

Ress Life Investments A/S

Annual Report

For the period 1 October 2020 - 30 September 2021

Holbergsgade 14, 2. tv., DK-1057 Copenhagen K

7 December 2021

CVR no. 33 59 31 63

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Company details

Name	Ress Life Investments A/S
Address, zip code, city	Holbergsgade 14, 2. tv., DK-1057 Copenhagen K
CVR no.	33 59 31 63
Established	1 April 2011
Registered office	Copenhagen
Financial year	1 October – 30 September
Website	www.resslifeinvestments.com
E-mail	info@resslifeinvestments.com
Board of Directors	Søren Andersen, Chairman Ketil Poul Petersen Jeppe Buskov Anne Buchardt
Executive Board	Michael Hovard Ekmann
AIF manager	Resscapital AB, Sturegatan 46, SE-114 36 Stockholm, Sweden
Depository	Artha Fondsmæglerselskab A/S, Søllerødvej 64, DK-2840 Holte, Denmark
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, DK-0900 Copenhagen
Annual General Meeting	The Annual General Meeting is to be held on 6 January 2022 at the Company's registered address.

Share information

Exchange	Nasdaq Copenhagen
Nominal value per share	EUR 500
Shares outstanding at the balance sheet date	130,622
Share classes	One
Voting rights per share	One
Ticker	RLAINV
ISIN	DK0060315604

Financial calendar

7 December 2021	Board approval of the Annual Report 2020/21
6 January 2022	Annual General Meeting
25 May 2022	Half-year interim financial statements 2021/2022

Statement by the Board of Directors and Management

The Board of Directors and Management have today discussed and approved the Annual Report of Ress Life Investments A/S, the Group, for the period 1 October 2020 – 30 September 2021.

The Annual Report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2021 and of the results of the Company's operations and cash flows for the period 1 October 2020 – 30 September 2021.

Further, in our opinion the Directors' report includes a fair review of the development in the Company's activities and financial conditions, of the result for the period, cash flows and financial position and describes the significant risks and uncertainties affecting the Company.

We recommend that the Annual General Meeting approve the Annual Report.

Copenhagen, 7 December 2021
Management:

.....
Michael Hovard Ekmann

Board of Directors:

.....
Søren Andersen
Chairman of the Board

.....
Anne Buchardt

.....
Jeppe Buskov

.....
Ketil Poul Petersen

Independent auditor's report

To the shareholders of Ress Life Investments A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Ress Life Investments A/S for the financial year 01.10.2020 - 30.09.2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2021, and of the results of their operations and cash flows for the financial year 01.10.2020 - 30.09.2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Ress Life Investments A/S for the first time on 13.10.2010 for the financial year 2011/12. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of nine years up to and including the financial year 20/2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 01.10.2020 – 30.09.2021. These matters were addressed in the context of our audit of the

Independent auditor's report

consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<p><i>Fair value measurement of life settlement contracts</i></p>	
<p>Life settlement contracts (other investments) amount to USD 255,262,257 thousand at 30.09.2021. We consider measurement of life settlement contracts a key audit matter as such measurement is based on accounting estimates, including management judgements. Changes in accounting estimates may have a material impact on the measurement of other investments.</p> <p>The most significant management judgements and assumptions comprise:</p> <ul style="list-style-type: none"> • Choice of valuation method • Estimation of future cash flows (premiums and death benefits) • Choice of discount rates • Assessment of life expectancies (mortality assumptions). <p>Management has described the principles and assumptions used to measure life settlement contracts in more detail in the summary of accounting policies.</p>	<p>Based on our risk assessment, we have audited the fair value measurement of life settlement contracts made by Management.</p> <p>Our audit procedures were as follows:</p> <ul style="list-style-type: none"> • Assessment and testing of key controls related to Management's definition of assumptions, including whether such key controls were in place. • Assessment of the chosen valuation method chosen by Management based on the characteristics of the investments, our knowledge of the industry and history. • Assessment of the most significant management judgements, including test to underlying documentation.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent auditor's report

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 07.12.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Michael Thorø Larsen

State-Authorised Public Accountant
Identification No (MNE) mne35823

Directors' report

Consolidated financial highlights

USD'000	2020/21	2019/20	2018/19	2017/18	2016/17
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Key figures

Operating profit/loss	-7,410	-6,127	-3,938	-2,575	-367
Financial income and expenses, net	19,722	18,835	12,899	10,474	6,424
Profit/loss for the year	12,312	12,707	8,964	7,899	6,057

Financial assets, non-current	255,262	192,449	118,792	93,248	85,109
Total assets	283,422	221,122	160,242	101,023	86,759
Equity	281,659	219,268	155,079	99,515	82,593

Net asset value per share*	2,159	2,058	1,918	1,797	1,652
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*in USD

Financial ratios

Financial assets <i>in percentage of total assets</i>	92.6	87.0	74.1	92.3	98.1
Solvency ratio	99.4	99.2	96.8	98.4	95.2
Return on equity	4.9	6.8	7.0	8.7	7.4

Solvency ratio: $\frac{\text{Equity} \times 100}{\text{Total assets}}$

Return on equity: $\frac{\text{Profit/Loss for the year}}{\text{Average equity}}$

Principal activities

The main activity of the Group is to invest in securities ensuring exposure to the secondary market for US life insurance policies, also known as life settlements. The investment strategy is primarily pursued through investments in life settlements.

The Parent Company is an Alternative Investment Fund ("AIF") as defined in the Alternative Investment Fund Managers Directive 2011/61/EU ("AIFMD") and the Danish Act on Managers of Alternative Investment Funds.

The Group is marketed towards professional investors as defined in the European Union's MiFID Directive (Markets in Financial Instruments Directive), semi-professional investors where permitted. Ress Capital AB holds a license to market, to retail investors in Denmark and Sweden as well.

The Group's Alternative Investment Fund Manager (AIFM) is Resscapital AB, a limited liability company incorporated in Sweden (company no 556698-1253). The Fund Manager's focus is insurance-linked securities with an emphasis on the secondary market for US life insurance policies. The Fund Manager is authorised and supervised as an alternative investment fund manager (AIFM) by Finansinspektionen, the Swedish Financial Supervisory Authority.

All Group announcements are published through Nasdaq GlobeNewswire and can also be found on the Parent Company's website www.resslifeinvestments.com under the heading 'Corporate Information'.

Directors' report

Development in activities and finances

During the Group's financial year, the net asset value of the Group increased from USD 2,058 per share to USD 2,159 at 30 September 2021. The Annual Report shows a profit of USD 12,312 thousand. Management considers the results of operation for the year satisfactory and within the range of expectations.

During the year, there have been 10 capital increases by a total of 24,057 shares with a nominal value of EUR 500 per share. During the period, 24,057 new ordinary shares were issued and 1,522 shares were bought back from investors and 1,373 were resold to investors.

The Group has during the fiscal year invested in a subsidiary, Direct Life Capital K/S. This, in combination with an increase in the number of new investors and a larger portfolio, has led to higher Other operating costs.

Development in the fund

As of 30 September 2021, all life settlement assets were owned directly by the Group. The Group owned 411 policies issued by over 55 different US life insurance companies. The total face value of the policies exceeds USD 1.08 billion.

During the fiscal year the fund experienced 5 policies paying out with a total of 20.4 MUSD in face amount. The actual number of maturities is in line with expected maturities, but the average size of maturing policies has been below average policy size.

The Fund Manager believes this is due to the fact that the pool of larger face policies is still increasing while not being large enough to minimize volatility in maturities. The portfolio is still growing and therefore the volatility in actual-to-expected ratios is expected to gradually decrease as the number of policies in the portfolio increases.

The Fund Manager has communicated that an efficient policy selection process combined with conservative medical underwriting, results in the Company purchasing a very small sub-set of reviewed policies. As a result, in the Fund Manager's view the Company has assembled a robust portfolio with limited tail risks.

Outlook

The assets of the Group have grown from USD 221.1 million to USD 283.4 million during the fiscal year. The outlook for further growth is positive and the Fund Manager has communicated to the Company that it expects to continue increasing the assets.

The value per share in the Group increased with 4.9% during the fiscal year. The value per share in the Company is also expected to continue to increase as insured individuals are getting older and policy pay-outs increase.

Due to the nature of the Company and its investments it is difficult to estimate the level of expected future profits. However, the net target return for the company is 7.0% in USD per annum and it is reasonable to believe that the yield on the underlying assets is sufficient to reach the target over the long term.

Directors' report

Exceptional matters

It is the Management's assessment that the Company's risks or expected returns during the fiscal year have not been materially affected by COVID-19. However, Management continues to monitor the still present pandemic's effect on financial markets and the life settlement market, should potential threats to the business appear. No other exceptional matters have incurred in the financial year that have had or should have had a material effect on the financial statement.

Performance attribution

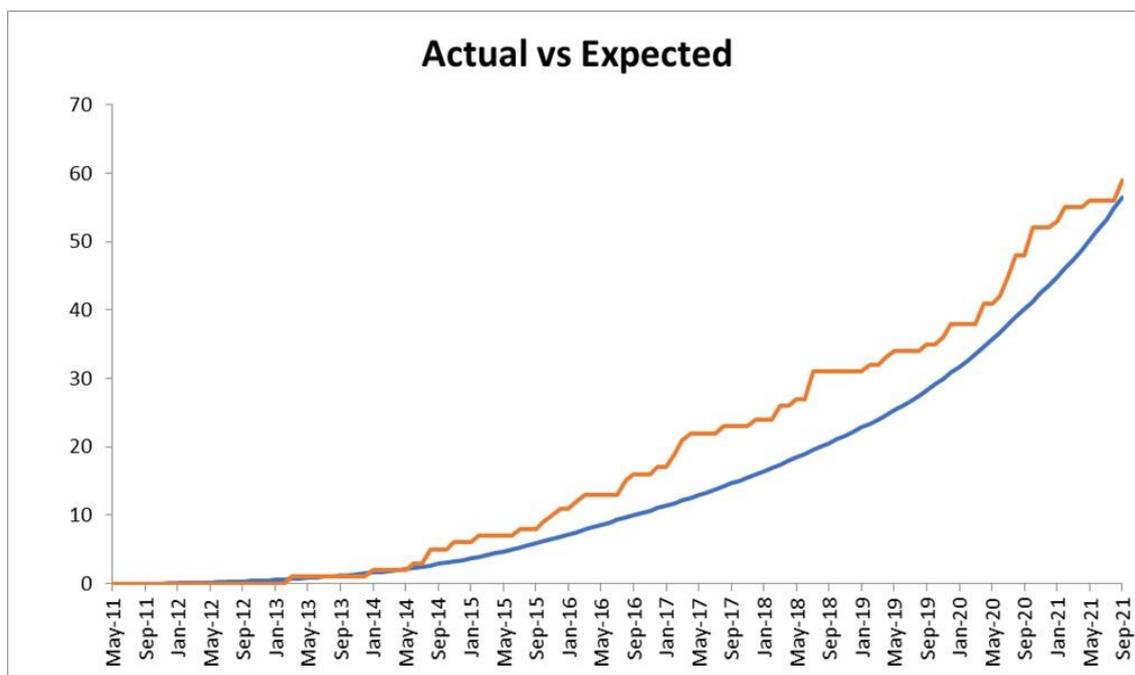
The table below shows the estimated calendar year performance attribution since 2015. 2021 YTD numbers refer to the period 1 January 2021 until 30 September 2021.

	2015	2016	2017	2018	2019	2020	2021 YTD
Realised (Maturities & sold policies)	5.06%	2.45%	8.48%	9.17%	5.92%	11.53%	3.65%
Aging effect	5.35%	3.96%	3.44%	1.15%	2.72%	2.08%	1.98%
Mtm-adjustment (Change in discount rates)	7.89%	0.27%	-1.01%	3.03%	3.74%	-1.30%	0.30%
Valuation policy change/VBT Table update	-7.87%	0.00%	0.00%	1.00%	0.00%	0.00%	0.00%
Life Expectancy Updates	-0.33%	0.06%	0.01%	-0.47%	0.31%	-0.07%	0.00%
Premium prepayments	-0.15%	-0.31%	-0.23%	-0.37%	-0.14%	-0.15%	-0.13%
Premium optimization	-0.02%	-0.15%	0.57%	0.28%	-0.40%	-0.21%	-0.43%
COI increases	-0.39%	-0.66%	-0.38%	-0.30%	-0.60%	0.00%	0.00%
Gross portfolio performance	9.54%	5.63%	10.89%	13.50%	11.55%	11.89%	5.38%
Investment factor effect	-0.21%	-0.18%	-0.34%	-0.85%	-1.03%	-1.54%	-0.53%
Net portfolio performance	9.34%	5.45%	10.55%	12.65%	10.52%	10.35%	4.85%
Fund Costs	-3.47%	-2.73%	-3.86%	-3.11%	-2.80%	-3.14%	-2.05%
Other	0.01%	-0.04%	0.08%	0.37%	0.27%	0.00%	0.00%
Net Fund Performance	5.88%	2.68%	6.77%	9.91%	7.99%	7.21%	2.08%

Directors' report

Realized maturities - actual to expected

Actual to expected figures were in line with expectations. The below graph shows the actual number of maturities (red) versus estimated expectation (blue). The portfolio has experienced 81.8MUSD worth of maturities since inception.



Uncertainties regarding the measurement and determination of financial data

The majority of the Group's assets consist of life settlements. The liquidity of the tertiary market for life settlements is limited and thus it is not certain that the sale of a Life Settlement policy would realize the amount at which the asset is recognised in the financial statements. Life expectancies and fair values are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision.

Status on corporate governance recommendations

The recommendations are best practice guidelines, which companies should generally follow. A company failing to comply with a recommendation must explain why it has deviated from the recommendation and what it has done differently (the "comply or explain" approach). Failure to comply with a recommendation is not considered a breach of rules, but merely implies that the Board of Directors of the Company has chosen a different approach.

By adhering to sound principles of corporate governance, the Company wishes to maintain the confidence of investors, achieve its financial objectives and act with integrity towards all its stakeholders.

The Company's position on the Corporate Governance Recommendations is listed on its webpage: <http://www.resscapi.com/fund/#corporate-information>

Directors' report

Board of Directors

Board members are elected for a one year term and are re-appointed at the Annual General meeting.

Chairman Mr Søren Andersen (born 1967) was elected for the board of directors on 27 August 2019 and obtained chairmanship at the Annual General meeting on 30 January 2020. Mr Andersen is the managing director of S.A. Consulting ApS, FPension A/S, NHMSA ApS and AndWas III ApS and appointed actuary of ISP Pension. Mr Andersen currently holds the position as chairman of the Board of Directors of AndWas III ApS, and is a board member of FPension A/S. Mr. Andersen does not hold any shares in the Company.

Board member Mr Jeppe Buskov (born 1975) was elected for the board of directors on 28 February 2014. Mr Buskov is a partner in the Danish law firm Kromann Reumert and currently holds the position as chairman of the Board of Directors of KR 641 A/S and KR 643 A/S. Mr. Buskov does not hold any shares in the Company.

Board Member Mr Ketil Petersen (born 1962) was elected for the Board of Directors on 27 August 2019. Mr Petersen is the chairman of the Board of Directors of Changegroup Holding A/S, Changegroup ApS, and the managing director of Verismo ApS. Mr. Petersen holds a nominal amount of 80 shares in the Company.

Board Member Mrs Anne Buchardt (born 1969) was elected for the Board of Directors on 30 January 2020. Mrs Buchardt is a branch manager at Nordnet Bank, Filial af Nordnet Bank AB, Sweden. Mrs Buchardt is a member of the Board of Directors of PKA+Pension Forsikringselskab A/S and managing director of Bølgebrus Holding ApS. Mrs. Buchardt does not hold any shares in the Company.

Neither of the members of the Board of Directors or Management hold options, warrants or similar in the Company.

Management

CEO. Mr Michael Hovard Ekmann is the chairman of the Board of Directors for Investeringsforeningen Fundamental Invest and member of the Board of Directors for R & H A/S. Mr. Ekmann do not hold any shares in the Company.

Risks

The Board has reviewed the most important strategic and business-related risks. Among the most important risks are; financial risk, i.e. the fact that the value of the life insurance policies can decrease and changes in applicable law, which could adversely affect the Group and its share price and longevity risk, which can affect the yearly returns. Currency risk is another risk factor since the shares are denominated in EUR, the accounting currency is USD and the underlying assets are in USD. Other important risk factors are the liquidity risk, i.e. the fact that the shares may not trade regularly and the Group's dependence on its Alternative Investment Fund Manager and tax risks related to the Group's investments.

Capital structure

The Group is primarily funded through equity. The Group may raise loans of a maximum of 50% of the Group's total equity.

The Group has no interest in holding treasury shares other than for the purpose of reselling them to new or existing shareholders. Consequently, no policy regarding the possession of treasury share has been established.

Directors' report

Credit management

The capital of the Group is represented by the net assets attributable to the investors. The Group's objective when managing capital is to safeguard the ability to continue as a going concern in order to provide returns for investors and benefits for other stakeholders as well as maintain a strong capital base to support the development of the investment activities of the Group. When investing, the Group will credit quality assessments of the issuing life insurance companies and limit the exposure towards the life insurance companies based on their creditworthiness.

Corporate Social Responsibility

The business of the Company is limited to investments in US life settlement contracts and has no employees except for the Executive Management, comprising of 1 Executive Board member. Based on a materiality and risk assessment, the company have assessed that it does not have any material risks in relation to human rights, social and labour conditions, climate and environment and anti-corruption. As such, the Company does not have a corporate social responsibility policy, including one for human rights, social and labour conditions, climate and environment and anti-corruption.

Target figures and policies for the underrepresented gender

The Board currently has 1 woman and 3 men. The Board does not consider having an unrepresented gender, Management aside, the Company has no employees, thus also no underrepresented gender.

Financial statements for the period 1 October – 30 September

Income statement and statement of comprehensive income

Note	USD	Consolidated		Parent Company	
		1 Oct 2020 - 30 Sep 2021	1 Oct 2019 - 30 Sep 2020	1 Oct 2020 - 30 Sep 2021	1 Oct 2019 - 30 Sep 2020
2	Staff costs	-93,208	-89,038	-93,208	-89,038
3	Other operating costs	-7,316,933	-6,038,287	-7,303,288	-6,038,287
	Operating profit/loss	-7,410,141	-6,127,325	-7,396,496	-6,127,325
9	Income from investments in subsidiaries	0	0	-13,645	0
4	Financial income	19,782,307	19,041,115	19,782,210	19,041,115
5	Financial expenses	-59,884	-206,412	-59,787	-206,412
	Profit before tax	12,312,282	12,707,377	12,312,282	12,707,377
	Tax on profit for the year	0	0	0	0
	Profit for the year	12,312,282	12,707,377	12,312,282	12,707,377
	Comprehensive income	12,312,282	12,707,377	12,312,282	12,707,377

There have been no transactions in other comprehensive income.

	30 Sep 2021	30 Sep 2020
Weighted average no. of shares issued	119,906	92,944
Earnings per share (Basic and Diluted)	102.68	136.72

Financial statements for the period 1 October – 30 September

Statement of financial position

Note	USD	Consolidated		Parent Company	
		30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
		EQUITY AND LIABILITIES			
		Equity			
6	Contributed capital	77,729,233	63,319,018	77,729,233	63,319,018
	Retained earnings	203,929,833	155,949,077	203,929,833	155,949,077
	Total equity	281,659,066	219,268,095	281,659,066	219,268,095
		Current liabilities			
	Other payables	1,763,595	1,853,524	1,743,828	1,853,524
		1,763,595	1,853,524	1,743,828	1,853,524
	Total liabilities	1,763,595	1,853,524	1,743,828	1,853,524
	TOTAL EQUITY AND LIABILITIES	283,422,661	221,121,618	283,402,894	221,121,618

- 1 Accounting policies
- 7 Contingencies
- 8 Related parties
- 12 Events after the balance sheet date

Financial statements for the period 1 October – 30 September

Statement of changes in equity

Consolidated

USD	Contributed capital	Retained earnings	Total
Equity at 1 October 2019	51,859,292	103,219,982	155,079,274
Comprehensive income for the period	0	12,707,377	12,707,377
Capital increase	11,459,726	28,827,574	40,287,300
Redemptions and gain/loss on own shares	0	11,194,144	11,194,144
Equity at 30 September 2020	63,319,018	155,949,077	219,268,095
Equity at 1 October 2020	63,319,018	155,949,077	219,268,095
Comprehensive income for the period	0	12,312,375	12,312,375
Capital increase	14,410,215	35,966,940	50,377,155
Redemptions and gain/loss on own shares	0	-298,466	-298,466
Equity at 30 September 2021	77,729,233	203,929,926	281,659,158

Parent Company

USD	Contributed capital	Retained earnings	Total
Equity at 1 October 2019	51,859,292	103,219,982	155,079,274
Comprehensive income for the period	0	12,707,377	12,707,377
Capital increase	11,459,726	28,827,574	40,287,300
Redemptions and gain/loss on own shares	0	11,194,144	11,194,144
Equity at 30 September 2020	63,319,018	155,949,077	219,268,095
Equity at 1 October 2020	63,319,018	155,949,077	219,268,095
Comprehensive income for the period	0	12,312,282	12,312,282
Capital increase	14,410,215	35,966,940	50,377,155
Redemptions and gain/loss on own shares	0	-298,466	-298,466
Equity at 30 September 2021	77,729,233	203,929,833	281,659,065

Financial statements for the period 1 October – 30 September

Statement of cash flows

USD	Consolidated		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Total comprehensive income for the period	12,312,282	12,707,377	12,312,282	12,707,377
Change in current liabilities	-89,928	-3,308,836	-109,696	-3,308,836
Change in receivables	4,861,755	-20,445,402	6,961,724	-20,445,402
Unrealised financial income	-19,738,189	-18,855,119	-19,724,544	-18,855,119
Corporation tax paid	0	0	0	0
Cash flow from operating activities	-2,654,081	-29,901,979	-560,234	-29,901,979
Purchase of financial assets	-85,068,239	-51,473,180	-87,168,239	-51,473,180
Premium payments	-27,714,828	-13,781,666	-27,714,828	-13,781,666
Sales and maturities	64,708,792	10,452,308	64,708,792	10,452,308
Interest received	0	26,400	0	26,400
Realised exchange rate adjustments	0	-22,138	0	-22,138
Cash flow from investing activities	-48,074,276	-54,798,276	-50,174,276	-54,798,276
Capital increase	50,377,155	40,287,300	50,377,155	40,287,300
Redemption of shareholders, net	-298,466	11,194,144	-298,466	11,194,144
Interest paid	0	-4,261		-4,261
Cash flow from financing activities	50,078,688	51,477,183	50,078,688	51,477,183
Net cash flows from operating, investing and financing activities	-649,668	-33,223,703	-655,822	-33,223,703
Cash and cash equivalents at 1 October	6,926,386	40,149,459	6,926,386	40,149,459
Cash and cash equivalents at 30 September	6,276,718	6,926,386	6,270,564	6,926,386

Financial statements for the period 1 October – 30 September

Notes to the financial statements

1 Accounting policies

Ress Life Investments A/S is a public limited company registered in Denmark.

The financial statements of Ress Life Investments A/S for the period 1 October 2020 – 30 September 2021 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the provisions in the Danish Financial Statements Act applying to reporting class D.

Basis of preparation

The financial statements have been presented in United States Dollars (USD), rounded to the nearest whole USD.

The accounting policies set out below have been applied consistently in respect of the financial year and to comparative figures.

Listed bonds and shares

Listed bonds and shares are measured at market value on the date of the balance sheet. Listed bonds and shares are classified as level 1 investments according to IFRS 13.

Principles of consolidation

Starting from this financial year, a new reporting standard is applied. The inclusion of the subsidiary Direct Life Capital K/S is within the consolidated financial statement. The consolidated financial statements are prepared on the basis of the parent company and the subsidiary, and they are prepared in accordance with the Parent's accounting policies and accounting period. All intragroup assets and liabilities, equity, income expenses and cash flows related to transactions between the Group are eliminated accordingly to IFRS 10. In the preparation of the consolidated financial statements, the book value of shares in subsidiaries held by the parent company is set off against the equity of the subsidiaries.

Investments in subsidiaries

Investments in subsidiaries are recognized and measured under the equity method.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill),

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity.

The reserves are reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognized as USD 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognized in provisions.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

1 Accounting policies – continued

Going concern statement

In connection with the financial reporting, the Board of Directors and Management assessed whether the presentation of the annual report under the going concern assumption is well-founded. The Board of Directors and Management have concluded that no such factors exist at the balance sheet date as could raise doubt about the Company's ability to continue as a going concern at least until the next balance sheet date. The conclusion drawn is based on knowledge of the Company, the estimated outlook and the uncertainties and risks identified in this respect (described in the Director's report and note 9) as well as an examination of budgets, including the expected developments in liquidity, capital base, etc., existing credit facilities, including contractual and expected maturity periods, as well as other terms. Thus, it is deemed appropriate, reasonable and well-founded to base the financial reporting on the going concern assumption.

Determination of functional currency

The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in currencies other than the functional currency are foreign currency transactions.

If indicators of the primary economic environment are mixed, then Management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Management considers the USD as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Company measures its performance and reports its results, as well as the currency in which it receives subscriptions for its investors. This determination also considers the competitive environment in which the Fund is compared.

Foreign currency translation

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the rate at the transaction date and the rate at the date of payment are recognised in profit or loss as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the date of the statement of financial position.

The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in profit or loss as financial income or financial expenses.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

1 Accounting policies – continued

General information on recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. Any costs, including depreciation, amortisation and write-down, are also recognised in the income statement.

Assets are recognised in the statement of financial position when it is likely that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the statement of financial position when it is likely that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation on the difference between cost and nominal amount.

The recognition and measurement take into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

New financial reporting standards

New and amended financial reporting interpretations, issued the IASB, has been evaluated and will not have any impact on the financial statements.

Income statement and statement of comprehensive income

Staff costs

Staff costs comprise fees to members of the Board of Directors and the Executive Board.

Other operating expenses

Other operating expenses comprise domiciliary and management fee expenses, professional services fees and other such expenses.

Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from investments in financial assets, financial liabilities and transactions in foreign currencies.

Fair value adjustments are recognised in profit or loss as value adjustments of financial assets under financial income/expenses in the financial year in which the adjustment occurs.

Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

1 Accounting policies – continued

Tax on profit/loss for the year

The Company is exempt from corporate taxes in Denmark in accordance with the Danish tax rules for Investment Companies as the taxation occurs with the investors instead. Therefore, the Company has no recognition of corporate tax, but immaterial amounts may be recorded in the financial statements in terms of withholding taxes.

Statement of financial position

Other investments

The Company classifies its investments in securities and life settlement contracts as financial assets at fair value through profit or loss. These financial assets are classified by Management at fair value through profit and loss at inception.

Financial assets/other investments are measured at fair value through profit and loss in line with the Company's business model and documented investment strategy.

The Company's policy requires the AIF-Manager and Management to evaluate the information about these financial assets on a fair value basis. Assets in this category are classified as non-current assets as they are not expected to be realised within 12 months of the balance sheet date.

Regular purchases and sales of life settlement contracts are recognised at the trade date — the date at which the Company commits to purchase or sell the investment. Financial assets at fair value through profit and loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets at fair value through profit and loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets are presented in the statement of comprehensive income within "other financial income or expenses" in the period in which they arise.

Fair value adjustments of the life settlement investments consist of adjustments based on actuary assumptions on life expectancies (mortality assumptions) and discount rates.

Current assets

Prepayments recognised as assets include costs incurred relating to the subsequent financial years and are measured at cost.

Current liabilities

Other payables are measured at amortised cost.

Interest-bearing loans are initially measured at the fair value of the proceeds received net of issue costs associated with the borrowing. Subsequently, current liabilities are measured at amortised cost using the effective interest method if the time-value of money is significant.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

1 Accounting policies - continued

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of financial assets is shown separately in cash flows from investing activities.

Cash and cash equivalents comprise cash and short-term marketable securities (maturing in less than three months at the time of acquisition) which are subject to an insignificant risk of changes in value.

Cash flows from operating activities are calculated according to the indirect method as the profit/loss after tax adjusted for non-cash operating items, changes in working capital and interest income and expenses.

Cash flows from investing activities include payments in connection with purchase and sale of financial asset investments and realised interest income.

Cash flows from financing activities include changes in the size or composition of share capital and related costs, borrowings and repayment of interest-bearing debt and payment of dividend to shareholders and realised interest expenses.

2 Staff cost

USD	Consolidated		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Wages and salaries	85,666	82,880	85,666	82,880
Other social security costs	7,541	6,158	7,541	6,158
	93,208	89,038	93,208	89,038
Remuneration:				
Board of Directors, ordinary	70,169	71,995	70,169	71,995
Executive Board, ordinary	24,099	17,043	24,099	17,043
Average number of employees	0	0	0	0

Financial statements for the period 1 October – 30 September

Notes to the financial statements

3 Other operating costs

USD	Consolidated		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Accounting and audit	319,080	126,559	310,079	126,559
Company and share related costs including insurances	160,667	190,605	160,561	190,605
Company legal fees	134,665	140,688	130,127	140,688
Policy legal fees	270,419	389,547	270,419	389,547
Policy Management and custody	2,494,535	2,510,789	2,494,535	2,540,789
Depository fees	219,046	130,609	219,046	130,609
Management fees	3,718,520	2,519,491	3,718,520	2,519,491
	7,316,933	6,038,287	7,303,288	6,038,287
Remuneration of the Company's statutory auditors comprise:				
Statutory audit	61,453	30,116	61,453	30,116
Other audit & assurance-related services	12,796	0	12,796	0
Tax and VAT assistance	0	0	0	0
Other	13,349	19,572	13,349	19,572
	87,598	49,688	87,598	49,688

4 Financial income

Interest income	0	26,400	0	26,400
Exchange rate adjustments	38,886	162,156	38,789	162,156
Fair value adjustments of other investments	19,739,975	18,852,558	19,739,975	18,852,558
Other financial income	3,446	0	3,446	0
	19,782,307	19,041,114	19,782,210	19,041,114

5 Financial expenses

USD	Consolidated		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Exchange rate adjustments	58,895	202,151	58,798	202,151
Other financial expenses	989	4,261	989	4,261
	59,884	206,412	59,787	206,412

Financial statements for the period 1 October – 30 September

Notes to the financial statements

6 Contributed capital

	<u>USD</u>
The contributed capital comprises: 130,473 shares, equivalent to USD	77,729,233
Contributed capital at 1 October 2020	63,319,018

	<u>Contributed capital</u>	<u>Retained earnings</u>
29 October 2020, issue of capital, 440 shares	257,573	647,771
27 November 2020, issue of capital, 3,640 shares	2,129,036	5,476,562
28 December 2020, issue of capital, 2,659 shares	1,592,744	3,952,840
28 January 2021, issue of capital, 2,648 shares	1,624,685	3,936,353
26 February 2021, issue of capital, 1,296 shares	786,409	1,918,758
30 March 2021, issue of capital, 5,214 shares	3,159,917	7,713,358
30 April 2021, issue of capital, 1,469 shares	861,201	2,202,780
30 June 2021, issue of capital, 1,379 shares	841,257	2,065,537
29 July 2021, issue of capital, 2,472 shares	1,468,874	3,744,895
30 August 2021, issue of capital, 2,840 shares	1,688,518	4,308,085
	<u>14,410,215</u>	<u>35,966,940</u>

Financial statements for the period 1 October – 30 September

Notes to the financial statements

6 Contributed capital - continued

The development in contributed capital since inception:

	<u>Number of shares</u>	<u>Share capital, EUR</u>
In 2011/12	7,803	3,901,500
In 2012/13	8,595	4,297,500
In 2013/14	11,131	5,565,500
In 2014/15	11,268	5,634,000
In 2015/16	13,339	6,669,500
In 2016/17	3,167	1,583,500
In 2017/18	5,025	2,512,500
In 2018/19	26,196	13,098,000
In 2019/20	20,041	10,020,500
In 2020/21	24,057	12,028,500
	<u>130,622</u>	<u>65,311,000</u>

The Company holds treasury shares as it redeems investors to the extent that redeemed shares are not resold to new or current investors.

	<u>Number of shares</u>	<u>% of total shares</u>
Treasury shares at 1 October 2019	5,684	6.57%
Bought in the financial year	8,311	7.80%
Sold in the financial year	-13,995	-13.13%
Treasury shares at 30 September 2020	<u>0</u>	<u>0.00%</u>
Bought in the financial year	1,522	1.17%
Sold in the financial year	-1,373	-1.05%
Treasury shares at 30 September 2021	<u>149</u>	<u>0.11%</u>

The nominal value of treasury shares is EUR 500 per share.

7 Contingencies, etc.

Neither the Group or the Parent Company has any contractual obligations or contingent liabilities.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

8 Related parties

Ress Life Investments A/S' related parties include:

<u>Name of related party</u>	<u>Nature of transactions</u>
Resscapital AB	AIF Management fees
Citco Denmark ApS	Domiciliary and administrative management fee
Board of Directors	Board remuneration and investments in shares in the company
Kromann Reumert*	Legal advisory services
Executive Board	Remuneration
Direct Life Capital K/S	Direct Life Capital K/S is a subsidiary to Ress Life Investments A/S

**Board member Jeppe Buskov is a partner hereof.*

Transactions with related parties comprise:

USD	Consolidated		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Resscapital AB	5,650,180	3,892,838	5,650,180	3,892,838
Citco Denmark ApS	234,827	156,706	234,827	156,706
Board of Directors	70,169	110,441	70,169	110,441
Kromann Reumert	31,862	59,645	31,862	59,645
Executive Board	24,103	0	24,103	0
Direct Life Capital K/S	0	0	2,100,000	0
	6,011,141	206,412	8,111,141	206,412

Remuneration of the Executive Board and Board of Directors is mentioned in note 2.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

8 Related parties - continued

Shareholders of the Parent Company holding more than 5% of the share capital at the balance sheet date:

	Owner and voting rights % of total
Volvo Pension Fund	6.9%
Volvo Car UK Pension Scheme	6.6%
UBP Luxembourg	6.4%
Helga Liselott Tham	5.1%

9 Investments in subsidiaries

	2020/21	2019/20
Cost on 1 October	0	0
Additions	2,100,000	0
Cost on 30 September	2,100,000	0
Revaluations on 1 October	0	0
Net profit for the year	-13,645	0
Revaluations on 30 September	-13,645	0
Carrying amount on 30 September	2,086,355	0

10 Other investments

Foreign exchange risks

The shares are denominated in EUR. The functional currency is USD and the underlying assets are USD based. Accordingly, the value of the shares is likely to fluctuate with any fluctuations in the exchange rate between USD and EUR. If the value of EUR depreciates against USD, the EUR price of the shares will appreciate. In addition, there is a currency risk depending on the local functional currency for each shareholder.

Interest rate risks

Due to its investing and financing activities, the Group is to a limited extent exposed to interest rate risks related to fluctuations in interest levels in the USA, the Eurozone and Denmark. The interest rate exposure relating to interest rate changes comprises changes in interest yields on balances with banks.

Tax risks

For the Group an investment in the life insurance contracts involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Group holds life insurance contracts, or changes in tax treaties negotiated by those countries, could adversely affect the returns to its shareholders. Each shareholder is strongly urged to consult its own tax advisers regarding their tax implications of investing and holding life insurance contracts.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

10 Other investments – continued

Credit and counterparty risks

There is a credit risk in respect of the life settlement investments as recognised under "Other investments". There is no guarantee that the insurance companies will meet their obligations to make payment on maturity claims. The credit risk is mitigated by limiting the exposure to any single insurance company, and by only buying policies issued by insurers that meet the rating requirements.

The life settlement investments are made with over 50 different life insurance companies, and the face values are distributed on AM Best Ratings as below:

Carrier rating	Consolidated			Parent Company		
	Policies	Fair value	Weight %	Policies	Fair value	Weight %
	30 September 2021			30 September 2021		
A++	24	23,683,268	8.4%	24	23,683,268	8.4%
A+	225	140,705,826	50.0%	225	140,705,826	50.0%
A	123	66,227,246	23.5%	123	66,227,246	23.5%
A-	8	4,658,006	1.7%	8	4,658,006	1.7%
B++	15	14,761,043	5.2%	15	14,761,043	5.2%
B	8	3,477,896	1.2%	8	3,477,896	1.2%
C++	8	1,741,234	0.7%	8	1,741,234	0.6%
Total	411	255,254,519	90.6%	411	255,254,519	90.6%
	30 September 2020			30 September 2020		
A++	20	27,546,902	12.6%	20	27,546,902	12.6%
A+	172	90,475,923	41.3%	172	90,475,923	41.3%
A	111	57,509,697	26.2%	111	57,509,697	26.2%
A-	8	4,016,605	1.8%	8	4,016,605	1.8%
B++	9	8,927,698	4.1%	9	8,927,698	4.1%
B	6	3,056,084	1.4%	6	3,056,084	1.4%
B-	1	172,981	0.1%	1	172,981	0.1%
C++	3	734,246	0.3%	3	734,246	0.3%
Total	330	192,440,137	87.8%	330	192,440,137	87.8%

Financial statements for the period 1 October – 30 September

Notes to the financial statements

10 Other investments – continued

Concentration risk

The following tables set forth concentration risks, divided into the face value of the life settlement investments in gender, age group, Life Expectancy estimates (“LE”) and spreads of face value of the individual contracts:

	Consolidated			Parent Company		
	Policies	Face value	Weight %	Policies	Face value	Weight %
<i>Gender:</i>						
	30 September 2021			30 September 2021		
Female	82	213,332,880	19.7%	82	213,332,880	19.7%
Male	295	697,100,303	64.5%	295	697,100,303	64.5%
Joint	34	170,042,952	15.7%	34	170,042,952	15.7%
	30 September 2020			30 September 2020		
Female	66	159,763,381	19.0%	66	159,763,381	19.0%
Male	234	544,609,040	65.0%	234	544,609,040	65.0%
Joint	30	133,792,952	16.0%	30	133,792,952	16.0%
<i>Age group:</i>						
	30 September 2021			30 September 2021		
<65	24	61,946,157	5.7%	24	61,946,157	5.7%
65-69	39	122,671,614	11.4%	39	122,671,614	11.4%
70-74	62	193,163,252	17.9%	62	193,163,252	17.9%
75-79	102	223,937,767	20.7%	102	223,937,767	20.7%
80-84	79	229,504,298	21.2%	79	229,504,298	21.2%
85-89	61	143,091,128	13.2%	61	143,091,128	13.2%
90-94	35	76,186,919	7.1%	35	76,186,919	7.1%
95<	9	29,975,000	2.8%	9	29,975,000	2.8%
	30 September 2020			30 September 2020		
<65	13	46,246,157	5.5%	13	46,246,157	5.5%
65-69	35	109,021,614	13.0%	35	109,021,614	13.0%
70-74	57	147,211,822	17.6%	57	147,211,822	17.6%
75-79	73	147,242,311	17.6%	73	147,242,311	17.6%
80-84	71	228,995,812	27.3%	71	228,995,812	27.3%
85-89	51	106,377,052	12.7%	51	106,377,052	12.7%
90-94	24	48,295,605	5.8%	24	48,295,605	5.8%
95<	6	4,775,000	0.6%	6	4,775,000	0.6%

Financial statements for the period 1 October – 30 September

Notes to the financial statements

10 Other investments – continued

	Consolidated			Parent		
	Policies	Face value	Weight %	Policies	Face value	Weight %
<i>Life Expectancy estimate:</i>						
	30 September 2021			30 September 2021		
< 2	2	1,350,000	0.1%	2	1,350,000	0.1%
2-3	35	77,842,071	7.2%	35	77,842,071	7.2%
4-5	55	87,730,986	8.1%	55	87,730,986	8.1%
6-7	71	169,977,930	15.7%	71	169,977,930	15.7%
8-9	51	135,018,557	12.5%	51	135,018,557	12.5%
10-11	53	174,382,173	16.1%	53	174,382,173	16.1%
12-15	63	197,423,026	18.3%	63	197,423,026	18.3%
16-	81	236,751,419	21.9%	81	236,751,419	21.9%
	30 September 2020			30 September 2020		
< 2	2	1,350,000	0.2%	2	1,350,000	0.2%
2-3	24	41,215,000	4.9%	24	41,215,000	4.9%
4-5	40	58,315,643	7.0%	40	58,315,643	7.0%
6-7	69	189,457,832	22.6%	69	189,457,832	22.6%
8-9	42	70,365,132	8.4%	42	70,365,132	8.4%
10-11	48	122,550,573	14.6%	48	122,550,573	14.6%
12-15	54	191,793,422	22.9%	54	191,793,422	22.9%
16-	51	163,117,771	19.4%	51	163,117,771	19.4%

Financial statements for the period 1 October – 30 September

Notes to the financial statements

10 Other investments – continued

	Consolidated			Parent		
	Policies	Face value	Weight %	Policies	Face value	Weight %
<i>Spreads of face value for the individual contracts:</i>						
	30 September 2021			30 September 2021		
100,000-250,000	5	850,000	0.1%	5	850,000	0.1%
250,001-500,000	69	29,734,975	2.8%	69	29,734,975	2.8%
500,001-1,000,000	112	102,862,089	9.5%	112	102,862,089	9.5%
1,000,001-2,000,000	80	145,795,589	13.5%	80	145,795,589	13.5%
2,000,001-3,000,000	39	108,538,109	10.0%	39	108,538,109	10.0%
3,000,001-5,000,000	59	270,093,330	25.0%	59	270,093,330	25.0%
5,000,001-10,000,000	39	310,597,126	28.7%	39	310,597,126	28.7%
10,000,001-15,000,000	6	75,724,760	7.0%	6	75,724,760	7.0%
15,000,001-	2	36,280,157	3.4%	2	36,280,157	3.4%
	30 September 2020			30 September 2020		
100,000-250,000	3	500,000	0.1%	3	500,000	0.1%
250,001-500,000	61	26,834,975	3.2%	61	26,834,975	3.2%
500,001-1,000,000	85	77,562,089	9.3%	85	77,562,089	9.3%
1,000,001-2,000,000	66	117,942,456	14.1%	66	117,942,456	14.1%
2,000,001-3,000,000	32	87,238,109	10.4%	32	87,238,109	10.4%
3,000,001-5,000,000	48	217,593,330	26.0%	48	217,593,330	26.0%
5,000,001-10,000,000	29	233,453,373	27.9%	29	233,453,373	27.9%
10,000,001-15,000,000	5	60,760,844	7.2%	5	60,760,844	7.2%
15,000,001-	1	16,280,157	1.9%	1	16,280,157	1.9%

Fair value measurement

The life insurance contracts and other investments are valued using the 'Fair value' concept in connection with certain disclosure requirements and for recognition of financial instruments. Direct investments in life insurance contracts are measured at level 3, and other investments are measured at level 2.

'Fair value' is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. The valuation approach used in relation to the life insurance contracts is based on discounted probability weighted cash flows. The valuation approach incorporates all of the factors that market participants would take into account in pricing a transaction, such as cash flows (premiums and death benefits), discount rates and life expectancies (mortality assumptions).

Financial statements for the period 1 October – 30 September

Notes to the financial statements

10 Other investments – continued

Fair value measurement - continued

The probabilities are based on applying the LE to a mortality table in order that the mortality factor (the ultimate factor) applicable to the given insured can be derived from the table itself. The approach to the mortality distribution is based on the use of the most recent VBT tables (currently 2015 Valuation Basic Table created by the Society of Actuaries from North America). The LE is one of the most important variables in pricing policies in the life settlement market and the valuation of life settlement contracts is heavily dependent on LE information. Upon purchase of the assets, LE reports are obtained from at least two underwriters. LE reports are medical opinions from specialised medical underwriters, based on the latest medical records or other relevant information. The Alternative Investment Fund Manager is using a conservative approach, selecting the most conservative LE report in most cases.

The fair value of the life insurance contracts is sensitive to the choice of discount rates. Discount rates are determined at the level of sub-groups of the life insurance portfolio. The sub-groups are based on the face value of policies and the credit rating of insurance carriers. The discount rates of each sub-group result from the Internal Rate of Return (“IRR”) for each policy in the sub-group, at purchase. A parameterisation of the discount rates for each sub-group is based on an exponential moving average taking into account changes in IRRs when new acquisitions are made within the respective sub-group. Under this methodology, the discount rate in each sub-group is recalibrated whenever a policy that falls into the sub-group is acquired.

All assets and liabilities measured at fair value, or in respect of which the fair value is disclosed, are classified based on the fair value hierarchy, see below:

- Level 1: Value in an active market for similar assets/liabilities
- Level 2: Value based on recognised valuation methods on the basis of observable market information
- Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

The determination of what constitutes ‘observable’ requires significant judgement by Ress Life Investments A/S (“the Company”). Management of the Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following method and assumptions were used to estimate the fair values. The Company primarily invests directly in the life insurance policies. The fair value measurement of the investments is estimated on an individual basis based on several factors such as premium payments and changes in these updates of life expectancy, changes in discount rates and general “mark-to-market” adjustments.

Other investments are investments that are valued based on NAV statements received from Saffery Champness Fund Services Limited. The fair value is recognised as 20% of the NAV.

The following table analyses within the fair value hierarchy the Company's financial assets measured at fair value at 30 September 2021. All fair value measurements disclosed are recurring fair value measurements.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

10 Other investments – continued

Fair value measurement - continued

USD	Consolidated		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Level 1	4,999,617	0	4,999,617	0
Level 2	7,737	9,271	7,737	9,271
Level 3	255,254,519	192,440,137	255,254,519	192,440,137
	260,261,873	192,449,408	260,261,873	192,449,408

The carrying amount is equal to fair value for all financial assets and financial liabilities.

There have been no transfers between the levels in the fair value hierarchy this year.

The fair value of receivables, prepayments, cash, payables and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments. The Company's own credit risk has not been taken into account.

For instruments with recurring Level 3 fair value measurements, the carrying value has been specified in below table:

USD	Consolidated		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Opening balance (1 October)	192,440,137	118,791,752	192,440,137	118,791,752
Additions	43,072,068	51,462,133	43,072,068	51,462,133
Sales and maturities	-27,712,238	-10,442,673	-27,712,238	-10,442,673
Premium payments	27,714,828	13,781,666	27,714,828	13,781,666
Fair value adjustment	19,739,723	18,847,260	19,739,723	18,847,260
Closing balance (30 September)	255,254,519	192,440,137	255,254,519	192,440,137

Sensitivity analysis

The sensitivity of the valuation results to changes in assumptions is illustrated by introducing changes to one specific assumption at a time and comparing the result before and after the change.

A sensitivity analysis is made based on the following scenarios:

- Discount rate sensitivity
- Mortality sensitivity

No sensitivity analysis is presented in relation to cash flows as cash inflows consist of death benefits fixed at policy inception and cash inflows consist of scheduled premium payments.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

10 Other investments – continued

Discount rate sensitivity

The discount rate sensitivity analysis has been performed around the weighted (by face value) average discount rate across the portfolio.

USD	Consolidated				Parent Company			
	30 September 2021				30 September 2021			
Discount rate	10%	12%	14%	16%	10%	12%	14%	16%
Value of portfolio	256m	219m	189m	164m	256m	219m	189m	164m
% of tot. face amt.	23.7%	20.3%	17.5%	15.2%	23.7%	20.3%	17.5%	15.2%
	30 September 2020				30 September 2020			
Discount rate	10%	12%	14%	16%	10%	12%	14%	16%
Value of portfolio	208m	179m	156m	137m	208m	179m	156m	137m
% of tot. face amt.	24.8%	21.3%	18.6%	16.4%	24.8%	21.3%	18.6%	16.4%

Mortality sensitivity

An extension for life expectancies in the portfolio corresponds to negative impact of the life settlement investments. Vice versa a reduction in life expectancies corresponds to a positive impact. The mortality sensitivity has been performed based upon an increment/reduction of one month on the entire portfolio.

USD	Consolidated		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Impact of face value	4,345,061	3,309,678	4,345,061	3,309,678
Percentage of increment	0.40%	0.39%	0.40%	0.39%

11 Prepayments and cash and cash equivalents

Prepayments contain primarily deposits made to Wilmington Trust for new investments, which has increased compared to last year. New investments have caused cash and cash equivalents to decrease compared to last year.

12 Events after the balance sheet date

There are no events after the balance sheet date materially affecting the annual report.