

# RESS | CAPITAL



INFORMATION BROCHURE  
RESS LIFE INVESTMENTS A/S

April 2022

## INFORMATION BROCHURE

This information brochure for Ress Life Investments A/S (the “Fund”) has been prepared according to the Swedish law on alternative investment funds (lagen (2013:561) om förvaltare av alternativa investeringsfonder) and the Swedish Financial Supervisory Authority’s regulation (FFFS 2013:10) on alternative investment fund managers (AIFM). This document is the information brochure as required by law for the Fund and should be read by all prospective investors. The Fund is an alternative investment fund which is managed by Resscapital AB (the “Fund Manager”). Investing in the Fund entails risks and past performance is not a guide to future performance. An investment in the Fund may decrease or increase in value, irrespective of other market conditions. This information brochure is meant to assist prospective investors to take an informed decision and understand the Fund’s risks and possibilities. It is not a recommendation to invest and an investment decision should take into account the investors’ investment horizon, liquidity constraints and risk profile.

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In accordance with the requirements of Article 23(1) of Directive 2011/61/EU of Alternative Investment Fund Managers (“AIFM Directive”), the Fund is providing the following information to investors:

#### a) Investment strategy

##### Description of the investment strategy and objectives of the fund.

The Fund’s name is Ress Life Investments A/S. The Fund is a Danish limited liability company, established on 1 April 2011, registered with CVR-no. 33593163 with the Danish Business Authority (Erhvervsstyrelsen) and has its registered address at Holbergsgade 14, 2. t.v., DK-1057 Copenhagen K, Denmark.

The Fund is admitted to trading and official listing on Nasdaq Copenhagen. The Fund’s short name is RLAINV (ISIN DK0060315604 and SEDOL BYTQ493). Current prices can be found under the segment Funds – Alternative Investment Funds on Nasdaq OMX Nordic. Corporate actions, net asset values, current articles of association etc. can be found on [www.resslifeinvestments.com](http://www.resslifeinvestments.com)

The Fund’s objective and investment strategy is to invest in securities ensuring an exposure to the secondary market for US life insurance policies, also known as “Life Settlements” and other longevity-linked securities.

The Fund invests in the secondary market for US life insurance policies, also known as life settlements. The market offers investors the opportunity to purchase life insurance policies at a discount to face value and exists because sellers of life insurance policies receive a higher cash value than the surrender value offered by insurance companies. The investor buying the life insurance policy continues to pay premiums until the demise of the insured, at which point, the insurance company pays the face value to the investor.

To investors the key attraction with the asset class is that returns for life settlements are highly uncorrelated to many major asset classes, such as equities, bonds, property etc. The long-term objective is to purchase a large and diversified life insurance portfolio in order to provide attractive long-term capital growth in US dollars. The Fund aims to buy and hold policies, but may also trade individual policies to take advantage of specific opportunities.

Policies are mainly sourced through brokers, which are regulated and authorised in the various states. A proprietary portfolio management system allows large number of policies to be reviewed and bids are made on policies which offer attractive expected returns. When selecting and pricing a policy for the Fund, many different criteria are taken into account, including life expectancy, age, medical impairments, gender, premiums, mortality rating, insurance

company ratings etc. An independent life expectancy report is always requested in order to provide accurate life expectancy estimates. Prior to closing the transaction a legal review takes place.

The Fund acquires both individual policies and/or multiple existing portfolio(s) in a cash or derivative format. The Fund will primarily target policies according to the following criteria:

- Policies issued by US insurance companies or US subsidiaries of non-US insurance companies on insured individuals above the age of 50.
- Policies predominantly issued by insurance companies with an A.M. Best rating of at least A- or equivalent by other recognised rating agencies.
- Both male and female insured are acceptable.
- Single and joint lives are permitted.
- Only whole life, universal life, term life and variable universal life policies will be acceptable.
- Both variable and fixed premiums are acceptable.
- Policies without restrictions of assignment, not in a grace period, have no restrictions on payment of full death benefit or in one lump sum, beyond contestability period, and unencumbered.
- Face value of policies between USD 100,000 and USD 40 million per insured.
- A life expectancy of more than 24 months.
- Medical underwriting provided by at least two underwriters such as Young Med Solutions LLC, Fasano Associates, American Viatical Services (AVS), ITM TwentyFirst or other firms, deemed reputable from time to time.

In addition, the Fund:

- Has a target level of maximum market value exposure towards issuing insurance companies of 15% of the total market value of Life Settlements held by the Fund.
- Will not purchase a policy which has not yet passed the suicide and contestability period (usually a period of 2 years from issuance).

The Fund may also purchase beneficial interests in US trusts, special purpose vehicles and other entities that own life settlements as well as financial instruments which either (a) notionally reference an investment in life settlements (b) reference an index which tracks the longevity of individuals of the kind that would habitually invest in life settlements or (c) are directly or indirectly secured by a life settlement. Such financial instruments include, without being limited to, foreign exchange forward contracts, futures contracts, swaps and options. When using financial derivative instruments, the Fund will ensure, via diversification of the underlying assets, an appropriate level of risk-spreading.

The Fund has appointed Resscapital AB (the “Fund Manager”), company registration number 556698-1253, to act as the alternative investment fund manager for the Fund. The Fund Manager is an authorised alternative investment fund manager (AIFM) under the supervision of the Swedish Financial Supervisory Authority and is responsible for the investment management (i.e. portfolio management and risk management in relation to the assets of the Fund).

Direct Life Capital K/S was founded in April 2021 as a limited partnership. The general partner is Direct Life GP ApS which is fully owned by Ress Capital AB. The Fund is the limited partner, and the purpose of the partnership is to develop opportunities to further source US life insurance policies.

The Fund is marketed towards professional investors as defined in Directive 2004/39/EC of 21 April 2004 on markets in financial instruments (the “MiFID”), semi-professional investors where permitted, as well as retail investors in Denmark and Sweden.

The Fund’s board of directors consists of Soren Andersen - Chairman of the Board, Actuary and founder of F Pension, Ketil Petersen, independent financial professional, Anne Buchardt, Country Manager at Nordnet Bank and Jeppe Buskov, Partner at the law firm Kromann Reumert. All board members are covered by liability insurance. The Fund’s Managing Director is Michael Hovard Ekman.

#### **Description of the types of assets in which the fund may invest.**

The Fund will primarily pursue its investment strategy by investing in accordance with these Investment Guidelines.

#### **(I) INVESTMENTS**

The Fund’s objective and investment strategy is to invest in securities ensuring an exposure to the secondary market for US life insurance policies, also known as “Life Settlements” and other longevity-linked securities. The Fund seeks to achieve its objective by primarily investing its assets in life settlements and securities linked to longevity. The Fund Manager shall invest, any assets of the Fund that are not held in cash, in life settlements and other longevity-linked securities. The Fund Manager may also grant loans.

#### **(ii) LENDING**

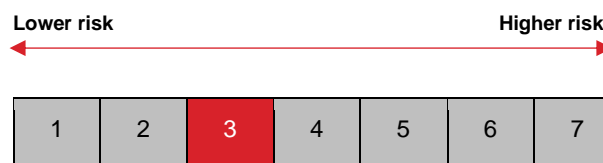
The Fund shall not grant loans except for loans secured by investments in Life Settlements or other longevity-linked securities.

The Fund shall not provide any guarantee to third parties, except for clearing centrals and bilateral trading parties.

#### **Description of the techniques the fund may employ and all associated risks.**

Investing in life insurance policies entails a number of risk factors which differ from other investments. The asset class is not suitable to short-term investors and liquidity is limited. The Fund is suitable for investors with at least a five year investment horizon. All returns are in US dollars and no currency hedging is done. Investors should take the currency risk towards their own home currency into consideration. The Fund’s risk, measured in terms of volatility of

the historical returns, is equal to 3 on the Synthetic Risk and Reward Indicator (SRRI) scale, which extends from 1 to 7. This measure is derived from the volatility of the returns after fees over time. The table below shows how different risk categories correspond to the historical volatility of net returns.



Please refer to the appendix to this information brochure containing a description of the risk factors associated with an investment in the Fund.

#### **Description of any applicable investments restrictions.**

Please refer to the description of Fund’s investment strategy and applicable investment restrictions in paragraph a) above.

#### **Description of the circumstances in which the fund may use leverage, the types and sources of leverage permitted, any restrictions on the use of leverage and any collateral and asset reuse arrangements, and the maximum level of leverage which the fund manager is entitled to employ on behalf of the fund.**

According to the Fund’s articles of association, the Fund may raise loans of maximum 50% of the Fund’s net assets. The Fund may not provide guarantees to any third parties, except clearing houses and bilateral trading partners. Detailed information about this is available in the articles of association.

#### **b) Description of the procedures by which the fund may change its investment strategy or investment policy, or both**

The Fund’s articles of associations may be changed from time to time. The changes may impact the Fund’s investment strategy, fees and risk profile.

The Fund’s shareholders can exercise their rights and change the investment strategy at the annual general meeting or at an extraordinary general meeting. Extraordinary general meetings shall be held when the Fund’s board of directors, the Fund’s auditor or shareholders holding 5% of the Fund’s capital, has required it. Extraordinary general meetings for a specific issue shall be called not later than two weeks after the request is made.

Changes to the Fund’s investment strategy or investment policy may require the prior approval of the Danish Financial Supervisory Authority (Finanstilsynet).

#### **c) Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, on the applicable law and on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the fund is established**

In summary, the main legal implications of the contractual relationship entered into for the purpose of investment in the Fund are as follows:

- (i) by submitting a subscription agreement (available on [www.ressslifeinvestments.com](http://www.ressslifeinvestments.com)), the prospective investor makes an offer to subscribe for shares which, once it is accepted by the Fund, has the effect of a binding contract. The terms of such contract are governed by the subscription agreement, the articles of association and related documentation referred to therein;
  - (ii) upon the issue of shares, such investor becomes a shareholder in the Fund, and the articles of association of the Fund take effect and becomes binding in the relationship between the shareholder and the Fund;
  - (iii) shareholders will not have personal liability for the debts or obligations of the Fund beyond their investment in shares in the Fund;
  - (iv) each of the subscription agreement and the articles of association is governed by the laws of Denmark;
  - (v) a final judgment obtained in a court in an EU Member State against the Fund in respect of any suit, action or proceeding relating to an agreement with the Fund, will be recognised and enforced by the courts of Denmark, subject to and in accordance with the provisions of Regulation (EU) No 1215/2012 of the European Parliament and Council on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters of 12 December 2012 (the "Brussels I Regulation") and the bilateral agreement in relation thereto between Denmark and the European Community of 19 October 2005 (and any protocol and accession convention in respect thereof) and Danish Act No. 1563 of 20 December 2006 as amended by Danish Act No. 518 of 28 May 2013, implementing the Brussels I Regulation and such bilateral agreement in Denmark; and
  - (vi) a final judgment properly obtained in a court of a non-EU Member State against the Fund in respect of any suit, action or proceeding arising out of or relating to an agreement with the Fund, may neither be recognised nor enforced by the courts of Denmark without re-examination of the substantive matters thereby adjudicated. The judgment may generally be accepted as material evidence. In connection with any such re-examination, the parties must provide the Danish courts with satisfactory information about the contents of the foreign law in question and, if they fail to do so, the Danish courts may apply Danish law instead.
- d) The identity of the fund manager, the fund's depositary, auditor and any other service providers and a description of their duties and the investor's rights**

#### FUND MANAGER

The registered address and principal office of the Fund Manager is: Sturegatan 46, 114 36 Stockholm, Sweden. The Fund Manager's share capital amounts to SEK 529 692.

Resscapital AB is a limited liability company incorporated in Sweden on 3 January 2006 with company no 556698-

1253. Resscapital AB is authorised and supervised as an alternative investment fund manager (AIFM) by Finansinspektionen, the Swedish Financial Supervisory Authority, and is the alternative investment fund manager for the Fund.

The Fund Manager's focus is insurance-linked securities with an emphasis on the secondary market for US life insurance policies. Proprietary pricing models and actuarial underwriting capabilities have been developed, in order to give an advantage when purchasing policies. The models utilize all information available from underwriters, including mortality distributions. Stochastic simulation and probabilistic forecasting improves risk management.

The Fund Manager has extra capital reserved to cover the liability risks as stipulated by current regulatory requirements.

The Fund Managers' board of directors consists of Per-Anders Tammerlöv, Chairman (also serves as CEO of Mangold Fondkommission AB) and the Non-Executive Directors, Tina Söderlund Boley (also serves as Investment Strategist at Fiera Capital UK Ltd), Anne-Sophie Hesser, Partner at Apriori Law and Heiner Weber, Partner at Katalysen. All board members are covered by a liability insurance. No board member has any other forms of employment outside the company which can be significant for the Fund Manager.

The Fund Manager's Managing Director is Gustaf Hagerud. Anton Pozine is employed as Head of Portfolio Management. Jonas Martenson is Deputy Managing Director and Sales Director. Cristina Lugaro and Emily Tranberg are employed as Institutional Sales.

Fredrik Thor and Markus Biamont are employed as Portfolio Managers and Johan Jonson is employed as Risk Manager. Gustaf Hagerud is also responsible for the valuation function.

The Fund Manager is audited annually by KPMG AB in Sweden. The compliance function for the Fund Manager is outsourced to SE Compliance AB and the internal audit function is outsourced to Lüscher & Co AB.

#### DEPOSITARY

The Fund's Depositary is Artha Fondsmæglerselskab A/S which is incorporated as a public limited company under the laws of Denmark with its registered office at Strandvejen 58, DK-2900 Hellerup, Denmark. The Depositary is under the AIFM directive responsible for the general supervision of the assets of the Fund and the custody of the assets entrusted to it.

#### ISSUING AND PAYING AGENT

Euronext Securities A/S, Weidekampsgade 14, DK-2300 Copenhagen S acts as issuer (VP-registration) and subscription agent for any capital raising of the Fund.

## SECURITIES INTERMEDIARY

Wilmington Trust, NA, 300 Park Street, Suite 390, Birmingham, MI 48009, United States, acts as Securities Intermediary for the Fund.

## AUDITOR

The Fund is audited annually by Deloitte. Statsautoriserede Revisions-partnerselskab, Weidekampsgade 6, DK-2300 Copenhagen S.

## MARKET MAKER

The Fund's market maker is Carnegie Investment Bank AB, Regeringsgatan 56, 103 38 Stockholm, Sweden. Carnegie Investment Bank AB assumes the task to handle the market making in the Fund's shares. Carnegie Investment Bank AB is under normal market conditions required to provide both a bid and offer price from Monday to Friday from 10:00 am to 4.55 pm. Carnegie act as a market-maker through its membership of Nasdaq Copenhagen. There are no relations between the Fund and Carnegie Investment Bank AB.

## ADMINISTRATOR

The Fund has entered into certain agreements with Citco Denmark ApS, Holbergsgade 14, DK-1057 Copenhagen K with respect to the provision by Citco Denmark ApS of certain domiciliary services, certain outsourcing services and certain management services to the Fund. Otherwise, there are no relations between Citco Denmark ApS and the Fund.

### **e) Description of how the fund manager is complying with the requirements of article 9(7) (to cover potential professional liability risks resulting from activities the fund manager may carry out pursuant to the AIFM directive)**

In order to fulfil the requirements in Article 9(7) the Fund has signed a professional indemnity insurance, which covers up to DKK 100 million.

### **f) Description of any delegated management function as referred to in annex i by the AIFM and of any safe-keeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations**

The Fund has delegated its central administration to Citco Denmark ApS. Please refer to paragraph d) above for the services rendered to the Fund by the Fund Manager, the Depositary and Citco Denmark ApS.

### **g) Description of the fund's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets in accordance with article 19**

The valuation methodology and calculation of the net asset value will follow the principles as adopted in the annual audited report. Citco Denmark ApS will provide data and relevant input for the net asset value calculation to the Fund Manager, which will calculate the net asset value for the Fund two times every month. The net asset value is

published through Nasdaq GlobeNewswire. All net asset values since inception are available at the Fund's website [www.resslifeinvestments.com](http://www.resslifeinvestments.com).

### **h) Description of the fund's liquidity risk management, including the redemption rights both in normal and in exceptional circumstances, and the existing redemption arrangements with investors**

The Fund is an open-ended company. Investors may request redemption of their Shares at a price equal to the net asset value per Share at the end of each month. Investors wishing to exercise their redemption right must send a signed and fully executed Redemption Instruction Form to the administration agent, Citco Denmark ApS, specifying the number of shares to be redeemed.

The Redemption Instruction Form is available at [www.resslifeinvestments.com](http://www.resslifeinvestments.com).

Redemptions may be made with 180 days' notice before the applicable redemption day. Redemption proceeds shall be paid in US dollars within 10 days after the applicable redemption day.

The Fund may postpone the redemption to the effect that the redemption price is fixed after the Fund has realised the assets necessary for the redemption of shares. The Fund may also decide to suspend redemption if justified doubts can be raised about the valuation or significant difference from the Fund's assets at the time of redemption, or if the Fund and/or Fund Manager estimates that a reasonable redemption price cannot be determined.

If demand for redemption during one calendar month represents more than 2% of the Fund's assets or in aggregate more than 5% of the Fund's assets within a three-month period, the Fund may require proportional postponement of redemption, in whole or in part, for a period which the board considers to be in the best interest of the Fund. All demands for redemption postponed will be met on a pro rata basis in compliance with the principle of equal treatment of shareholders.

Further information about the redemption procedure is available in the articles of association. A Redemption Instruction Form is available at [www.resslifeinvestments.com](http://www.resslifeinvestments.com).

### **i) Description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors**

The Fund will pay certain fees to the Fund Manager, the Depositary, board, auditor, market maker and day-to-day administration (ongoing charges). The ongoing charges are paid by the Fund and thereby indirectly borne by investors in the Fund. The ongoing charges during the fiscal year 2019-2020 amounted to 1.98% of the Net Asset Value.

## THE FUND MANAGER

The Fund Manager is entitled to receive a management fee of 1.5% per annum from the Fund, based on the latest available net asset value in USD. The Management Fee shall be invoiced on a monthly basis to the Fund and is

payable in USD within 30 business days after receipt of the invoice.

The Fund Manager shall also receive out of the assets of the Fund, a performance fee equivalent to 15% of the performance above the hurdle rate, which is the 4-week US Treasury-bill plus 1% per calendar year with a high watermark, which corresponds to the last net asset value per Share on which a performance fee was paid. The performance fee will be capped at 1% per year. The performance fee will be calculated and accrued as an expense on a monthly basis and will be payable to the Fund Manager after the end of each calendar year. The performance fee is accrued according to the equalisation method, thus it is paid pro rata by each investor during the calendar year.

The following example explains how the performance fee is calculated every year for the Fund: Assume that the net asset value per Share on the 1 January is USD 100 and that on 31 December of the same year it is USD 113, which is the maximum NAV for the year. The net performance during the year is thus  $113 - 100 = 13$  which is equal to an increase of 13%. The hurdle rate is non-cumulative and is the 4-week US T-bill plus 1% per calendar year. In this example, we assume that the hurdle rate is equal to an annual rate of 2%. A performance fee of 15% is payable on the difference between the gain and the hurdle rate, which in this example is USD 11. The performance fee is capped at 1% of maximum NAV per year. Thus, the performance fee per share on December 31 is USD 1.13. Note that in this example no subscriptions and redemptions have taken place during the year. Furthermore, in the example it is assumed that NAV at the end of the year is higher than the High watermark. The High Watermark is calculated following a standard procedure and corresponds to the last Net Asset Value per share on which a Performance Fee has become payable or has been paid.

#### THE DEPOSITARY

The Depositary is entitled to receive a depositary management fee, consisting of (i) fixed fee of DKK 320,000 annually excl. VAT and (ii) a fee of 0.05% per annum excl. VAT, invoiced on a quarterly basis and calculated on the latest available net asset value in USD at the start of the quarter.

#### BOARD REMUNERATION

The annual general meeting determines the board remuneration. For the current financial year, ordinary members receive a basic remuneration of DKK 75,000 and the Chairman receives a basic remuneration of DKK 180,000. The Board of Directors determines the remuneration for the Managing Director. The annual salary for the Managing Director is DKK 150,000 for the current financial year.

#### ADMINISTRATOR

Citco (Denmark) ApS is entitled to receive an annual fee of EUR 60,000 for provision of administration and management services and EUR 150 per new investor for the compliance review & KYC collection.

Additional services will be charged on a time-spent basis. Hourly rates currently vary between EUR 120.00 and EUR

285.00 depending on the complexity of the work carried out and the seniority of the staff.

#### MARKET MAKER

Carnegie Investment Bank AB is entitled to a quarterly fee of DKK 125,000 (paid in advance) for acting as market maker for the Fund.

#### SECURITIES INTERMEDIARY

Wilmington Trust, NA, is entitled to fee for acting as Securities Intermediary for the Fund. The fee is based on the number of policies administered and currently corresponds to USD 42,000 per quarter.

#### OTHER

The Fund will pay certain fees to various service providers for third party valuation, medical underwriting, mortality tracking, retrieval of medical records, legal expenses etc. (ongoing charges). The ongoing charges are paid by the Fund and thereby indirectly borne by the investors in the Fund.

**j) Description of how the fund manager ensures a fair treatment of investors and, whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of that preferential treatment, the type of investors who obtain such preferential treatment and, where relevant, their legal or economic links with the fund or fund manager**

No single shareholder receives preferential treatment over other shareholders.

The shares of the Fund are negotiable instruments and thus no restrictions apply as to the negotiability of the shares. No shares shall confer special rights on any shareholder and no shareholder shall be obliged to let his shares be redeemed, either in whole or in part.

All shares owned by the investors carry equal voting rights. A decision to liquidate the Fund or transfer to another fund manager can only be decided through a majority vote at an extraordinary general meeting.

Existing or prospective shareholders may request additional information from the Fund Manager regarding the Fund, such as performance, costs, underlying assets, risk management procedures, risk limits etc. However, price sensitive information will only be communicated through company announcements via the stock exchange in order to achieve equal treatment for all shareholders.

**k) The latest annual report referred to in article 22**

The accounting year runs from 1 October to 30 September. The Fund's latest annual report is from September 2020. The annual reports must be approved by the general meeting no later than 4 months after the end of the financial year. Annual reports will be made available to shareholders before the ordinary general meeting. The Fund's audited and approved annual reports are published at [www.ress-lifeinvestments.com](http://www.ress-lifeinvestments.com)

#### **l) The procedure and conditions for the issue and sale of units or shares**

Subscription for new shares can be done every month. The subscription date is normally the 25<sup>th</sup> day of every month, provided it is a business day. According to Fund's articles of association, the board of directors is authorised during the period until 27 August 2023, in one or several operations, to increase the share capital of the Fund up to nominally EUR 500,000,000. Every subscriber must as a minimum subscribe for shares of an amount of EUR 100,000. The shares of the capital increase must be negotiable instruments and rank equally with the existing share capital. The shares must be registered in the names of the holders and shall be entered in the Fund's register of shareholders. The board of directors is authorised to derogate from the proportionate pre-emption right for existing shareholders. The subscription may take place at a price which corresponds to the most recent net asset value calculation per Share or higher.

The subscription agreement is available from the administration agent, or the Fund Manager.

The Fund's register of shareholders is kept by Euronext Services A/S. Citco Denmark ApS acting as central administration agent for the Fund, will notify Euronext Securities about shareholder changes. All shareholder notifications and financial reports are distributed through Nasdaq GlobeNewswire and are also published on the Fund's website.

#### **m) The latest net asset value of the fund or the latest market price of the unit or share of the fund, in accordance with article 19**

The net asset value is published through Nasdaq GlobeNewswire. All net asset values since inception are available at the Fund's website [www.reslifeinvestments.com](http://www.reslifeinvestments.com) see paragraph g) above.

The latest market prices can be found under the segment Funds – Alternative Investment Funds on Nasdaq OMX Nordic.

The subscription price for new shares issued by the Fund will be published by the Fund as a company announcement through Nasdaq Copenhagen.

#### **n) Where available, the historical performance of the fund**

The historical performance of the Fund is available at the Fund's website [www.reslifeinvestments.com](http://www.reslifeinvestments.com).

The historical performance numbers are realised net returns, after deduction of all fees. The monthly net asset values are all in USD. All monthly net asset values since inception are included. Past performance is not a reliable indicator of future results and investors may not recover the full amount invested.

#### **o) The identity of the prime broker and a description of any material arrangements of the fund with its prime**

**brokers and the way the conflicts of interest in relation thereto are managed and the provision in the contract with the depositary on the possibility of transfer and reuse of fund assets, and information about any transfer of liability to the prime broker that may exist**

The Fund does not use a prime broker.

#### **p) Description of how and when the fund will disclose information on (i) the percentage of the fund's assets which are subject to special arrangements arising from their illiquid nature, (ii) any new arrangements for managing the fund's liquidity, (iii) the current risk profile of the fund and the risk management systems employed by the fund manager to manage those risks, (iv) any changes to the maximum level of leverage which the fund manager may employ on behalf of the fund as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement, and (v) the total amount of leverage employed by the fund, as required by articles 23(4) and 23(5) of the AIFM directive**

Investors will be provided with the information required by Articles 23(4) and 23(5) of the AIFM Directive in the Fund's annual report, or, in relation to any new arrangements introduced by the Fund to manage liquidity, as required by the AIFM Directive, without undue delay.

Reference is made to paragraph a) above with respect to leverage. Any changes to the maximum level of leverage will require the articles of association of the Fund to be amended by the shareholders at a general meeting.

## **BENCHMARK**

The Fund is actively managed and invests in US life insurance policies. Every investment is unique and the Fund does not have a benchmark since there is no relevant reference index. Since the Fund does not have a benchmark, the tracking error for the Fund cannot be calculated.

## **SUSTAINABILITY**

The Fund Manager wants to contribute to a sustainable development. Our guiding principle is to contribute to a sustainable development actively and responsibly, by ensuring that our business activities are carried out in a manner that maintains the company's values with respect for people, our society, the environment and natural resources. The Fund Manager shall meet and exceed the expectations that the company's stakeholders have in relation to our business activities.

By making decisions that fairly balance the claims of various stakeholders, the Fund Manager shall contribute to a sustainable development and assume its share of responsibility for the common financial, social, and environmental aspects of the world around us. In terms of corporate responsibility, the Fund Manager's stakeholders include clients, owners, employees, business partners, the environment and society (such as civil society and the public sector), as well as stakeholders affected by our business.



The Fund Manager has defined the following key principles regarding sustainability based on the Swedish Standard ISO 26000:2010 for social responsibility and the United Nations Global Compact initiative:

- Responsibility
- Transparency
- Business ethics
- Respect for stakeholder interests
- Respect for the rule of law
- Respect for international standards of conduct
- Respect for human rights

The fund is classified as Article 8 of the Sustainable Finance Disclosure Regulation (SFDR).

The strategic direction for the Fund Manager's sustainability efforts shall be determined by the company's Board of Directors based on the company management's strategic planning and business planning processes. Management drafts policies for ethics, sustainability, codes of conduct and other documentation. Management also plans, reviews and follow-up regarding the company's sustainability efforts on an ongoing basis.

## TAXATION

Investors should consult their professional advisors on the possible tax and other consequences of their subscribing for, purchasing, holding or redeeming shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

## INFORMATION

This information brochure is correct as of 25 April 2021. All relevant documents can be obtained at no charge from the Fund Manager. Updated information, including annual reports, are published at [www.resscapital.com](http://www.resscapital.com) and/or [www.resslifeinvestments.com](http://www.resslifeinvestments.com).

## LIABILITY

Neither the Fund Manager nor the Depositary is liable for any damages ensuing from statutes, actions of public authorities, acts of war, strikes, blockades, boycotts and lock-outs or any other such events. The exemption from liability in the case of strikes, blockades, boycotts and lockouts applies even if the Fund Manager and/or the Depositary itself are the object or originator of such actions.

Neither the Fund Manager nor the Depositary will indemnify any damages arising from other circumstances, assuming that due care has been observed. Neither the Fund Manager nor the Depositary is in any circumstance liable for indirect damages.

If there is an obstacle that prevents the Fund Manager and/or the Depositary from taking action on the basis of

circumstances specified above, the action may be postponed until the obstacle has ceased to exist.

In other respects, the Fund Manager and the Depositary are liable for damages according to Chapter 8, Section 28 in the Swedish law on Alternative Investment Funds (2013:561).

## ADDITIONAL INFORMATION FOR QUALIFIED INVESTORS IN SWITZERLAND

The Fund is considered foreign investment schemes pursuant to Art. 119 of the Swiss Federal Collective Investment Schemes Act (CISA). No application has been submitted to the Federal Financial Market Supervisory Authority (FINMA) to obtain approval within the meaning of Art. 120 CISA to publicly advertise, offer or distribute the investment in or from Switzerland, and no other steps have been taken in this direction. As a result, the investment is not registered with FINMA. Any offer or sale must therefore be in strict compliance with Swiss law, and in particular with the provisions of the Collective Investment Schemes Act and its implementing ordinances, and FINMA circular 2013/9 on distribution of collective investment schemes. Pursuant to the Collective Investment Schemes Act and its implementing ordinances, the units may not be offered, marketed or distributed to the public in or from Switzerland, but only to qualified investors according to art. 10 sections 3, 3bis and 3ter CISA.

Waystone Fund Services SA, Av. Villamont 17, 1005 Lausanne, Switzerland has been appointed as Swiss Representative of the Fund.

Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich, Switzerland has been appointed as Paying Agent of the Fund in Switzerland.

Any Fund Documentation, including the Prospectus, the articles of incorporation and annual reports issued by the Fund from time to time may be obtained free of charge from the Swiss Representative.

Retrocessions are deemed to be payments and other soft commissions paid by the Fund management company and its representatives for distribution activities in respect of fund units. Retrocessions are normally paid from the management fee, the performance fee and/or the distribution fee, and on the basis of a written contract.

In respect of distribution in Switzerland, the granting of retrocessions is permitted, irrespective of the contractual relationship between the recipient of the retrocession and the investor (asset management agreement, advisory agreement, execution only) and irrespective of whether the service qualifies as distribution or is not deemed to be distribution pursuant to Art. 3 CISA.

In respect of distribution in Switzerland, the Fund management company and its representatives could pay

retrocessions for distribution activities to distributors or distribution partners.

The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution. On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

## **ADDITIONAL INFORMATION FOR ACCREDITED INVESTORS IN SINGAPORE**

The information memorandum is not a prospectus as defined in the Act and, accordingly, statutory liability under the Act in relation to the content of prospectuses does not apply, and the offeree should consider carefully whether the investment is suitable for him or her. The scheme is not authorised or recognised by the Monetary Authority of Singapore and units in the scheme are not allowed to be offered to the retail public.

## APPENDIX – RISK FACTORS

This appendix (the “Appendix”) to the Information Brochure constitutes an integral part of the Information Brochure and supplements the information provided in Information Brochure. Unless expressly defined in this Appendix or a contrary intention appears, capitalised terms defined in the Information Brochure have the same meaning when used in this Appendix.

### RISKS RELATED TO THE FUND

An investment in the shares issued by the Fund (the “Shares”) involves various risks. A potential investor should carefully consider all information in the Information Brochure and this Appendix, including the risks described below, before a decision to invest in the Fund is made. This section addresses both general risks associated with the industry in which the Fund operates and the specific risks associated with the business. If any such risks were to materialise, the Fund’s business, results of operations or financial condition could be materially and adversely affected, resulting in a decline in the value of the Fund’s NAV and consequently the value of the Shares.

The risks and uncertainties mentioned below are those that the Fund currently views as material, but these risks and uncertainties are not the only ones that the Fund faces. Additional risks and uncertainties, including risks that are not known at present or that the Fund and/or the Fund Manager currently deem immaterial, may also arise or become material in the future, which could lead to a decline in the value of the Shares and a loss of part or all of an investment in the Fund. The following risk factors may not be exhaustive and are not listed in any particular order of priority as to significance or probability.

The main activity of the Fund is primarily to invest in securities ensuring exposure to the secondary market for US life insurances policies, also known as Life Settlements, and other longevity-linked securities.

There can be no assurances that the Fund’s objectives shall be realized if any of the assumptions underlying its plans prove to be incorrect. Investors should be aware that no independent market studies have been conducted by the Fund regarding the Fund’s plan, nor are any such studies currently planned.

Investors should make their own independent evaluation of the financial, market, legal, regulatory, credit, tax and accounting risks and consequences involved in an investment in the secondary market for US life insurance policies. In evaluating the merits and suitability of an investment,

careful consideration should be given to all of the risks associated with investing in the Fund.

The following is a brief description of certain factors which should be considered along with other matters mentioned in the Information Brochure. The following, however, does not purport to be a comprehensive summary of all the risks associated with investments in the Fund.

An investment in Shares carries a risk and is suitable only for investors who accept the risks, can assume the risk of losing their entire investment and who understand that there is no recourse other than to the assets of the Fund.

#### DEPENDENCE ON KEY PERSONNEL

The Fund is less dependent on key personnel since this risk has been limited through entering into certain outsourcing and management agreements with Citco (see item d) of the Information Brochure). Nevertheless, the Fund is dependent on its board members and the loss of their services could have an adverse effect on the future operations of the Fund.

#### DEPENDENCE ON FUND MANAGER

The Fund is highly dependent on the Fund Manager, and the loss of its services could have an adverse effect on the future operations of the Fund. The Fund Manager is a niche player which is dependent on its key personnel and the loss of their services could have an adverse effect on the Fund Manager. The Fund Manager mitigates the risk of loss of personnel through offering its employees attractive long-term incentives.

If the Fund Manager were to terminate the cooperation, or should the Fund terminate the cooperation for any reason, the Fund will have to source the services of the Fund Manager from other alternative investment fund managers or alternatively establish the competencies in-house. There can be no assurance that the Fund will be able to successfully do so, and any lack of success in replacing the Fund Manager may have an adverse effect on the Fund and the value of the Shares.

#### CHANGES IN APPLICABLE LAW

The Fund must comply with various regulatory and legal requirements, including securities laws and tax laws as imposed by the jurisdictions in which it operates. Should any of those laws change over the life of the Fund, the regulatory and legal requirements to which the Fund and its shareholders may be subject could differ materially from current requirements, which could adversely affect the Fund and the value of the Shares.

#### POTENTIAL CONFLICTS OF INTEREST

Between the Fund, the Fund Manager, the Depositary, any holders of Shares in the Fund or other parties there may arise conflicts of interest related to contractual matters, financial transactions or other arrangements. Such conflicts of interest could have a negative influence on the Funds’ ability to carry out or work with its investments and consequently the returns for the Fund. Due to the

dependence on the Fund Manager the Fund may not be able to take mitigating steps if such decisions were taken.

#### **INVESTMENT RISK**

The return on the Life Settlements, and in turn the investment portfolio held by the Fund, will primarily be dependent upon the ability and expertise of the Fund Manager to source, price and manage the assets.

Attention should be drawn to the fact that the NAV per Share in the Fund can go down as well as up. An investor may not get back the amount he has invested, including if Shares are redeemed or sold soon after they are issued and the Shares have been subject to charges. Changes in exchange rates may also cause the NAV per Share in the investor's base currency to go up or down. No guarantee as to future performance of, or future return from, the Shares can be given.

#### **CONTROL BY EXISTING SHAREHOLDERS**

The directors, executive officers and principal shareholders of the Fund shall retain a significant influence on the affairs and management of the Fund, as well as on all matters requiring shareholder approval, including electing and removing members of the Fund's board of directors, causing the Fund to engage in transactions with affiliated entities, causing or restricting the sale or merger of the Fund, and changing the dividend policy of the Fund. Such concentration of ownership and control could have the effect of delaying, deferring or preventing a change in control of the Fund even when such a change of control would be in the best interests of the Fund's other shareholders.

#### **SHARES MAY CEASE TO BE ADMITTED TO TRADING**

The Shares may cease to be admitted to trading on Nasdaq Copenhagen if the Fund does not comply with the rules and regulations of being a listed company on Nasdaq Copenhagen. This may affect shareholders' ability to sell their Shares and thus have a negative effect on the Shares and their value.

#### **REDEMPTION OF SHARES MAY BE SUSPENDED OR DELAYED**

The Fund has an obligation to redeem shareholders' Shares upon request, subject to certain conditions. These conditions include a right for the board of directors of the Fund to stay or suspend redemption for various reasons, including where the Fund's capital reserves after redemption would not be sound. Furthermore, certain costs associated with the redemption may be deducted from the proceeds. If a large number of investors were to request redemption at the same time, the Fund will most likely have to execute a sale of assets, which could potentially lead to material losses of value. The Fund may therefore not be able to carry out redemptions as requested unless it has the necessary liquid reserves or can sell Shares to new investors within the same timeframe.

There can be no assurance that the Fund will be able to redeem shareholders' Shares upon request without material

delay and costs to the shareholder, which may adversely affect the Fund and value of the Shares.

#### **MAJORITY SHAREHOLDERS' INTERESTS MAY NOT BE CONSISTENT WITH THE INTERESTS OF MINORITY SHAREHOLDERS**

A person or entity that owns more than 50% of the outstanding Shares (a "Majority Shareholder") could exercise a significant influence over the Fund. Depending on the number of shareholders present at the shareholders general meeting, Majority Shareholders in practice might decide statutory changes without minority shareholder approval or be able to block a number of corporate resolutions of the Fund, including statutory changes and decide to increase the share capital of the Fund.

#### **LITIGATION AND CONTINGENT LIABILITIES**

The Fund may become involved in litigation or arbitration proceedings which may affect the Fund's results, financial condition and Share price negatively.

#### **RISKS RELATED TO THE ADMISSION TO TRADING**

The market price of the Shares is closely related to the value of the life settlement policies and can vary widely. The Fund will announce all information which could have a significant influence on the market price of the Shares including any significant changes in the NAV. Different conditions for the Fund can lead to significant fluctuations, and some or many of these factors may be beyond the Fund's control and are not necessarily related to the Fund's business, operations or prospects. Such factors include changes in market conditions for companies in the financial sector, fluctuations in the companies' operating results, changes in exchange rates and trading on the stock market, a perception of a systemic risk in the US and European financial markets, changes in the ownership structure, changes in financial analysts' economic estimates or recommendations of the Fund or its Shares and other securities and communications from the Fund or its competitors of new investment products or services, acquisitions or joint ventures.

#### **THE FUND IS A PUBLIC LIMITED LIABILITY COMPANY INCORPORATED UNDER DANISH LAW, WHICH CAN MAKE IT DIFFICULT FOR SHAREHOLDERS RESIDENT OUTSIDE DENMARK TO EXERCISE OR ENFORCE CERTAIN RIGHTS**

The Fund is a limited liability company registered under Danish law, which can make it difficult for the Fund's shareholders resident or domiciled outside of Denmark to exercise or enforce certain rights. The rights of holders of Shares shall be governed by Danish law and the articles of association of the Fund. These rights may differ from the rights that shareholders in other jurisdictions typically have. As a result, investors may be unable to effect service of process upon the Fund outside Denmark or in courts outside Denmark enforce judgements against the Fund rendered on the basis of the laws of jurisdictions outside Denmark.

## TAX RISKS

For the Fund an investment involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Fund will have investments, or changes in tax treaties negotiated by those countries, including requirements for share turnover of the Fund's shares, could adversely affect the returns from the Fund to its shareholders. No assurance can be given regarding the actual level of taxation imposed upon the Fund. Each investor is strongly urged to consult its own tax advisers regarding their tax implications of investing, holding and disposing of Shares in the Fund and, if relevant, receiving distributions in respect of Shares in the Fund.

## NASDAQ COPENHAGEN

There may be little or no trading in the Shares which may adversely affect the price of the Shares.

## CURRENCY RISK

The Shares are denominated in EUR. The accounting 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 accounting currency for each shareholder.

## RISKS RELATED TO INVESTMENTS IN LIFE SETTLEMENTS

### LONGEVITY RISK

The longevity risk is made up of two components, systematic risk and idiosyncratic risk. The risks common to all policies are referred to as systematic risk and cannot be diversified away. The idiosyncratic risk is mainly related to outcomes within the expected probability distribution.

A critical factor of the systematic risk for investors is the reliability of life expectancy assessments on which investment decisions are based. Life expectancy certificates contain predictions of mortality and it is important that the methodologies used by the medical underwriters are consistent and reliable. Inaccurate forecasting of an insured's life expectancy could result from, among other things: advances in medical treatment resulting in deaths occurring later than forecasted, inaccurate diagnosis or prognosis, changes of lifestyle habits, or the individual's ability to fight disease resulting in improved health, fraud, or misrepresentation by the insured.

Life expectancy underwriters as well as the Society of Actuaries for the insurance industry in the US have in the past and may in the future (with or without prior warning) choose to change the mortality tables used to predict the life expectancy of individuals. Any future changes to the mortality tables lengthening the time an insured is expected to live could materially adversely affect Life Settlement investments including, without limitation, how a Life Settlement would be priced, the amount of premiums that would be expected or reserved to be paid on a Life Settlement,

the overall value of the Life Settlements on the secondary market and the NAV per Share of the Fund.

## MATURITY RISK

There is a risk that exists on some policies and that means that an insured may outlive the policy insurance coverage in which case the policy will terminate.

## VALUATION OVERSTATEMENT OR UNDERSTATEMENT RISK

The valuation of Life Settlements is based on projected cash flows, which depend upon an unknown length of time for which the insured will live. If the Fund underestimates how long an insured may live, it may pay more for a Life Settlement than the Life Settlement is worth, either on a discounted or a present value basis, and be required to pay out more premiums than anticipated. Either of these circumstances could have a significant adverse effect on the return on investment.

Although qualified physicians' estimates may be used, such a valuation will ultimately be a matter of informed judgment, there is no guarantee the NAV will not be overstated or understated, and incorrect valuations may therefore occur.

The marketplace for Life Settlements is under continuous development and the pricing risk will at all times be present. An example is the practice of purchasing Life Settlements with shorter life expectancies derived from a lower confidence level has created a competitive pricing arena. An increase in the competitiveness in pricing may make it more difficult for the Fund to purchase Life Settlements in an expedient manner and result in lower margins on the investments.

## INSURED FRAUD RISK

Although the Fund will conduct a reasonable level of due diligence in advance of investing in a Life Settlement, there is a risk that the Fund may be defrauded. Among other types of fraud that may exist, an insured may misrepresent the status of his/her illness, may fail to disclose all beneficiaries, or may sell a Life Settlement to more than one purchaser. If the Fund is exposed to such fraud, the return on investment may be adversely affected. Insured fraud risk is generally rare in the market place and it is mitigated by a legal review prior to each policy purchase.

## AVAILABILITY RISK

The continuity of operation of the Fund is dependent on its ongoing ability to purchase Life Settlement policies. Changes in circumstances may result in a reduced supply of Life Settlements. Such changes could result from, among other things: (i) improvement in the economy overall, generating higher investment returns to insured from their investment portfolios; (ii) improvements in health insurance coverage, limiting the need of insured to obtain funds to pay the cost of their medical treatment; (iii) a change in law requiring the Fund to apply more stringent credit standards in purchasing Life Settlements; (iv) the entry into the market of less reputable third-party brokers who submit inaccurate or false Life Settlement information to the

Fund Manager on behalf of insured; (v) the establishment of new licensing requirements for the market participants and a delay in complying, or an inability to comply, with such new requirements; or (vi) refusal of the insurance company that issued the policy to consent to its transfer.

A change in the availability of Life Settlements could adversely affect the Fund Manager's ability to execute its investment strategy and meet its investment objective. The Fund will therefore be dependent on its ability to find an adequate supply of Life Settlements.

#### **LIQUIDITY RISK**

The Fund may use a substantial portion of the funds to acquire a pool of Life Settlements. There is minimal or no return on such purchases until maturity. Proceeds derived from maturing Life Settlements will be reinvested and will not be readily available to satisfy redemption requests. Such an investment is essentially illiquid. Therefore, the Fund may not have access to liquid assets to make any payment to holders of Shares in the Fund until the Life Settlements mature, or unless it realises the assets through the secondary market. The secondary market for these settlements is not highly regulated or developed and there is no certainty the market will be active. Accordingly, delays may occur in redemption payments. In order to increase the Fund's liquidity, the Fund shall seek to match redemptions with subscriptions and source available credit facilities.

#### **MISSING INSURED**

There is a risk that an insured under a Life Settlement owned by the Fund may go missing, or that there may be a delay in ascertaining that an insured has died, or in obtaining the required documentation needed to claim the death benefit under such Life Settlement. The Fund could incur substantial unplanned expenses in locating a missing insured and could experience substantial delays in collecting death benefits which would affect the value of the Fund. In some States, the regulator may limit the frequency of contact that the Fund, through its tracking firms, could make to the insured and obtaining his/her medical records by the tracking firms.

#### **COUNTERPARTY RISK**

There is a counterparty risk in respect of the solvency of the insurance company during the period a Life Settlement is held to maturity. There is no guarantee that the insurance companies will meet their obligations to make payment on maturity. The Fund manages counterparty risk by limiting the exposure to any single insurance company obligor, and by only buying policies written by insurers that meet its rating requirements.

#### **FUND MANAGER RISK**

The Fund is assisted by the Fund Manager in locating and evaluating Life Settlements to be purchased, administering the Life Settlements, and processing claims. If, as a result of insolvency or liquidation, or otherwise, the Fund Manager were to cease servicing the Life Settlements, it may be difficult for the Fund to find a suitable successor Fund

Manager. Any successor Fund Manager may have less experience and be less capable in tasks related to evaluating Life Settlements, processing claims, and managing collection systems.

#### **PERFORMANCE FEE RISK**

The performance fee payable to the Fund Manager is based on gains in the NAV per share. It is envisaged that the difference between the market realisable value and the valuation adopted by a Fund can be material. There is a risk that these unrealised profits may not be crystallised in the event of early realisation, or delayed maturity of Life Settlements. As a result, the total performance of the Fund may be affected.

#### **RISK OF LIFE SETTLEMENTS BEING DEEMED SECURITIES**

Should the United States Internal Revenue Service deem Life Settlements to be classified as "securities" at some point in time this could potentially have implications with regard to the application of withholding tax.

The application of withholding tax at current tax rates to the Fund would have a negative impact on returns.

#### **PREMIUM RISK**

Insurance carriers have and may in the future (with or without prior warning) choose to change "cost of insurance" rates used to calculate premium levels on policies issued by the carrier. Any future changes to the "cost of insurance" rates could materially adversely affect Life Settlement investments including, without limitation, how a Life Settlement would be priced, the amount of premiums that would be expected or reserved to be paid on a Life Settlement and the overall value of the Life Settlement and subsequently the NAV per share.

#### **INSURABLE INTEREST RISK**

There is a risk that a Life Settlement may have been originated through a method or procedure that attempts to circumvent state insurable interest laws intended to prevent life insurance from being used as a wager on human life. Although the Fund Manager will conduct a reasonable level of due diligence in advance of investing in a Life Settlement, it may be difficult in certain instances to recognize a lack of insurable interest due to complex arrangements and programs that may be designed to circumvent such laws. Life Settlements originated without an insurable interest or Life Settlements where the insurable interest is in question could negatively impact the value of such Life Settlements and the Fund renders the Life Settlements void and/or could subject the Fund to additional litigation costs.

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