

Ress Life Investments A/S

Annual Report

For the period 1 October 2016 - 30 September 2017

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

7 December 2017

CVR NO. 33 59 31 63

Approved at the Company's annual general meeting on 10 January 2018

Chairman:

.....
Ole Meier Sørensen

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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	Helle Marianne Breinholt, Chairman Jack Austern Jeppe Buskov
Executive Board	Ole Meier Sørensen
AIF manager	Resscapital AB, Box 55916, SE-102 16 Stockholm, Sweden
Depository	Nykredit Bank, Kalvebod Brygge 47, 1560 Copenhagen V
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, DK-0900 Copenhagen
Annual General Meeting	The Annual General Meeting is to be held on 10 January 2018 at the Company's registered address.
Share information	
Exchange	Nasdaq Copenhagen
Nominal value per share	EUR 500
Shares outstanding at balance sheet date	50,004
Share classes	One
Voting rights per share	One
Ticker	RLAINV
ISIN	DK0060315604
Financial calendar	
7 December 2017	Board approval of the Annual report 2016/2017
10 January 2018	Annual General Meeting
24 May 2018	Half-Year interim financial statements 2017/2018

Statement by the Board of Directors and Management

The Board of Directors and the Management have today discussed and approved the Annual Report of Ress Life Investments A/S for the period 1 October 2016 – 30 September 2017.

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 2017 and of the results of the Company's operations and cash flows for the period 1 October 2016 – 30 September 2017.

Further, in our opinion the Director's 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 as well as describes the significant risks and uncertainties affecting the Company.

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

Copenhagen, 7 December 2017
Management:

.....
Ole Meier Sørensen

Board of Directors:

.....
Helle Marianne Breinholt
Chairman of the Board

.....
Jack Austern

.....
Jeppe Buskov

Independent auditor's report

To the shareholders of Ress Life Investments A/S

Opinion

We have audited the financial statements of Ress Life Investments A/S for the financial year 01.10.2016 - 30.09.2017, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The 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 financial statements give a true and fair view of the Entity's financial position at 30.09.2017, and of the results of their operations and cash flows for the financial year 01.10.2016 - 30.09.2017 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 on the annual report 2016/17 issued to 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 financial statements section of this auditor's report. We are independent of the Entity 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 six years up to and including the financial year 2016/17.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 01.10.2016 - 30.09.2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair value measurement of other investments	How the matter was addressed in our audit
Other investments amount to USD 81,109 thousand at 30.09.2017 and consist of the shares in the Masterfund Ress Uncorrelated Assets Fund based in Luxembourg. We consider measurement of Other investments a key audit matter as such measurement is based on accounting estimates, including management judgements and developments in NAV of the underlying share (Ress Uncorrelated Assets Fund). Changes in accounting estimates may	<p>Based on our risk assessment, we have audited the fair value measurement of other investments 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.

Independent auditor's report

Fair value measurement of other investments	How the matter was addressed in our audit
<p>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 Assessment of future cash flows from the underlying share. <p>Management has described the principles and assumptions used to measure other investments in more detail in the summary of accounting policies.</p>	<ul style="list-style-type: none"> 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 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 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 financial statements

Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity'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 financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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 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 Entity'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 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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the 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 Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 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, 07.12.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Michael Thorø Larsen

State-Authorised

Public Accountant

Identification number (MNE) 35823

Directors' report

Financial highlights

USD '000	2016/17	2015/16	2014/15	2013/14	2012/13
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Key figures

Operating profit/loss	-367	-287	-229	-210	-116
Financial income and expenses, net	6,424	2,124	3,689	739	457
Profit/loss for the year	6,057	1,837	3,460	530	314

Financial assets	85,109	77,696	56,978	37,831	22,093
Total assets	86,759	80,316	58,158	38,103	22,204
Equity	82,593	80,184	58,043	37,964	21,774

Net asset value	1,652	1,538	1,496	1,379	1,348
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Financial ratios

Financial assets <i>in percentage of total assets</i>	98.1	96.7	98.0	99.3	99.5
Solvency ratio	95.2	99.8	99.8	99.6	98.1
Return on equity	7.4	2.7	7.2	1.8	2.0

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 Company 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 investing in fund units issued by Ress Uncorrelated Assets Fund – Ress Life Sub-Fund (the Master Fund) which exclusively invests in life settlements.

The 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 Company is marketed towards professional investors as defined in the European Union's MIFID Directive (Markets in Financial Instruments Directive), semi-professional investors where permitted, as well as retail investors in Denmark.

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

Directors' report

Development in activities and finances

During the Company's financial year, the net asset value of the Company has increased from EUR 1,377.99 (USD 1,537.99) per share of nominal value of EUR 500 to EUR 1,399.06 (USD 1,651.73) at 30 September 2017. The annual report shows a profit of USD 6,057 thousand. Management considers the result for the year acceptable and in accordance with expectations.

During the year there have been 4 capital raises with a total of 3,167 shares with a nominal value of EUR 500 per share. The Company bought back 5,614 shares from investors of which 315 shares were subsequently sold back to investors.

Development in the master fund

As of 30 September 2017, the Master Fund owned 217 policies issued by 49 different US life insurance companies. The total face value of the policies exceeds USD 440 million.

During the fiscal year 7 policies with a combined face value of USD 12.85 million matured. 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 Master Fund only began buying larger policies in 2013 and that the pool of larger face policies is still not 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.

In 2015 the Fund Manager had communicated that some insurance carriers announced increased cost of insurance on specific sub-sets of their insurance products. Those increases are being challenged through several class-action lawsuits by policy owners and consumer organisations. During this fiscal year a couple of additional increases have been announced. To date this has had a minor negative impact on the performance.

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

Outlook

The assets of the Company have grown from USD 80 million to USD 82 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 Company increased with 7.4%. 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% 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.

Exceptional matters

No exceptional matters have incurred in the financial year that have had or should have had a material effect on the financial statements.

Directors' report

Performance attribution

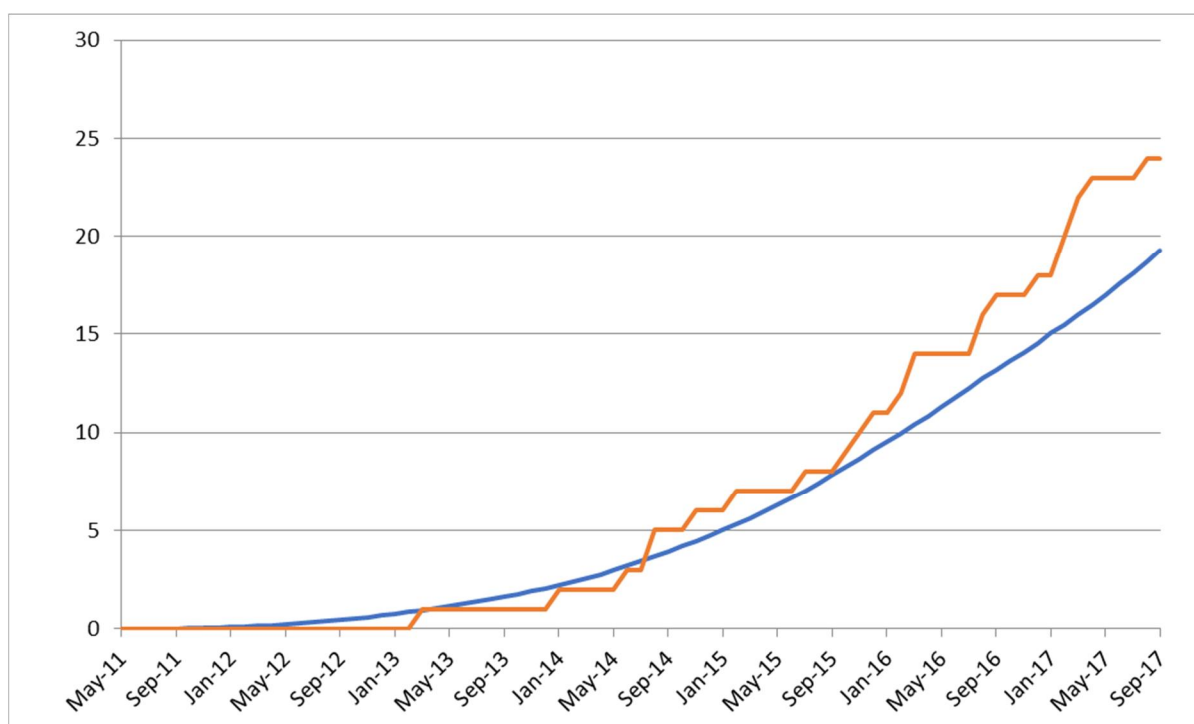
The table below shows the estimated calendar year performance attribution since 2013. 2017 Ytd numbers refer to the period 2017-01-01 until 2017-09-30.

	2013	2014	2015	2016	2017 Ytd
Realised (Maturities & sold policies)	2.11%	4.02%	5.06%	2.45%	8.31%
Aging effect	8.02%	5.46%	5.35%	3.96%	2.23%
Mtm-adjustment (Change in discount rates)	4.90%	4.18%	7.89%	0.27%	-0.18%
Valuation policy change	0.00%	0.00%	-7.87%	0.00%	0.00%
Life Expectancy Updates	-4.30%	-2.48%	-0.33%	0.06%	0.01%
Premium prepayments	0.00%	-1.93%	-0.15%	-0.31%	-0.18%
Premium optimization	0.00%	0.98%	-0.02%	-0.15%	0.61%
COI increases	0.00%	0.00%	-0.39%	-0.66%	-0.30%
Gross portfolio performance	10.73%	10.23%	9.54%	5.63%	10.52%
Investment factor effect	-3.33%	-1.37%	-0.21%	-0.18%	-0.61%
Net portfolio performance	7.40%	8.86%	9.34%	5.45%	9.91%
Master Fund Costs	-4.55%	-3.30%	-2.81%	-2.26%	-2.68%
Feeder Fund Costs	-1.05%	-0.80%	-0.66%	-0.48%	-0.45%
FX	0.00%	0.01%	0.02%	0.00%	-0.01%
Interest	0.00%	-0.04%	-0.06%	-0.03%	0.00%
Other	0.05%	0.09%	0.05%	-0.01%	0.09%
Net Fund Performance	1.85%	4.82%	5.88%	2.68%	6.86%

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 expectation (blue). The portfolio has experienced 20.38MUSD worth of maturities since inception.



Directors' report

Uncertainties regarding the measurement and determination of financial data

The majority of the Company's assets consist of fund units. The fair value of the Master Fund units is measured at the Net Asset Value (NAV) informed by the Fund Manager of the Master Fund. The liquidity of the tertiary market for Life Settlements - that the Master Fund invests in - 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 stated 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>

Board of Directors

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

Chairman Ms. Helle Marianne Breinholt (born 1964), was appointed to the board of directors on 1 April 2011. Ms. Breinholt has more than 25 years of experience within the area of financial product development, funding, properties and currently holds the following board and management positions:

- Breinholt Consulting A/S, founder, board member, CEO, since 2001
- Breinholt Invest A/S, founder, board member, CEO, since 2004
- Investeringsforeningen AL Invest, udenlandske aktier, etisk, board member since 2010
- Investeringsforeningen AL Invest, obligationspleje, board member since 2010
- Investeringsforeningen Alm. Brand Invest, board member since 2017
- Koncenton A/S, chairman since 2017
- Private Wealth Properties A/S, board member, CEO, since 2016
- V. M. Brockhuus Holding A/S, board member since 2016
- V. M. Brockhuus Ejendomme A/S, board member since 2016
- V. M. Brockhuus Invest A/S, board member since 2016

Board member Mr. Jeppe Buskov (born 1975) was appointed to 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 616 A/S and KR 618 A/S.

Board member Mr. Jack Austern (born 1962) was appointed to the board of directors on 27 September 2013. Mr. Austern has been engaged in financial business since 1990 with trading of equities and funds and currently holds the position as member of the board of directors of K/S Asschenfeldt, Tyskland Super, K/S Asschenfeldt, Klosterwall, Solingen, K/S Asschenfeldt, Minden II, Jagtbiografen Ny ApS, Nystrøm & Krabbe Ny A/S and Jaas Holding ApS.

Directors' report

Board of Directors – continued

At year end Breinholt Invest A/S which is controlled by board member Helle Breinholt holds 40 shares in the Company and board member Jack Austern holds 50 shares in the Company.

Apart from the aforementioned holdings, neither of the members of the Board of Directors or the Management hold shares, options, warrants or similar 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 fund units can decrease and changes in applicable law, which could adversely affect the Company and its share price. 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 liquidity risk, i.e. the fact that the shares may not trade regularly and the Company's dependence on its Alternative Investment Fund Manager and tax risks related to the Company's investment in the Master Fund.

Capital Structure

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

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

Credit management

The capital of the Company is represented by the net assets attributable to the investors. The Company'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 Company.

Corporate Social Responsibility

The Company does not have a Corporate Social Responsibility policy, including one for Human Rights or the Company's climate impact, since it is not found relevant due to the size and nature of the Company.

Target figures and policies for the underrepresented gender

The board already meets the general requirements for gender diversity and consequently a policy for gender equality has not been established nor have targets for these measures been set. However, it is the intention to have both genders represented at all times.

The Company has no employees other than the Board and the Management and consequently, no policy or target figures have been established for employee gender representation.

Remuneration

In accordance with 'Bekendtgørelse af lov om forvaltere af alternative investeringsfonde m.v.' (FAIF law) § 61, stk. 3, nr. 5 & 6, the following information is provided.

Directors' report

Remuneration – continued

The number of full-time employees and the total remuneration (salaries and pensions, both fixed and variable) paid in 2016/17 to employees and management of the Fund Manager, Resscapital AB is disclosed in the annual report for 2016/17 for Resscapital AB. The annual report to which management of the Company refers can be ordered at the Swedish Companies Registration Office (Bolagsverket) <http://bolagsverket.se/en/info/buy>.

The Company does not pay Carried Interest to any employees or management of the Fund Manager.

Information of the absolute or relative amount of remuneration paid to employees or management of the Fund Manager regarding the administration and management of the Company is not available, and an allocation estimate is therefore not provided.

Financial statements for the period 1 October – 30 September

Income statement and statement of comprehensive income

Note	USD	1 October 2016 - 30 September 2017	1 October 2015 – 30 September 2016
	Other Income	0	128,921
2	Staff costs	-35,400	- 34,284
3	Other operating costs	- 331,609	- 381,363
	Operating loss	-367,009	- 286,726
4	Financial income	6,433,729	2,146,788
5	Financial expenses	- 9,764	- 22,767
	Profit before tax	6,056,956	1,837,295
	Tax on profit for the year	0	0
	Profit for the year	6,056,956	1,837,295
	Comprehensive income	6,056,956	1,837,295
There have been no transactions in other comprehensive income.			
	Weighted average no. of shares issued	53,042	45,228
	Earnings per share (Basic and Diluted)	114.19	40.62

Financial statements for the period 1 October – 30 September

Statement of financial position

Note	USD	<u>30 September 2017</u>	<u>30 September 2016</u>
	ASSETS		
	Non-current assets		
6	Financial assets		
	Other investments	81,109,099	72,696,310
	Other receivables	4,000,000	5,000,000
		<u>85,109,099</u>	<u>77,696,310</u>
	Total non-current assets	<u>85,109,099</u>	<u>77,696,310</u>
	Current assets		
	Receivables		
	Prepayments	13,738	9,149
		<u>13,738</u>	<u>9,149</u>
	Cash and cash equivalents	1,636,239	2,610,963
	Total current assets	<u>1,649,977</u>	<u>2,620,112</u>
	TOTAL ASSETS	<u><u>86,759,076</u></u>	<u><u>80,316,422</u></u>

Financial statements for the period 1 October – 30 September

Statement of financial position

Note	USD	30 September 2017	30 September 2016
	EQUITY AND LIABILITIES		
	Equity		
7	Contributed capital	34,037,689	32,320,561
	Retained earnings	48,555,418	47,863,221
	Total equity	82,593,107	80,183,782
	Current liabilities		
	Interest-bearing loans	4,003,241	0
	Other payables	162,728	132,640
		4,165,969	132,640
	Total liabilities	4,165,969	132,640
	TOTAL EQUITY AND LIABILITIES	86,759,076	80,316,422

- 1 Accounting policies
- 8 Contingencies etc.
- 9 Related parties
- 10 Financial risks and financial instruments
- 11 Events after the balance sheet date

Financial statements for the period 1 October – 30 September

Statement of changes in equity

USD	Contributed capital	Share premium	Retained earnings	Total
Equity at 1 October 2015	24,882,001	29,342,549	3,818,680	58,043,230
Comprehensive income for the period	0	0	1,837,295	1,837,295
Capital increase	7,438,560	12,864,697	0	20,303,257
Transfer	0	-42,207,246	42,207,246	0
Equity at 30 September 2016	<u>32,320,561</u>	<u>0</u>	<u>47,863,221</u>	<u>80,183,782</u>
Equity at 1 October 2016	32,320,561	0	47,863,221	80,183,782
Comprehensive income for the period	0	0	6,056,956	6,056,956
Capital increase	1,717,128	0	3,364,285	5,081,414
Redemptions and gain/loss on own shares	0	0	-8,729,045	-8,729,045
Equity at 30 September 2017	<u>34,037,689</u>	<u>0</u>	<u>48,555,418</u>	<u>82,593,107</u>

Financial statements for the period 1 October – 30 September

Statement of cash flows

USD	2016/17	2015/16
Total comprehensive income for the period	6,056,956	1,837,295
Change in current liabilities	4,033,329	18,256
Change in receivables	4,589	1,540
Unrealised financial income	-6,433,729	-2,146,788
Unrealised financial expenses	1,626	22,767
Corporation tax paid	0	0
Cash flow from operating activities	3,662,771	-266,930
Purchase of financial assets	-9,000,000	-18,614,738
Disposals of financial assets	7,458,223	0
Realised gains on disposals	541,777	0
Interest received	1,541	167
Realised exchange rate adjustments	16,737	20,436
Cash flow from investing activities	-981,722	-18,594,135
Capital increase	5,045,130	20,303,258
Redemption of shareholders, net	-8,692,761	0
Interest paid	-8,138	-2,767
Cash flow from financing activities	-3,655,769	20,300,491
Net cash flows from operating, investing and financing activities	-974,724	1,439,425
Cash and cash equivalents at 1 October	2,610,963	1,171,538
Cash and cash equivalents at 30 September	1,636,239	2,610,963

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 for Ress Life Investments A/S for the period 1 October 2016 – 30 September 2017 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

The annual report also fulfils the requirements laid down in International Financial Reporting Standards issued by the IASB.

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. For standards implemented prospectively, comparative figures are not restated.

Going concern statement

In connection with the financial reporting, the Board of Directors and the Management assessed whether presentation of the annual report under the going concern assumption is well-founded. The Board of Directors and the 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 Company, the estimated outlook and the uncertainties and risks identified in this respect (described in the Director's report and note 10) 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.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

1 Accounting policies - continued

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.

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 takes 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

The International Accounting Standards Board (IASB) has issued a new accounting standard on Financial instruments (IFRS 9). Management has made a qualitative and quantitative assessment of the impact of IFRS 9 and found that their stipulations, both individually and in aggregate, will not have a material impact on the future financial statements of the Company. The standard was endorsed by the EU in 2016.

The IASB has issued several other standards and amendments to current international financial reporting standards, including new standards on Revenue from contracts with customers (IFRS 15) which was endorsed by the EU in 2016 and is effective from 2018, Leases (IFRS 16) which was endorsed by the EU in 2017 and is effective from 2019 and Insurance Contracts (IFRS 17) which is yet to be endorsed. The Board of Directors and the Management has assessed that these standards will not have a material impact on the financial statements. Management does not expect to early-adopt any financial reporting standards.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

1 Accounting policies - continued

Income statement and statement of comprehensive income

Staff costs

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

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 change adjustment occurs.

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

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

Financial assets and other investments

The Company classifies its investments in securities 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 designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but their performance is evaluated on a fair value basis and they are managed in accordance with the Company's documented investment strategy.

The Company's policy requires the AIF-Manager and the 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 those are not expected to be realised within 12 months of the balance sheet date.

Regular purchases and sales of securities are recognised on the trade date — the date on 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.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

1 Accounting policies - continued

Financial assets and other investments - continued

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.

Other receivables comprise prepaid investments in Master Fund units and are classified as long-term financial assets to reflect the long-term commitment the Company has towards the Master Fund. Other receivables presented as part of financial assets are measured at amortised cost.

Receivables

Receivables, including receivables classified as financial assets, are measured at amortised cost. Provisions are made for bad debts where there is an objective indication that an individual receivable or a portfolio of receivables has been impaired.

Receivables where there is no objective evidence of individual impairment are assessed for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the Group's credit risk management policy. The objective evidence used for portfolios is determined based on historical loss experience.

If there is objective evidence that a portfolio has been impaired, an impairment test is performed to estimate the expected future cash flows on the basis of historical loss experience, adjusted for current market conditions and individual conditions related to the individual portfolio.

Provisions are made up as the difference between the carrying amount and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate used at the time of initial recognition is used as the discount rate for the individual receivable or portfolio.

Recognition as income of interest on written-down receivables is calculated based on the written-down value using the effective interest rate for the individual receivable or portfolio.

Current assets

Prepayments recognised as assets include costs incurred relating to the subsequent financial year 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 the 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.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

2 Staff cost

USD	2016/17	2015/16
Wages and salaries	32,781	30,774
Other social security costs	2,619	3,510
	<u>35,400</u>	<u>34,284</u>
Board of Directors, ordinary remuneration	32,781	30,774
Average number of employees	0	0

3 Other operating costs

Legal fees	141,980	86,297
Audit fees	12,951	27,262
Professional & Management fees	148,144	192,332
Transaction costs & fees	6,486	9,156
Miscellaneous expenses	22,049	66,316
	<u>331,609</u>	<u>381,363</u>
Remuneration of the Company's statutory auditors comprise:		
Statutory audit	12,951	11,983
Other audit and assurance related services	0	0
Tax and VAT assistance	0	0
Other	0	15,279
	<u>12,951</u>	<u>27,262</u>

4 Financial income

Interest income	1,541	167
Exchange rate adjustments	19,400	43,516
Fair value adjustments	6,412,788	2,103,105
Other interest income	0	0
	<u>6,433,729</u>	<u>2,146,788</u>

5 Financial expenses

Exchange rate adjustments	1,626	20,001
Fair value adjustments	0	0
Other financial expenses	8,138	2,766
	<u>9,764</u>	<u>22,767</u>

Financial statements for the period 1 October – 30 September

Notes to the financial statements

6 Financial assets

USD	Other investments	Other receivables	Total
Cost 1 October 2016	66,900,458	5,000,000	71,900,458
Additions	5,000,000	4,000,000	9,000,000
Disposals	-2,458,223	-5,000,000	-7,458,223
Cost 30 September 2017	69,442,235	4,000,000	73,442,235
Adjustments 1 October 2016	5,795,852	0	5,795,852
Disposals	-541,777	0	-541,777
Fair value adjustments	6,412,788	0	6,412,788
Adjustments 30 September 2017	11,666,864	0	11,666,864
Carrying amount 30 September 2017	81,109,099	4,000,000	85,109,099

7 Contributed capital

The contributed capital comprises:

55.303 shares, equivalent to USD 34,037,689

Contributed capital 1 October 2017 32,320,561

22 December 2016, issue of capital, 647 shares 342,373

30 January 2017, issue of capital, 1,000 shares 524,470

30 June 2017, issue of capital, 1,370 shares 765,110

27 July 2017, issue of capital, 150 shares 85,175

Contributed capital 30 September 2017 34,037,689

The development in contributed capital since inception:

	Number of shares	Share capital, EUR
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
	55,303	27,651,480

Financial statements for the period 1 October – 30 September

Notes to the financial statements

7 Contributed capital - continued

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

	Number of shares	% of total shares
Treasury shares at 1 October 2016	0	0.00
Bought in the financial year	5,614	10,15
Sold in the financial year	-315	-0,57
Treasury shares at 30 September 2017	<u>5,299</u>	<u>9,58</u>

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

8 Contingencies etc.

The Company has no contractual obligations or contingent liabilities. Further, the Company has not issued mortgages or bonds or provided collateral for any assets held by the Company, except that the Company has placed its fund units in the Master Fund as security for its credit facility with Carnegie.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

9 Related parties

Ress Life Investments A/S' related parties include:

Name of related party	Nature of transactions
Banque Carnegie Luxembourg SA	Loans
Board of Directors	Board remuneration (Refer to note 2)
Citco Denmark ApS	Domiciliary and administrative management fee
Kromann Reumert*	Legal advisory services
Resscapital AB	AIF management fee
Ress Uncorrelated Assets Fund	Investments and loans

**Board member Jeppe Buskov is a partner hereof*

Transactions with related parties comprise:

	2016/17	2015/16
Banque Carnegie Luxembourg SA	4,003,241	0
Citco Denmark ApS	90,620	89,790
Kromann Reumert	31,862	32,613
Resscapital AB	51,843	50,350
Ress Uncorrelated Assets Fund	1,541,777	18,614,748

Shareholders holding of more than 5% of the share capital on the balance sheet date:

	Share capital, % of total
Apoteket AB:S Pensionsstiftelse, Stockholm, Sweden	7.25%
Banque Carnegie Luxembourg SA, Luxembourg, Luxembourg	9.39%
Helga Liselott Tham, Stockholm, Sweden	13.37%
Volvo Pensionsstiftelse, Gothenburg, Sweden	10.37%

Financial statements for the period 1 October – 30 September

Notes to the financial statements

10 Financial risks and financial instruments

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, Ress Life Investments A/S is to a limited extent exposed to interest rate risks related to fluctuations in interest levels in USA, Euroland and Denmark.

The interest rate exposure relating to interest rate changes comprises changes in interest yields on balances with banks.

Early termination

The Company is exposed to the potential risk related to an early termination of the Master Fund. The Fund Manager would, in such situation, have to distribute to the Unitholders of the Master Fund their pro-rata interest in the assets. The Master Fund's investments would have to be sold by the Fund Manager or distributed to the Company. It is possible that at the time of such sale or redemption certain investments held by the Master Fund may be worth less than the initial cost of the investment, resulting in a loss to the Master Fund and to the Company. Moreover, in the event the Master Fund terminates prior to the complete amortization of organizational expenses, any unamortized portion of such expenses will be accelerated and will be debited from (and thereby reduce) amounts otherwise available for distribution to the Company.

Tax risks

For the Company an investment in the Master Fund involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Master Fund will have investments (or of Luxembourg), or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Master Fund to its Unitholders. No assurance can be given regarding the actual level of taxation imposed upon the Master Fund. Each Unitholder is strongly urged to consult its own tax advisers regarding their tax implications of investing, holding and disposing of Units in the Master Fund and, if relevant, receiving distributions in respect of Units in the Master Fund.

Credit risks

There is a credit risk in respect of the underlying assets in the Master Fund. 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 in the Master Fund.

Substantially all of the assets of the Sub-Fund are held with CACEIS Bank, Luxembourg Branch and Wells Fargo Bank, N.A. Bankruptcy or insolvency of the financial institutions may cause the Sub-Fund's right with respect to cash and securities held by them to be delayed or limited. These institutions have an investment grade rated A or AA- by Standard & Poor's.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

10 Financial risks and financial instruments – continued

Fair value measurement

The underlying assets in the Master Fund are valued using the 'Fair value' concept in connection with certain disclosure requirements and for recognition of financial instruments.

'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 Master Fund has access at that date. The fair value of a liability reflects its non-performance risk. The valuation approach used in the Master Fund 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).

The probabilities are based on applying the Life Expectancy 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 Fund's approach to the mortality distribution is based on the use of the VBT 2008 tables (2008 Valuation Basic Table created by the Society of Actuaries from North America).

The Life Expectancy estimate ("LE") is one of the most important variables in pricing policies in the life settlement market and the valuation of life settlement funds is heavily dependent on (LE) information. Upon purchase of the assets, LE reports are obtained from at least two underwriters. LE reports are medical opinion from specialised medical underwriters, based on the latest medical records or other relevant information. The Master Fund is using a conservative approach, selecting the most conservative LE report on most occasions.

The fair value of the Life Settlements is sensitive to the choice of discount rates. Discount rates are determined at the level of sub-groups of the Life Settlements 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.

Financial statements for the period 1 October – 30 September

Notes to the financial statements

10 Financial risks and financial instruments – continued

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 the Company. The Management 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 invests primarily in the Master Fund whose net asset value (NAV) is used as fair value of Other Investments. The Fund Manager calculates the NAV in the Master Fund once every month per the end of each month. The Master Fund invests in life insurance policies whose valuation is carried out 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. Twice a year the calculations are verified by an external auditor or actuary.

The following table analyses within the fair value hierarchy the Company's financial assets measured at fair value at 30 September 2017. All fair value measurements disclosed are recurring fair value measurements.

USD	2016/17	2015/16
Level 1	0	0
Level 2	81,109,099	72,696,310
Level 3	0	0
	<u>81,109,099</u>	<u>72,696,310</u>

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.

11 Events after the balance sheet date

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