CUSTODIAN LIFE LIMITED

Financial Statements
(With Independent Auditor's Report Thereon)

Year ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of Custodian Life Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Custodian Life Limited (the "Company"), which comprise the statement of financial position as at December 31, 2020, the statements of net income, changes in shareholder's equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 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 in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 Company'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
July 27, 2021

CUSTODIAN LIFE LIMITED

Statements of Financial Position

As at December 31, 2020
(Expressed in US Dollars)

	Note	2020	2019
Assets			
Cash and cash equivalents		$ 344,989	$ 476,193
Investments	5,6,7	724,477	1,400,062
Receivable from Parent	15	756,010	696,010
Other assets		230,315	19,617
Deferred acquisition costs	8	11,574,974	9,470,963
Segregated accounts assets	4,7	224,291,216	182,169,629
Total assets		$ 237,921,981	$ 194,232,474
Liabilities			
Accounts payable		$ 513,232	$ 527,025
Liability owed to the policyholder	11	10,514,668	9,182,044
Provision for future policy benefits	9	342,986	289,749
Deferred profit liabilities		2,883	6,203
Segregated accounts liabilities	4	224,291,216	182,169,629
Total liabilities		$ 235,664,985	$ 192,174,650
Shareholder's equity			
Share capital			
(Authorized, issued and fully paid share capital of par value of $1 each)		$ 250,000	$ 250,000
Additional paid-in capital		650,000	650,000
Retained earnings		1,356,996	1,157,824
Total shareholder's equity		$ 2,256,996	$ 2,057,824
Total liabilities and shareholder's equity		$ 237,921,981	$ 194,232,474

The accompanying notes are an integral part of the financial statements.

Signed on behalf of the Board

Joali Samuel Director

Director

CUSTODIAN LIFE LIMITED

Statements of Net Income

For the year ended December 31, 2020
(Expressed in US Dollars)

	Note		2020		2019
Revenue:					
Fee income	12	$	4,545,679	$	3,847,321
Investment income (loss)	5		(633,381)		(70,641)
Other income	13		594,699		383,780
Total revenue		$	4,506,997	$	4,160,460
Expenses:					
Acquisition cost			2,420,729		2,070,236
Change in provisions for future policy benefits			43,749		66,943
General and administrative expenses			1,270,867		1,157,540
Other operating expenses			572,480		428,568
Total expenses		$	4,307,825	$	3,723,287
Net income		$	199,172	$	437,173

The accompanying notes are an integral part of the financial statements.

CUSTODIAN LIFE LIMITED

Statements of Changes in Shareholder's Equity

For the years ended December 31, 2020
(Expressed in of US Dollars)

	Share capital	**Additional paid-in capital**	**Retained earnings**	**Total shareholder's equity**
Balance at January 1, 2019	250,000	650,000	720,651	1,620,651
Net income for the year	–	–	437,173	437,173
Balance at December 31, 2019	250,000	650,000	1,157,824	2,057,824
Net income for the year	–	–	199,172	199,172
Balance at December 31, 2020	250,000	650,000	1,356,996	2,256,996

The accompanying notes are an integral part of the financial statements.

CUSTODIAN LIFE LIMITED

Statements of Cash Flows

For the year ended December 31, 2020
(Expressed in of US Dollars)

	Note	2020	2019
Operating activities			
Net income		$ 199,172	$ 437,173
Adjustments for:			
Unrealized loss (gains) on investments		754,660	(955,568)
Changes in:			
Accounts payable		(13,793)	(233,757)
Liability owed to policyholder		1,332,624	2,882,668
Deferred profit liability		(3,320)	(4,499)
Deferred acquisition costs		(2,104,011)	(1,650,207)
Provisions for future policy benefits		53,237	68,237
Other assets		(210,698)	(14,748)
Cash generated from operating activities		7,871	529,299
Investing activities			
Purchases of investments		(154,111)	(133,997)
Sales of investments		75,036	4,277
Cash used in investing activities		$ (79,075)	$ (129,720)
Financing activities			
Payments on behalf for the Parent		(60,000)	(478,795)
Change in cash and cash equivalents		(131,204)	(79,216)
Cash and cash equivalents at the beginning of the year		476,193	555,409
Cash and cash equivalents at the end of the year		$ 344,989	$ 476,193

The accompanying notes are an integral part of the financial statements.

1. General

Custodian Life Limited (the "Company") is a private insurance company incorporated on June 13, 2011 under the laws of Bermuda. The Company is licensed as a Class C long term insurer under the Insurance Act 1978 of Bermuda and related regulations (the "Insurance Act"). The Company writes life insurance policies with unit-linked characteristics that provide for a death benefit consisting of a percentage of the policy encashment value.

The Company is also registered as a segregated accounts company under the Segregated Accounts Companies Act 2000 (the "SAC Act") effective October 17, 2013. A segregated account is an account containing assets and liabilities that are legally segregated from the assets and liabilities of the company's general account.

The sole shareholder of the Company is Pinnacle Holding Limited, an investment holding company domiciled in Bermuda.

As of the year ended December 31, 2020, the Company had 1,694 (2019: 1,415) active segregated accounts.

The registered office of the Company is located at Victoria Place, 31 Victoria Street, Hamilton, Bermuda.

2. Basis of preparation

2.1 Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements were authorized for issue by the Company's Board of Directors on July 27, 2021.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items in the statements of financial position; investments and the segregated accounts assets and liabilities. The statement of financial position has been presented in order of decreasing liquidity.

2.3 Functional and presentation currency

The financial statements are presented in United States Dollars, which is also the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgment and where estimates are significant to the financial statements include the segregated account assets and liabilities, deferred acquisition costs and future policy benefits.

3. Summary of significant accounting policies (continued)

The financial statements reflect all IFRSs in force as at December 31, 2020, as well as all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), application of which was mandatory for the 2020 financial year.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

New standards, interpretations and amendments to published standards that have been adopted by the Company

The Company has applied the following standards and amendments for the first time in its annual reporting period commencing 1 January 2020.

Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: 'Definition of Material'

These amendments, issued in October 2018, clarify the definition of 'material', and align the definition used in the Conceptual Framework and the standards themselves. These amendments did not have any material impact on the Company's financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards

These amendments, issued in March 2018, update the current conceptual framework with the aim to assist preparers of financial reports to develop consistent accounting policies for transactions. These amendments did not have any material impact on the Company's financial statements.

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 7 Financial Instruments: Disclosures: Interest Rate Benchmark Reform

These amendments were issued in September 2019. They modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the Inter-bank Offered Rate ('IBOR') reform. These amendments did not have any material impact on the Company's financial statements.

Amendment to IFRS 16 Leases: 'COVID-19-Related Rent Concessions'

The amendment, issued in May 2020, provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. This amendment did not have any material impact on the Company's financial statements.

Standards, amendments and interpretations to published standards which are not yet effective

Certain standards, amendments and interpretations to existing standards have been published which are mandatory for the Company's accounting periods beginning on or after 1 January 2021 or later periods but which the Company has not adopted early, as disclosed below.

IFRS 17 – Insurance Contracts

IFRS 17, 'Insurance Contracts' was originally issued in May 2017 and subsequent amendments were issued in June 2020. The standard is expected to be effective for annual periods beginning on or after 1 January 2023. This reflects a two year delay to the original 2017 timetable confirmed by the IASB in their June 2020 amendments. The standard will be applied retrospectively, subject to the transitional options provided for in the standard and provides a comprehensive approach for accounting for insurance contracts including their measurement, income statement presentation and disclosure. The Company will continue to assess the impact of the new standard will have on its results and the presentation and disclosure thereof.

3. Summary of significant accounting policies (continued)

IFRS 9 – Financial Instruments

In July 2014, the IASB issued IFRS 9, 'Financial Instruments' which is effective for annual periods beginning on or after 1 January 2018. The standard replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It includes new principles around classification and measurement of financial instruments, introduces an impairment model based on expected credit losses (replacing the current model based on incurred losses) and new requirements on hedge accounting. The IASB subsequently issued 'Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts' which allows entities which meet certain requirements to defer their implementation of IFRS 9 until adoption of IFRS 17 or 1 January 2021, whichever is the earlier. In June 2020, the IASB agreed to extend the temporary exemption in IFRS 4 from applying IFRS 9 to annual reporting periods beginning on or after 1 January 2023. The Company qualifies for, and is making use of, this deferral option. The Company will continue to assess the impact of the new standard will have on its results and the presentation and disclosure thereof.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform Phase 2

These amendments, issued in August 2020, address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual reporting periods beginning on or after 1 January 2021. The Company does not expect the impact to be significant.

Annual Improvements to IFRS Standards 2018-2020

These amendments, issued in May 2020, make minor amendments to IFRS 1 'First-time Adoption of IFRS', IFRS 9 'Financial instruments', IAS 41 'Agriculture' and the Illustrative Examples accompanying IFRS 16 'Leases'. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company does not expect the impact to be significant.

Amendments to IAS 37 - Provisions, contingent liabilities and contingent assets

These amendments, issued in May 2020, specify which costs a company includes when assessing whether a contract will be loss-making. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company does not expect the impact to be significant.

Amendments to IAS 1 – Presentation of Financial Statements

These amendments, issued in January 2020, clarify the existing requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The Company does not expect the impact to be significant.

3. Summary of significant accounting policies (continued)

Non-participating investment contract liabilities

Contracts issued by the Company to its policyholders do not contain significant insurance risk as defined by IFRS 4 Insurance Contracts. Insurance contracts are defined as those containing significant insurance risk, if and only if, an insured event could cause an insurer to make significant additional payments in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Contracts that do not contain significant insurance risk are classified as investment contracts by the Company. Contracts issued by the Company do not contain any discretionary participation features.

For non-participating investment contracts with an account balance, claims reflect the excess of amounts paid over the account balance released.

Account balances associated with non-participating investment contracts further comprise segregated account liabilities which mirror related underlying segregated account assets. See “Segregated account assets and liabilities” under this note for details.

Also see “Fee income” below for details as to revenue recognition associated with non-participating investment contracts.

Foreign exchange

Transactions in foreign currencies are translated to the functional currency, US dollars, at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in statement of profit or loss and other comprehensive income.

Segregated accounts assets and liabilities

The Company manages a number of segregated accounts on behalf of policyholders. The investment returns on these segregated accounts are passed directly to policyholders.

Segregated account assets are measured at fair value and primarily include investments in fixed income securities, equities, cash and cash equivalents and other investment funds. Fair values are established using information provided by the Custodians utilized by the Company for its Segregated Accounts portfolio. These Custodians utilize reputable independent pricing services and valuations provided by investment fund managers for this purpose.

Deposits collected under investment contracts are not accounted for through the statement of net income (loss), but are accounted for directly through the statement of financial position as an adjustment to the segregated accounts assets and liabilities. Changes in the fair value of segregated accounts assets and liabilities are both based on the same underlying fair value changes and are not recognized as separate items in the statement of net income.

Segregated accounts liabilities are measured based on the value of the segregated accounts assets. Investment returns on segregated fund assets belong to policyholders and the Company does not bear the risk associated with these assets. Accordingly, investment income earned by segregated accounts and expenses incurred by segregated accounts are offset and are not separately presented in the statements of net income (loss). Fee income earned by the Company for managing the segregated accounts is included in fee income.

3. Summary of significant accounting policies (continued)

Segregated accounts assets and liabilities (continued)

Investment performance (including investment income, net investment gains (losses) and changes in unrealized gains (losses)) and the corresponding amounts credited to policyholders of such segregated accounts are offset within the same line on the statement of net income.

The Company manages the segregated accounts in accordance with the SAC Act. The SAC Act establishes a registration regime whereby a Bermudian company may register as a segregated accounts company, thereby establishing, operating and maintaining a company with segregated accounts.

The segregated account is an account containing assets and liabilities that are legally separated from the assets and liabilities of the Company's general account and other segregated accounts. Each segregated account are independent of each other, such that only the assets of a particular account may be applied to the liabilities of that account.

Deferred acquisition costs

Costs relating to the acquisition of new policies are deferred to the extent that they are expected to be recovered out of future margins in revenues on these contracts. Deferrable acquisition costs for policies are amortized in relation to realization of margins on the underlying policies. Deferred acquisition costs are tested for recoverability at the end of each reporting period and are written-off when they are no longer considered to be recoverable.

Investments

Investments are considered financial instruments and are classified as fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets at initial recognition. These are investments held by the general account of the Company and primarily consist of equity instruments, fixed income securities and investments in funds. These are valued using fair value information provided by the Company's custodians.

Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash equivalents are investments with original maturity of three months or less from the date of acquisition.

Provision for future policy death benefits

The provision for future policy death benefits represents management's best estimate of the Company's liability for death claims on underlying policies in force at the report date. These estimates are continually reviewed and are necessarily subject to the impact of future changes in such factors as claims severity and frequency. While management believes that the amount is adequate, the ultimate liability may be in excess of, or less than, the amounts provided and any adjustments will be reflected in the periods in which they become known.

Fee income

Segregated accounts policyholders' are charged fees for policy administration, investment management, surrenders or other contract services. The fees may be for fixed amounts or vary with the amounts being managed, and are generally charged as an adjustment to the policyholders' balance. The fees are recognized as revenue in the period in which they are due unless they relate to services to be provided in future periods, in which case they are deferred and recognized as the service is provided.

Origination or establishment fees are charged on policies. These fees are deferred and recognized as the related services are provided.

4. Segregated accounts

The Company manages a number of segregated accounts on behalf of policyholders. Policyholders are provided the opportunity to invest in segregated accounts that respectively hold a range of underlying investments. The Company retains legal title to the underlying investments; however, returns from these investments belong to the policyholders. Accordingly, the Company does not bear the risk associated with these assets.

In 2019, one of the Company's custodians for the segregated account assets was placed into special administration. A joint special administrator was appointed. Administration proceedings are ongoing at this time and there is uncertainty as to when this will be resolved. The Company, at this point, cannot estimate any potential charges levied by the administrator against the assets held.

The carrying value of the segregated accounts by class of underlying investment is as follows for the years ended December 31, 2020 and 2019:

Segregated accounts assets at fair value	**2020**	**2019**
Cash and short term investments	10,457,567	1,689,762
Equities and common stock	46,585,635	21,242,892
Investments in funds	66,833,503	47,454,053
Bonds, loans and other fixed income instruments	100,555,414	112,497,552
Traded options	(140,903)	(714,630)
	224,291,216	182,169,629

Cash and short-term investments comprise cash, currency accounts, overnight bank and term deposits, accrued interest and cash balances held within trading accounts which are managed by policyholders.

Equities and common stocks primarily consist of investments in listed companies on regulated stock exchanges and unquoted equities.

Investments in funds comprises of investments in hedge funds, mutual funds, private equity funds, unit trusts, exchanged traded funds, and internal funds managed by professional portfolio advisers.

Bonds, loans and other fixed income instruments comprises a variety of debts instruments, including private placement bonds and loan notes and investments in structured products which are market linked investments based on the performance of an index or a basket of securities. Included within the loan notes is a balance of $2,017,825 where the Company has devalued its position to an amount deemed recoverable from the borrower. There is uncertainty as to the recoverability of the said balance. Any change in the recoverable values of these items will principally impact the segregated account assets and segregated account liabilities.

Segregated accounts assets may be exposed to a variety of financial and other risks. These risks are primarily mitigated by investment guidelines that are actively monitored by the policyholder appointed professional portfolio advisers. The Company is not exposed to these risks.

5. Investments

Investments consist of investments in equity and common stocks, bonds, loans and other fixed income securities and funds.

6. Financial risk management

The Company has exposure to the following financial risks from the financial instruments held in the general accounts:

- Credit risk
- Liquidity risk
- Regulatory risk
- Market risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from the accounts receivables, investments, and cash and cash equivalents. The Company has experienced no past credit losses and has no impaired receivables.

Investments and cash and cash equivalents are mainly placed with approved financial institutions such as Bank Julius Baer, Bank of Butterfield, Reyker Securities, Coinbase, Exante and Monex. The international rating agency Moody's assigned a Aa2 long-term deposit rating and the highest possible short-term debt rating of Prime-1 to Bank Julius Baer & Co. Ltd. Moody's assigned A3 long-term deposit rating and a P2 short-term debt rating to Bank of Butterfield.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various account payables.

The Company maintains a level of cash and cash equivalents at bank facilities deemed adequate by the management to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The Company's maturity profile of the Company's financial liabilities as at the end of the reporting period are short term in nature and spans between one week and a month. There is no contractual interest rate on these financial liabilities.

Regulatory risk

Regulatory risk is the risk that the legal or regulatory environment in which an insurer operates will change or that the tax rulings relevant to the Company's business model may change and create additional loss costs or expenses not anticipated by the insurer in pricing its products. That is, regulatory initiatives designed to reduce insurer profits or new legal theories may create costs for the insurer beyond those recorded in the financial statements or the Company may not continue in its current form due to amended tax legislation. The Company mitigates this risk through its review of underwriting and loss adjusting practices and regulatory reviews tax legislation, which identifies and minimizes the adverse impact of these risks.

6. Financial risk management (continued)

Currency risk

The Company has receivables, liabilities, cash holdings and investments in securities which are denominated in a foreign currency. The Company evaluates the foreign currency exposure as follows:

Assets exposure to currency risk (expressed in USD)

	Australian Dollar	Euro	British Pound	Norwegian Krona	Swedish Krona	Other currencies
December 31, 2020						
Deferred acquisition costs	49,936	947,125	2,561,636	50,705	727,632	1,695
Other assets	–	28	54,558	–	150,619	–
Investments	–	37,634	–	–	567,860	–
Cash and cash equivalent	36,341	3,231,456	(2,463,170)	(5,892)	302,357	69,718
	86,277	4,216,243	153,024	44,813	1,748,468	71,413

	Australian Dollar	Euro	British Pound	Norwegian Krona	Swedish Krona	Other currencies
December 31, 2019						
Deferred acquisition costs	19,137	813,545	2,525,077	34,664	453,480	–
Other assets	–	834	(46,629)	67	69,747	–
Investments	–	128,475	417,739	–	631,139	175
Cash and cash equivalent	15,655	1,061,011	(2,672,155)	(23,198)	(93,211)	(19,918)
	34,792	2,003,865	224,032	11,533	1,061,155	(19,743)

Liabilities exposure to currency risk (expressed in USD)

	Euro	British Pound	Swedish Krona	Other currencies
December 31, 2020				
Provision for future benefits	37,070	69,090	33,343	5,901
Deferred profit liabilities	–	1,095	1,002	–
Accounts payable	50,000	91,402	32,923	5,855
Liability owed to policyholder	2,248,107	1,505,146	1,528,818	40,090
	2,335,177	1,666,733	1,596,086	51,846

	Euro	British Pound	Swedish Krona	Other currencies
December 31, 2019				
Provision for future benefits	35,153	74,252	21,834	5,654
Deferred profit liabilities	300	–	5,904	–
Accounts payable	39,073	83,190	6,917	5,252
Liability owed to policyholder	2,342,290	1,491,666	523,602	1,381
	2,416,816	1,649,108	558,247	12,287

An increase in the foreign currency exchange rates by 1% would increase the net income and equity for the year by $6,704 (2019: $13,208). A decrease in the foreign currency exchange rates by the same percentage would have the opposite effect.

6. Financial risk management (continued)

Equity price risk

Investments are held for trading and have a fair value of $724,477 (2019: $1,400,062). These consist of listed shares, funds, loans and other fixed income instruments, and other assets which exposes the Company to direct equity price risk. An increase in the fair value by 1% would increase the net income and equity for the year by $7,245 (2019: $14,000). A decrease in fair values by the same percentage would have the opposite effect.

Interest rate risk

Cash and cash equivalents consist of bank balances at an amount of $344,989 (2019: $476,193), which are interest bearing. An increase in market interest rates by 1% would increase the bank balance, net income and the equity for the year by $3,450 (2019: $4,762). A decrease in market interest rates by the same percentage would have the opposite effect.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain policyholder, creditors and market confidence and to sustain future development of the business. The Company's capital base is structured to exceed regulatory and internal capital targets while maintaining an effective capital structure. The Board of Directors is responsible for devising and implementing the Company's capital plan.

7. Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (not a forced liquidation or distress sale) between market participants at the measurement date, that is, an exit value.

When available, quoted market prices are used to determine fair value. If quoted market prices are not available, fair value is typically based upon alternative valuation techniques such as discounted cash flows, matrix pricing, consensus pricing services and other techniques. Broker quotes are generally used when external public vendor prices are not available.

The Company has a process in place that includes a review of price movements relative to the market, a comparison of prices between vendors, and a comparison to internal matrix pricing which uses predominately external observable data. Judgment is applied in adjusting external observable data for items including liquidity and credit factors.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the 'fair value hierarchy' described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 – Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date reflecting market transactions.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data.

7. Fair value measurement (continued)

Level 3 – Fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk.

There were no changes in the valuation techniques during the year.

The following table presents fair value of the Company's investment and segregated accounts assets, measured at fair value in the statement of financial position and categorized by hierarchy.

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Equities and common stock	541,412	–	–	541,412
Investments in funds	3,018	53,610	–	56,628
Bonds, loans and other fixed income instruments	–	4,028	130,210	134,238
Traded options	(7,801)	–	–	(7,801)
Segregated accounts assets	79,253,880	47,555,181	97,482,155	224,291,216
	79,790,509	47,612,819	97,612,365	225,016,693

	Level 1	Level 2	Level 3	Total
December 31, 2019				
Equities and common stock	629,885	–	–	629,885
Investments in funds	3,832	–	–	3,832
Bonds, loans and other fixed income instruments	–	–	97,213	97,213
Traded options	669,132	–	–	669,132
Segregated accounts assets	40,639,314	39,490,491	102,039,824	182,169,629
	41,942,163	39,490,491	102,137,037	183,569,691

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels of the fair value hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

There were no transfers between the levels during the financial year.

The valuation approach for fair value assets categorized as Level 2 and Level 3 are generally by using fair values provided by Custodians utilized by the Company for its Segregated Accounts portfolio. These Custodians utilize reputable independent pricing services and valuations provided by investment fund managers. The independent pricing services used by the Company's Custodians obtain actual transaction prices for securities that have quoted prices in active markets. The independent pricing services used by the Company's custodian have their own proprietary method for determining the fair value of securities that are not actively traded. In general, these methods involve the use of "matrix pricing" in which the independent pricing service uses observable market inputs including, but not limited to, reported trades, benchmark yields, broker/dealer quotes, interest rates, prepayment speeds, default rates and such other inputs as are available from market sources to determine a reasonable fair value.

7. Fair value measurement (continued)

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Level 3 assets
	$
Balance at January 1, 2019	67,139,487
Purchases during the year	45,472,345
Sales during the year	(18,330,531)
Net change in fair values (unrealized)	7,855,736
Balance at December 31,2019	102,137,037
Purchases during the year	42,678,239
Sales during the year	(29,080,214)
Net change in fair values (unrealized)	(18,122,697)
Balance at December 31, 2020	97,612,365

Fair value changes reflected in the table above do not impact the income statement as they result from changes to segregated account assets and liabilities. These are netted off for the purposes of the income statement.

8. Deferred acquisition costs

The following table reflect the amounts of acquisition costs capitalized and amortized as of and for the year ended December 31:

	2020	**2019**
Balance on January 1	9,470,963	7,820,756
Acquisition costs capitalized during the year	3,535,276	3,027,543
Amortization	(2,235,143)	(1,896,353)
Other adjustments	803,878	519,017
Balance on December 31	11,574,974	9,470,963

9. Provision for future death policy benefits

Provision for future policy death benefits represent the amount which, together with the policy account value, is estimated to be sufficient to pay future benefits on the policies that are in-force.

The determination of the provision for future policy death benefits involves the use of estimates and assumptions. Best estimate assumptions are made with respect to mortality, investment returns, rates of policy termination ("lapse"), and operating expenses. Actual experience is monitored to ensure that assumptions remain appropriate and assumptions are changed as warranted. The key assumptions are discussed further as follows:

Mortality
Mortality relates to the occurrence of death. The mortality assumption is based on the Company's internal experience as well as past and emerging industry experience. As of December 31, 2020, the Company has issued policies in over 97 global jurisdictions. As mortality experience can vary significantly between countries and regions around the world, the Company has varied the mortality assumption by region by grouping policies and assigning publicly available mortality tables. Due to the small mortality risk associated with the policies issued by the Company, the provision for future policy death benefits is not very sensitive to the mortality assumption.

Lapse
Policies are terminated through lapses and surrenders, where lapses represent the termination of policies due to surrenders. The Company currently does not have enough credible experience to establish a lapse rate assumption. The lapse rate selected is based on anticipated experience and within the range of assumptions used by similar businesses.

10. Statutory requirements

The Company is required by its' insurance license to maintain capital and surplus greater than $500,000. At 31 December, 2020, the actual statutory capital and surplus is $2,026,681 (2019: $2,038,207).

11. Liability to policyholder

Of this amount, $7,073,907 (2019: $6,456,461) relates to a portion of policyholder segregated accounts assets that are held back to guard against policyholder early termination. The amounts held back are calculated as a percentage of policyholder segregated account assets, ranging between 0-5%.

At the year-end, an amount of $3,440,761 (2019: of $2,725,583) was payable to segregated account policyholders.

12. Fee income

Fee income consists of policy fees and net investment adviser fee. Internal portfolio fees are moved to other income.

13. Other income

Other income includes fees charged to policyholder for non-core underwriting activities.

14. Taxation

Under current Bermuda laws, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Bermuda government exempting it from all local income, withholding and capital gains taxes until 28 March 2035. At the present time, no such taxes are levied in Bermuda.

15. Related party transactions

Included within administrative expenses are Director fees with a total amount of $50,000 (2019: $41,194), paid to the Company's Directors of the board.

Included within general and administrative expenses are fees charged by J.P. Consulting Finance & Management AB ("J.P. Consulting") for management and administrative services amounting to $699,316 (2019: $639,065). Both J.P. Consulting and the Company has the same ultimate beneficial shareholder.

At December 31, 2020, an amount of $756,010 (2019: $696,010) is receivable from the parent company, bearing no interest and is repayable on demand.

16. Commitments and contingencies

As of the year end December 31, 2020 and 2019 the company is not exposed to any commitments and contingencies.

The Company continues to monitor the impact of COVID-19 on its financial statements. There was no significant impact to the 2020 financial statements results and there were no death claims related to COVID-19. In general, a movement within segregated account asset values results in an equal and offsetting movement within the segregated account liabilities. Any future impacts cannot be reliably estimated at this point in time.

17. Subsequent event

Subsequent events have been evaluated up to and including July 27, 2021, the date of issuance of these financial statements. There were no other material subsequent events that are required to be disclosed.