

Carlisle Management Company Responsible Investment Policy

December 2020

Signatory of:



PRIVATE & CONFIDENTIAL

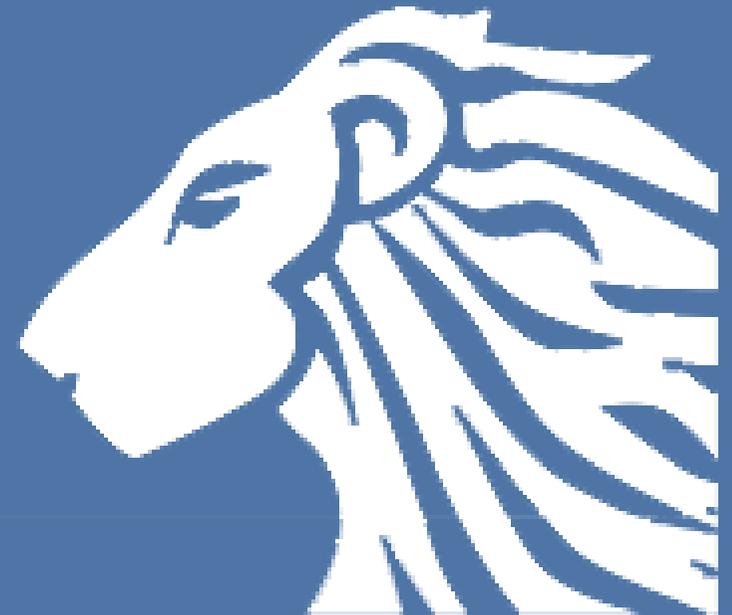




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Our mission is to deliver value, integrity, transparency and responsiveness to our clients, helping them to achieve their financial objectives by integrating sustainability across our offering and investment solutions.

Carlisle Management Company (CMC) is a leading, alternative asset investment manager, providing tailor-made investment structures to institutional investors (including pension funds, family offices, endowments, banks and governmental organizations).

At Carlisle we define sustainability as the ability to efficiently implement the ESG (Environmental, Social and Governance) factors of business practices in our business, seeking to generate opportunities and mitigate risks that contribute to the long-term performance. We regard sustainable investing as a set of investment strategies that incorporate material ESG considerations into investment decisions.

It is our belief that ESG issues and opportunities can affect investment performance, and by considering these factors we can deliver better informed investment decisions. Hence, we regard sustainable investing (SI) as an integral element in fulfilling our fiduciary duties toward our clients.

This document explains Carlisle's approach to sustainable investing, highlighting its implementation across our business, particularly from an alternative and niche asset class perspective. We review this document annually, and may update on an interim basis if required.



Jose Garcia
Chief Executive Officer
Carlisle Management Company

Tim Mol
Chief Operations Officer
Carlisle Management Company





Defining Sustainable Investing

What is ESG investing? What is the definition of ESG?

Environmental, social and governance criteria are a set of non-financial performance indicators that include sustainable, ethical and corporate governance issues.





Main Drivers

In recent year, sustainable investment have become from a “nice to have” to “must have”, with a stable trend looking ahead

Shift in Values

Increased public awareness towards sustainable opportunities and contents

Resilient Performance

MSCI : During first 6 months of high markets volatility on 2020, MSCI ESG indexes outperformed MSCI ACWI³

Increasing Regulation

Increasing regulation and pressure for institutional investors (particularly EU & Switzerland) to incorporate ESG investments in their portfolios

77%
INSTITUTIONAL INVESTORS
PLAN TO STOP INVESTING IN
NON-ESG BY 2022¹

2006
UN PRI REALISED
(**>\$45T** SIGNATORY
ASSETS)

\$ 21 BILLION
INVESTED INTO ESG FUNDS
ONLY IN 2019²



¹www.pwc.lu/en/sustainable-finance/esg-report-the-growth-opportunity-of-the-century.html

²<https://www.cnn.com/2021/02/11/sustainable-investment-funds-more-than-doubled-in-2020-.html>

³www.msci.com/www/blog-posts/is-esg-investing-a-price-bubble/02231869256



Understanding Life Settlements

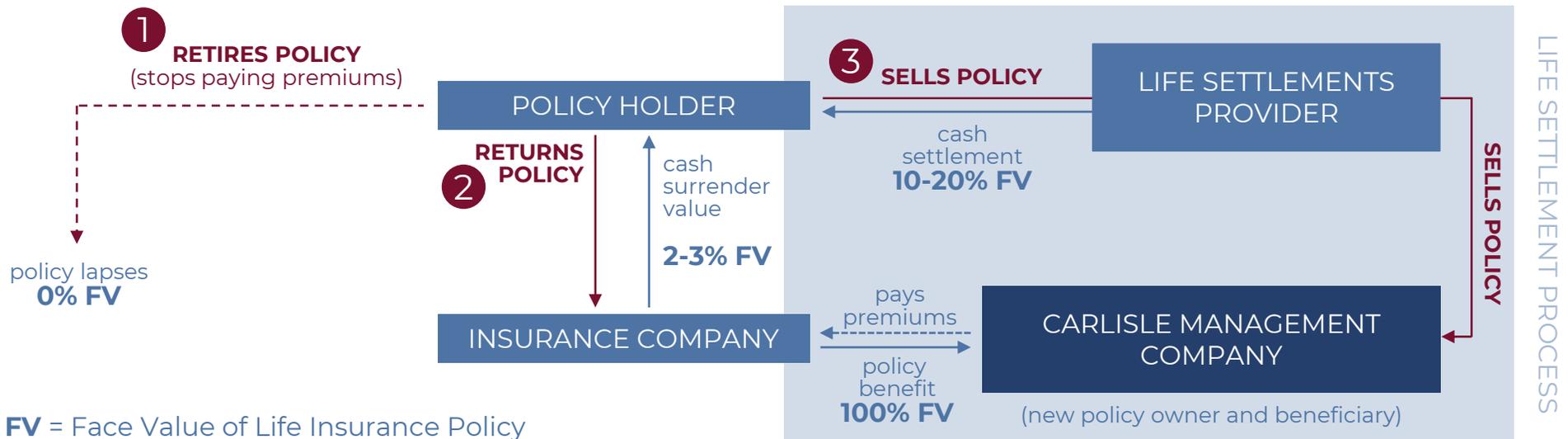
Life settlements can offer a favorable alternative for senior citizens who own unneeded, unwanted, or unaffordable life insurance policies.

A typical policy holder accumulates 2 to 4 life insurance policies during their lifetime. In retirement, the original purpose for which a policy was purchased may no longer exist, and premiums become onerous as funds are required for other purposes such as long-term healthcare, medical bills, family travel, or lifestyle.

TYPICAL POLICY HOLDER PROFILE

AGE (years)	24-45	46-64	64-80
FINANCIAL NEEDS	Family Mortgage College Savings	Family Mortgage College Savings	Family Healthcare Retirement
COST OF PREMIUMS	Low	Increasing	Expensive

OPTIONS FOR POLICY HOLDER SEEKING EXIT





Crises Facing Seniors Today

Senior individuals are facing several challenges nowadays

The Retirement Deficit

- Currently, about 80% of Americans have retirement savings of less than 1x their annual salary, and over 40% of Americans have no retirement savings whatsoever.

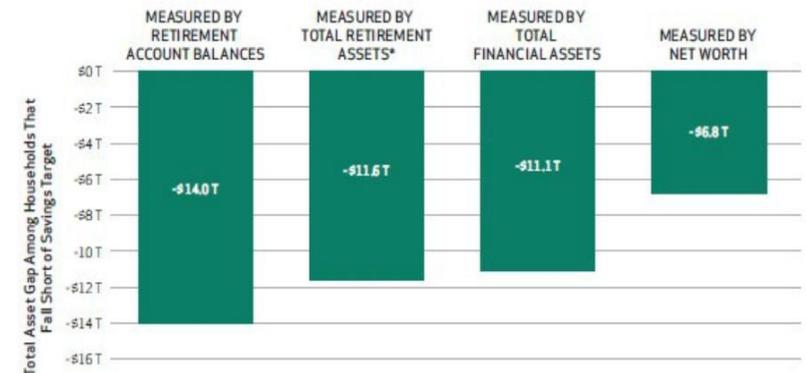
Long-Term Care Costs

- Spending on long-term care is expected to more than double from 1.3% of GDP to 3% by 2050 as demand and costs increase.

Life Insurance Options

- Since 2008, life insurance policies with a combined face value of approximately \$2.5 trillion dollars have been terminated prematurely.

Aggregate savings gap among working households that do not meet retirement savings targets for their age, by (1) type of measure, 2010





Asset Class Benefits

Consumers benefit from a stronger, more efficient life settlements market.

KEY BENEFITS TO POLICYHOLDERS

- Recovers sunk costs (via lump sum cash payment) for senior citizens who no longer need, want, or can afford their policies
- Provides an economically favorable alternative to policy lapses, surrenders, or transfers of policies
- Helps seniors to save money that would otherwise be used towards future monthly or annual life insurance premiums

STRONG CONSUMER PROTECTIONS

- Industry regulation and consumer protections have evolved to safeguard policyholders from potential bad actors.
- Increased education and licensing requirements for financial advisors and brokers has led to heightened standards and greater awareness of the risks and rewards of the asset class.

MITIGATES SOCIETAL SHORTFALLS and Promote Senior Financial Independence

- Life settlements can help fill gaps caused by rising healthcare costs, pension deficits, and dependency ratios.

LIFE SETTLEMENTS
MARKETS RESCUE 31%
OF THE INTRINSIC
ECONOMIC VALUE OF
LIFE INSURANCE FOR
CONSUMERS¹

¹Source: Deloitte

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Our Approach

Carlisle employs a full comprehensive ethical program, in line with the best class approaches of Responsible Investments (RI)



INTEGRATION

Include ESG Factors in investment decision, with an explicit approach to social factors and physical risks, which are portfolio-wide



STEWARDSHIP

Exercise active ownership/stewardship through voting and engagement with underlying companies and by engaging with policymakers



INVESTMENT

Allocate to themes or impact investments for new opportunities – focusing on social factors



SCREENING

Screen Out underlying investments deemed to be irresponsible or not acceptable to profit from





Investment Policy Selected Guidelines

Examples of asset selection criteria, avoidance of investments which are deemed undesirable either by Carlisle or our clients

	DESCRIPTION	CARLISLE
Non-Viatical Investments	Carlisle carefully selects policies from healthy individuals with no terminal illnesses	✓
Only regulated states	Investing only in US regulated states for Life Settlements (41/50)	✓
Only licensed brokers	Policies purchased only from brokers licensed in the state where the policy owner reside	✓
High Regulation	Only policies that are above the contestability period (2 years)	✓
Spouse or children release form	Insureds relatives agree in writing to the transaction, after single individual's approval	✓





Climate and Governance Commitments

We support an approach where sustainability should be an integral part of asset management

Commitments	Description	Our Approach
Climate	Reduce firm impact on environment	<ul style="list-style-type: none"> • Promoting sustainable travels for CO2 footprint reduction, offices are close to bus and railway station which limits the car use necessity • Efficient waste recycling in place in all offices • Minimization of energy and water consumption • Promoting BIO food consumption by employees
Governance	Provide best services to clients and employees	<ul style="list-style-type: none"> • Part of LISA (Life Insurance Settlements Association), promoting best standards in the market • Provide high degree of transparency to clients • Promoting a safe and secure for all employees • Clear and efficient performance communications





Important Disclosures

Carlisle Management Company classifies as an alternative investment fund manager (AIFM) under the AIFM Law. It is supervised by the Luxembourg financial regulator. Pursuant to AIFM Law, Carlisle Management Company is authorised to market Alternative Funds it manages only to professional investors that are domiciled or have a registered office in any territory of the European Economic Area (EEA) other than Luxembourg.

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