

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 26, 2020

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
(Exact name of registrant as specified in its charter)

Iowa
(State or other jurisdiction
of incorporation)

001-31911
(Commission File Number)

42-1447959
(IRS Employer
Identification No.)

6000 Westown Parkway
West Des Moines, IA 50266
(Address of principal executive offices and zip code)

(515) 221-0002
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$1	AEL	New York Stock Exchange
Depository Shares, each representing a 1/1,000th interest in a share of 5.95% Fixed-Rate Reset Non-Cumulative Preferred Stock, Series A	AELPRA	New York Stock Exchange
Depository Shares, each representing a 1/1,000th interest in a share of 6.625% Fixed-Rate Reset Non-Cumulative Preferred Stock, Series B	AELPRB	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01 Regulation FD Disclosure

The Company released an investor video presentation which includes an investor slide deck, a copy of which is furnished herewith as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following exhibits are being furnished with this Form 8-K.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Investor Presentation ,dated October 2020.
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 26, 2020

**AMERICAN EQUITY
INVESTMENT LIFE HOLDING COMPANY**

By: /s/ Renee D. Montz
Renee D. Montz
Executive Vice President, General Counsel and
Corporate Secretary

Accelerating AEL 2.0 Value Creation





Strategic Partnership with Brookfield

October 2020

Forward-Looking Statements

This presentation and any oral related statements made by our representatives may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may relate to strategic alternatives, future operations, strategies, plans, partnerships, investments, share buybacks, financial results or other developments, and are subject to assumptions, risks and uncertainties. Statements such as “guidance”, “expect”, “strong”, “anticipate”, “believe”, “intend”, “goal”, “objective”, “target”, “potential”, “will”, “may”, “would”, “should”, “can”, “deliver”, “accelerate”, “enable”, “estimate”, “projects”, “outlook”, “opportunity”, “position” or similar words, as well as specific projections of future events or results qualify as forward-looking statements. Forward-looking statements, by their nature, are subject to a variety of inherent risks and uncertainties that could cause actual results to differ materially from the results projected. Many of these risks and uncertainties cannot be controlled by American Equity Investment Life Holding Company (“AEL”) and include the possibility that the proposed transaction may not be completed. Factors that may cause our actual decisions or results to differ materially from those contemplated by these forward-looking statements can be found in AEL’s Form 10-K and Form 10-Q filed with the Securities and Exchange Commission. Forward-looking statements speak only as of the date the statement was made and AEL undertakes no obligation to update such forward-looking statements. There can be no assurance that other factors not currently disclosed or anticipated by AEL will not materially adversely affect our results of operations or plans. Investors are cautioned not to place undue reliance on any forward-looking statements made by us or on our behalf.

AEL 2.0 Strategy for Maximizing Shareholder Value Creation

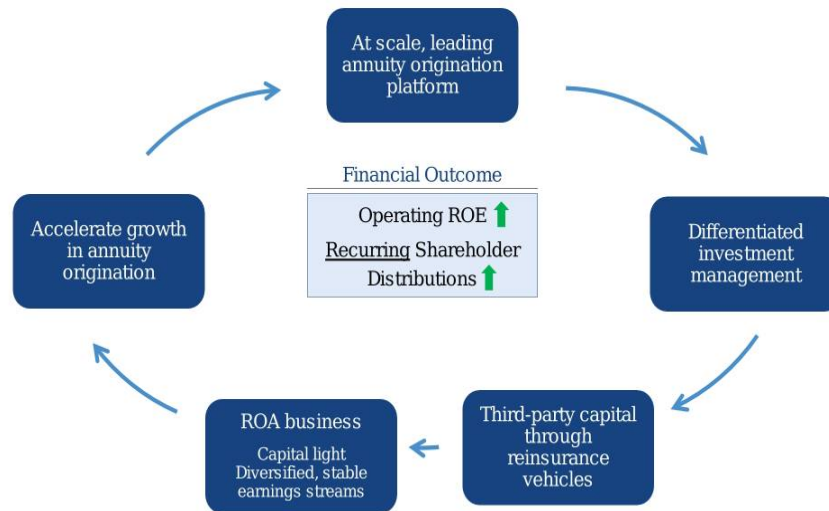
<div>1</div>  Go-to-market Strategy	<ul style="list-style-type: none"> Improved sales execution, producer loyalty, and enhanced data analytics to support marketing. Targeted to reduce cost of funds on new liabilities from ~3.5% to below 3% in order to create a sustainable model in a continuing low interest rate environment
<div>2</div>  Investment Management	<ul style="list-style-type: none"> Work toward increasing yield on new investments from ~3.5% to above 4% to ensure existing book of business remains profitable in low interest rate environment. Diversified portfolio to include alpha-producing specialty sub-sectors through asset management partnerships and / or joint ventures
<div>3</div>  Capital Structure	<ul style="list-style-type: none"> Improve capital structure through offshore reinsurance entities <ul style="list-style-type: none"> – Create a level playing field with competitors – Benefit from more principles-based reserve and capital regimes – Add more fee-based earnings to complement current spread-driven earnings, providing a less cyclical revenue stream
<div>4</div>  Foundational Capabilities	<ul style="list-style-type: none"> Enhance digital customer experience, analytics, technology and talent to meet the rapidly evolving expectations of policyholders, producers and distribution partners

Recent Partnerships Focus on Pillars ② and ③

- Since the spring, AEL management has been engaged in third-party dialogues to build pillars ② and ③ – investment management and capital structure
- AEL is currently engaged in dialogues with several asset managers about partnerships involving both potential investment management agreements and general partner equity investments

Announcement	Overview of Dialogues	② Investment Management	③ Capital Structure
September 28 th	<ul style="list-style-type: none"> ▪ Agreement in principle for a strategic partnership with Värde Partners and Agam Capital Management, LLC 	✓	✓
October 18 th	<ul style="list-style-type: none"> ▪ Strategic partnership with Brookfield – up to \$10Bn reinsurance arrangement and up to 19.9% equity investment 	✓ ✓	✓ ✓
Ongoing Dialogues	<ul style="list-style-type: none"> ▪ Ongoing dialogues with various asset managers regarding both attractive terms to access differentiated, privately-sourced assets and general partner equity investments 	✓ ✓	Varies

AEL 2.0 Virtuous “Flywheel” of Success



Benefits of Brookfield Strategic Partnership

- ✓ Release over \$300Mn of capital from AEL's in-force through \$5Bn in-force reinsurance transaction
- ✓ Generate stable, recurring "fee-like" income and grow it with follow-on new business reinsurance transactions
- ✓ Establishes Brookfield as a long-term shareholder at a floor price of \$37 per share with strong alignment
- ✓ Positions AEL for conversion into an "ROA" business model and accelerating growth of annuity origination

Brookfield Partnership: Compelling Terms

Equity Investment

- Initial investment of 9.9% at \$37 per share
- Subsequent 10% investment at greater of adjusted book value¹ or \$37 per share

Reinsurance Arrangement

- Initial \$5Bn of reserves
- Follow-on \$5Bn of future flow business²

Establishes long-term, committed shareholder at a compelling floor price of \$37 per share
Transitions AEL from a traditional “ROE” insurer into a capital-light, “ROA” business model

¹ Excluding AOCI and the net impact of fair value accounting for derivatives and embedded derivatives.

² Certain reinsurance terms referenced in this presentation remain subject to finalization.

Reinsurance Arrangement: Highly Attractive Economics

In-force \$5 Billion Only

	PV of Pre-Tax Profits ¹	Commentary
PV of Insurance Cede	3.2%	<ul style="list-style-type: none"> Attractive terms Comparable to precedent market transactions
PV of ALM Fees	1.2%	<ul style="list-style-type: none"> Stable, additive fee-based earnings stream
1 Subtotal (Pre-Tax)	4.4%	



¹ At a 10% discount rate and based on fee-earning assets equal to initial statutory cash surrender value.
² Upper end of the range based on market values as of 2Q, 2020

Business Model Transformation through Reinsurance Capital & Investment Management: Key Elements

In-force \$5 Billion Only

Return on Equity ("ROE") Model

		%	\$Mn
\$320-350Mn \$5.0Bn of FA Statutory Liabilities	Spread Earnings ¹	0.7%-0.8%	\$35-40
	Required Capital	6.0-7.0%	\$320-350
	Return on Equity (%) ²	10-12%	

Return on Assets ("ROA") Model

		%	\$Mn
\$4.7Bn of Fee Earning Assets ²	Insurance Cede ¹	0.51%	\$24
	ALM Fees ¹	0.20%	\$9
	Total ¹	0.71%	\$33
	Required Capital	0%	~\$0
Manufacture \$33Mn of earnings for <u>7 years</u> plus significant capital release up front			

¹ Spread, cede and fee parameters shown on after-tax basis (21% tax rate).

² Fee-earning assets equal to initial statutory cash surrender value.

Strategic Partnership Allows for Significant Capital Release and Ongoing Generation of Attractive Recurring Free Cash Flow

In-force \$5 Billion Only

Overview of Illustrative Economics

(In \$Mn)	Upfront	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
One-Time Transaction Items								
Statutory Capital Release ³	\$320-350							
Recurring Cash Earnings								
Insurance Cede ¹		\$24	\$24	\$24	\$24	\$24	\$24	\$24
ALM Fees ²		\$9	\$9	\$9	\$9	\$9	\$9	\$9
Total Earnings ³		\$33	\$33	\$33	\$33	\$33	\$33	\$33

¹ Insurance ceding commission of 65bps of fee-earning assets, adjusted for 21% tax rate.

² Asset-liability management fees of 25bps of fee-earning assets, adjusted for 21% tax rate. Includes fees related to asset-liability allocation services provided by AEL and excludes potential performance fee upside.

³ Excludes any incremental earnings or capital from retained market value gains on the existing in-force asset portfolio.

Brookfield Partnership Highlights AEL 2.0 Virtuous “Flywheel” in Action

