

## Res Life Investments A/S

### MANAGER'S COMMENTS

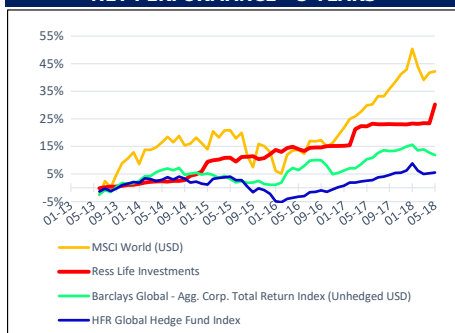
Res Life Investments posted solid performance during May with a return of 5.57% in USD. The life insurance portfolio continues to deliver returns as anticipated. As the portfolio matures, policies are expected to pay-out at a higher rate which will lead to a smoother performance over time.

The annual performance of Res Life Investments over the past five years is 5.42% net of fees. With a volatility of 3.9% this implies a risk adjusted return with a Sharpe ratio of 1.3.

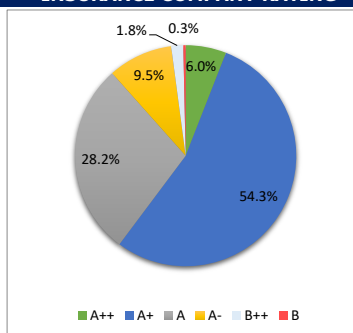
### RETURN AND KEY FIGURES

	Res Life Investments	MSCI World (USD)	Barclays Global - Agg. Corp. Total Return Index (Unhedged USD)	Barclays Global Agg. Total Return Index (Unhedged USD)	HFR Global Hedge Fund Index
<b>Return (Net after fees)</b>					
May 31, 2018	5.57%	0.3%	-0.8%	-0.8%	0.3%
Last 3 months	5.73%	-1.2%	-1.5%	-1.3%	-0.6%
Last 12 months, %	6.50%	9.5%	1.3%	1.7%	2.9%
Year to date 2018, %	5.91%	-0.5%	-2.7%	-1.0%	-0.7%
5 year return	30.23%	42.2%	11.8%	6.9%	5.5%
Annualized return (5 Years)	5.42%	7.3%	2.3%	1.3%	1.1%
<b>Risk and key figures (5 year period)</b>					
Standard deviation, %	3.9%	10.2%	4.1%	4.5%	3.7%
Downside risk, %	0.9%	6.2%	2.7%	3.2%	2.7%
Sharpe ratio	1.3	0.7	0.5	0.2	0.2
Average losing month	-0.3%	-2.4%	-1.0%	-1.1%	-1.1%
Max Drawdown	-1.3%	-13.0%	-5.7%	-7.7%	-8.9%

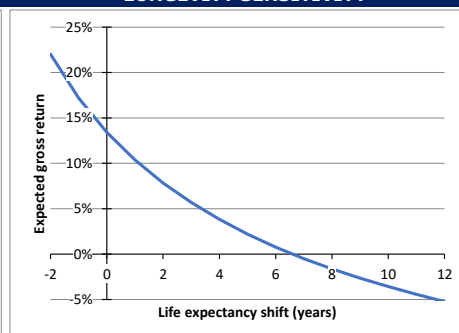
### NET PERFORMANCE - 5 YEARS



### INSURANCE COMPANY RATING



### LONGEVITY SENSITIVITY



### MONTHLY RETURN - 5 YEARS (AFTER MANAGEMENT AND PERFORMANCE FEES)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Return YTD	Net Asset Value (MUSD)
2013	0.05%	-0.03%	0.08%	-0.02%	0.70%	-0.15%	0.37%	0.19%	0.01%	0.28%	0.29%	0.06%	1.85%	17.3
2014	0.36%	0.47%	0.29%	0.11%	0.09%	-0.15%	0.25%	0.01%	0.24%	1.60%	0.42%	1.04%	4.82%	39.9
2015	3.31%	0.51%	0.25%	0.55%	0.02%	-1.26%	1.53%	0.10%	0.18%	-0.98%	0.37%	1.23%	5.88%	63.8
2016	1.41%	-0.63%	1.24%	0.40%	-0.77%	-0.57%	1.02%	0.10%	-0.02%	0.43%	0.06%	0.01%	2.68%	81.6
2017	0.04%	0.15%	5.12%	0.86%	-0.06%	0.77%	-0.15%	0.02%	0.01%	-0.03%	-0.02%	-0.03%	6.77%	87.9
2018	0.27%	-0.11%	0.21%	-0.05%	5.57%								5.91%	95.0

### CORRELATION MATRIX

	Res Life Investments	MSCI World (USD)	Barclays Global - Agg. Corp. Total Return Index (Unhedged USD)	Barclays Global Agg. Total Return Index (Unhedged USD)	HFR Global Hedge Fund Index
Res Life Investments	1	-0.05	0.02	-0.03	-0.07
MSCI World	-0.05	1	0.52	0.27	0.88
Barclays Global Agg. Corp. Total Return Index	0.02	0.52	1	0.89	0.43
Barclays Global Agg. Total Return Index	-0.03	0.27	0.89	1	0.19
HFR Global Hedge Fund Index	-0.07	0.88	0.43	0.19	1

## EXECUTIVE SUMMARY

**Strategy:** To purchase US life insurance policies on the secondary market

**Goal:** To manage a diversified life insurance portfolio, which generates stable and attractive returns over the long term

**Methodology:** Selectively purchasing single US life insurance policies. Use of specially developed proprietary portfolio management and pricing models in order to optimise returns when purchasing policies that are held until maturity

**Target:** Annual net return of 7% in USD

## WHY INVEST?

**Risk diversification:** Longevity, the main risk factor, is uncorrelated to equities, hedge funds and most other financial risk factors

**Alternative fixed income:** The risk characteristics are similar to fixed income investments, but with a higher expected return

**Stable performance:** Realised volatility is 3.2% since January 2013

**Capital preservation:** The strategy is suitable for investors where capital preservation is a key consideration

**Exchange-traded:** The company is listed on Nasdaq Copenhagen and a market-maker provides daily prices

## INVESTMENT OBJECTIVE AND STRATEGY

Ress Life Investments aims to provide an annual return of 7% with low volatility by investing in the secondary market for US life insurance policies. The primary strategy is to hold the insurance policies until they pay out. The secondary market offers investors the opportunity to acquire life insurance policies at a discount to face value.

Resscapital has developed proprietary models for portfolio management and pricing in order to optimise returns when purchasing policies. Resscapital also collaborates with independent medical underwriters to assess longevity calculations on each policy acquired.

## RISK MANAGEMENT

Policies are thoroughly analysed and at least two expert opinions are obtained on life expectancies, prior to purchasing. Portfolio risks and limits on portfolio diversification across insurance companies, life expectancies, age groups, etc. are monitored continuously. Resscapital only transacts with brokers who are registered and authorised, and all brokerage fees must be disclosed in a clear and transparent manner to the seller.

Diligent credit risk assessment with limits on each insurer has created a diversified life insurance portfolio. Policies are issued by over 50 different US life insurers. 75% of policies are issued by insurance companies with a credit rating of A+ (AM Best).

## TEAM

**Gustaf Hagerud:** Managing Director, was previously Head of Asset Management at the public pension fund AP3 in Sweden and has over 30 years' experience in investment management and strategic asset allocation.

**Anton Pozine:** Head of Portfolio Management, has extensive experience within the life settlements and longevity linked space. Anton joined Resscapital in 2011 and has reviewed longevity-linked securities with over USD 10 billion in face value and has purchased life insurance policies with over USD 450 million in face value. Anton holds a M.Sc. in Industrial Engineering and Management from the Linköping Institute of Technology in Sweden.

**Jonas Mårtenson:** Founder and Head of Sales, has an international finance background and has been working for major banks in Switzerland, Belgium and the UK, focusing on fund management and structuring derivative products to institutional investors, for over 25 years.

**Johan Jonson:** Risk Manager, has over 25 years of experience in the financial industry. Primarily in risk management with alternative investment funds.

## KEY FACTS

**Legal Structure:** Limited liability company, incorporated in Denmark

**Investment Manager:** Resscapital AB

**Depositary:** Nykredit Bank A/S

**Administration:** Citco Denmark ApS

**Securities intermediary:** Wilmington Trust

**Auditor:** Deloitte

**Listing:** Nasdaq Copenhagen

**Market Maker:** Carnegie Investment Bank

**Liquidity:** Monthly subscriptions. Redemptions, 205 days' notice period. 5% redemption fee with 30 days' notice period

**Minimum Investment:** USD 150 000

**Management Fee:** 1.5% per annum

**Performance Fee:** 15% above hurdle rate, The annual performance fee is capped at 1%

**Hurdle rate:** 4-week US T-bill +1% with a high watermark

**Nasdaq short name:** RLAINV

**Bloomberg:** RESSINV DC

**ISIN:** DK0060315604

## HOW TO INVEST

**Subscribe for shares:** Ress Life Investments A/S issues new shares at the current Net Asset Value every month. The subscription agreement provides detailed instructions regarding the subscription process. Subscription agreement can be found at: [www.resscapiital.com/invest/](http://www.resscapiital.com/invest/).

**Buy shares on the stock exchange:** Ress Life Investments A/S is listed on Nasdaq Copenhagen. The company's short name is RLAINV (ISIN DK0060315604). Shares can be bought through any stock exchange member. Current prices can be found on NasdaqOMXNordic at: [www.nasdaqomxnordic.com/etp/alternativa-investeringsfonder](http://www.nasdaqomxnordic.com/etp/alternativa-investeringsfonder)

## CONTACT INFORMATION

**The Company:** Ress Life Investments A/S, Holbergsgade 14, 2 tv, 1057 Copenhagen K, Denmark  
Website: [www.resslifeinvestments.com](http://www.resslifeinvestments.com)

**Investment Manager (AIFM):** Resscapital AB, PO Box 55916, Floragatan 2, 102 16 Stockholm, Sweden  
Website: [www.resscapiital.com](http://www.resscapiital.com)  
Phone number: +46 8 545 282 09  
Mail: [jonas.martenson@resscapital.com](mailto:jonas.martenson@resscapital.com)

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