In Brief: The rise of insurance-dedicated SMA programs made PPLI/PPVA better align with how RIAs manage portfolios. Along with greater carrier diversity and improved execution, PPI solutions are now evaluated as a serious planning structure.

SMA & IDF

In Brief: The right fit depends on the investment approach, governance, and operating model. In general, SMAs offer more flexibility and RIA alignment, while IDFs are better suited for scalable, standardized strategies.

PPI MARKET TRENDS

In Brief: PPI adoption has accelerated as familiarity has grown and execution has become more predictable. Sustained growth is being driven by operational maturity, investment flexibility, and continued demand for tax-aware planning solutions.

DISTRIBUTION & ADVISOR ENGAGEMENT

In Brief: The best partners treat private placement as a repeatable capability. They involve key advisors early, stay current, and execute with discipline.

CARRIER LANDSCAPE & CAPACITY

In Brief: Spearhead is generally carrier-agnostic, focused on getting the right IDF or SMA approved where it best fits the client. Because these solutions are portable across carriers, the key considerations are demand, execution, and product fit.

5 YEAR OUTLOOK

In Brief: We expect adoption to keep growing as more firms gain experience with IDFs and SMAs. Future growth should come from greater awareness, continued innovation, less friction, and more repeatable best practices.

PPI MARKET EVOLUTION AND TRENDS

Over the last 4-8 years, PPI adoption has accelerated. What specific forces do you see as the biggest drivers, and which matter most for sustained growth?

The Private Placement Insurance space has grown through steady, quiet adoption over the past several decades, which in recent years has started to compound. More carriers are active, more insurance producers are familiar with these solutions, more RIAs, asset managers, and family offices have firsthand experience, and more COIs (attorneys, trustees, CPAs, etc.) have seen real transactions successfully implemented. That matters because familiarity reduces hesitation.

One of the most visible shifts has been friction reduction. A decade ago, it was common for a transaction to take much longer to complete because every party was learning the category in real time. Today, more advisors and attorneys understand the structure, and more platforms have repeatable operating procedures. That doesn't eliminate diligence; it just makes the process more predictable.

Three Forces Driving Sustained Adoption



Sustained growth, in my view, comes from three forces working together:

- **Operational maturity** across carriers and service providers (onboarding of investment managers, reporting, responsiveness)
- **Broader investment flexibility** and better alignment with how RIAs and asset managers actually allocate assets
- Continued demand for **tax-aware planning solutions** by clients, especially when paired with often tax-inefficient investments, like hedge funds, private credit, and other opportunistic strategies

At Spearhead, we see growth accelerating when advisors and their clients can connect “why this matters” to an implementation process that feels disciplined, documented, and repeatable - not experimental.

PPI MARKET EVOLUTION AND TRENDS

You have been in the PPI space for almost 15 years. What have been some of the most significant inflection points that changed advisor and client behavior during that time, on both the product side and the investment side?

On the investment side, the biggest inflection point has been the rise of insurance-dedicated SMA programs and the infrastructure around them. Historically, the menu of investment options (Insurance Dedicated Funds, or “IDFs”) available through PPLI/PPVA contracts could feel limiting relative to how RIAs were allocating through traditional taxable accounts.

As more bespoke Separately Managed Account or “SMA” programs have emerged, the conversation shifted from “will the contract constrain the investment approach?” to “how do we ‘lift up’ how the advisor is accustomed to working with clients, and ‘drop’ that same approach appropriately within the structure?” That’s a meaningful change because it now aligns the solution more closely with the RIA operating model, including custody, fee billing, reporting, and the advisor’s existing investment process.

On the insurance product side, the domestic marketplace has become more diverse. That’s not just in the number of carriers active in the marketplace, but also in how carriers differentiate. We have large, established carriers with deep balance sheets and brand recognition, alongside private-placement-specialist carriers that compete on speed, specialization, and focus. Over time, as more carriers and providers have invested in people, process, and technology, the category has become easier to diligence and easier to execute.

The net effect is that PPLI/PPVA increasingly gets evaluated the way sophisticated advisors evaluate anything else: not as a novelty, but as a structure that must fit the plan, the governance, and the client’s long-term objectives.

Key Inflection Points in the PPLI/PPVA Market

Phase 1: Early Market Constraints

- Limited Investment Options
- Perception of Investment Constraint
- Narrow Carrier Landscape

Phase 2: Structural Expansion

- 2021 Section 7702 Modifications
- Rise of Insurance-Dedicated SMAs
- Increased Carrier Diversity
- Expanded IDF Alternatives

Phase 3: Institutional Maturity

- Operational Maturity
- Easier Diligence and Execution
- Broader Advisor Familiarity
- From Novelty to Planning Infrastructure

CARRIER LANDSCAPE & PLATFORM CAPACITY

When matching the client of an investment manager to an insurer, which capabilities most often tip the decision, and what trade-offs do you consider acceptable?

At Spearhead, we are generally agnostic as it relates to what carrier or combination of carriers an investment manager aligns themselves with. Oftentimes, the insurance advisor is running “point” with the end client to structure their PPLI or PPVA contract at a given carrier, and our job is to ensure that the desired investment solution (IDF or SMA program) is onboarded and approved at that carrier.

The beauty of IDFs and SMA programs is that they are ‘portable’ – meaning, they can generally be onboarded and approved on multiple insurance carrier platforms with ease.

In practice, that’s commonplace for successful investment managers that enter this space, where they might “launch” the solution with an initial carrier based on a specific client need, and then we will pivot to onboarding the solution with other carriers as the needs of the investment manager and its clients grow over time.

That aside – a few considerations for the investment manager:

Business Case	Investment Execution	Product Fit
<ul style="list-style-type: none"> • Is there demand now? • Is more demand likely? • Will the carrier prioritize it? 	<ul style="list-style-type: none"> • Can it be implemented cleanly? • Does it align with how the manager allocates assets? 	<ul style="list-style-type: none"> • Are PPLI/PPVA options available? • Do minimums fit the client base? • Is the product range broad enough?

Business case: Is there existing or anticipated demand through a given carrier, for the IDF or SMA program? Most carriers in the space will only consider onboarding an IDF or SMA program if there is demand from new or existing policyowners for the IDF/SMA program.

Investment execution: Can the carrier support the IDF or SMA program investment mandate in a way that is operationally workable, and consistent with how the investment manager intends to allocate the assets?

Product fit: More broadly, does the carrier offer a range of products (across PPLI & PPVA) that meet the needs of the investment manager’s clients? Further, do carrier product (premium) minimums meet the needs of the investment manager and its addressable client base?

From our perspective, the acceptable trade-offs are the ones that do not compromise execution. The needs of Client #1 may differ from the needs of Client #2, hence having the ability to “port” an IDF or SMA program to additional carriers over time can be of tremendous value.

SMA AND IDF

In the marketplace today, what is the balance between implementation of an IDF or SMA program, and what are the tradeoffs of one versus the other?

At Spearhead, we’re intentionally agnostic because the right structure depends on the investment approach, the governance preferences, and how the asset manager or advisor operates.

In general, SMAs tend to align best when an advisor or RIA is managing portfolios in a more customized way, wants custody/reporting alignment, and values the ability to implement mandates client-by-client within an approved framework.

IDFs tend to align well when an asset manager is building a scalable pooled structure with a standardized strategy and governance. They make sense for asset managers accustomed to building “products” that are accessible more broadly.

Practically speaking, we’ve seen increasing SMA program activity as more RIA platforms enter the space. As of early 2026, Spearhead administers 60+ SMA programs in partnership with RIAs in the U.S.

SMAs can be simpler to launch and can offer more flexibility in how a mandate is implemented within program guidelines. However, “better” is entirely fact dependent. The best structure is the one that is most appropriate to meeting client objectives, is operationally efficient for the investment manager, and can be administered cleanly over the long term.

**Benefits and Options
within an IDF/SMA**

**Insurance Dedicated
Separately Managed
Account
(ID-SMA)**

- Traditional Equity
- Fixed Income Securities
- Private Equity
- Private Debt
- Hedged Strategies
- Commodities
- Venture Capital

(customized asset allocation)

Advantages

- Flexible
- Customizable
- RIA workflow alignment
- Custody/reporting alignment
- Simpler to launch

Tradeoffs

- More individualized oversight
- Less standardized governance

**Insurance Dedicated
Fund
(IDF)**

- Non-Registered Funds**
- Private Debt
 - Private Equity
 - Specialty/Fund of Funds

- Registered Funds**
- Traditional Equity
 - Fixed Income
 - Commodity
 - REITs

(may allocate to one or more funds)

Advantages

- Scalable
- Standardized governance
- Strong “product” structure
- Broad accessibility
- Efficient repeatable strategies

Tradeoffs

- Less customizable
- Limiting for RIAs
- Templated implementation

DISTRIBUTION & ADVISOR ENGAGEMENT

What consistently separates successful distribution partners from average ones?

We believe the best insurance advisors have extensive experience working with diverse client scenarios, where private placement is a repeatable capability, not a one-off transaction.

The insurance professional invests in understanding the structure, identifying the appropriate client profiles, and involves the client's attorney, CPA, and investment advisor early in the process, because that's where clarity and speed come from. In addition, ongoing service and policy oversight are essential. The insurance professional needs to have the necessary expertise and structure in place to provide the required service deliverable.

They also stay engaged with the ecosystem. This space evolves through carrier innovation, investment platform changes, and regulatory sensitivity. Strong partners stay current, ask good questions, and approach each case with the right mix of curiosity and discipline. Most importantly, they don't oversell. They position private placement insurance solutions as a tool that can be appropriate in the right fact pattern, and they execute in a way that builds long-term credibility.

5 YEAR OUTLOOK

Looking ahead five years, where do you see PPI evolving, and what factors are most influential?

We expect continued adoption by investment managers in this space – including demand from both asset managers to build and launch new IDFs, as well as RIA platforms that construct custom solutions.

As more firms enter this space, there are naturally more investment firms gaining experience with these solutions and observing the benefits that these solutions can deliver to their clients. With each positive experience, they're more likely to proactively position these solutions with future clients.

We believe this creates a "snowball effect," where the awareness of PPLI/PPVA, and subsequent demand will increase. While we still believe today that IDFs and SMA programs are a differentiating tool for asset managers and RIAs (especially for firms that cater to UHNW and Family Office clientele), at some point in the future, that may no longer be the case as the marketplace continues to mature.

Finally, innovation will continue within the PPLI/PPVA space, including from the carrier side (the number of carriers that offer these products), as well as the types of products and investment solutions available. The keys for future growth as the marketplace continues to mature are less friction, more repeatability, and maintaining best practices.

ABOUT THE PARTICIPANTS

Dave Reynolds, CFP, CLU CMO, Spearhead Administrative Services



Dave has 15+ years of financial services experience spanning from capital raising, new IDF and SMA formation and structuring, as well as the implementation and structuring of PPLI and PPVA solutions for ultra-high net worth and family office clients. He previously served as Director of Business Development at Spearhead Capital Advisors (our predecessor company), where he originated and serviced new client relationships across the firm’s wealth management, administrative services, and asset management divisions.

Dave has co-authored several articles and developed and presented Continuing Education programs related to PPLI/PPVA structuring and related investment solutions to various Financial Planning Association (FPA), Chartered Financial Analyst (CFA), and estate planning council chapters across the US.

About Spearhead: Spearhead enables RIAs and Asset Managers to manage assets through private placement insurance structures. Spearhead handles the entire relationship with the insurance carrier, allowing our partners to focus on what they do best: managing capital for their clients. We provide two primary investment solutions that can fit any wealth or asset management business. Separate Managed Account (“SMA”) programs provide more customization for our partners’ end-clients, while Insurance Dedicated Funds (“IDF”) are built for investment managers to scale quickly and efficiently in this marketplace.

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Jordon Katz, CLU CEO, JR KATZ



For almost 50 years, Jordon has worked with clients regarding the complex issues of building, maintaining, and transferring wealth. Working with entrepreneurs and UHNW families, he facilitates the structuring, implementation, and servicing of insurance-anchored solutions for income tax mitigation, wealth transfer and business succession planning.

His strategic philosophy evolved from his academic background in finance and risk management from the University of Illinois, designation as a Chartered Life Underwriter from the American College, and numerous continuing professional education programs as both participant and lecturer. Membership on the Board of Directors of a public company provided Jordon a valuable experience in the transformation of an entrepreneurial environment into a publicly owned enterprise.

About JR KATZ: JR KATZ serves as an advisor in areas of wealth transfer, wealth preservation, succession planning, and income tax mitigation. We deliver value and “edge” through our expertise, client advocacy, and influence within the marketplace.

50 Years Since 1976, we have been a premier advisory firm working with high-net-worth individuals, family offices, and businesses

\$5+ Billion JR KATZ manages more than \$5B in life insurance portfolios

DISCLOSURES

Private Placement Variable Life Insurance (PPLI) and Private Placement Variable Annuities (PPVA), Insurance Dedicated Funds (IDFs), and insurance dedicated SMA programs involve significant complexity, eligibility requirements, and risks, and are not suitable for all investors. Investment outcomes are not guaranteed, and past experience or adoption trends do not assure future results.

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