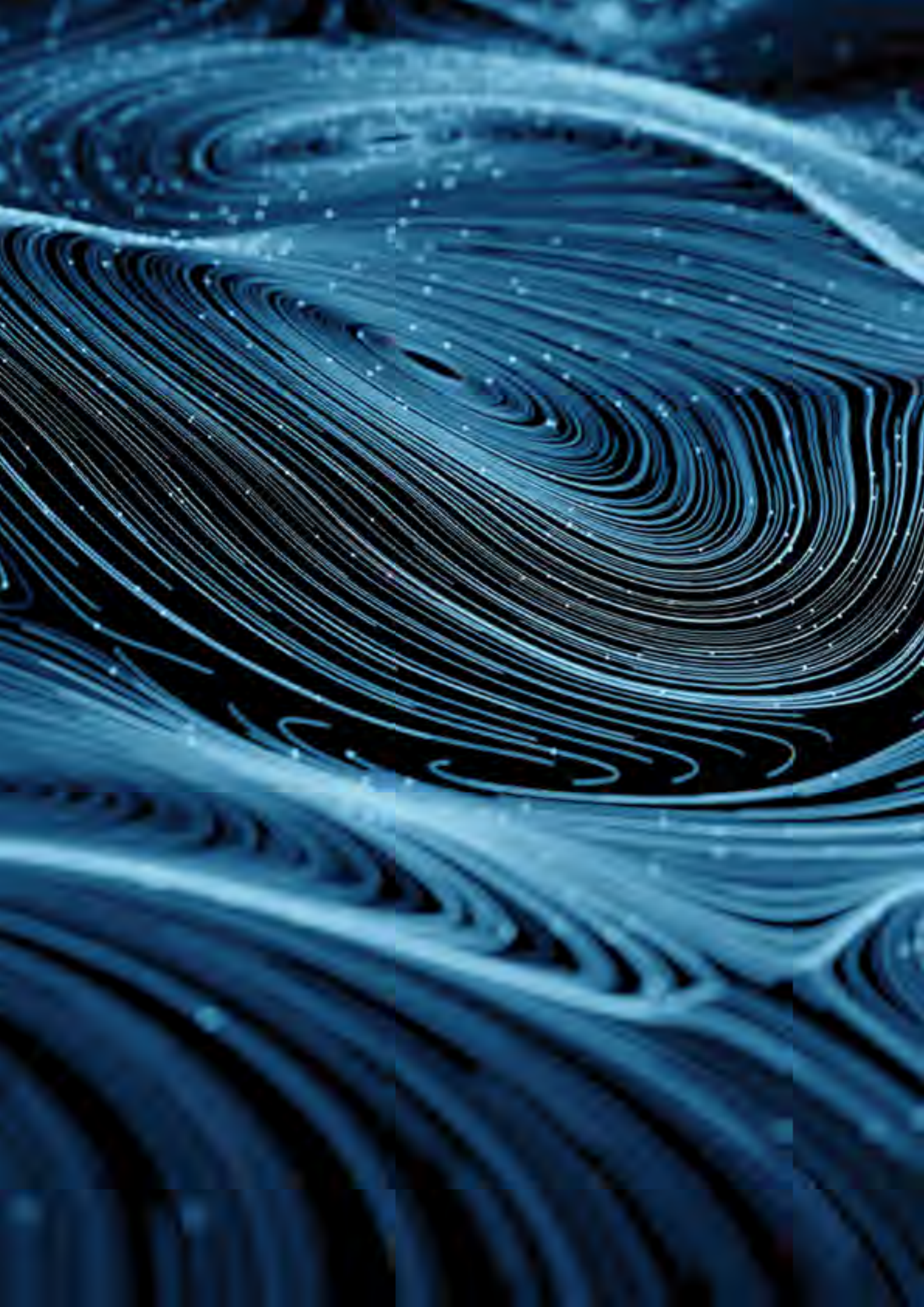


# Life Settlement Assets PLC

## **Annual Report and Financial Statements**

for the year ended  
31 December 2023





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# Strategic Report



## Introduction

Life Settlement Assets PLC ("LSA" or the "Company") is a closed-ended investment trust company which invests in, and manages, portfolios of whole interests in life settlement policies issued by life insurance companies operating predominantly in the United States.

The well-established US life settlement market enables individuals to sell their policies to investors at a higher cash value than they would otherwise receive from insurance companies if they were cancelled or surrendered at the date of sale. Some of the investments by the Company in these life settlement assets have been made at a significantly discounted acquisition cost from distressed situations where the original purchaser of the Policy is in liquidation.

### Corporate Objective

The Company's objective is to generate long-term returns for investors by managing its portfolios of life settlement interests so that the realised value of the Policies at maturity exceeds the aggregate cost of acquiring the Policies, ongoing premiums, management fees and other operational costs.

### Core Competencies

Through the combination of its Board and its strategic partnerships with service providers, LSA has core competencies in the following areas:

- assessment of the underlying value of life settlement policy portfolios;
- access to investment opportunities, especially to portfolios of policies where the Company already has an interest;
- management of strategic partnerships with service providers providing investment management, actuarial, administration, company secretarial and tracking services to enable the efficient operation of its business; and
- cash flow management to balance returns to Shareholders with financing ongoing costs.

Through these competencies the Company has developed a successful track record of creating value for Shareholders.

## History

The life settlement market in the USA has developed since the 1980s and was estimated at USD 3.4 billion in 2017<sup>1</sup>, and estimated to grow to USD 200 billion by 2028.

The underlying rationale for policyholders to transact in the primary market for life settlement policies is generally to release the value inherent in their policies to address short term or alternative financial requirements. This can be especially important for medical costs where there is no state-financed provision of healthcare.

The secondary market for life settlement policies emerged from the consolidation or failure of purchasers in the primary market. One of the first participants in this secondary market was Acheron Portfolio Corporation, the forerunner of the Company.

By supporting a secondary market for life settlement policies the Company provides a source of liquidity for policies traded in the primary market, and protects the value of these existing assets, thereby indirectly underpinning confidence in the life settlement market in the USA, which has become an important source of capital for some policyholders.

Acheron Portfolio Corporation listed its portfolios of assets in Luxembourg until acquisition by the Company in 2018. The Company's shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange on 26 March 2018. The Company was formed for the purposes of continuing the activities of Acheron Portfolio Corporation (Luxembourg) SA (the "Predecessor Company") within the more developed London market. Life Settlement Assets PLC acquired the entire beneficial ownership in each of the four Trusts through which the Predecessor Company's portfolios of life settlement policies were held, following which the Predecessor Company delisted from the Luxembourg Stock Exchange on 6 March 2018. The four Trusts were merged into one Trust on 31 March 2020.

In March 2023, the Company announced that it has acquired the policies from the Mutual Benefits Keep Policy Trust for a gross consideration of USD 24 million.

<sup>1</sup> Source: Conning & Co

# Strategic Report Key Issues

The Strategic Report section of this Annual Report has been prepared to help Shareholders understand the operation of the Company and assess its performance.

## Basis of Preparation

The Strategic Report has been prepared in accordance with the requirements of Section 414A to 414D of the Companies Act 2006 (the "Act"). The Strategic Report also discloses the Company's risks and uncertainties as identified by the Board, the key performance indicators used by the Board to measure the Company's performance, the strategies used to implement the Company's objectives, the Company's environmental, social and ethical policy and the Company's anticipated future developments.

## Section 172(1) Statement

Under Section 172 ("s172") of the Companies Act 2006 the directors of a company are required to act in the way they consider will most likely promote the success of the company for the benefit of its members as a whole. In doing this, s172 requires directors to include these factors:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging the s172 duties the Board has regard to the factors set out above, although it should be noted that the Company does not have any employees. It also has regard to other factors where relevant. It is acknowledged that every decision the Board makes will not necessarily result in a positive outcome for all Stakeholders. By considering the Company's purpose and objectives together with its strategic priorities

and having a process in place for decision-making, the Board does, however, aim to make sure that decisions are fully evaluated before implementation.

It is normal practice for Investment companies to delegate authority for day-to-day administration and management of the assets to third parties. At every Board meeting a review of financial and operational performance, as well as legal and regulatory compliance, is undertaken. The Board also reviews other areas over the course of the financial year including the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusivity; environmental matters; corporate responsibility and governance, compliance and legal matters.

During the year, the Board received information to understand the interests and views of the Company's key stakeholders: Shareholders, the Administrator, and Acheron as Investment Manager to the Trust; the Trust responsible for the portfolio, and the Servicing Agents. The Trustee of the Trust also provides regular updates to the Board. This information was distributed in a range of different formats including reports and presentations on the Company's financial and operational performance, non-financial KPIs, risk and the outcomes of specific engagements with stakeholders. As a result, the Board have received useful feedback which allows them to understand the nature of any stakeholder concerns and to comply with the s172 duty to promote the success of the Company. The Board engages with the key stakeholders in a variety of ways, including the publication of Annual and Half-Yearly Reports and Accounts, monthly fact sheets, announcements of results, information provided on the Company's website and at the Annual General Meeting. Shareholders are invited to contact the Directors at any opportunity either via Acheron or through the Company Secretary. The Company produces a Key Information Document ("KID") and has engaged a third party supplier to monitor and update this document as necessary.

# Strategic Report Key Issues continued

During the year the Board has considered:

## Mutual Benefits Keep Policy Trust ("MBC")

As reported in previous Annual Reports the Board has known for a number of years that MBC, which held fractional policies in the United States, was approaching the end of its life and would be seeking to dispose of the remaining life policies, some in which the Company already held a partial underlying interest. The Company through the Acheron Portfolio Trust engaged lawyers in the US to protect its interests in the US Courts in the fractional policies and if appropriate acquire further interests in any policies held by MBC if made available when MBC ceased. The Board sought to ensure any outcome protected the Company's Stakeholders.

In the second half of 2022, and through the US Courts who were overseeing the winding down of MBC, a sale process of all the MBC policies was instigated. Acheron Portfolio Trust actively participated in this sale process to acquire the policies at a price beneficially appropriate to the Company. An offer was made for the policies in the last quarter of 2022, which was overseen by and subject to the approval of the US Courts. The offer was approved by the Courts in the first Quarter of 2023 and the Company paid the gross proceeds of USD 24 million to acquire the policies held by the MBC Trust. The Company would receive the net proceeds, after costs, for the effective 66% of the MBC policies it already beneficially owned.

At the year-end the full winding down of the MBC Trust including assessment of costs had not been concluded and the return of the net proceeds is still being negotiated. Once all of the policies held by MBC have been transferred across to the Acheron Portfolio Trust the Company will have direct control and a 100% beneficial ownership of those policies. A further benefit of this will be the ability for the Company to have direct engagement of a Servicing Agent to administer those policies on the Company's behalf. Throughout the process the Board considered that the acquisition of these policies, to make them wholly owned rather than fractional policies, was in the interests of all Stakeholders and protected the Company's interests held in MBC.

## Acheron Capital Performance Fee

During the year the Board reviewed the performance fee arrangements for Acheron Capital Limited. The Board, in acknowledgement of the work undertaken to resolve the MBC position, described above, sought to revise the agreement once the MBC situation had been successfully resolved. It negotiated to reduce the performance fee from 20% to 10% over the existing hurdle rate from 31 January 2023. In consideration of this reduction the Board agreed to release accrued performance fees as at 31 January 2023 in excess of USD 1 million as a one-off payment. The Board sought to balance the needs of all Stakeholders in reaching this agreement.

## Cash Retention

The retention of cash as working capital to meet the payment of ongoing premiums required to service the portfolio of life policies.

## Valuation of Portfolio

The assessment of the valuation of the portfolio including selecting an appropriate discount factor based on research available and the mix of policies in the portfolio.

## Employees

The Company has no employees as it engages third parties to provide all necessary services to the Company.

## Community and Environment

As an investment trust, the Company outsources its activities to third parties, has no offices of its own nor any employees. Where possible, meetings are held electronically to reduce the Company's impact on the environment. The Company has minimal greenhouse gas emissions from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy and Carbon Reporting regulations and therefore it is not required to disclose energy and carbon reports.



The Company does not make any political or charitable donations

### Service Providers

The Company engages a number of service providers who it regards as key to its ongoing business. The Board recognise that the continued engagement with these service providers is vital and the success of these service providers is synonymous with the success of the Company. It receives reports from providers and regularly monitors the contribution they make to the Company's operations. The Company Secretary and Investment Manager both attend Board Meetings. The Trustee of the underlying Trust and the Administrator provide regular updates to the Board during the year.

### Investment Strategy

The Company seeks to generate long-term returns for investors by investing in the life settlement market. The Company aims to manage its investment in portfolios of life settlement products so that the realised value of the policy maturities exceeds the aggregate cost of acquiring the policies, ongoing premiums, management fees and other operational costs. The Company's investment Objective and Policy are stated on page 17.

### Investments and Underlying Assets

As at 31 December 2023, the Share Class was invested in underlying assets as follows:

- The Company invests in life insurance policies acquired from special or "distressed" situations, with exposure to both HIV (average age mid 60s) and elderly insureds (average age late 80s). Policies held to the benefit of the former share classes D, E and B have been merged into the class A shares. It is a widely diversified portfolio by gender and the number of lives insured with circa 4,100 underlying policies.

### Comparative Benchmarks and Performance

Due to the lack of directly comparable companies investing in the secondary market in life policies, the Company does not follow a specific sector or geographic benchmark, although indirect comparisons may be made from time to time with other market indices.

The life settlement market has a low correlation with traditional equity and fixed income markets, as returns are dependent on the actuarial and mortality rate assumptions used. This can make this market an attractive alternative asset class.

The performance of the Company against its key performance indicators is described on page 11.

### Ongoing Charges

The Company's total annual costs (investment management fees and other expenses) are 5.6% (2022: 7.1%) of net assets for the year to 31 December 2023. Excluding the servicing and legal costs the ratio would be 3.1% (2022: 3.0%).

### Dividends/Distributions

As shown in note 27 on page 78, the Company paid a special dividend of 6.0209 cents per share, totalling USD 3.0 million, which was paid on 24 February 2023 to Shareholders on the register at 10 February 2023.

No final dividend in respect of the year ended 31 December 2023 will be paid.

On 15 February 2024, the Company announced a special dividend of 6.0209 cents per share, totalling USD 3.0 million, which was paid on 15 March 2024 to Shareholders on the register at 23 February 2024.

# Chairman's Statement

I am pleased to present my fifth Annual Report as Chairman of LSA and your Company's sixth report since its admission to the London Stock Exchange in March 2018. We remain in a period of heightened geopolitical risk, made worse through recent events in the Middle East. Against this background, the nature of your Company's asset class, which is minimally correlated to risk in the global financial markets, continues to offer an attractive investment opportunity. The outlook for continued growth in the life settlement market remains promising, as inflation of insurance premiums, escalation of long-term medical care costs, and the expansion of the US senior population needing funds for retirement, are expected to drive demand for liquidity among policy holders. The combination of these factors is expected to lead to continuing growth in activity in the life settlement market.

## Investment Portfolio

### Overview

As shown in the financial highlights on page 11, income from maturities was encouraging overall across the portfolio, with strong results in the non-HIV segment, supported by a good outturn in the HIV segment, which produced results in line with forecast expectations for the year as a whole. The results of the HIV segment during the year underline the long-term nature of performance trends and give us confidence in the underlying assumptions applied to our valuation model. Our analysis is also now being supported by an increasing number of reference data points, which allows the Board better visibility and increased confidence in the outlook for delivery of value to Shareholders in line with forecast NAV.

Overall, the portfolio structure continues to be simplified as the acquisition of the remaining policy interests previously held by Mutual Benefits Keep Policy Trust ("MBC") are absorbed into the overall structure, which we expect to complete during 2024.

### NAV

The year-end NAV attributable to Shareholders was USD 111.2 million (2022: USD 109.9 million), representing USD 2.23 per share (2022: USD 2.21) (the NAV results are shown in the table on page 11). Further detail of the NAV result for the year is contained in the Investment Manager's Report set out in this Strategic Report on pages 13 to 16.

### Maturities

Maturities totalling USD 34.1 million were declared during the year. Of these, USD 25.6 million were non-HIV policies, and USD 8.5 million were HIV policies. The results for the full year continued first half trends

in the non-HIV policy component of the portfolio, while the HIV policy component produced a better outturn in the second half of the year in line with our expectations for the year overall. The full year actual to expected ("AE") ratio of the non-HIV segment of the portfolio was 110% and of the HIV segment was 100%.

Since the year end, as announced on 1 March 2024, the Company has received notification of a further maturity in February 2024 across two non-HIV policies held by the Company with a face value of USD 9.2 million. These maturities are in the process of being valued and, once verified, will add between USD 8.2 million and USD 8.9 million to the Company's assets. This maturity does not affect the NAV announced at 31 December 2023.

### Costs

The Company continues to manage its cost base carefully. The total ongoing charges ratio decreased from 7.1% to 5.6% of NAV in 2023. The ongoing charges ratio, excluding policy servicing fees and legal costs, increased slightly to 3.1% of NAV. Having successfully completed the downward revision of the Investment Manager's fees in 2023, the Board continues to work towards reducing the Company's future cost base commensurate with the most efficient use of resources and the careful management of risk.

### MBC Action

The Company has recently been made aware that some premiums relating to the fractional policies held by the MBC Trust had been overpaid on the instruction of the MBC Trust. This illustrates the operational difficulties of holding fractional interests through the MBC Trust, now overcome as a result of the successful outcome of the MBC litigation. Since the year end, the Board has been informed that the Company should receive additional proceeds from the MBC Action as a result of these overpayments. Whilst the amount of the proceeds is still in the process of being quantified it may be up to USD 4 million which, once verified, should result in a further increase to NAV during 2024. Due to the lack of certainty surrounding the amount involved, this has not been accounted for in these Financial Statements. In the circumstances, the Directors consider this accounting treatment to be appropriate but it gives rise to a potential understatement of net assets which has caused the Auditors to qualify their audit opinion on this specific issue. A further announcement confirming the final details relating to these additional proceeds will be made when appropriate.

As the final actions arising from the successful conclusion of the MBC litigation are implemented, the Company is already experiencing the benefits of:

- mitigation of a material operational risk with fractional interests in policies now being consolidated into policies 100% owned and controlled by Acheron Portfolio Trust ("APT");
- greater cost effectiveness of operations, with a significant reduction in future legal costs; and
- a reduced need to retain cash, thereby facilitating the resumption of special dividend payments.

These factors allow your Board to focus on delivery of the three core components of the Company's strategy – comprising monitoring and refining the accurate measurement and forecasting of NAV, control of costs, and the delivery of returns to Shareholders.

### Independent Actuarial Valuation

As in previous years the Company has engaged Lewis & Ellis Inc. to provide an independent actuarial valuation of the portfolio of interests in life policies in its asset base. They have confirmed that the approach taken by our Investment Manager, including the principal assumptions used by it, is appropriate and the net asset value of the portfolio represents fair value.

Since their initial engagement in 2006 the Lewis & Ellis valuation methodology has covered the initial portfolio of interests acquired by the Company in 2005, and any additional viatical and life settlement policies purchased since then. The factors taken into account in arriving at the valuation include prior mortality experience, future mortality assumptions, a projection of maturities and premiums, and other relevant adjustments to model annual future cash flows, and their net present value. The valuation may be adjusted from time to time to reflect long term changes in future mortality assumptions, premium projections and discount rates.

The NAV of the Company is determined by the Investment Manager based on this methodology, together with other assets and liabilities on the balance sheet including cash and taking account of current and future expenses.

Further details can be found in our Investment Manager's Report.

### Dividends

Shareholders will be aware that since the beginning of 2023 the Company has resumed the payment of dividends. Accordingly, a special dividend of 6.0209 US cents per share was declared on 2 February 2023 totalling approximately USD 3.0 million, which was

paid on 24 February 2023 to Shareholders on the register on 10 February 2023.

Since the year end a further special dividend of 6.0209 US cents per share was declared on 15 February 2024, totalling approximately USD 3 million, which was paid on 15 March 2024 to Shareholders on the register on 23 February 2024.

### Cost Base Review

The Board continues to review the various agreements between the Company and its third party service providers, not only to ensure satisfactory performance by those third parties within the terms of those arrangements, but also to ensure that the associated costs are priced reasonably and competitively. The nature of the Company's asset base requires it to be proactive in the identification and management of maturities, incurring costs which are specific to its activities – making peer group comparison difficult. The Company continues to make progress in this area, including, where appropriate, ensuring that more than one service provider can be invited to make competitive proposals to tender for the provision of the relevant services.

### Outlook

The outlook for the life settlement industry remains positive, with increasing investor interest in the sector, and a sustained demand for liquidity among policy holders. The ongoing uncertainty in current global financial markets is expected to promote demand from investors wishing to have exposure to investment risk which is minimally correlated to equity returns.

We have been encouraged by the results across the portfolio, including in particular the HIV policy segment which now comprises the majority of the Company's asset base. Looking ahead, supported by the continuing analysis of the data and mortality assumptions applied to our models, and confirmed by the independent opinion of Lewis & Ellis, the Board has confidence in the accuracy of its assessment of NAV. Alongside this, our core focus remains on controlling costs against the background of the uncertain and inflationary environment, whilst also continuing to review the means to provide satisfactory returns to Shareholders, including through dividends and share repurchases.

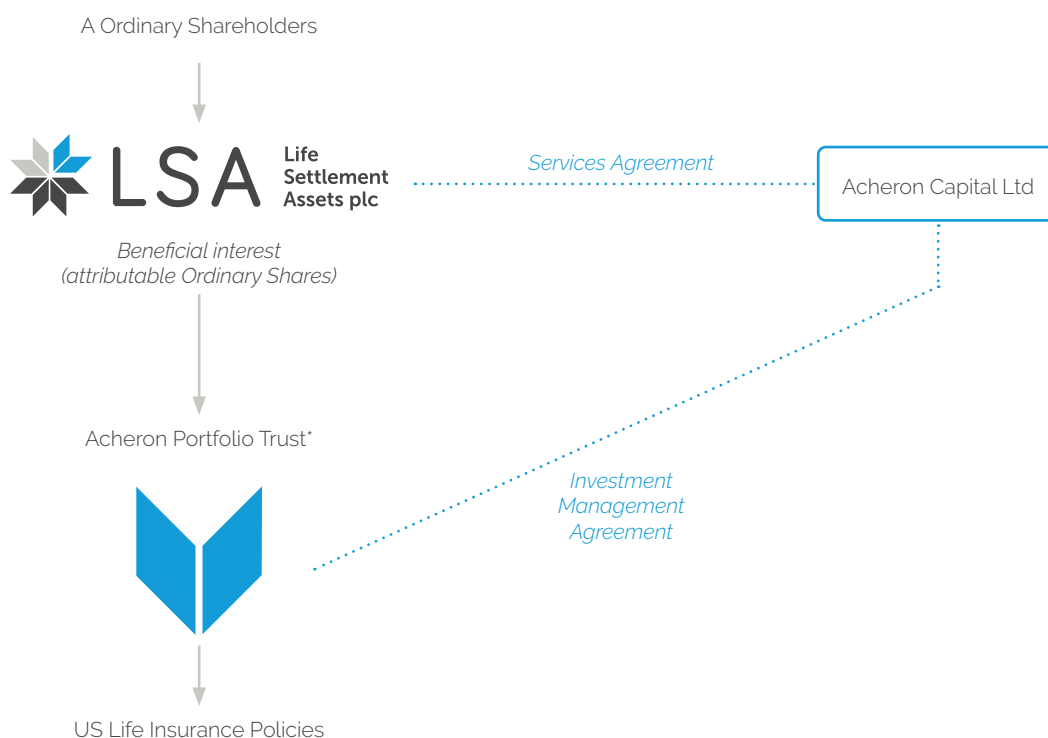
**Michael Baines**  
Chairman

30 April 2024

# Company Structure

Life Settlement Assets PLC operates through its Board, and strategic partnerships with service providers covering investment management, actuarial, administrative, company secretarial, and tracking services.

Reflecting the development of the Company through the acquisition of portfolios of interests in life settlement policies, the portfolio was placed into an asset trust, the Acheron Portfolio Trust (the "Trust").



The Company's principal strategic partner relationship is with the Trust's Investment Manager, Acheron Capital Ltd, which provides investment management services.



# Company Performance

Performance analysis is provided in the table below.

<b>A Shares</b>	<b>As at 31 December 2023</b>	As at 31 December 2022	Percentage change (%)
Net assets attributable to Shareholders (USD '000)	<b>111,213</b>	109,913	1.2
Shares in Issue	<b>49,826,784</b>	49,826,784	–
NAV per share (USD)	<b>2.23</b>	2.21	0.9
Closing share price (USD)	<b>1.60</b>	1.37	16.8
Discount to NAV (%)	<b>(28.3)</b>	(38.0)	9.7
Total maturities (USD '000)	<b>34,080</b>	27,197	25.3
Split of maturities      HIV (USD '000)	<b>8,482</b>	6,334	33.9
non-HIV (USD '000)	<b>25,598</b>	20,863	22.7
Total income from portfolio (USD '000)	<b>13,969</b>	8,853	57.8
Profit for year (USD '000)	<b>4,300</b>	599	617.9

The above tables display the key performance indicators that the Board uses as Alternative Performance Measures ("APMs") to measure the performance, thereby assisting Shareholders in assessing how the Company is performing against its objective.

# Key Performance Indicators (KPIs)

The Board monitors success in implementing the Company's strategy against a range of Key Performance Indicators ("KPIs"), which are viewed as significant measures of success over the longer term. These key indicators are those provided in the performance tables on page 11. Although performance relative to the KPIs is monitored over quarterly periods, it is success over the long-term that is viewed as more important. This is particularly important given the inherent volatility of maturities and short-term investment returns.

The Board has adopted the following KPIs which are summarised on page 11 and in the Statement of Comprehensive Income on page 54.

**Share price** – a key measure for Shareholders to show the most likely realisable value of this investment if it was sold. Changes in the share price are closely monitored by the Board.

**NAV per share** – as this is the primary indicator of the underlying value attributable to each share.

**Discount to NAV** – as this measure can be used to monitor the difference between the underlying Net Asset Value and the share price.

**Total maturities (USD)** – the value of the total maturities in USD provides an indicator of the underlying cash flow that the Company receives from its main source of income – policy maturities. There are factors which could impact the outcome of this performance measure including: average life expectancy and the age of the underlying policy holders. Please note that the Actual to Expected ("A/E") ratio, which is closely linked to the total maturities KPI, is a key method by which the Board seeks to anticipate the level of maturities. The A/E ratio measures the declared maturities compared to the projected maturities based on the actuarial

models. A ratio close to 100% indicates maturities correspond exactly to the model. A percentage greater than 100% means the maturities are more than anticipated by the models and less than 100% the opposite is the case.

**Earnings per share** – this is a key measure of financial performance used to assess the fortunes of the Company over each financial period.

**Running costs** – The Ongoing Charges of the Company for the financial year under review represented 5.6% (2022: 7.1%) of average net assets. Excluding the servicing and legal costs the ratio would be 3.1% (2022: 3.0%).

Shareholders should note that this ratio has been calculated in accordance with the Association of Investment Companies' ("AIC") recommended methodology, published in May 2012. This figure indicates the annual percentage reduction in Shareholder returns as a result of recurring operational expenses. Although the Ongoing Charges figure is based on historic information, it does provide Shareholders with a guide to the level of costs that may be incurred by the Company in the future.

*Please Note: The Company regularly uses performance measures to present its financial performance. These measures may not be comparable to similar measures used by other companies, nor do they correspond to IFRS standards or other accounting principles.*

# Investment Manager's Report

## The Life Settlement Market

The economic landscape of 2023 has been characterised by higher interest rates, increased inflation, and elevated uncertainty, casting the shadow of a potential recession. Despite this turbulent environment, the outlook for continued growth in life settlements remains promising, propelled by several positive factors.

One significant driver is the surge in the U.S. inflation rate, leading to a corresponding increase in insurance premiums. This rise has rendered some policies financially burdensome to maintain. Even for those who can afford to uphold coverage, the diminishing purchasing power of the death benefit due to inflation has become a concern. Consequently, policyholders may opt to sell their policies and reinvest the proceeds elsewhere.

The escalating long-term care costs, which have witnessed a notable 68.79% increase since 2004, present another catalyst for the growth of life settlements. This financial strain has prompted many seniors, who typically bear the highest life insurance premiums, to sell their policies to cover the escalating costs of care. This trend is anticipated to intensify, given the impending surge in long-term care expenses resulting from the aging Baby Boomer population, commonly referred to as the "silver wave," requiring increased care amid a labour shortage in nursing homes. The ensuing interest in care services may lead to a surge in care costs, further augmenting the demand for life settlements among seniors.

Indeed, the demographic shift is set to play a crucial role, as the U.S. senior population is projected to grow by 38% between 2015 and 2025. A considerable portion of this demographic lacks sufficient retirement savings to replace their working income. Approximately 50% of seniors, estimated to have life insurance, can leverage these assets by liquidating life insurance policies to generate essential funding for retirement. This confluence of factors suggests a positive trajectory for the life settlement market in the midst of broader economic uncertainties.

## Portfolio Overview

### *Policy Structure*

LSA's current portfolio is categorised into policies linked to either HIV policyholders or non-HIV policyholders and shareholders collectively hold a gross face value of USD 64 million for life settlements related to non-HIV policies and USD 410 million for HIV policies. For the non-HIV segment, the face value-weighted average age now stands at 87 years old. This average age corresponds to a life expectancy of 5.6 years for men and 6.8 years for women in a standard population.

Assessing the life expectancy of individuals with HIV proves challenging. The present face value-weighted average age of the HIV population hovers around 64 years. However, actual mortality rates tend to surpass the biological age, indicating characteristics of a population significantly older. Consequently, life expectancy for this group is lower than their non-HIV counterparts in the same age bracket.

Despite these observations, some uncertainties persist. There exists an ongoing 'race' between the cumulative impact of the retrovirus over time and advancements in medical treatment. While the life expectancy of HIV policies remains lower than that of the general population, it has shown a consistent expansion over the last few decades. This dynamic reflects the evolving landscape of HIV treatment and the complex interplay of medical advancements, and the persistent challenges posed by the virus. Nevertheless, the observed mortality of the HIV policies is in line with our valuation approach for the last years, indicating a comprehensive and robust methodology.

### *Premiums and Interests*

The current annual sum of premiums and interests paid on LSA's portfolios stands at approximately USD 18 million. Looking ahead to the next year, we have set aside USD 17 million as the basis for projecting premiums and interest. This projection takes into account anticipated reductions from policy lapses and maturities, as well as potential increases stemming from possible cost-of-insurance adjustments.

# Investment Manager's Report continued

## **Valuations**

The following table provides information on the Company's policies and exposure to HIV and non-HIV insureds, as at 31 December 2023

### **HIV and Non-HIV Exposed Policies (all values in USD)**

<b>LSAA</b>	<b>HIV</b>	<b>Non-HIV</b>	<b>Total</b>
Number of policies	3,996	112	4,108
Total gross face value	409,831,246	63,687,713	473,518,959
Valuation	51,466,496	18,538,825	70,005,321
Percentage of face value	12.6%	29.1%	14.8%

The US actuary, Lewis & Ellis Inc, has provided valuations for all portfolios for the year ended 31 December 2023. The valuations used were derived by adopting an actuarial approach.

## **A/E Ratio Trends**

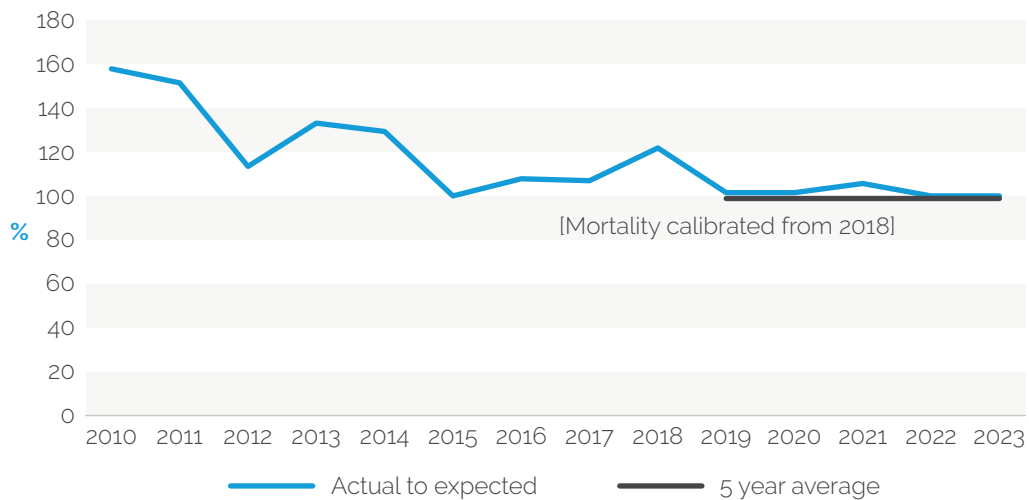
Lewis & Ellis conducted a comprehensive study on the actual over expected death ratio ("A/E ratio") for the period spanning 2010-2023, utilising historical data on the number of matured insureds. As a result, the actuary has revised and modified the HIV mortality assumptions to achieve an overall A/E ratio of 100% for the last five years. These revised assumptions will be applied to the valuation of HIV policies in the future.

The mortality assumptions for the non-HIV segment remain broadly unchanged from the previous year, with the segment attaining a long-term A/E ratio of 102%.

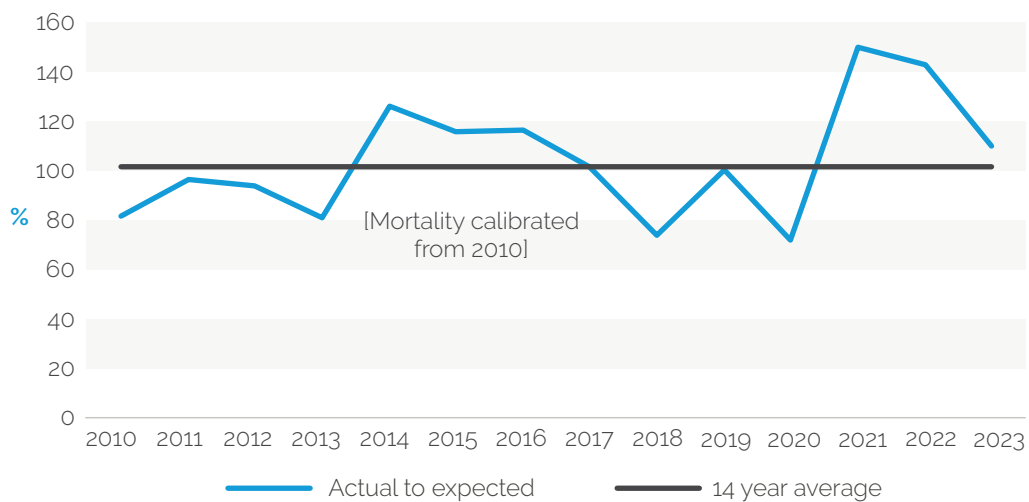
The trends in A/E ratios are visually represented in Graphs 1 and 2 below. These graphs offer a graphical depiction of the observed versus expected mortality ratios, providing valuable insights into the performance and adjustments made in the mortality assumptions over time.



Graph 1: HIV Actual to Expected Ratio



Graph 2: Non-HIV Actual to Expected Ratio



# Investment Manager's Report continued

## Maturities

In the year to December 2023, the following maturities and A/E were declared:

### Maturities (USD)

HIV	8,481,681
Non-HIV	25,598,418
Total	34,080,099

### A/E\*

HIV	100%
Non-HIV	110%

\*In the number of lives.

The non-HIV segment exceeded expectations by approximately 10% in the number of insureds and 85% in dollar amount. In the recent period, 18 policies held by 14 insureds matured, contributing a substantial USD 25.6 million to the segment. Despite these positive outcomes, it's crucial to note that the ongoing reduction in the size of the non-HIV portfolio may introduce increased volatility and irregularity in future maturities.

The HIV segment matched the revised expectations, with an A/E ratio of 100%. Potentially this could suggest that the cumulative effect of an aging HIV population is offsetting any marginal gains in medical advances.

## Going forward

Over the next few years, the non-HIV portfolio is expected to mature at a considerably faster rate than the HIV portfolio, resulting in a shift where the portfolio will be predominantly invested in HIV policies. We remain committed to monitoring recent research on mortality trends, both in the general population and among long-term HIV patients. It is crucial to underscore that HIV mortality within the portfolio stands out as the most significant factor influencing the Company's future financial outcomes. This mortality not only influences cashflow through policy maturities, but also plays a significant role in ongoing premium payments. Furthermore, unexpected shifts in premiums or discount rates introduce additional complexities to our cashflow dynamics and can potentially influence valuations. Going forward, understanding and strategically managing these interrelated elements will be crucial for making investment decisions relating to the portfolio. Our approach will build on the methodology we have developed over recent years, which is being supported by an increasing number of relevant data points, giving us confidence in our valuation models.

## Acheron Capital

30 April 2024

# Overview of Strategy and Investment Policy

## Investment Objective

The Company's investment objective is to generate long-term returns for investors by investing in the life settlement market. The Company has not established target rates of return with respect to its investments.

## Investment Policy

The Company will seek to achieve the Company's Investment Objective in respect of the Share Class as follows:

### *A Ordinary Share Class (LSAA)*

The assets attributable to the A Ordinary Share Class are predominantly invested in life insurance policies acquired from special or "distressed" situations, with exposure to both HIV and elderly insureds.

The Company met the Investment Policy by acquiring the entire beneficial interest in the Acheron Portfolio Trust ("APT") from the Predecessor Company shortly after Admission.

### *Source of Policies*

In respect of the Share Class, such Policies will be or have been obtained from a variety of sources, primarily in the United States.

### *Further Acquisitions*

The Company has sought, where possible, to acquire additional interests in life policies either through additional fractional interests or to consolidate into a wholly owned policy. The Company has negotiated to purchase all the remaining policy interests in the MBC Trust. Once this transaction is concluded it will review its policy towards further acquisitions. Any policy towards the retention of cash from maturities will also be set after this review. The Board will carefully balance the amount that should be distributed to Shareholders and that which should be retained to fund future potential investment opportunities.

The Company may also raise additional capital in the future to acquire further Policies that meet

the Investment Objective and Investment Policy of the Share Class (or those of a Share Class to be established in future). Such Policies will subsequently be granted to APT.

## Investment Controls

Any transaction involving more than 10% of the Gross Asset Value of the Company, directly or indirectly, will require the prior approval of the Board in writing.

## Hedging and Use of Derivatives

The Company and/or the Trust may also hold derivative or other financial instruments designed for efficient portfolio management or to hedge interest or inflation risks. The Trust may invest in liquidity management products as deemed fit by the Trustee or the Investment Manager, as well as mortality hedging products as deemed fit by the Investment Manager, including, but not limited to, mortality related Insurance Linked Securities ("ILS").

## Dividend Policy

The Company has no stated dividend target. The Company aims to distribute a substantial portion of its funds derived from its operations as dividends to Shareholders. There can be no assurance that the Company will be able to achieve this aim.

The Company will only pay dividends to the extent that it has sufficient financial resources available for that purpose.

In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15% of its income (as calculated for UK tax purposes) in respect of any accounting period.

As there is a deficit on the Revenue Reserve, all dividends are payable from the Special Reserve.

# Overview of Strategy and Investment Policy continued

## Borrowing

As at the date of this Report, the Company as a small registered Alternative Investment Fund ("AIF") does not intend to borrow due to the costs and regulatory implications that this would entail. However, the Company reserves the right to borrow in the future in appropriate circumstances and at the discretion of the Board (or, subject to the terms of the applicable Investment Management Agreement, the Investment Manager if such borrowing is at Trust level), provided that any such borrowing entered into, shall be limited to a maximum of 10% of the Net Asset Value of the Share Class (at the time the borrowing is incurred).

## Policy Advances

The Company utilises policy advances to provide an acceleration of the cash flow to the Company. A policy advance refers to excess cash withdrawn from cash reserves generated at the level of the life insurance contracts. Policy advances will be deducted from any proceeds when the maturities are collected. These policy advances are also described in note 3.4 of these accounts. The Board is of the opinion that these are policy advances from cash available in the policies and do not constitute borrowing for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD").

## Cash Management

Pending reinvestment or distribution of cash receipts, cash received by the Company and the Trust may be held on deposit, in cash, cash equivalents, near cash instruments, money market instruments and money market funds and cash funds in line with the risk appetite specified by the Board.

The Trust's Investment Manager must ensure that the Company's and the Trust's liabilities can be met as they fall due.

## Corporate and Operational Structure

The Board retains responsibility for key elements of the Company's strategy, including the following:

- the Company's investment policy which determines the diversity of the Company's portfolio. The Board sets limits and restrictions

with the aim of reducing risk and maximising returns; and

- the appointment, amendment or removal of the Company's third-party service providers; and ensuring an effective system of oversight over the Company's risk management and corporate governance.

In order to effectively undertake its duties, the Board may seek expert legal advice. It can also call upon the advice of the Company Secretary.

The Board acts in a way that it considers to be in good faith and is most likely to promote the success of the Company for the benefit of its Shareholders as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long-term;
- the impact of the Company's operations on the community and the environment;
- the importance of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly to avoid conflicts between the interests of the Directors and those of the Company.

The Company has outsourced operations to various third-party service providers as detailed below:

- *Investment Management:* As it is an internally-managed investment trust, the Company has not appointed an investment manager to provide it with investment managerial services. However, the Acheron Portfolio Trust, as the Trust holding the policy assets on behalf of the Company, has appointed Acheron Capital Limited as its Investment Manager under the Investment Management Agreement with effect from the date of Admission. The Investment Manager is authorised and regulated by the FCA (under reference number 443685). Further details of the Investment Management Agreement are set out in Part 6 of the Prospectus dated January 2018.



## Corporate and Operational Structure continued

- *The Trustee:* The Trustee of the Acheron Portfolio Trust is Dr Robert Edelstein who served as a Director of the Company until his retirement from the Board on 31 December 2020. Robert has continued in his role as Trustee and advises the Board directly, as required.
- *The Registrar:* The City Partnership (UK) Limited was appointed as the Company's Registrar on 26 March 2021.
- *Administrator:* Compagnie Européenne de Révision S.à.r.l. has been the Administrator to the Company since its formation and was also the Administrator to the predecessor company.
- *Company Secretary:* ISCA Administration Services Limited was appointed as the Company Secretary in December 2019.
- *Tracking and Servicing Agents:* The Trust has appointed a Tracking and Servicing Agent to assess on a regular basis if Consenting Individuals have passed away. If Consenting Individuals have passed away the Tracking and Servicing Agent obtains respective death certificates and ensures that they are delivered to the insurance company that issued the relevant Policy so that applicable death benefits can be claimed. The Trust has entered into a servicing agreement with the Tracking and Servicing Agent detailing the services the Tracking and Servicing Agent will provide. As at the date of this Report, Vespera Servicing LLC (formerly Litai), Fort Lauderdale and the Asset Servicing Group, Oklahoma City, have both been appointed by the Trust to service life settlement policy interests owned by the Trust.
- *Actuary:* As in previous years the Company has engaged Lewis & Ellis Inc. to provide an independent actuarial valuation of the portfolio of interests in life policies in its asset base. They have confirmed that the approach taken by our Investment Manager, including the principal assumptions used by them, is appropriate and the net asset value of the portfolio represents fair value.

Since their initial engagement in 2006 the Lewis & Ellis valuation methodology has covered the initial portfolio of interests acquired by the Company in 2005, and any additional viatical and life settlement policies purchased since then. The factors taken into account in arriving at the valuation include prior mortality experience, future mortality assumptions, a projection of maturities and premiums, and other relevant adjustments to model annual future cash flows, and their net present value. The valuation may be adjusted from time to time to reflect long term changes in future mortality assumptions, premium projections and discount rates.

The NAV of the Company is determined by the Investment Manager based on this methodology, together with other assets and liabilities on the balance sheet including cash and taking account of current and future expenses.

Further details can be found in our Investment Manager's Report.

# Risks

## Principal Risks

The Company is exposed to a number of potential risks and uncertainties. These risks could have a material impact on financial performance and position and could cause actual results to differ materially from expected and historical results.

The Company faces a number of risks in the normal course of its activities and as a result the management of those risks the Company faces is essential. The Board maintains the overall responsibility for risk management but has delegated to the Audit Committee the task of regular and robust assessments of the Company's risks and controls. The Audit Committee has accordingly established a robust process to identify and monitor the risks faced by the Company. The process involves the maintenance of a risk register, which identifies the principal and emerging risks facing the Company and assesses each risk on a scale, classifying the probability of the risk and the potential impact that an occurrence of the risk could have on the Company. A number of day-to-day risk management functions of the Trust are undertaken by the Trust's Investment Manager, who regularly reports to the Audit Committee.

The Directors have reviewed the Principal Risks of the Company as detailed below, these have been identified as those most likely to impact the Company's performance during the year and in the immediate accounting periods thereafter. The potential impact of these Principal Risks has not changed from those reported in the year to 31 December 2022. The Company previously identified the holding of fractional interests in policies as a Principal Risk, however following the acquisition of all residual fractions in the policies, at the year-end and throughout the year, the previously identified Fractional Risk has been removed as a risk.

Risk	Mitigation
<b><i>HIV Mortality Risk</i></b> Changes in mortality rates may adversely affect the performance of the Policies held by the Company.  This is particularly so in respect of HIV mortality risk where HIV policies going forward will be a larger proportion of the portfolio.	The Investment Manager regularly assesses HIV mortality rates based on available information to ensure no changes are required to the valuation model.
<b><i>Premium Management Risk</i></b> Unanticipated volatility in mortality rates makes liquidity management of premium reserves difficult, as the Company (or the Trust) need to be able to meet premiums and costs at all times. Failure to pay a premium may result in the relevant Policy lapsing and the Company being unable to receive insured sums as a result.	Management monitors cash on an ongoing basis in accordance with the practice and limits set by the Board.
<b><i>Volatility Risk</i></b> The portfolio may be more volatile than expected as a consequence of certain policies representing a larger proportion of the portfolio than other policies.	The Investment Manager seeks to ensure a diversified portfolio of policies.

## Principal Risks continued

Risk	Mitigation
<p><b>Advance Age Mortality Risk</b></p> <p>There is a lack of data to reliably determine general or disease specific mortality at advanced ages, as well as the date beyond which a Policy no longer has value. This makes the use of statistically unproven assumptions necessary. As a consequence, should such assumptions prove to be incorrect, the Company's performance and that of the Ordinary Shares may fall short of expectations.</p>	<p>The Company has engaged an independent Actuary to perform its own assessment of the value of the portfolio of policies. Valuation differences between the two models are investigated.</p>
<p><b>Discount Rate Risk</b></p> <p>The discount rate used for reporting or valuation purposes may be on a portfolio basis or on a bottom up Policy by Policy or Policy type by Policy type basis, which can create material value differences. Further, there is no well-established market discount rate, which makes the use of specific discount rates for actuarial purposes subjective.</p>	<p>The discount rate applied is regularly assessed by the Investment Manager and annually by the Independent Actuary, based on available information. Changes in discount rate will only be made once approved by the Board.</p>
<p><b>Modelling Risk</b></p> <p>The Investment Manager uses modelling in determining the investments to make; however, if the assumptions made by the Investment Manager in building these models are or were materially incorrect, there could be a substantial adverse effect on the Net Asset Value of the Ordinary Shares participating in the relevant Policies and the Company's performance and that of the Ordinary Shares may fall short of expectations.</p>	<p>The Company has engaged an independent Actuary to perform its own assessment of the value of the portfolio of policies. Valuation differences between the two models are investigated.</p>
<p><b>Tax</b></p> <p>Any changes in the Company's tax status or in taxation legislation could affect the value of investments held by the Company, affect the Company's ability to provide returns to Shareholders and affect the tax treatment for Shareholders of their investments in the Company. The results of the Company would also likely be adversely affected if the Company were not eligible to claim benefits under the current income tax treaty between the United Kingdom and the United States. In conformity with the income tax treaty, withholding tax on matured policies is not due if at least 6% of the average capital stock of the main class of Shares is traded annually on a recognised stock exchange. Changes in taxation may also adversely affect the results of the Company.</p>	<p>The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of Section 1158 of the Corporation Tax Act 2010. Both the Board and the Investment Manager are aware of the requirements which are to be fulfilled in any accounting period for the Company to maintain its investment trust status. The conditions required to satisfy the investment trust criteria shall be monitored by the compliance function of the Investment Manager and performance of the same shall be reported to the Board on a quarterly basis. The Board monitors the trading of the Shares regularly to assess the 6% requirement. This helps ensure that action could be taken to encourage more trading and reduce the likelihood of incurring a tax charge.</p>

## Principal Risks continued

Risk	Mitigation
<p><b><i>Breach of Applicable Legislative Obligations</i></b></p> <p>The Company and its third-party service providers are subject to various legislative and regulatory regimes. Any breach of applicable legislative and/or regulatory obligations could have a negative impact on the Company and impact returns to Shareholders.</p>	<p>The Company engages only with third-party service providers which hold the appropriate regulatory approvals for the function they are to perform and can demonstrate that they can adhere to the regulatory standards required of them. Each appointment is governed by agreements which contain the ability for the Company to terminate the arrangements with each of these counterparties with limited notice should such counterparty continually or materially breach any of their legislative obligations, or their obligations to the Company more broadly. Additionally, each of the counterparties is subject to regular performance and compliance monitoring by the Investment Manager, as appropriate to their function, to ensure that they are acting in accordance with applicable regulations and are aware of any upcoming regulatory changes which may affect the Company.</p>
<p><b><i>Counterparty Risk</i></b></p> <p>If an insurance company that has issued a Policy in which the Company invests defaults, the Company may not receive one or more payments owing to it.</p>	<p>Insurance companies are required to separate their operations between General Insurance and Life Insurance, meaning the effect on the assets and the risk on Life Settlement policies would be ring-fenced in the event of significant business difficulties. The HIV policies are protected by a State Guarantee up to USD 150k – USD 200k per policy which covers a significant proportion of these policies. Non-HIV policies tend to be of a higher value than that covered by the State Guarantee and involve some risk, but the insurance industry spreads their risk through re-insurance in many asset backed companies across the world.</p>



## Secondary Risks Specific to the Company

As described on pages 34 and 35, the Board and Audit Committee have an ongoing process of monitoring and reviewing risks and internal controls. The principal risks and mitigations are highlighted above.

*Identification and settlement of Maturities:* There is no central source to be notified of deaths and therefore the Company is reliant on its Servicing Agents and their proactive work to identify any policy maturities. Delays can occur between the date of death and the commencement of a claim under a policy. Further delays can occur in obtaining key documentation to enable the claim to be accepted for payment.

*Litigation Risk:* The assignment of life insurance policies can be a contentious matter and the sector has historically been subject to high levels of litigation.

*Premium Assumptions Risk:* Changes in the amount of premiums charged by the insurance company that has issued a Policy may increase the costs borne by the Company and adversely affect its performance.

*Reliance on Key Individuals:* The Company relies on key individuals to manage the day-to-day affairs of the Company. There can be no assurance as to the continued service of these key individuals. The departure of key individuals without adequate replacement may have a material adverse effect on the Company's prospects and results. Accordingly, the ability of the Company to achieve its investment objective depends heavily on the experience of the Investment Manager's team, and more generally, on the ability of the Investment Manager to attract and retain suitable staff.

*Fluctuations in the Market Price of the Company's Shares:* The market price of the Company's shares may not reflect the Net Asset Value and may fluctuate widely in response to different factors. There can be no assurance that the Company's shares will be repurchased by the Company even if they trade materially below their Net Asset Value. Similarly, the shares may trade at a premium to Net Asset Value whereby the shares can trade on the open market at a price that is higher than the value of the underlying assets. There can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Company's shares.

*Third-Party Service Providers:* The Company has no employees and the Directors have all been appointed on a non-executive basis. Whilst the Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company relies upon the performance of third-party service providers for its executive function. In particular, the Investment Manager, Administrator, Registrar and Company Secretary. The termination of service provision by any service provider, or failure by any service provider to carry out its obligations to the Company, or to carry out its obligations to the Company in accordance with the terms of its appointment, could have a material adverse effect on the Company's operations and its ability to meet its investment objective.

*Achievement of the Investment Objective:* There can be no assurance that the Company will be successful in implementing the Investment Objective.

*Climate Change:* The Company is aware of the impact of Climate Change across the business world and has sought to assess the impact this could have on the Company either directly or indirectly. The Company is managed and operated through a number of third-party suppliers and does not undertake any activities directly nor does it have any offices. The nature of its investments in life assurance policies is not directly impacted by Climate Change, any long-term change in climate is unlikely to have a detrimental impact on the valuation of those policies. Long-term climate change could have an impact on the ability of third-party suppliers to continue to service the Company and impact the insurance industry as a whole and its ability to meet all claims, including the maturity of life assurance policies when they are payable. The Board has sought to reduce its carbon impact through the use of conference and video calls for meetings where possible and encourages the Company's third-party suppliers to assess their own carbon impact.

For a detailed description of the Company's financial risks, please refer to note 4 of the Financial Statements.

## Viability Statement and Other Disclosures

The Directors have assessed the prospects of the Company over a longer period than the 12 months referred to in the 'Going Concern' guidelines.

The Board conducted this review focusing on a period of three years. This period was selected as it is aligned with the Company's strategic planning. In making this assessment the Board also considered the Company's principal risks.

Investment trusts in the UK operate in a well-established and robust regulatory environment and the Directors have assumed that:

- investors will continue to want to invest in closed-end investment trusts because the fixed capitalisation structure is suited to pursuing the current investment strategy; and
- the Company's remit of investing in life settlement assets predominantly in the U.S. will continue to be attractive to investors.

The Company's primary source of income is from policy maturities. As the timing of these maturities is not entirely predictable the Board sometimes will need to take advantage of policy advances. The Company can utilise policy advances in order for premiums to be maintained active. A policy advance refers in this case to excess cash withdrawn from cash reserves generated at the level of the life insurance contracts. Policy advances are deducted from any proceeds when the maturities are collected.

In the unlikely event that maturities and policy advances are insufficient to meet ongoing cash and policy premium obligations, the Directors have the authority to make short-term borrowing arrangements with financial institutions. These borrowing options are explained in more detail in the Strategic Report on page 18.

As with all investment vehicles, there is a risk that the performance of individual investments will vary and that capital may be lost but this is not regarded as a threat to the viability of the Company. Operationally, the Company retains title to all assets including the life settlement assets and cash.

The closed-end nature of the Company means that, unlike an open-ended fund, it does not need to liquidate positions when Shareholders wish to sell their shares, the expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments currently foreseen which would alter that position. Taking these factors into account, the Directors confirm that they have a reasonable expectation that the Company will continue to operate and meet its expenses as they fall due over the next three years.

### Donations

The Company made no political or charitable donations during the year under review.

### Environment, Human Rights, Employee, Social and Community Issues

The Company is required by law to provide details of environmental matters (including the impact of the Company on the environment), employee, human rights, social and community issues (including information about any policies it has in relation to these matters and the effectiveness of those policies). The Company does not have any employees and the Board is composed of non-executive Directors. As an investment trust, the Company has a minimal impact on the environment. The Company aims to minimise any detrimental effect that its actions may have by adhering to applicable social legislation, and as a result does not maintain specific policies in relation to these matters.

The Company has no internal operations and therefore no greenhouse gas emissions to report nor does it have responsibility for any other emissions producing sources, including those within its underlying investment portfolio.

In carrying out its investment activities and in relationships with suppliers, the Company aims to conduct itself responsibly, ethically and fairly.

#### **Modern Slavery Act**

The Company is not within the scope of the Modern Slavery Act 2015 because it has insufficient turnover and is therefore not obliged to make a human trafficking statement.

#### **Approval**

The Strategic Report was approved by the Board of Directors on 30 April 2024 and signed on its behalf by:

**Michael Baines**  
30 April 2024



# Governance

## Board of Directors

The following were Directors of the Company at the year end.

### **Michael Baines, Chairman**

Michael Baines is a graduate of the University of Oxford and The Royal Military Academy Sandhurst and has previously held high-level positions such as the Head of Risk Management and Deputy Chairman of Robert Fleming Securities and Managing Director at Atlas Capital. Mr Baines is currently Chairman of Church House Investment Management.

### **Guner Turkmen**

Guner Turkmen is an accomplished investment professional with years of experience in the finance industry. He began his career in finance working in investment banking, and later served as the head of Alternative Asset Management and Fixed Income at Union Capital Group S.A. However, his vision for sustainable and low-risk investment strategies led him to found his own investment firm, Lake Geneva Investment Partners ("LGIP"), in 2008. From the beginning, Mr. Turkmen deemed transparency and robust execution to be indispensable, which led him to build a solid wealth management team. His strategy is to invest in assets with sustainable growth to maximise investment returns, rather than seeking an absolute performance. LGIP's objective is to generate performance for its clients by limiting long-term volatility and potential losses in their funds in order to preserve their capital.

### **Christopher Casey, Audit Committee Chairman**

Christopher Casey has extensive experience as a non-executive director and audit committee chairman of public companies, in particular investment trusts. His other current appointments include The European Smaller Companies Trust plc, CQS Natural Resources Growth and Income plc and Mobius Investment Trust plc. Christopher's career spans over 40 years and he was previously a partner at KPMG. He graduated from Oxford University in 1977 with a degree in Politics, Philosophy and Economics.



# Report of the Directors

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 December 2023. The Financial Statements have been prepared in accordance with International Accounting Standards and in accordance with the requirements of the Companies Act 2006.

## Legal Form

The Company was incorporated on 16 August 2017 in England and Wales with company number 10918785 under the Companies Act 2006 as a private company limited by shares. It is a closed-ended investment company and is an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010. The Company was re-registered as a public company limited by shares and an investment company under section 833 of the Companies Act 2006 on 24 January 2018.

## Regulatory Status

The Company is not a collective investment scheme and therefore is not regulated as such by the FCA. However, it is subject to the FCA's Disclosure Guidance and Transparency Rules, Market Abuse Regulation ("MAR"), and Prospectus Rules.

The Company is registered by the FCA as a "small registered UK AIFM" pursuant to regulation 10(2) of the AIFM Rules on the basis that it is a small internally managed AIF.

The Directors intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010.

The Company's shares are listed on the Specialist Fund Segment of the London Stock Exchange ("SFM"). The SFM is a market targeted at institutional and professional investors.

In the opinion of the Directors, the Company has conducted its affairs during the period under review, and subsequently, so as to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010 (as amended). The Company has obtained approval from HMRC as an investment trust company subject to continuing to meet the eligibility requirements.

## Directors

The names and biographical details of the Board members as at the year end can be found on page 28.

Directors' retirements are subject to the Company's Articles of Association (the "Articles"). The Articles provide that the Company may appoint a person who is willing to act as a director, and any director so appointed is required to retire at the next AGM after his or her appointment and is eligible for re-appointment.

Mr Baines, Mr Casey and Mr Turkmen will be subject to re-election at the forthcoming AGM on 18 June 2024.

None of the Directors have a service contract with the Company or is entitled to compensation for loss of office on the takeover of the Company.

The powers of the Directors are set out in the Statement on Corporate Governance on pages 33 to 35.

## Community and Environment

The Company does not make any political or charitable donations.

## Share Capital

The Company has one class of share, the A Ordinary share. At the year-end there were 49,826,784 A Ordinary shares of USD 0.01 each in issue. All shares are listed on the Specialist Fund Segment of the main market of the London Stock Exchange.

## Risks

The principal risks of the Company are shown on pages 20 to 22 and in note 4 on pages 64 to 66.

## Going Concern

The Financial Statements of the Company have been prepared on a going concern basis. The forecast projections and actual performance are reviewed on a regular basis throughout the period. Further details are shown in the Viability Statement on page 24. The Directors believe that it is appropriate to prepare the Financial Statements on a going

# Report of the Directors continued

## Going Concern continued

concern basis and that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of the approval of the Financial Statements. The Company is able to meet its liabilities including annual premiums and its ongoing charges from the assets held.

## Corporate Governance

A Statement on Corporate Governance is provided on pages 33 to 35.

## Management Agreements

The Company has not appointed an investment manager to provide it with investment managerial services. However, the Trust has appointed Acheron Capital Limited as their Investment Manager under the Investment Management Agreement signed from the date of admission to trading on the London Stock Exchange. A Services Agreement has been entered into between the Company and the Investment Manager whereby the Investment Manager has agreed to assist the Board in the management of the day-to-day activities of the Company. The Company will reimburse the Investment Manager for certain expenses related to carrying out the day-to-day activities of the Company. The Investment Manager will be remunerated under the agreement with the Trust but will not be paid fees in connection to the Services Agreement. Further details of the agreement with Acheron Capital are provided in note 8.

The Trustee of the Acheron Portfolio Trust is Dr Robert Edelstein who was a Director of the Company until his retirement from the Board on 31 December 2020.

The Company has appointed Compagnie Européenne de Révision S.à.r.l. as its Administrator. They have been retained by the Company to calculate its Net Asset Value and to provide certain other accounting services.

The Company has retained Lewis & Ellis Inc. as an actuary to provide a valuation of the policies.

It is the Directors' opinion that the continuing appointment of these key suppliers is in the best interests of the Company and its Shareholders. The Directors are satisfied that these suppliers have the required skill and expertise to continue to manage the Company's assets successfully and to ensure the Company meets its statutory obligations.

## Dividends

As shown in note 27 on page 78, the Company paid a special dividend of 6.0209 cents per share, totalling USD 3.0 million, which was paid on 24 February 2023 to Shareholders on the register at 10 February 2023.

No final dividend in respect of the year ended 31 December 2023 will be paid.

On 15 February 2024, the Company announced a special dividend of 6.0209 cents per share, totalling USD 3.0 million, which was paid on 15 March 2024 to Shareholders on the register at 23 February 2024.

## Substantial Shareholdings

The Directors have been informed of the following notifiable interests in the voting shares of the Company at 31 December 2023:

Notification From	Number of shares	% of voting rights
Tomson Pte Limited	5,154,152	10.34
Metage Capital Limited	2,099,584	4.21
Premier Miton Group Plc	1,525,000	3.06

There were no other changes to the above holdings between 31 December 2023 and the date of this report.

### Annual General Meeting

The Company will be holding its AGM on Tuesday, 18 June 2024. Full details of the meeting, the resolutions to be proposed and how to vote are set out in the Notice of Meeting on pages 82 to 86. A summary of some of the resolutions being proposed is set out below.

### Ordinary Business at the Annual General Meeting

#### *Re-election of Directors*

The notice of the meeting includes resolutions to re-elect each of the Company's Directors. Biographies of each Director are shown on page 28 of this Report. The Board believes that they bring valuable skill, experience and expertise to the Company and recommends that Shareholders vote in favour of the resolutions relating to their re-election.

#### *Reappointment of Auditors*

Resolution 6 proposes the reappointment of BDO LLP as the Company's External Auditor for the forthcoming year and the authority proposed under Resolution 7 will authorise the Directors to determine the Auditor's remuneration.

### Special Business at the Annual General Meeting

#### *Allotment of Shares*

The authority proposed under Resolution 8 will authorise the Directors to allot shares or grant rights to subscribe for shares in the Company generally, in accordance with section 551 of the Companies Act 2006 (the "Act"), up to an aggregate nominal amount of 10% of the Ordinary Share Class, as of the date of this Notice (excluding treasury shares).

#### *Disapplication of Pre-emption Rights*

Resolution 9 will give Directors the general authority to allot Ordinary Shares for cash without first offering the securities to existing Shareholders in certain circumstances. The resolution proposes that the disapplication of such pre-emption rights be sanctioned in respect of the allotment of equity securities with an aggregate 10% of the issued share capital of the Ordinary Share Class as at the date of this report. No allotment of shares from treasury may be made at a price below the prevailing estimated Net Asset Value.

### *Authority for the Company to Purchase its Own Shares*

Resolution 10 authorises the Company to purchase up to 14.99% of the Company's shares in issue at the date of the Annual General Meeting. Purchases will be made on the open market for cash at prices in accordance with the terms laid out in the Resolution. Shares will be purchased only in circumstances where the Board believes that it is in the best interests of Shareholders generally. Furthermore, purchases will only be made if the Board believes that they would result in an increase in NAV per share and earnings per share. The Board currently intends to cancel those shares purchased.

The authority for each of the above resolutions under special business will expire on the date falling 15 months after the passing of the resolution or, if earlier, at the conclusion of the Annual General Meeting to be held in 2025.

### Shareholder Meeting and Proxy voting

Although the Company's AGM is open for Shareholders to attend, the Board is mindful that not all Shareholders may wish to attend and vote in person. To ensure that all votes are counted for the resolutions being put to the meeting a Poll will be called. Shareholders are encouraged to submit their proxy votes ahead of the meeting to ensure that their votes count towards deciding each resolution. Appointing the Chair of the meeting rather than a named person will ensure that the vote will count.

Notice of the Annual General Meeting is on pages 82 to 86 of this report. Shareholders are requested to return a proxy vote (described above) as early as possible – if you appoint the Chairman of the Shareholder Meetings as your proxy, this will ensure your votes are cast in accordance with your wishes and avoids the need for another person to attend as a proxy in your place.

## Report of the Directors continued

If Shareholders have any questions that they would like to raise at the Annual General Meeting, these should be submitted in advance to the following email address: [lsa@iscaadmin.co.uk](mailto:lsa@iscaadmin.co.uk). You should also continue to monitor the Company's website and announcements for any updates in relation to the meeting arrangements that may need to be provided. If the Board believes that it becomes necessary or appropriate to make alternative arrangements for the holding of the Shareholder Meetings, we will ensure that Shareholders are given as much notice as possible. Further information will be made available through [www.lsapl.com/investor-relations/company-reports](http://www.lsapl.com/investor-relations/company-reports).

### Recommendation

The Board considers the Resolutions to be proposed at the AGM are in the best interests of Shareholders as a whole and the Company and, accordingly, recommends that Shareholders vote in favour of each Resolution, as the Directors intend to do in respect of their own shareholdings.

### Company Information

The following information is disclosed in accordance with the Companies Act 2006:

- The Company's capital structure and voting rights are summarised on page 76.
- Details of the substantial Shareholders in the Company are listed on page 30.
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association.
- The Articles of Association can be amended by the passing of a Special Resolution of the members in a General Meeting.
- Amendment of the Articles of Association and the giving of powers to issue or buy back the Company's shares require the relevant Resolution to be passed by Shareholders.
- There are no restrictions concerning the transfer of securities in the Company; no restrictions on voting rights; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.
- Consideration of likely future developments is detailed in the Strategic Report.

### Auditor

The Auditor, BDO LLP, has indicated its willingness to act as the Company's External Auditor and Resolutions 6 and 7 proposing its appointment and authorising the Directors to determine its remuneration for the ensuing year will be submitted at the AGM.

The Directors who were in office on the date of approval of these Financial Statements have confirmed, as far as they are each aware, that there is no relevant audit information of which the Auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

On behalf of the Board

**Michael Baines**

30 April 2024

# Statement on Corporate Governance

The Company is committed to maintaining high standards of corporate governance and the Directors are accountable to Shareholders for the governance of the Company's affairs. A high-level description of the Company's corporate governance structure is provided below.

The Company is not obliged to and does not currently intend to comply with the UK Corporate Governance Code issued by the Financial Reporting Council or the corporate governance code issued by the Association of Investment Companies.

## Responsibilities of the Board

The Board is responsible for the effective stewardship of the Company's affairs and determines the strategic direction of the Company. The Board meets at least four times a year and reviews the Company's investment policy, performance and financial position. There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice at the Company's expense.

The Chairman is responsible for leading the Board and ensuring that it continues to deal effectively with all aspects of its role. In particular, he ensures that Acheron Capital and the Administrator provide the Directors, in a timely manner, with management, regulatory and financial information that is clear, accurate and relevant. Representatives of the third-party service providers attend each Board meeting, enabling the Directors to seek clarification on specific issues or to probe further on matters of concern.

At the year end, the Board comprises three Directors all of whom are non-executive and independent of the Investment Manager. In the light of the small size of the Board, it has been decided not to appoint a formal Nominations Committee and appointments of any new directors are considered by the Board as a whole.

## Diversity

The Directors are aware of the need to have a Board which, as a whole, comprises an appropriate balance of skills, experience and diversity.

The Board is required to disclose their compliance in relation to the targets on board diversity set out under paragraph 9.8.6R (9) of the Listing Rules which are as follows:

1. at least 40% of the individuals on the Board of Directors are women;
2. at least one of the senior positions on the Board of Directors is held by a woman; and
3. at least one individual on the Board of Directors is from a minority ethnic background.

The table below sets out the composition of the Board at the year-end based on the prescribed criteria.

	Number of Board Members	% of the Board	Senior positions on the Board
<b>Gender Identity</b>			
Men	3	100	1
Women	–	–	–
<b>Ethnic Background</b>			
White British or other White (including minority-white groups)	3	100	1
Mixed/ Multiple Ethnic groups	–	–	–
Asian/Asian British	–	–	–
Black/African	–	–	–
Other ethnic group including Arab	–	–	–

The Board currently and throughout the year consists of three male directors of Caucasian ethnic background and therefore does not meet these requirements. The Board has agreed that it will be mindful of these regulations in any future recruitment process it might undertake providing a suitable candidate possesses the key skills and experience required for the position.

# Statement on Corporate Governance continued

## Powers of the Directors

The powers of the Directors are set out in the Articles of Association which are publicly available from Companies House. Except as otherwise provided by regulation and legislation, the Directors may exercise all of the ordinary powers usually conferred on directors to manage the affairs of a company and to delegate such of those powers to committees, agents or individuals as they consider appropriate. The Directors may authorise the Company to borrow; to pay fees, expenses, salaries and make other payments to directors, executives and employees; and to provide pensions or other benefits for directors, executives and employees; but have not exercised these powers except for the payment of fees to non-executive directors.

## Board Attendance

Attendance at the main Board and Audit Committee meetings held during the reporting period is shown below. In addition, ad hoc meetings are held where necessary. Meetings were held either face-to-face or electronically.

	Board meetings	Audit committee meetings
Michael Baines	6/6	3/3
Christopher Casey	6/6	3/3
Guner Turkmen	6/6	n/a

## Performance Evaluations

The performance of the Company is considered in detail at each Board meeting.

As part of the Board evaluation discussions, each of the Directors assessed the overall time commitment of their external appointments and it was concluded that all Directors have sufficient time to discharge their duties. This conclusion was reached on the basis that most external appointments are non-executive roles which are far less time-consuming than full-time executive positions in a trading company.

In addition to being a non-executive Director of LSA, and as set out on page 28, Mr Casey is a non-executive director of three other investment trusts. Investment trusts generally only require time for quarterly board meetings, committee meetings, which usually take place on the same day as board meetings, and for reviewing documents such as board papers, annual and half yearly reports. Mr Casey has made himself available for all meetings of the Company and, in his capacity as Audit Committee Chairman, has also held several meetings and conference calls with

the Company's Auditors. In between scheduled meetings and calls, he also makes himself available to the Manager and the Company Secretary as and when his expertise and opinion are required.

## Internal Controls

The Board has overall responsibility for the establishment of the Company's systems of internal control and for reviewing their effectiveness. Internal control systems are designed to meet the particular requirements of the Company and to manage rather than eliminate the risks of failure to achieve its objectives. The systems by their very nature provide reasonable but not absolute assurance against material misstatement or loss. The Board has reviewed the effectiveness of the Company's internal control systems including the financial, operational and compliance controls and risk management processes for the year.

The key procedures which have been established with a view to providing effective internal control are as follows:



- Throughout the year under review, there has been an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, which accords with the guidance in the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. The process involves reports from the Company's Administrator, Cerlux, the Trustee, Professor R Edelstein, Company Secretary and Investment Manager. Discussions are held with each party to assess the overall operations of the Company to identify ongoing and new risks being, or likely to be faced by the Company. These are taken in conjunction with the Investment Manager's regular report which covers investment performance. In addition, the Company Secretary and Investment Manager report on the overall control environment at the Company's third-party service providers. Internal control statements from third party service providers are also reviewed by the Audit Committee.
- The duties relating to investment management, accounting and custody of assets are segregated and the procedures of the individual parties are designed to complement one another.
- The Board is responsible for setting the overall Investment Policy and monitors the activities of the Investment Manager at its regular meetings. The responsibilities of the Investment Manager are included in the Investment Management Agreement between the Trust and Acheron Capital. Acheron is authorised and regulated by the Financial Conduct Authority.
- Administration and accounting duties are performed by Compagnie Européenne de Révision S.à.r.l.
- Company secretarial duties are performed by an external Company Secretary, ISCA Administration Services Limited.
- Authorisation and exposure limits are set by the Board.
- The Company clearly defines the duties and responsibilities of its agents through their

contracts. The appointment of agents and advisers is conducted by the Board after consideration of the quality of parties involved; the Board monitors their on-going performance and contractual arrangements. The Board reviews financial information produced by the Investment Manager, Administrator and the Company Secretary on a regular basis.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, rather than absolute, assurance against material misstatement or loss. No significant failings or weaknesses have been identified.

### Accountability and Relationship with Investment Manager

The Statement of Directors' Responsibilities in respect of the accounts is set out on page 43. The responsibilities of the Independent Auditor are set out on pages 44 to 51. The Directors' Report states that the Company is a going concern and confirmation of the Directors consideration on viability is on page 24.

The Board has delegated contractually to external third parties day to day accounting, company secretarial and administration duties, and registration services. Each of these contracts was entered into after consideration by the Board of the quality and cost of the services offered. The Board receives regular formal reports from Acheron Capital and ad hoc information as required.

### Conflicts of Interest

The Board has put in place a framework for Directors to report conflicts of interest or potential conflicts of interest, which it believes works effectively. Directors are aware that they have a continuing obligation to notify the Company Secretary of all existing, new and potential situations or interests which do or could conflict with the interests of the Company. All disclosed situations and interests are reviewed by the Board at its meetings and, where appropriate, authorised. It is the Board's intention to continue to review all notified situations on a regular basis.

# Audit Committee Report

The Audit Committee was chaired, throughout the year, by Christopher Casey.

At the year end and at the date of this report, the Committee comprised of Christopher Casey (Chairman) and Michael Baines. The Committee members have recent and relevant financial experience and have competence relevant to the sector in which the Company is operating.

## Role of the Committee

The Audit Committee ("the Committee") is responsible for monitoring the process of production and ensuring the integrity of the Company's Financial Statements. The other primary responsibilities of the Committee are:

- to consider the Financial Statements of the Company and make recommendations to the Board;
- to monitor adherence to best practice in financial reporting and corporate governance;
- to review the effectiveness of the internal controls and risk management environment of the Company and assess the need for a separate internal audit function;
- to receive compliance reports from service providers;
- to consider the accounting policies of the Company and the areas of judgement in the Financial Statements;
- to consider the valuation process of the life settlement assets;
- to make recommendations to the Board in relation to the appointment of the Auditor, the terms of their engagement and remuneration;
- to review the Auditor's findings;
- to review and monitor the Auditor's independence and objectivity and the effectiveness of the audit process; and
- to review the cyber security procedures as appropriate.

## Matters Considered in the Year

The Committee met three times during the financial year to consider the Financial Statements and to review the internal control systems. The Company's Auditors and the Manager were invited to attend meetings of the Committee as appropriate.

In relation to the Annual Report for the year ended 31 December 2023 the following significant issues were considered by the Committee:

Issue	How the Committee addressed the issue
<b><i>Valuation of policies</i></b>	The Directors appointed Lewis and Ellis Actuaries and Consultants to provide an independent actuarial valuation of the portfolio which has confirmed that the approach taken by the Manager is appropriate. This Lewis and Ellis valuation has been reviewed by the Auditor.
<b><i>Financial impact of the completion of the MBC transaction</i></b>	The Directors have made an estimate of the net proceeds payable to the Company relating to the Company's fractional interests in policies held by MBC. Since the year end it has come to the attention of the Directors that the Company had overpaid premiums on the fractional policies on the instruction of MBC Trust. The completion of the MBC transaction has brought these overpayments to light and, as a result, additional proceeds will be due to the Company. At present, the Directors do not have visibility of the extent of these additional proceeds but they may be up to USD 4.0 million. It is not possible for this to be accounted for in the financial statements for the year ended 31 December 2023. In the circumstances, the Directors consider this accounting treatment to be appropriate but it gives rise to a potential understatement of net assets which has caused the Auditors to qualify their audit opinion on this specific issue.

Issue	How the Committee addressed the issue
<i>Investment Trust status</i>	The Committee reviews the Manager's procedures for complying with relevant regulations so as to ensure that the Company maintains its Investment Trust status and regularly seeks confirmation of compliance with these regulations.
<i>Calculation of Performance Fee</i>	The Committee reviews the calculation of the performance fee to ensure consistency in the application of the agreed methodology.

The Manager and Administrator have reported to the Committee to confirm continuing compliance with their individual regulatory requirements and for maintaining the Company's investment trust status.

The Committee liaised with Acheron Capital Limited, throughout the year, and received reports on their legal compliance. A risk assessment and review of the Internal Controls document maintained by the Board was considered in detail and amended as necessary.

#### Internal Audit

The Company does not have an internal audit function, as all of its day-to-day operations are delegated to third parties, all of whom have their own internal control procedures. The Committee discussed whether it would be appropriate to establish an internal audit function, and agreed that the existing system of monitoring and reporting by third parties remains appropriate and sufficient. The need for an internal audit function is reviewed annually.

#### External Audit

The Audit Committee monitors and reviews the effectiveness of the external third-party service providers, audit process for the publication of the Annual Report and makes recommendations to the Board on the re-appointment, remuneration and terms of engagement of the Auditors.

Prior to each Annual Report being published, the Committee considers the appropriateness of the scope of the audit plan, the terms under which the audit is to be conducted, as well as the matter of remuneration, with a view to ensuring the best interests of the Company are protected.

Audit fees are computed on the basis of the time spent on the Company's affairs by the Audit partners and staff and on the levels of skill and responsibility of those involved.

Following its review, the Committee considers that, individually and collectively, the Auditor is appropriately experienced to fulfil the role required, and has recommended its re-appointment to the Board. A resolution for its re-appointment will be proposed at the forthcoming Annual General Meeting.

The Committee has considered the independence and objectivity of the Auditor and it is satisfied in these respects that BDO LLP can fulfil its obligations to the Company and its Shareholders.

BDO LLP do not provide any non-audit services to the Company.

#### Christopher Casey

Audit Committee Chairman

30 April 2024

# Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ending 31 December 2023. An Ordinary resolution for the approval of this report will be put to Shareholders at the forthcoming AGM.

As the Company has no employees and all of the Directors are non-executive, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole, at its discretion within an aggregate ceiling of £200,000 per annum. Each Director abstains from voting on their own individual remuneration. The Board has reviewed its existing remuneration levels and has agreed to keep Directors' fees from 1 January 2024 at the same level as 2023.

The Company's Remuneration Policy is set out below. This Policy was approved by Shareholders at the AGM on 23 June 2022. The votes cast on the resolution approving the Remuneration Policy were as below and it is the intention that this Policy will apply for three years.

	Number of votes	% of votes cast
For	31,217,262	97.5
Against	794,690	2.5
At Chairman's discretion	–	–
Total votes cast	32,011,952	100.0
Number of votes withheld	–	–

A separate resolution to adopt the Remuneration report was advisory only and not binding on the Company. The votes cast at the 2023 AGM on the advisory resolution were:

	Number of votes	% of votes cast
For	13,585,674	94.5
Against	794,690	5.5
At Chairman's discretion	–	–
Total votes cast	14,380,364	100.0
Number of votes withheld	–	–

## Policy Table

<i>Fixed Fee Element</i>	Remuneration consists of a fixed fee each year and the Directors of the Company are entitled to such rates of annual fees as the Board at its discretion determines.
<i>Discretionary Element</i>	In accordance with the Company's Articles of Association, if a Director is requested to perform extra or special services, they will be entitled to receive such additional remuneration as the Board considers appropriate.
<i>Taxable Benefits</i>	In accordance with the Company's Articles of Association the Directors are also entitled to be reimbursed for out-of-pocket expenses and any other reasonable expenses incurred in the proper performance of their duties. Travel and other expenses may be considered as taxable benefits for Directors. Where applicable, the associated tax liability will be settled by the Company.
<i>Purpose and Link to Strategy</i>	Directors' fees are set to: be sufficient to attract and retain individuals of a high calibre with suitable knowledge and experience to promote the long-term success of the Company; reflect the time spent by the Directors on the Company's affairs; reflect the responsibilities borne by the Directors; and recognise the more onerous roles of the Chairman of the Board and the Chairman of the Audit Committee through the payment of higher fees.
<i>Operation</i>	Fees payable to the Directors will be reviewed annually. A number of factors will be considered to ensure that the fees are set at an appropriate level. These will include: the average rate of inflation during the period since the last fee increase; the level of Directors' remuneration for other investment trusts of a similar size; and the complexity of the Directors' responsibilities.
<i>Maximum</i>	Total remuneration paid to the non-executive Directors is subject to an annual aggregate limit of £200,000 in accordance with the Company's Articles of Association. Any changes to this limit will require Shareholder approval by ordinary resolution.

There are no performance related elements to the Directors' fees.

Directors do not receive bonus payments or pension contributions from the Company or any option to acquire shares. There is no entitlement to exit payments or compensation on loss of office. None of the Directors has a service contract with the Company and their terms of appointment are set out in a letter provided when they join the Board. These letters are available for inspection at the Company's registered office.

## Consideration of Shareholders' Views

Shareholder approval for the Remuneration Report will be sought at the AGM held in 2024 and Shareholders will also have the opportunity to express their views and raise any queries on the policy ahead of this meeting through [lsa@iscaadmin.co.uk](mailto:lsa@iscaadmin.co.uk).

# Directors' Remuneration Report continued

## Directors' Emoluments (Audited Information)

The Directors who served during the year received the following emoluments in the form of fees:

Director	Year ended 31 December 2023  Total USD '000	% Change	Year ended 31 December 2022  Total USD '000	% Change	Year ended 31 December 2021  Total USD '000
Michael Baines	80	23.1	65	(5.8)	69
Christopher Casey	59	18.0	50	–	50
Guner Turkmen	15	50.0	10	–	10
Total	154		125		129

As the Company has no employees the table above sets out the total remuneration costs and benefits paid by the Company.

In total USD nil (2022: USD nil) was reimbursed to Directors during the year for their expenses. There are no other Directors' expenses to report.

The annual fees for each Director for the twelve months commencing 1 January 2024 are unchanged at:

- Michael Baines, Chairman – £65,000
- Christopher Casey, Audit Committee Chairman – £50,000
- Guner Turkmen – USD 15,000

All compensation is short-term employee benefits and no Directors are remunerated through share-based payments.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.



### Relative Importance of Spend on Remuneration

The following table shows the proportion of the Company's income spent on remuneration during the year ended 31 December 2023.

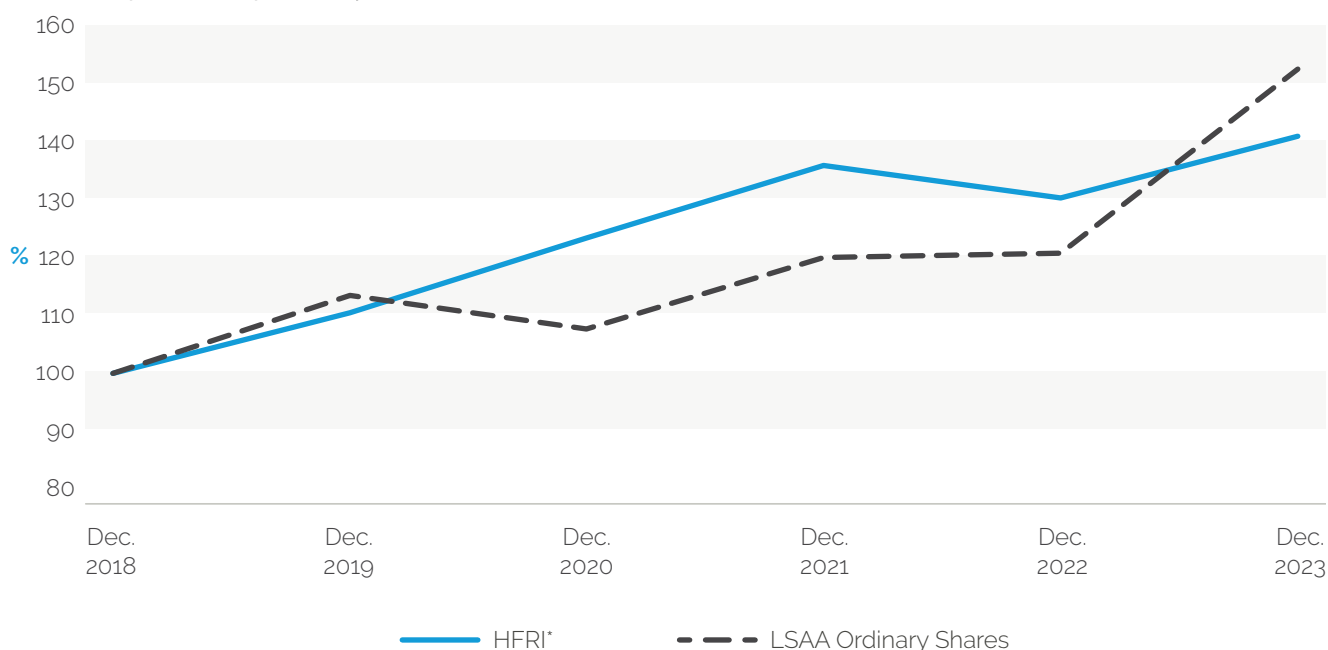
	2023 USD '000	2022 USD '000	% change
Directors' remuneration paid	154	125	23.2
Dividends paid (note 26)	3,000	–	100.0

### Total Shareholder Return

The Company does not have a specific benchmark against which performance is measured. The graph below compares the Company's NAV and share price on a total return basis with the total return on an equivalent investment in the HFRI Fund Weighted Composite Index during the period. This index reflecting the performance of an investment in Hedge Funds has been selected as the most relevant to the Company.

### Company's Performance Graph

#### Annual Performance of Ordinary Shares vs. HFRI Index



\* The HFRI Fund Weighted Composite Index is a global, equal-weighted index of single manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollars and have a minimum of USD 50 million under management or USD 10 million under management and a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds. As an index that is not correlated to any specific market, the Board considers that this is the most appropriate index on which to compare the Company's performance.

# Directors' Remuneration Report continued

## Directors' Interests in Shares (Audited Information)

There are no requirements for the Directors to own shares in the Company.

The Directors interests and those of their connected persons in the shares of the Company are set out in the table below. All of the holdings are beneficial and all of the Directors held office during the period under review.

Director	31 December 2023	31 December 2022
Michael Baines	50,000	50,000
Christopher Casey	–	–
Guner Turkmen	–	–

No other changes to these holdings had been notified up to the date of this report.

The Directors' Remuneration Report was approved by the Board on 30 April 2024.

For and on behalf of the Board

**Michael Baines**

Chairman

30 April 2024

# Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Financial Statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

## Website Publication – [www.lsaplc.com](http://www.lsaplc.com)

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

## Directors' Responsibilities Pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The Financial Statements have been prepared in accordance with the applicable set of Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

**Michael Baines**  
Chairman

30 April 2024

# Independent Auditor's Report to the Members of Life Settlement Assets PLC

## Qualified opinion on the Financial Statements

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of Life Settlement Assets plc (the "Company") for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

## Basis for qualified opinion

Duplicate premium payments have been made by the Company in relation to its portfolio of life settlement investments. As a result, premium expense and premiums paid in advance include duplicate payments to Mutual Benefits Keep Policy Trust ("MBC"). A repayment is due to be received from MBC in respect of these duplicate premium payments.

In relation to this repayment, UK adopted international accounting standards require the recognition of a receivable in the Statement of Financial Position, and a reduction of premium expense in the Statement of Comprehensive Income. No such items are recognised in the Financial Statements, which are therefore materially misstated. This misstatement will also affect the Company's reported profit, together with its total and net assets. In addition, information on these amounts included in the Strategic Report is also materially misstated.

It has not been practicable for us to quantify the financial effects of this misstatement, because the Company has been unable to obtain sufficient information from MBC regarding the amount to be repaid. We have been unable to obtain this information by alternative means.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

## Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 21 November 2019 to audit the Financial Statements for the year ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 5 years, covering the years ended 31 December 2019 to 31 December 2023. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

## Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- reviewing the appropriateness of the forecasted cash flow calculated by performing a sensitivity analysis on the expected receipt of cash from maturities, future expenditure and the cash outflow arising from premium payments and dividend payments to Shareholders;
- challenging the Directors' assumptions and judgements made by assessing them for reasonableness through comparing forecasts to historical figures and assessing the Directors' historical ability to forecast accurately by comparing budgeted figures to actual results;
- understanding the business model, objectives, strategies and related business risk, the Directors measurement and review of the Company's

financial performance including forecasting and budgeting processes and the Company's risk assessment process;

- checking the mathematical accuracy of the forecasts;
- calculating and reviewing financial ratios to ascertain the financial health of the Company; and
- evaluating the adequacy and appropriateness of disclosures in the Financial Statements with reference to the Directors going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Overview

		2023	2022
<b>Key Audit Matters</b>	Valuation of investments	x	x
	Revenue recognition	x	x
	Duplicate premium payments	x	-
<b>Materiality</b>	<b>Financial Statements as a whole</b> USD 1.40 million (2022: USD 1.25 million) based on 2% (2022: 2%) of total life settlement investments at fair value.		

## An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the Financial Statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

# Independent Auditor's Report to the Members of Life Settlement Assets PLC continued

## 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 of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. 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. In addition to the matter described in the Basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit addressed the Key Audit Matter
<p><b>Valuation of investments</b> (Notes 3.3, 4.3, 13 and 14 to the Financial Statements)</p> <p>The life settlement portfolio at the year-end comprised of 'level 3' (unobservable inputs) financial assets held at fair value through profit or loss, as their performance is evaluated on a fair value basis, valued at USD 70 million (2022: USD 62.7 million).</p> <p>Management's actuarial expert performs the valuation of investments which are reviewed and approved by the Board. The valuations are, however, complex and there is a high level of estimation uncertainty involved in determining the life settlement investment valuations. It is based on assumptions such as mortality rates, discount rates and projected premiums, all of which can vary over time, and may significantly impact the fair value of the portfolio.</p> <p>We considered the valuation of investments to be the key area of focus as investments represent the most significant balance in the Financial Statements and underpin the principal activity of the Company. For this reason and the reasons set out above we considered this to be a key audit matter.</p>	<p>We responded to this matter by performing the following procedures:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the process of fair valuation of life settlement portfolios including the policy acquisition, realisation and valuation processes and controls.</li> <li>• With the assistance of our own external independent actuarial expert we assessed the appropriateness of the assumptions and methodology undertaken by management's actuarial expert. We reviewed and challenged their findings through discussions in relation to key assumptions and confirmed possible sensitivities were within an appropriate range.</li> <li>• We assessed the independence, objectivity and competence of our external expert. We also performed procedures to assess the independence, objectivity and competence of management's actuarial expert including reviewing service agreements, evaluating financial interests in the company, business or personal relationships and whether other services are provided to the Company.</li> <li>• Reconciled the data provided by independent third party service providers with the data used by management's actuarial expert to gain assurance that the data used in the valuation is complete and accurate and reconciles to the Financial Statements.</li> </ul> <p><b>Key observations</b> Based on our procedures performed we did not identify any matters to suggest that the valuation of investments was not appropriate.</p>



## Key Audit Matter

### **Revenue recognition**

#### **(Notes 3.10, 5, 6 and 7 to the Financial Statements)**

Revenue arises predominantly from death benefits received on matured life settlement policies and is a key factor in demonstrating the performance of the portfolio.

There is a risk that the policy maturities are not accurately accounted for due to manual error.

There is a risk around timing of the custodian finding out about the death, as well as them notifying the Investment Manager of this policy maturing, which could result in revenue being recognised in the incorrect period

There is also a risk that the classification of income between revenue and capital is not in accordance with the Company's accounting policies. Incorrect classification of income between revenue and capital could result in the material misstatement of the income tax expense and liability.

For these reasons, we considered revenue recognition to be a key audit matter.

## How the scope of our audit addressed the Key Audit Matter

We responded to this matter by performing the following procedures:

- Obtained an understanding of the design and implementation of controls in place over the completeness and validity in relation to revenue recognition, specifically, the controls in place at the custodians over the timely identification of maturities and the controls in place at the Investment Manager and Administrator in respect of recognition of maturities.
- Evaluated the Company's accounting policies for revenue recognition in accordance with the requirements of UK adopted International Accounting Standards and in accordance with the Statement of Recommended Practice ("SORP") issued by Association of Investment Companies ("AIC") and tested its consistent application on revenue recognition during the year.
- Tested the occurrence of investment income by selecting a sample of maturities of life settlement portfolio from the portfolio trust report provided by the administrator and checking the associated income to third party sources, including tracing a sample of matured policies back to custodian's initial notice of death.
- Gained assurance over the completeness of maturities by obtaining a confirmation of all active policies as at the year end date from the independent custodians and comparing this listing against the active policies per the portfolio trust report to identify any maturities which had not been recognised. Additionally, we obtained a sample of maturities declared in 2023, agreeing these maturities to source documentation and identifying whether the maturities were recorded in the correct accounting period.
- For both revenue and capital income, we agreed to supporting documentation to assess whether the items were appropriately classified and presented in the Financial Statements in accordance with the Company's accounting policies.

### **Key observations**

Based on our procedures performed we did not identify any matters to suggest that revenue recognition was not appropriate.

# Independent Auditor's Report to the Members of Life Settlement Assets PLC continued

## Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the Financial Statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole and performance materiality as follows:

	2023	2022
<b>Materiality</b>	USD 1,400,000	USD 1,250,000
<b>Basis for determining materiality</b>	2% of total life settlement investments at fair value	2% of total life settlement investments at fair value
<b>Rationale for the benchmark applied</b>	Given that the Company's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of invested assets (USD 70.005 million)	Given that the Company's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of invested assets (USD 62.742 million)
<b>Performance materiality</b>	USD 1,050,000	USD 940,000
<b>Basis for determining performance materiality</b>	75% of materiality	75% of materiality
<b>Rationale for the percentage applied for performance materiality</b>	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year

## Specific materiality

We also determined that for Profit or Loss before tax, a misstatement of less than materiality for the Financial Statements as a whole, specific materiality, could influence the economic decisions of users as it is a measure of the Company's performance of income generated from its investments after expenses. As a result, we determined materiality for these items to be USD 420,000 (2022: USD 430,000), based on 5% of expenditure (2022: 5% of expenditure). We further applied a performance materiality level of 75% (2022: 75%) of specific materiality which came to USD 320,000 (2022: USD 320,000) to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

## Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of USD 70,000 (2022: USD 60,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the Financial Statements and our Auditor's Report thereon. Our opinion

on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the Basis for qualified opinion section of our Report, our audit opinion is qualified for the non-recognition of a receivable for a repayment of duplicate premium payments, which affects the Company's net assets and its profit for the year. Information on these amounts included in the Strategic Report and Directors' Report is also materially misstated and accordingly we have concluded that the other information is materially misstated for the same reason.

### Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<b><i>Strategic Report and Directors' Report</i></b>	<p>Except for the matter described in the Basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> <li>• the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and</li> <li>• the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.</li> </ul> <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.</p>
<b><i>Directors' Remuneration</i></b>	<p>In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
<b><i>Matters on which we are required to report by exception</i></b>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> <li>• adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>• the Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or</li> <li>• certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>• we have not received all the information and explanations we require for our audit.</li> </ul>

# Independent Auditor's Report to the Members of Life Settlement Assets PLC continued

## Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## 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 (UK) 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.

### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### *Non-compliance with laws and regulations*

Based on:

- our understanding of the Company and the industry in which it operates;

- discussion with management and those charged with governance; and
- obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be Companies Act 2006, UK adopted International Accounting Standards, the FCA listing and DTR rules, industry practice represented by the AIC SORP and the Company's qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

Our procedures in respect of the above included:

- agreement of the Financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- review of minutes of Board Meetings throughout the period, legal correspondence and correspondence with the relevant authorities for instances of non-compliance with laws and regulations;
- involvement of tax specialists in the audit;
- reviewing the Company's Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status; and
- review of legal expenditure accounts to understand the nature of expenditure incurred.

### *Fraud*

We assessed the susceptibility of the Financial Statements to material misstatement including fraud.

Our risk assessment procedures included:

- enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- obtaining an understanding of the Company's policies and procedures relating to:

- » detecting and responding to the risks of fraud; and
- » internal controls established to mitigate risks related to fraud;
- » review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; and
- » discussion with our internal forensics experts as to where fraud might occur in the Financial Statements.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the classification of income between revenue and capital and management override of controls.

Our procedures in respect of the above included:

- in response to the risk of fraud in the classification of income, the procedures set out in the Key Audit Matters section of the Report;
- assessing significant estimates made by management for bias as set out in the Key Audit Matters section of the Report; and
- in addressing the risk of management override of control, we:
  - » performed a review of estimates and judgements applied by management in the Financial Statements to assess their appropriateness and the existence of any systematic bias;
  - » considered the opportunity and incentive to manipulate accounting entries and target tested relevant adjustments made in the period end financial reporting process; and
  - » reviewed for significant transactions outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the Financial Statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we are to become aware of it. In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matter described in the basis for qualified opinion section of our Report.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

### Use of our Report

This Report is made solely to the Company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's Members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Members as a body, for our audit work, for this Report, or for the opinions we have formed.

### Vanessa-Jayne Bradley (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
London, UK

30 April 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# Financial Statements



# Statement of Comprehensive Income

for the year ended 31 December 2023

	Notes	Revenue USD '000	2023 Capital USD '000	Total USD '000	Revenue USD '000	Restated* 2022 Capital USD '000	Total USD '000
<b>Income</b>							
Gains from life settlement portfolios	5	–	12,698	12,698	–	8,221	8,221
Income from life settlement portfolios	6	1,054	–	1,054	623	–	623
Other income	7	217	–	217	9	–	9
Total income		1,271	12,698	13,969	632	8,221	8,853
<b>Operating expenses</b>							
Investment management fees	8	(1,638)	(1,064)	(2,702)	(1,640)	409	(1,231)
Other expenses	9	(4,476)	–	(4,476)	(6,051)	–	(6,051)
(Loss)/profit before finance costs and taxation		(4,843)	11,634	6,791	(7,059)	8,630	1,571
<b>Finance costs</b>							
Interest payable	10	(2,491)	–	(2,491)	(972)	–	(972)
<b>(Loss)/profit before taxation</b>		<b>(7,334)</b>	<b>11,634</b>	<b>4,300</b>	<b>(8,031)</b>	<b>8,630</b>	<b>599</b>
<b>Taxation</b>	11	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>(Loss)/profit for the year</b>		<b>(7,334)</b>	<b>11,634</b>	<b>4,300</b>	<b>(8,031)</b>	<b>8,630</b>	<b>599</b>
<b>Basic and diluted earnings per share</b>							
Earnings per class A share USD	12	(0.147)	0.233	0.086	(0.161)	0.173	0.012

All revenue and capital items in the above statement derive from continuing operations of the Company.

The Company does not have any income or expense that is not included in the profit for the year and therefore the profit for the year is also the total comprehensive income for the year.

The total column of this statement is the Statement of Total Comprehensive Income of the Company. The supplementary revenue and capital columns are prepared in accordance with the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC") in July 2022.

\*The comparative information for the year ended 31 December 2022 has been restated to reflect the presentation required by IFRS/IAS1. Full details are given in note 28. This restatement is presentational rather than a change to the underlying numbers.

The notes on pages 58 to 79 form part of these Financial Statements.

# Statement of Financial Position

as at 31 December 2023

	Notes	2023 USD'000	Restated* 2022 USD'000
<b>Assets</b>			
Life settlement investments at fair value through profit or loss	13,14	70,005	62,742
Maturities receivable	15	14,545	7,410
Trade and other receivables	16	13,280	2,051
Premiums paid in advance	17	3,614	5,264
Cash and cash equivalents	18	12,157	35,907
<b>Total assets</b>		<b>113,601</b>	<b>113,374</b>
<b>Liabilities</b>			
Other payables	19	(1,385)	(1,522)
Provision for performance fees	20	(1,003)	(1,939)
<b>Total liabilities</b>		<b>(2,388)</b>	<b>(3,461)</b>
<b>Net assets</b>		<b>111,213</b>	<b>109,913</b>
<b>Capital and reserves</b>			
Share capital	21	498	498
Special reserve		91,290	94,290
Capital redemption reserve		213	213
Capital reserve		64,988	53,354
Revenue reserve		(45,776)	(38,442)
<b>Total equity attributable to ordinary Shareholders of the Company</b>	4.2	<b>111,213</b>	<b>109,913</b>
Net Asset Value per share basic and diluted			
Class A shares USD	23	2.23	2.21

These Financial Statements were approved by the Board of Directors on 30 April 2024 and signed on its behalf by:

**Michael Baines, Chairman**

Registered in England and Wales with Company Registration number: 10918785

\*The Balance Sheet has been restated to present on a liquidity basis in accordance with IAS 1.60 as detailed in note 2.1 on page 59.

The notes on pages 58 to 79 form part of these Financial Statements.

# Statement of Changes in Equity

for the year ended 31 December 2023

	Share capital USD '000	Special reserve USD '000	Capital redemption reserve USD '000	Capital reserve USD '000	Revenue reserve USD '000	Total USD '000
Balance as at 31 December 2022	498	94,290	213	53,354	(38,442)	109,913
Comprehensive income/(loss) for the year	–	–	–	11,634	(7,334)	4,300
<b>Contributions by and distributions to owners</b>						
Dividends paid in year	–	(3,000)	–	–	–	(3,000)
Balance as at 31 December 2023	498	91,290	213	64,988	(45,776)	111,213
Of which:						
– Realised gains				48,598		
– Unrealised gains				16,390		

	Share capital USD '000	Special reserve USD '000	Capital redemption reserve USD '000	Capital reserve USD '000	Revenue reserve USD '000	Total USD '000
Balance as at 31 December 2021	498	94,290	213	44,724	(30,411)	109,314
Comprehensive income/(loss) for the year	–	–	–	8,630	(8,031)	599
<b>Contributions by and distributions to owners</b>						
Dividends paid in year	–	–	–	–	–	–
Balance as at 31 December 2022	498	94,290	213	53,354	(38,442)	109,913
Of which:						
– Realised gains				40,500		
– Unrealised gains				12,854		

The Special reserve was created as a result of the cancellation of the Share premium account following a court order issued on 18 June 2019. The special reserve is distributable and may be used to fund purchases of the Company's own shares and to make distributions to Shareholders.

The Revenue and Realised Capital Reserves are also distributable reserves.

The notes on pages 58 to 79 form part of these Financial Statements.

# Cash Flow Statement

for the year ended 31 December 2023

	Notes	2023 USD '000	Restated* 2022 USD '000
<b>Cash flow generated from operating activities</b>			
Profit for the year		4,300	599
Non-cash adjustment			
– movement on portfolios		4,505	3,650
Net movement in policy advances	14	135	21,764
Interest paid		2,372	972
Interest paid		(2,372)	(972)
Investment in life settlement portfolios	14	(11,903)	(132)
<b>Changes in operating assets and liabilities</b>			
(Increase) in maturities receivables		(7,135)	(1,205)
(Increase) in trade and other receivables		(11,229)	(1,721)
Decrease in premiums paid in advance		1,650	1,261
(Decrease)increase in other payables		(137)	574
(Decrease) in performance fee provision		(936)	(909)
<b>Net cash (outflows)/inflows generated from operating activities</b>		<b>(20,750)</b>	<b>23,881</b>
<b>Cash flow used in financing activities</b>			
Dividends paid	27	(3,000)	–
<b>Net cash flows used in financing activities</b>		<b>(3,000)</b>	<b>–</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(23,750)</b>	<b>23,881</b>
<b>Cash balance at the beginning of the year</b>		<b>35,907</b>	<b>12,026</b>
<b>Cash balance at the end of the year</b>		<b>12,157</b>	<b>35,907</b>

\*The comparative information for the year ended 31 December 2022 has been restated to reflect the interest in operating cash flows rather than in financing activities. Full details are given in note 28. This restatement is presentational rather than a change to the underlying numbers.

The notes on pages 58 to 79 form part of these Financial Statements.

# Notes to the Financial Statements

for the year ended 31 December 2023

## 1. GENERAL INFORMATION

Life Settlement Assets PLC ("Life Settlement Assets" or the "Company") is a public company limited by shares and an investment company under section 833 of the Companies Act 2006. It was incorporated in England and Wales on 16 August 2017 with a registration number of 10918785. The registered office of the Company is The Office Suite, Den House, Den Promenade, Teignmouth TQ14 8SY.

The principal activity of Life Settlement Assets is to manage investments in whole interests in life settlement policies issued by life insurance companies operating predominantly in the United States.

In May 2018, the Company received confirmation from HM Revenue & Customs of its approval as an Investment Trust for tax accounting periods commencing on or after 26 March 2018, subject to the Company continuing to meet the eligibility conditions contained in section 1158 of the Corporation Tax Act 2010 and the ongoing requirements in Chapter 3 of Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instrument 2011/2999).

The Company currently has one class of Ordinary Shares in issue, the A Shares, which principally participates in a portfolio of life settlement assets and associated liabilities, which were acquired from Acheron Portfolio Corporation (Luxembourg) SA ("APC" or the "Predecessor Company") on 26 March 2018.

On that date, the Company entered into an Acquisition agreement with the Predecessor Company. Following the agreement, all assets and liabilities of APC were transferred to the Company as an in specie subscription for ordinary shares. More specifically:

- 100% of the interest in the Acheron Portfolio Trust was attributed to the ordinary A shares;
- 100% of the interest in the Lorenzo Tonti 2006 Portfolio Trust was attributed to the ordinary B shares;
- 100% of the interest in the Avernus Portfolio Trust was attributed to the ordinary D shares;
- 100% of the interest in the Styx Portfolio Trust was attributed to the ordinary E shares; and
- any cash and other net assets were recorded in the books of the Company as being attributable to the class of ordinary shares which corresponded to the existing class of shares in APC to which such cash and other net assets were attributable.

Net assets acquired from the Predecessor Company were valued for the purpose of Section 593 of the Companies Act by Mazars LLP as at 31 December 2017, based on the net asset values as at that date less any distributions to shareholders of the Predecessor Company prior to the date of acquisition.

The D Ordinary Share Class and E Ordinary Share Class were merged into the A Ordinary Share Class on 30 April 2020 and the B Ordinary Share Class merged into the A Ordinary Share Class on 3 June 2021.

### Statement of compliance with IFRS

The Company's Financial Statements have been prepared in accordance with UK adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under these standards. They have also been prepared in accordance with the Statement of Recommended Practice ("SORP") for investment companies issued by the AIC in July 2022, except to the extent that it conflicts with International Accounting Standards.

## 2. IFRS ACCOUNTING POLICIES

### 2.1. Basis of preparation

The Financial Statements have been prepared using the accounting policies specified below and in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Financial Statements have been prepared on a going concern basis under the historical cost convention except for the measurement at fair value of investments held at fair value through profit or loss. The going concern statement can be found on pages 29 and 30. The Company's activities, together with the material risk factors likely to affect its future development and performance, as well as the Board of Directors' "Viability Statement" are set out in the Strategic Report on pages 17 to 23.

The Statement of Financial Position has been restated and prepared on a liquidity basis in accordance with IAS 1.60. This is a change in accounting policy in accordance with IAS 8.

The significant accounting policies that have been applied in the preparation of these Financial Statements are summarised below.

#### *Going Concern*

The Financial Statements of the Company have been prepared on a going concern basis. The forecast projections and actual performance are reviewed on a regular basis throughout the period. Further details are shown in the Viability Statement on page 24. The Directors believe that it is appropriate to prepare the Financial Statements on a going concern basis and that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of the approval of the Financial Statements. The Company is able to meet, from its assets, all of its liabilities including annual premiums and its ongoing charges.

### 2.2. Changes in accounting policy and disclosures

#### *Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company*

The following new standards have been published but are not effective for the Company's accounting period beginning on 1 January 2023. The Directors do not expect the adoption of the following new standards, amended standards or interpretations to have a significant impact on the Financial Statements of the Company in future periods.

Amendments to IAS 1: Presentation of Financial Statements regarding classification of liabilities as current or non-current.

Amendments to IAS 7 and IFRS 7: Disclosures to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. IAS 7 and IFRS 7 will be effective for reporting periods beginning on or after 1 January 2024.

Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates. 'Lack of Exchangeability' that contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. IAS 21 will be effective for reporting periods beginning on or after 1 January 2025.

IFRS 16 "Leases" amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

IFRS 16 will be effective for reporting periods beginning on or after 1 January 2024. As IFRS 16 is not relevant to the life settlement market, it is expected that IFRS 16 will have no impact on the Company's Financial Statements.

# Notes to the Financial Statements continued

## 3. MATERIAL ACCOUNTING POLICIES

### 3.1. Foreign currency translation

The Financial Statements are presented in United States Dollars (USD), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the date of the transaction (spot exchange rates). Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss.

### 3.2. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting used by the Company's management. The Company's management, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

#### *Segment information*

The Company's management makes the strategic resource allocations on behalf of the Company. The Company's management has identified that the insurance portfolios or portfolio rights acquired can all be classified as life settlement activities all of which are located in the United States of America. As such, there is a single operating segment.

The asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis. The investment objective of the Company is long-term capital growth. An analysis of the investment portfolio is given in note 14 of the Financial Statements.

The internal reporting provided to Management for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IAS.

All of the Company's income is generated on the life settlement portfolios in the USA.

### 3.3. Life settlement portfolios

Being the final and exclusive beneficiary of the Acheron Portfolio Trust, the Company reflects all the transactions performed on these life insurance portfolios in its own Financial Statements. Investments in transactions to support the acquisition of life settlement assets by the Trust are considered as having been undertaken by the Company for its own account.

Insurance policies which are acquired are recognised initially at fair value (the transaction price). If a life insurance policy matures, is surrendered or is sold, the related purchase price is deducted from the proceeds in calculating the realised gains from the policy. Cash advanced on life insurance policies is deducted from the value of the relevant policy.

The value of insurance contracts is usually recovered upon the death of the insured policyholder. However, the Company may from time-to-time decide to dispose of an individual life insurance contract.

Insurance portfolios are measured at fair value with changes in fair value recognised in profit or loss and allocated to capital.



### 3. MATERIAL ACCOUNTING POLICIES continued

#### 3.4. Policy advances

Certain type of life settlement policies ('whole life') accumulate over time a cash surrender value reflecting fixed premiums paid in excess of the cost of insurance ("COI"). The Trusts can access this excess cash reserve on its policies in the form of advances on each individual policy from the insurance company. The Trusts can pay back these "policy advances" in whole or in part at any time before the death of the insured. The interest due on the advance accrues on the cash advance and after the death of the insured, the outstanding balance will be deducted from any proceeds when the maturity is collected. If the Trusts decide to lapse the policy, any remaining cash in the policy in excess of the advance is paid to the Trust as the owner of the policy. In practice, the advances work as an accelerated death benefit on the policy and its impact is fully accounted for in the policy valuation.

The Company has included the policy advances within the investments in life settlement portfolios.

Please refer to note 14 for the gross amounts of policy advances and life settlement policies.

Financial assets and liabilities are offset and the net amounts presented in the Financial Statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The Board are satisfied that the qualifying criteria for offset have been met.

#### 3.5. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

##### ***Financial assets***

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost; and
- financial assets held at fair value through profit or loss.

All financial assets, except for those held at fair value through profit or loss, are subject to review for impairment at least at each reporting date.

##### ***Financial assets at amortised cost***

Financial assets at amortised cost include receivables and cash.

At 31 December 2023, trade and other receivables included an amount of USD 11,754,000 (2022: USD 2,034,000) in relation to amounts due from the Mutual Benefits Keep Policy Trust ("MBC").

# Notes to the Financial Statements continued

## 3. MATERIAL ACCOUNTING POLICIES continued

### *Financial assets held at fair value through profit or loss*

The life settlement investments are classified as financial assets held at fair value through profit or loss.

Assets in this category are measured at fair value, with gains or losses recognised in profit or loss.

### *Financial liabilities*

The Company's financial liabilities are only constituted by trade and other payables.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 3.6. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and other short-term, highly liquid investments with original maturities of three months or fewer.

### 3.7. Taxation

The current income tax charge is calculated on the basis of the local tax laws enacted or substantively enacted at the balance sheet date in the countries where the companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of the amounts expected to be paid to the tax authorities.

Deferred income tax, if any, is recognised, using the liability method, on temporary differences arising between the tax basis of the Company's assets and liabilities and their carrying amounts in the Financial Statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Due to the Company's status as an investment trust, and its intention to continue to meet the conditions required to maintain approval under Section 1158 of the Corporation Act Tax 2010, the Company has not accounted for any deferred tax on its losses.

### 3.8. Equity and reserves

Share capital represents the nominal value of the Shares that have been issued.

Capital redemption reserve represents the nominal value of shares purchased and cancelled.

The Special reserve was created as a result of the cancellation of the Share premium account following a court order issued on 18 June 2019. The Special reserve is distributable and may be used to fund purchases of the Company's own shares and to make distributions to Shareholders.

Capital reserve represents realised and unrealised capital gains and losses on the disposal and revaluation of investments.

Revenue reserve represents retained gains/(losses) from the revenue derived from holding investment assets less the costs associated with running the Company.

All transactions with owners of the Company are recorded separately within equity.

### 3. MATERIAL ACCOUNTING POLICIES continued

#### 3.9. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

#### 3.10. Income and expense recognition

##### 3.10.1. Capital and revenue

The Capital column comprises the fair value of the consideration received in relation to maturities or to the surrender or sale (if any) of life settlement policies. Maturities are recognised when the Company is formally aware of the maturity of a life insurance policy. Net gains from life settlement portfolios represents the overall net gain and derives from the maturity or the sale of insurance policies less their original acquisition value and the change in the valuation of the fair market value of the remaining policies. Acquisition costs of matured policies as well as premiums incurred are deducted for determining net gains/(losses) from life settlement policies.

The Revenue column comprises dividends and interest income generated on invested cash in the life settlement policies as well as other operational income.

##### 3.10.2. Premiums

Premiums are expensed when paid. However, only the portion of the premiums that relates to the insurance coverage period up to 31 December of each financial period is recognised as an expense in determining the net gains/(losses) from life settlement policies. The remaining amount is shown as premiums paid in advance on the balance sheet.

##### 3.10.3. Interest income

Interest income is recognised on a proportional basis using the effective interest method.

#### 3.11. Significant estimates

The preparation of these Financial Statements in conformity with International Accounting Standards requires the use of certain critical accounting estimates. Critical accounting estimates are reflective of significant judgements and uncertainties and potentially yield materially different results under different assumptions or conditions.

The areas where assumptions and estimates are significant to the Financial Statements and involve a higher degree of judgement or complexity relate mainly to the valuation of the investment portfolios.

The life settlement (LS) and HIV portfolio values are modelled by management and valued annually by qualified external professional actuaries in the United States, Lewis & Ellis. The key assumptions used by the actuary for factors such as mortality, projected premiums and discount rates are further explained in note 14.1. The results from a sensitivity analysis around these factors are shown in note 14.3. Risk factors related to actuarial assumptions are further described in note 4.1.

Using these values, Acheron Capital Ltd (the Investment Manager of the trust in which the policies are kept) resets its internal model at beginning of each year, if necessary. It then produces regular monthly valuations using its internal model.

# Notes to the Financial Statements continued

## 3. MATERIAL ACCOUNTING POLICIES continued

### 3.12. Expenses

All operating expenses and the management fee are accounted for on an accruals basis and are allocated wholly to revenue. The performance fee paid to the Investment Manager is allocated wholly to capital as any fee would be based on capital distributions to Shareholders made from maturities received.

### 3.13. Expected Credit Loss Provision

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Company's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the life settlement market sector. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the country where the Company operates.

The main factors considered by the Board in determining the lifetime expected credit losses are whether the debts are 6 months or more past due and whether there is currently uncertainty over whether the maturity will be paid.

## 4. FINANCIAL RISK MANAGEMENT

### 4.1. Financial risk factors

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Company's financial performance. Risk management is carried out by the Board of Directors. Note 14.3 on page 74 also provides details of the sensitivity analysis to significant risk factors undertaken by L&E.

#### *Foreign Exchange Risk*

Assets, income and most transactions are denominated in USD. Only part of the Company's current expenses is denominated in USD and other parts are denominated in Euros and Pound Sterling and are paid as incurred. Consequently, the Company believes that it does not have a significant foreign exchange risk and therefore no sensitivity analysis is required.

#### *Interest Rate Risk*

Apart from cash and cash equivalents, the assets of the Company are mainly composed of portfolios of life settlement policies. Life settlement policies are uncorrelated with traditional capital markets. Changes in the level of interest rates (other than extraordinary moves) are not a major factor in the valuation of such assets. Mortality projections and premium payment projections are the major factors that affect the valuation of the Company's assets.

The Company has no significant interest-bearing assets. The Company pays interest on "policy advances" (note 3.4). The interest rate is either fixed or variable depending on each policy contract. A change of one percent in the interest rate has no significant impact on the Company's financial situation. Therefore the Company's income and operating cash flows are not substantially dependent on changes in market interest rates and no sensitivity analysis is required.

#### *Market Risk*

The Company invests in life settlement policies, generally acquired in the secondary market. Markets for these investments are not active markets, and transactions happen more often when there is a forced seller. The Board is of the opinion that, although a secondary market exists, the market risk is not relevant because the valuation of the portfolio is based on an actuarial model and not on market values.

#### 4. FINANCIAL RISK MANAGEMENT continued

##### ***Credit Risk***

The primary credit risk faced by the Company relates to solvency of the insurance companies that underwrite the insurance policies, which are the main assets of the Company. It should be noted that in addition to the creditworthiness of the insurance company issuing the life insurance policy, most of the policies also benefit from legal guarantees at a state level in the event that the insurance company that issued the policy becomes insolvent.

Credit risk is also mitigated by owning life insurance policies issued by a wide range of insurance companies and through not having an excessive exposure to any one company.

Available cash is deposited with reputable banks.

Therefore the Board believe that Expected Credit Loss calculated under IFRS 9 is nil.

The Company's maximum exposure to credit risk at the Balance Sheet date was as follows:

	31 December 2023 USD '000	31 December 2022 USD '000
Life settlement portfolio	70,005	62,742
Maturities and other receivables	27,825	9,461
Cash and cash equivalents	12,157	35,907
	<b>109,987</b>	108,110

The maximum credit exposure represents the carrying amount. There is no material impairment of financial assets carried at amortised cost.

##### ***Liquidity risk***

Prudent liquidity risk management requires the Company to maintain sufficient cash for the Company's operational requirements such as operating expenses and on-going premium payments.

Life settlement policies are long term investments maturing on the death of the insured person. Therefore, investments in life settlement policies will not generate immediate income and are highly illiquid by nature. The Company can, however, receive cash advances from the life insurance policies which are deducted from the value of the policies.

Management monitors cash and cash equivalents on an ongoing basis. This is carried out in accordance with the practice and limits set by the Board of Directors.

##### ***Risks associated with actuarial assumptions***

Mortality tables are used in the valuation processes of the Company in order to simulate the cash flow expected from the policies. Past mortality experience may not be an absolute accurate indicator of future mortality rates. Individuals with specific life expectancies may experience a lower mortality rate in the future than experienced by persons with the same traits in the past. Changes in the mortality tables may have an adverse effect on the Company's operations and the Net Asset Value of the Shares.

Individuals may live longer than expected by the Company when the respective policies were purchased. In this case, the value of the policy decreases. The Company will be required to pay additional life insurance premium payments on the policy until its maturity. This may result in delayed cash flow to the Company, which may have an adverse effect on the return per share.

# Notes to the Financial Statements continued

## 4. FINANCIAL RISK MANAGEMENT continued

The Company has often acquired policies by auction without having obtained all available information concerning such policies. The valuation leading to these acquisitions is thus, based on assumptions that may, in fact, be incorrect or may never be validated.

The valuation methods used by different actuaries may vary. The methods used by an actuary may thus produce different results for the same insured person from those used by other actuaries.

Advances in medical science and disease treatment, particularly those related to HIV and AIDS, may increase the life expectancy of individuals or viators. Although an actuary will attempt to account for such advances, one or more unexpected breakthroughs in medical treatment, or a cure for a previously incurable illness, could further increase the life expectancy of the insured.

In some cases, the Company will depend on life expectancy estimate of doctors, disease specific medical mortality models or actuaries. From time to time, the Company may seek the opinion of any such persons or rely on such a model to determine life expectancies.

The valuation is thus dependent on these estimations or mortality profiles accurately modelling life expectancies. The valuation of the policies is inherently difficult due to a number of assumptions that have to be made in this process. Any change in one of these assumptions may result in substantially different values. Whilst the Investment Manager and the Valuation Agent attempt to provide reasonable valuations for the policies held by the Trust, there is no guarantee that these valuations will correspond to the realisable value of the policies.

A more detailed description of the key risks is included in the Strategic Report on pages 20 to 23.

### 4.2. Capital risk management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure in order to minimise the Company's cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders or issue new Shares.

The Company's capital at 31 December 2023 comprises:

	31 December 2023 USD '000	31 December 2022 USD '000
Share capital	498	498
Special reserve	91,290	94,290
Capital redemption reserve	213	213
Capital reserve	64,988	53,354
Revenue reserve	(45,776)	(38,442)
	<b>111,213</b>	<b>109,913</b>

### 4.3. Fair value estimation

The fair value of life settlement portfolios (which are not traded in an active market) is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on the market conditions that exist at each balance sheet date. Valuation policies are further explained in note 14.

## 5. GAINS/(LOSSES) FROM LIFE SETTLEMENT PORTFOLIOS

	Revenue USD '000	2023 Capital USD '000	Total USD '000	Revenue USD '000	2022 (restated)* Capital USD '000	Total USD '000
Realised gains:						
Maturities	–	34,080	34,080	–	27,197	27,197
Acquisition cost of maturities and fair value movement**	–	(8,626)	(8,626)	–	(10,220)	(10,220)
Sub total	–	25,454	25,454	–	16,977	16,977
Incurred premiums paid in year on all policies	–	(16,893)	(16,893)	–	(15,551)	(15,551)
Unrealised gains:						
Fair value adjustments	–	4,137	4,137	–	6,795	6,795
<b>Total gains from life settlement policies</b>	<b>–</b>	<b>12,698</b>	<b>12,698</b>	<b>–</b>	<b>8,221</b>	<b>8,221</b>

\*The comparative information for the year ended 31 December 2022 has been restated to reflect the presentation required by IFRS/IAS1. Full details are given in note 28. This restatement is presentational rather than a change to the underlying numbers.

When a maturity is declared, a realised capital income or loss is recognised on the investment in the policy, calculated by deducting from the value of the maturity the initial acquisition cost and the previously unrealised fair value adjustments.

The amount of premiums incurred during the year is reflected as a deduction of income from life settlement portfolios. The amount of premiums paid in advance amounted to USD 3,614,000 (2022: USD 5,264,000) as at 31 December 2023.

\*\*Acquisition cost of maturities and fair value movement" includes the impact of drawdowns from policy advances.

## 6. INCOME FROM LIFE SETTLEMENT PORTFOLIOS

	31 December 2023 USD '000	31 December 2022 USD '000
Dividends	459	392
Interest	595	231
	<b>1,054</b>	<b>623</b>

A number of the policies in which the Company invests have an embedded entitlement to dividends and interest as shown above.



# Notes to the Financial Statements continued

## 7. OTHER INCOME

Other income comprises:

	31 December 2023 USD '000	31 December 2022 USD '000
Other income	202	–
Interest income	15	9
	<b>217</b>	<b>9</b>

## 8. MANAGEMENT FEES AND PERFORMANCE FEES

	31 December 2023 USD '000	31 December 2022 USD '000
Acheron Capital management fees	1,638	1,640
Performance fees	1,064	(409)
	<b>2,702</b>	<b>1,231</b>

Under an agreement dated 26 March 2018, the Investment Manager is entitled to a management fee payable by the Trust at an annual rate of no more than 1.5% of the Net Asset Value. Management fees paid during the year amounted to USD 1,638,000 (2022: USD 1,640,000).

The Performance fee in respect of the Trust was previously an amount equal to 20% of the sum of the distributions made to the holders of the Shares in the Company corresponding to the Trust, in excess of the Performance Hurdle (assessed at the time of each distribution).

On 30 June 2022 the Company announced that after discussions with Acheron Capital Limited ("ACL") an agreement had been reached with ACL that once the current litigation process with one of the policy trustees has been resolved, the performance fee will be reduced from 20% as described above to 10% over the existing hurdle rate.

In consideration of this reduction the Board released the accrued performance fees payable to ACL held by the Company in excess of USD 1 million, as calculated at 31 January 2023, as a one-off payment amounting to USD 2,000,000.

The "Performance Hurdle" is met when (from time to time) the aggregate distributions (in excess of the Catch-Up Amount) made to the holders of the corresponding Ordinary Shares compounded at 3% per annum for the share class (from the date of each distribution) equal the aggregate investment made by the Ordinary Shares in the Company (from time to time) compounded at 3%.

The "Catch-Up Amount" is an amount equal to the distributions that would have been required to be made to the Predecessor Company's shareholders of the corresponding share class in order for the Accrued Performance Distributions (less, where applicable, any clawback of such Accrued Performance Distributions) to be paid (determined as at 31 December 2021), reduced by an amount equal to any distributions paid to the Predecessor Company's shareholders of the relevant share class prior to the Acquisition.

The performance fee provision has been increased by USD 1,064,000 in relation to the performance for the year ended 31 December 2023 and reduced by USD 2,000,000 as described above.

## 9. OTHER EXPENSES

	31 December 2023 USD '000	31 December 2022 USD '000
Policies servicing fees	2,489	3,508
Audit fees payable to the Company's auditor	192	217
Legal and financial advisors fees	1,069	1,629
Administration management	109	181
Accounting fees and NAV calculation	102	123
Actuarial fees	102	54
Directors' fees*	154	125
Directors liability insurance	55	87
Travelling expenses	15	19
Other expenses	189	108
	<b>4,476</b>	<b>6,051</b>

\* Details of the Directors' fees are disclosed in the Directors' Remuneration Report on pages 38 to 42. An amount of USD nil (2022: USD nil) remains payable at 31 December 2023.

Details of Directors who are key management personnel are given on page 28.

## 10. INTEREST EXPENSES

Interest expenses amount to USD 2,491,000 (2022: USD 972,000) and includes interest on "policy advances" of USD 2,479,000 (2022: USD 963,000).

## 11. TAXATION

	31 December 2023 USD '000	31 December 2022 USD '000
Profit before taxation	4,300	599
Tax at UK Corporation Tax rate of 23.52% (2022: 19%)	1,011	114
Effects of:		
Non-taxable capital gain	(2,987)	(1,562)
Excess management expenses and tax losses carried forward	1,976	1,448
Actual tax charge	-	-

As at 31 December 2023, the Company has tax losses and excess management expenses of USD 39,125,000 (2022: USD 30,724,000) that are available to offset future taxable profits. A deferred tax asset has not been recognised in respect of those losses as due to the Company's status as an investment trust it is not expected to generate taxable income in the future against which such losses can be utilised. There is no expiry date to these losses.

Provided the Company maintains its status as an investment trust, then any capital gains will remain exempt from Corporation Tax.

The Company suffers US withholding tax on income received from dividends and interest.

### Withholding tax on matured policies

In accordance with the taxation treaty between the United States of America and the United Kingdom, withholding tax on matured policies is not due if at least 6% of the average capital stock of the main class of Shares is traded during the previous year on a recognised stock exchange. The Board believes that in the year ended 31 December 2023 the Company fulfilled this requirement.

# Notes to the Financial Statements continued

## 12. RETURN PER SHARE

Basic and diluted earnings per share is total earnings after taxation divided by the weighted average number of shares in issue during the year. All Shares are fully paid. Neither unpaid shares nor any kind of option are outstanding, so the basic (loss)/profit per share is also the diluted (loss)/profit per share.

Class A	2023	2022
Earnings per share:		
Revenue return (USD '000)	(7,334)	(8,031)
Capital return (USD '000)	11,634	8,630
Total return (USD '000)	4,300	599
Weighted average number of shares during the year	49,826,784	49,826,784
Income return per share (USD)	(0.147)	(0.161)
Capital return per share (USD)	0.233	0.173
Basic and diluted total earnings per share (USD)	0.086	0.012

## 13. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The life settlement portfolios have been classified as financial assets held at fair value through profit or loss as their performance is evaluated on a fair value basis.

The fair value hierarchy set out in IFRS 13 groups financial assets and liabilities into three levels based on the significant inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The life settlement portfolios of USD 70,005,000 (2022: USD 62,742,000) are classified as level 3. At the year end, these portfolios were valued by the external actuary using an actuarial model as discussed in note 14.

	2023 (Book and fair value) USD'000	2022 (Book and fair value) USD'000
<b>Assets at fair value through profit or loss</b>		
Life settlement investments	70,005	62,742
<b>Assets at amortised cost or equivalent</b>		
Maturities receivable	14,545	7,410
Trade and other receivables	13,280	2,051
Cash at bank	12,157	35,907
<b>Liabilities at amortised cost or equivalent</b>		
Other payables	(1,385)	(1,522)
Provision for performance fee	(1,003)	(1,939)
Total for financial instruments	107,599	104,649
<b>Non-financial instruments</b>		
Premiums paid in advance	3,614	5,264
<b>Total net assets</b>	<b>111,213</b>	<b>109,913</b>

Premiums paid in advance are not considered to be financial instruments.

The Board has considered what amount of the life settlement investments is expected to be realised within one year of the Balance Sheet date and concluded that, whilst difficult to make a reliable estimate due to the nature of the underlying asset, it is estimated to be in the range between USD 4-9 million.

#### 14. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS: LIFE SETTLEMENT PORTFOLIOS

	31 December 2023 USD '000	31 December 2022 USD '000
Movements of the year are as follows:		
Opening valuation	62,742	88,024
Acquisitions during the year	11,903	132
Proceeds from matured policies	(34,080)	(27,197)
Net realised gains on policies	25,454	16,977
Movements in cash from policy advances	(135)	(21,764)
Movements in unrealised valuation	4,121	6,795
Escrow rebate	–	(225)
Closing valuation	70,005	62,742
Detail at year end		
Acquisition value	92,632	88,770
Unrealised capital gains	16,390	12,854
Policy advances	(39,017)	(38,882)
Closing valuation	70,005	62,742

##### *Policy advances*

	31 December 2023 USD '000	31 December 2022 USD '000
Balance at 1 January 2023	38,882	17,118
Advances received	1,929	22,389
Payments made	(1,794)	(625)
Balance at 31 December 2023	39,017	38,882

##### *Distribution of the portfolio by class of Shares and by type of risk*

	Class A USD '000
Elderly life insurance (non HIV) portfolio	18,539
HIV portfolio	51,466
<b>Balance as at 31 December 2023</b>	<b>70,005</b>

	Class A USD '000
Elderly life insurance (non HIV) portfolio	22,075
HIV portfolio	40,667
Balance as at 31 December 2022	62,742

Fair market value reflects the view of the US actuary. The Investment Manager of the Trust in which the policies are kept (Acheron Capital) has also set up an internal actuarial model to value the policies and produces monthly valuations.

## 14. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS: LIFE SETTLEMENT PORTFOLIOS continued

### 14.1. Main assumptions used to determine the fair value

#### a) Mortality/Life expectancy

Lewis & Ellis Inc. ("L&E") has built its own proprietary general population mortality table. It has done so by utilising insurance industry and other data available, including the underlying data that went into the construction of the Valuation Basic Table, which has been commonly utilised within the life settlement industry. The mortality is adjusted for several factors, such as demographic shifts in the population, improvements in mortality, pharmaceutical advances and volatility in the mortality experienced as measured against the baseline curves chosen for valuation. The table includes an assumption of continuing mortality improvement each year. The retained table is used in connection with each insured age, gender and smoking status.

L&E also considers the most recent life expectancy reports, when available. Life expectancy reports are medical opinions from specialised companies, based on the latest medical updates of each individual, giving their specific mortality profile and life expectancy. When life expectancy reports from more than one external provider are available, L&E uses an average. When only 'stale' life expectancy reports are available, the life expectancy is used but adjusted materially upwards using a formula dependent upon the medical underwriter that issued the report. L&E uses the retained or computed life expectancy with the adjusted mortality table to derive a probability of death for each insured for every month over the next 35 years.

The Actual to Expected ratio is a measure of how well the model has behaved compared to experience. This ratio was computed for the life settlement portfolios underlying Class A Shares. A key issue with this exercise is the concentration of the death benefit in certain policies with larger face values. This generates an embedded volatility in the actual maturity outcomes compared to statistical projections. To circumvent this imbalance, the actuaries have calculated the Actual to Expected ratio to measure the model's performance while limiting the maximum exposure of the portfolio to any life insurance policy. The A/E on this basis was 100% over the last 5 years for the HIV portfolio.

L&E report an actual to expected of 110% for Non-HIV policies and 96% for HIV in 2023 for the share class.

The base case has been increased to reflect lower mortality for the younger HIV and retain an A/E of 100% over the last 5 years.

#### b) Policy Structure

LSA's current portfolio is categorized into policies linked to either HIV policyholders or non-HIV policyholders. Class A Shareholders collectively hold a gross face value of USD 64 million for life settlements related to non-HIV policies and USD 410 million for HIV policies. For the non-HIV segment, the face value-weighted average age now stands at 87 years old. This average age corresponds to a life expectancy of 5.6 years for men and 6.8 years for women in a standard population.

Assessing the life expectancy of individuals with HIV proves challenging. The present face value-weighted average age of the HIV population hovers around 64 years. However, actual mortality rates tend to surpass the biological age, indicating characteristics of a population significantly older. Consequently, life expectancy for this group is lower than their non-HIV counterparts in the same age bracket.

Despite these observations, significant uncertainties persist. There exists an ongoing 'race' between the cumulative impact of the retrovirus over time and advancements in medical treatment. While the life expectancy of HIV policies remains lower than that of the general population, it has shown a consistent expansion over the last few decades. This dynamic reflects the evolving landscape of HIV treatment and the complex interplay of medical advancements, and the persistent challenges posed by the virus.

## 14. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS: LIFE SETTLEMENT PORTFOLIOS continued

### c) *Projected Premiums*

Whenever an illustration is available, L&E uses this data for premium projections. An illustration is an official document from the insurance company that specifies what premiums are due to be paid in the following years for a life insurance policy. An illustration can be used to compute what is the likely minimum payment that can be made for each year until the life insurance policy expires. The process of moving from paying a fixed premium to paying the minimum contractual premium is known as optimisation.

Premium projection has been more challenging given the unilateral increases in Cost of Insurance ("COI") made by a few insurance companies. Whenever information on such COI increases has been available, it has been directly incorporated.

When no illustration is available or is deemed unsuitable to be used, for instance because it does not project sufficiently into the future, L&E takes the last observed premium payment and applies an annual increase of 8% per year which L&E has determined by observing the upper band of the premium increases on non-fixed policies (whole life) over a prolonged period of time.

### d) *Discount rate*

The discount rate reflects the time value of money and a risk component. The risk component reflects the uncertainties attached to each individual life insurance policy, such as its mortality risk, premium risk and counterparty risk.

#### *HIV/AIDS Portfolios*

In determining the discount rate for the HIV/AIDS portfolios, it should be noted that there is no readily observable market for these policies. As a result L&E used their experience in the life settlement market, on the basis that life settlement portfolios are comparable assets.

A discount rate of 12% (2022: 12%) is used for the HIV/AIDS portfolios. To assess the discount rate, the following reasoning has been used, starting with a base rate:

- assuming a sufficiently large portfolio, the base rate must be consistent with the discount rate determined for a situation where the mortality assumptions and policy specifics are well defined. Specifically, the mortality is defined so that actual experience is expected to track well with the defined mortality assumptions.

#### *Life Settlement Portfolios (Non-HIV/Non-AIDS)*

In determining the discount rate for the life settlement portfolios, it has been considered that complete policy information was not always available. For most life settlement valuations, premium schedules and at least two recent life expectancy opinions are usually provided. For these valuations, premium schedules were estimated for some of the policies and mortality assumptions were developed using an actuarial approach. Given this, the discount rate is subjective but based on the actuary's experience in the life settlement market.

In determining the portfolio values, a portfolio-wide discount rate assumption equal to 12% for non-HIV has been used, which is consistent with past valuations, and 12% for HIV with effect from July 2019. Some buy/sale observations were considered where the effective discount rate was between 12% and 14%, although effective discount rates in the competitive market were probably between 10% and 12%. Other well documented portfolios have been valued at between 7% and 11% in their Financial Statements. It is estimated that the actual-to-expected mortality ratios for most of these portfolios are lower than 70%, materially below the rates of experience by our portfolios. Given this, a discount rate of 12% has been used for the current period, considering the actual performance compared to other portfolios in the market, and considering a risk premium related to the quality of the documentation.

### 14.2. Precision and changes in actuarial parameters/data

As per the market standard, the servicing, management and holding entities expenses are not taken into account in deriving the valuation of the life settlement portfolios. The actuaries, following industry standards, are solely discounting the probabilistic projections of death benefits minus premiums, "policy loans" and interest thereon.

# Notes to the Financial Statements continued

## 14. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS: LIFE SETTLEMENT PORTFOLIOS continued

### 14.3. Sensitivity analysis

L&E conducted various sensitivity analyses which are summarised as follows:

#### a) Class A

##### a.1) Discount rate sensitivity

Discount rate – non HIV portfolio	10%	11%	12%	13%
Value of portfolio (USD)	19,661	19,082	18,539	18,028
% of total face amount	30.9	30	29.1	28.3
Discount rate – HIV portfolio	10%	11%	12%	13%
Value of portfolio (USD)	53,874	52,597	51,466	50,459
% of total face amount	13.2	12.9	12.6	12.4

##### a.2) Premium assumption sensitivity

Value based on 12% discount rate – non HIV portfolio	Annual premium increase at	
	8%	9%
Value of portfolio (USD)	18,539	18,443
% of total face amount	29.1	28.9
Value based on 12% discount rate – HIV portfolio	Annual premium increase at	
	8%	9%
Value of portfolio (USD)	51,466	50,541
% of total face amount	12.6	12.4

##### a.3) Mortality sensitivity

Value based on 12% discount rate – non HIV portfolio	USD	% of face amount
Value of portfolio as reported	18,539	29.1
Value at 90% of current mortality assumption*	16,376	25.7
Value at 80% of current mortality assumption	14,281	22.4
Value based on 12% discount rate – HIV portfolio	USD	% of face amount
Value of portfolio as reported	51,466	12.6
Value at 90% of current mortality assumption*	47,768	11.7
Value at 80% of current mortality assumption	44,333	10.9

\* Assumption that mortality is only 90% of expected mortality.

## 15. MATURITIES RECEIVABLE

Maturities receivable of USD 14,545,000 (2022: USD 7,410,000) are declared maturities that have not yet been paid. Maturities receivable are due within one year. Maturities previously receivable of USD 458,000 have been written off as irrecoverable during the year.



## 16. TRADE AND OTHER RECEIVABLES

The trade debtors and receivables including an estimate of the amount expected from the MBC transaction together with other receivables.

	31 December 2023 USD '000	31 December 2022 USD '000
Due from MBC	11,754	2,034
Other receivables	1,526	17
	<u>13,280</u>	<u>2,051</u>

## 17. PREMIUMS PAID IN ADVANCE

Premiums paid in advance of USD 3,614,000 (2022: USD 5,264,000) consist of premiums on life insurance policies paid as at 31 December 2023 that relate to the period following the balance sheet date.

## 18. CASH AND CASH EQUIVALENTS

As at 31 December 2023, cash and cash equivalents consist solely of cash held on deposit and on current accounts with banks.

## 19. OTHER PAYABLES

	31 December 2023 USD '000	31 December 2022 USD '000
Trade and other payables	645	873
Other creditors and accruals	740	649
	<u>1,385</u>	<u>1,522</u>

## 20. PROVISION FOR PERFORMANCE FEES

	31 December 2023 USD '000	31 December 2022 USD '000
Provision brought forward	1,939	2,848
Increase/(reduction) in provision during the year (note 8)	1,064	(409)
Performance fee paid during the year	(2,000)	(500)
Provision at the year end	<u>1,003</u>	<u>1,939</u>

The Performance fee does not have a fixed date for payment but can become payable immediately in the event that:

- a. a crystallisation event as set out in the Investment Management Agreement occurs; or
- b. distributions to Shareholders exceed the Performance Hurdle.

As described in note 8 on page 68, the Board released the accrued performance fee payable to ACL held by the Company in excess of USD 1 million as calculated at 31 January 2023, as a one-off payment amounting to USD 2 million.

# Notes to the Financial Statements continued

## 21. SHARE CAPITAL

At the 31 December 2023 the Company's share capital amounts to USD 498,268 (2022: USD 498,268), and is represented by 49,826,784 ordinary shares of USD 0.01 each.

	A Shares USD '000	Total USD '000
Balance as at 31 December 2022	498	498
Balance as at 31 December 2023	498	498

	A Shares USD '000	Total USD '000
Balance as at 31 December 2021	498	498
Balance as at 31 December 2022	498	498

As at 31 December 2023, the issued and fully paid share capital is comprised of 49,826,784 Class A shares (31 December 2022: 49,826,784 Class A shares). All shares have equal voting rights.

## 22. CAPITAL MANAGEMENT POLICIES

The Company's capital management objectives are:

- to ensure it will be able to continue as a going concern;
- to maximise the long-term revenue and capital return to its Shareholders by returning cash generated from maturities to Shareholders, taking into consideration cash requirements needed to fund operations and premium payments. To this effect the Board of Directors has set policies of the level of cash to be held at any point in time; and
- to realise capital returns to Shareholders by way of dividend distributions, distributions of capital reserves and share buybacks or tender offers.

The Board of Directors, with the assistance of the Investment Manager of the Trust, monitors the capital requirements and possibilities of realising capital returns to Shareholders on a regular basis.

The capital structure of the Company consists of share capital, special reserve, capital redemption reserve, capital and revenue reserves as disclosed on the Statement of Financial Position.

The Special reserve was created as a result of the cancellation of the Share premium account following a court order issued on 18 June 2019. The Special reserve is distributable and may be used to fund purchases of the Company's own shares and to make distributions to Shareholders.

The capital structure of the Company does not include debt financing.

The Company uses policy advances to borrow from the cash surrender value accumulated on some life settlement policies. The Company's policy is to potentially withdraw that cash from time to time.

Considering the volatility of collected maturities and in some Share Classes the dependence on a reduced number of large life settlement policies, the use of gearing cannot be excluded.

## 23. NET ASSETS AND NET ASSET VALUE PER CLASS OF SHARES

The net assets and net asset value (NAV) for each class of Shares are shown below.

31 December 2023	Class A
Net assets (USD '000)	111,213
Number of shares	49,826,784
NAV per share (USD)	2.23

31 December 2022	Class A
Net assets (USD '000)	109,913
Number of shares	49,826,784
NAV per share (USD)	2.21

## 24. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At the year end, the Company has no (2022: nil) capital commitments in respect of life settlement portfolios. Life settlements portfolios do require continued payments of insurance premiums unless the Company decides not to renew the policies.

At the year end, the Company has no (2022: nil) contingent liabilities.

## 25. RELATED PARTY TRANSACTIONS

Related parties to the Company are the members of the Board of Directors of the Company, Compagnie Européenne de Révision S.à.r.l. as Administrator who, until 31 December 2020, had a member on the Board of Directors and the Trustee of the US trust who was also a member of the Board of Directors until 31 December 2020.

	Note	31 December 2023 USD '000	31 December 2022 USD '000
<b>Per income statement:</b>			
Trustee fees		147	153
Compagnie Européenne de Révision S.à.r.l.		102	123
Directors' fees	9	154	125
<b>Amounts payable per balance sheet:</b>			
Compagnie Européenne de Révision S.à.r.l.		34	86
Directors' fees		1	4

All transactions with related parties are undertaken at arm's length.

## Notes to the Financial Statements continued

### 26. POST BALANCE SHEET EVENTS

Since the year end, as announced on 1 March 2024, the Company has received notification of a further maturity in February 2024 across two non-HIV policies held by the Company with a face value of USD 9.2 million. These maturities are in the process of being valued and, once verified, will add between USD 8.2 million and USD 8.9 million to the Company's assets. This maturity does not affect the NAV announced at 31 December 2023.

The Company has recently been made aware that some premiums relating to the fractional policies held by the MBC Trust had been overpaid. This illustrates the operational difficulties of holding fractional interests through the MBC Trust, now overcome as a result of the successful outcome of the MBC litigation. Since the year end, the Board has been informed that the Company should receive additional proceeds from the MBC Action as a result of these overpayments. Whilst the amount of the proceeds is still in the process of being quantified it may be up to USD 4 million which, once verified, should result in a further increase to NAV during 2024. Due to the lack of certainty surrounding the amount involved, this has not been accounted for in these Financial Statements. A further announcement confirming the final details relating to these additional proceeds will be made when appropriate.

### 27. DIVIDENDS

The dividends paid in the year were as follows

	2023 USD '000	2022 USD '000
Special capital dividend of 6.0209 cents per A share paid on 10 February 2023	3,000	-
	3,000	-

The Company paid a special dividend of 6.0209 cents per share, totalling USD 3.0 million, which was paid on 24 February 2023 to Shareholders on the register at 10 February 2023.

No final dividend in respect of the year ended 31 December 2023 will be paid.

On 15 February 2024, the Company announced a special dividend of 6.0209 cents per share, totalling USD 3.0 million, which was paid on 15 March 2024 to Shareholders on the register at 23 February 2024.

## 28. PRIOR YEAR ADJUSTMENT

The Company has amended the presentation of the Statement of Comprehensive Income to reflect the requirements of IAS1.

The following, which had been shown in detail on the face of the Statement of Comprehensive Income for the year ended 31 December 2022, have been moved to note 5 and replaced with a single line entitled "Gains from life settlement policies" in the Statement of Comprehensive Income.

	Revenue USD '000	2023 Capital USD '000	Total USD '000	Revenue USD '000	2022 (restated) Capital USD '000	Total USD '000
<b>Realised gains:</b>						
Maturities	–	34,080	34,080	–	27,197	27,197
Acquisition cost of maturities and fair value movement	–	(8,626)	(8,626)	–	(10,220)	(10,220)
Sub total	–	25,454	25,454	–	16,977	16,977
Incurred premiums paid in year on all policies	–	(16,893)	(16,893)	–	(15,551)	(15,551)
<b>Unrealised gains:</b>						
Fair value adjustments	–	4,137	4,137	–	6,795	6,795
<b>Total gains from life settlement policies</b>	–	12,698	12,698	–	8,221	8,221

This restatement is purely presentational and is not a change to underlying numbers.

The Company has also amended the presentation in the Statement of Cash Flows. The interest on policy advances which had been shown as financing activities for the year ended 31 December 2022 has now been presented as part of operating activities. Accordingly, cash flows from operating activities have decreased and cash flows from financing activities for the previous year have increased by USD 972,000.



# Shareholder Information



# Notice of Annual General Meeting 2024

## **LIFE SETTLEMENT ASSETS PLC (THE "COMPANY")**

Notice is hereby given that the 2024 Annual General Meeting (the "AGM") of the Company will be held at the offices of Acheron Capital Limited, 5-10 Bolton Street, 3rd Floor, London W1J 8JA on Tuesday, 18 June 2024 at 2pm for the following purposes:

1. To receive and adopt the audited Annual Report and Accounts of the Company for the year ended 31 December 2023 together with the Directors' Report and Auditor's Report thereon.
2. To approve the Directors' Remuneration Report as set out in the Annual Report.
3. To re-elect Michael Baines as a Director of the Company.
4. To re-elect Christopher Casey as a Director of the Company.
5. To re-elect Guner Turkmen as a Director of the Company.
6. To re-appoint BDO LLP as Auditors to the Company until the conclusion of the next AGM.
7. To authorise the Directors' to determine BDO LLP's remuneration as Auditor to the Company.

## **Special Business**

To consider the following resolutions:

### ***Authority to allot new shares – Ordinary Resolution***

8. THAT, in substitution for any existing authorities pursuant to section 551 of the Companies Act 2006, (the "Act") the Directors of the Company are generally and unconditionally authorised to exercise any power of the Company to allot shares and relevant securities (as described in that section) in the Company, and to grant rights to subscribe for, or to convert any security into, shares in the Company, up to an amount representing 10% of the issued Ordinary A Shares (excluding treasury shares) as at the date of the notice convening the meeting at which this resolution is proposed, provided that the price at which each such Ordinary Share may be allotted will be above the then prevailing estimated Net Asset Value per Ordinary Share (as determined by the Board of Directors in their reasonable discretion) and that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2025 (unless renewed at a general meeting prior to such time), save that the Company may before such expiry make offers or agreements which would or might require shares and relevant securities to be allotted, or rights to be granted after such expiry and so the Directors of the Company may allot shares and relevant securities or grant rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

### ***Authority to disapply pre-emption rights on allotment or sale of relevant securities – Special Resolution***

9. THAT, subject to the passing of Resolution 8 set out in this notice, in substitution of all existing authorities the Directors of the Company be and hereby are empowered pursuant to sections 570 and 573 of the Act to allot or make agreements to allot equity securities (within the meaning of section 560 of that Act) for cash pursuant to the authority conferred on them by Resolution 8 set out in this notice or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment or sale provided that this power shall be limited to:
  - (a) the allotment or equity securities and/or sale of equity securities held in treasury for cash up to an aggregate number of equity securities of each Share Class as represents 10% of the number of Ordinary Shares of that Share Class (excluding treasury shares) as at the date of the notice convening the meeting at which this resolution is proposed; this power shall expire (unless previously renewed, varied or revoked) upon the expiry of the general authority conferred by Resolution 8 above;

- (b) before this power expires, the Directors may make offers or agreements which would or might require equity securities to be allotted (and treasury shares sold) after such expiry and the Directors are entitled to allot or sell equity securities pursuant to any such offer or agreement as if this power had not expired;
- (c) this power is in substitution of all unexercised powers given for the purposes of section 570 of that Act; and
- (d) no allotment of securities shall be made which would result in equity securities being issued or sold from treasury at a price which is equal to or less than the then prevailing estimated Net Asset Value per Ordinary A Shares as determined by the Board of Directors in their reasonable discretion.

***Authority to repurchase the Company's shares – Special Resolution***

10. THAT the Company be and hereby is generally and unconditionally authorised for the purposes of section 701 of the Act to make one or more market purchases (as defined in section 693(4) of the Act) of its issued Ordinary Shares of any class, in the capital of the Company, on such terms and in such manner as the Directors may from time to time determine, provided that:
- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is the number of Ordinary A Shares (excluding treasury shares) that represents 14.99% of the issued Ordinary Share capital as at the date of passing this resolution;
  - (b) the minimum price (exclusive of expenses) which may be paid for an Ordinary A Share is the nominal amount of that share;
  - (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary A Share is the higher of:
    - i. an amount equal to 5% above the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased; and
    - ii. an amount equal to the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out at the relevant time;
  - (d) any purchase of shares will be made in the market for cash at prices below the latest estimated monthly net asset value per share (as determined by the Directors);
  - (e) the authority conferred by this resolution shall (unless previously renewed or revoked in general meeting) expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2025; and
  - (f) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which contract will or may be executed wholly or partly after the expiry of such authority and may make a purchase of shares pursuant to any such contract as if the authority conferred hereby had not expired.

By order of the Board

**Company Secretary**

ISCA Administration Services Limited

***Registered Office***

The Office Suite  
Den House  
Den Promenade  
Teignmouth TQ14 8SY

## Notes to the Notice of the AGM

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting (and the number of votes that may be cast thereat), will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or to request additional copies of the proxy form contact the Company's Registrars, The City Partnership (UK) Limited, on +44 (0) 1484 240 910 (lines are open between 9.00 am and 5.30 pm Monday to Friday, calls are charged at standard geographic rates and will vary by provider). Calls outside the United Kingdom will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons The City Partnership (UK) Limited will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
4. The statement of the rights of members in relation to the appointment of proxies in paragraphs (2) and (3) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.
6. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (so the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.
7. A personal reply paid form of proxy is enclosed with this document. To be valid, the enclosed form of proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited at the offices of the Company's Registrar, The City Partnership (UK) Limited, The Mending Rooms, Park Valley House, Meltham Road, Huddersfield HD4 7BH, so as to be received not later than 2pm on Friday, 14 June 2024 or 48 hours (excluding non-business days) before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

8. If you prefer, you may return the proxy form to The City Partnership (UK) Limited in an envelope addressed to The City Partnership (UK) Limited, The Mending Rooms, Park Valley House, Meltham Road, Huddersfield HD4 7BH.
9. Please note that you can vote your shares electronically at <https://proxy-lsa-agm.cpip.io/>.
10. Appointment of a proxy or CREST proxy instruction will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedure set out in these notes and the notes to the form of proxy.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID 8RA57) by 2pm on Friday, 14 June 2024. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
13. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. As at 29 April 2024 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 49,826,784 Class A shares. Therefore, the total voting rights in the Company as at 29 April 2024 was 49,826,784.
15. The Directors' appointment letters will be available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sunday and public holidays) and shall be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting.
16. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.

## Notes to the Notice of the AGM<sup>continued</sup>

17. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
18. At the meeting Shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged under section 319A of the Act to answer such questions, unless; a) to do so would interfere unduly with the conduct of the meeting or would involve the disclosure of confidential information, b) the information has been given on the Company's website, [www.lsapl.com](http://www.lsapl.com) in the form of an answer to a question, or c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
19. Further information, including the information required by section 311A of the Act, regarding the meeting is available on the Company's website, [www.lsapl.com](http://www.lsapl.com).
20. Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.
21. This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting at 30 April 2024 (the business day prior to the approval of this Notice) and, if applicable, any members' statements, members' resolutions or members' matter of business received by the Company after the date of this Notice, will be available on the Company's website: [www.lsapl.com](http://www.lsapl.com).

# Company Information

## DIRECTORS

Michael Baines – [Chairman](#)  
Christopher Casey  
Guner Turkmen

## COMPANY SECRETARY AND REGISTERED OFFICE

[ISCA Administration Services Limited](#)

The Office Suite  
Den House  
Den Promenade  
Teignmouth TQ14 8SY

Email: [lsa@iscaadmin.co.uk](mailto:lsa@iscaadmin.co.uk)

Telephone: 01392 487056

## AUDITOR

[BDO LLP](#)

55 Baker Street  
London  
W1U 7EU

## TRUST'S INVESTMENT MANAGER

[Acheron Capital Limited](#)

5-10 Bolton Street  
3rd Floor  
London W1J 8JA

## FINANCIAL CALENDAR

[Company year end](#)  
[Annual results announced](#)  
[Annual General Meeting](#)  
[Company half-year end](#)  
[Half-year results announced](#)

## LEI

[2138003OL2VBXWG1BZ27](#)

## REGISTRARS

[The City Partnership \(UK\) Limited](#)

The Mending Rooms  
Park Valley House  
Meltham Road  
Huddersfield  
HD4 7BH

## BROKERS

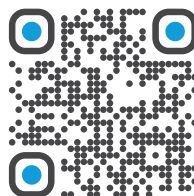
[Shore Capital and Corporate Limited](#)

Cassini House  
57 St James's Street  
London  
SW1A 1LD

31 December 2023  
April 2024  
18 June 2024  
30 June 2024  
September 2024

## WEBSITE

[www.lsapl.com](http://www.lsapl.com)



# Glossary

The following definitions apply throughout this Annual Report, unless stated otherwise:

**"A Ordinary Shares"** means the shares with a nominal value of USD 0.01 in the capital of the Company issued and designated as A Ordinary Shares and having the rights described in the Articles.

**"Act"** means the Companies Act 2006, as amended.

**"Administrator"** means Compagnie Européenne de Révision S.à.r.l.

**"Board"** or **"Directors"** means the board of directors of the Company.

**"Consenting Individuals"** means the individuals whose lives are insured under the Policies and who have sold their interest in the Policies in accordance with the life settlements laws of the United States – such Consenting Individuals, having been compensated for ceding their interest in the Policies, explicitly agreeing to such transaction and having full knowledge that they no longer will benefit from said Policies.

**"COI"** means cost of insurance.

**"Company"** means Life Settlement Assets PLC.

**"FCA"** means the UK Financial Conduct Authority.

**"Fractional interests"** means partial interests in life policies arising after sale in the Primary Market.

**"Investment Manager"** means Acheron Capital Limited.

**"NAV"** or **"Net Asset Value"** means:

- a. the Net Asset Value of the Company as a whole on the relevant date calculated in accordance with the Company's normal accounting policies; and
- b. in relation to an Ordinary Share, the Net Asset Value of the Company on the relevant date calculated in accordance with the Company's normal accounting policies divided by the total number of Ordinary Shares in issue (excluding, for the avoidance of doubt, any Ordinary Shares held in treasury).

**"Ordinary Shares"** means any class of ordinary shares issued from time to time.

**"Policy"** or **"Policies"** means an individual or set of life settlement or mortality-related contracts.

**"Predecessor Company"** Acheron Portfolio Corporation, a company previously registered in Luxembourg.

**"Primary Market"** means the market in which the holder of a life policy transacts that policy for the first time to a purchaser, consenting to cede their total interest in the policy to the purchaser.

**"Secondary Market"** means the market in which policies acquired in the Primary Market are transacted again with secondary purchasers.

**"Shareholder"** means a holder of Ordinary Shares.

**"Share Class"** means a class of Ordinary Share in the Company.





# Life Settlement Assets Plc – Annual General Meeting

You may submit your proxy electronically using the Proxy Voting Application: <https://proxy-lsa-agm.cpip.io/>.

## To be held at:

The offices of Acheron Capital Limited, 5-10 Bolton Street, 3rd Floor, London W1J 8JA on Tuesday, 18 June 2024 at 2pm.



## Form of Proxy Life Settlement Assets Plc – Annual General Meeting

Name of Shareholder(s):

I/We being a member of the Company hereby appoint the Chairman of the meeting or (see note 1)

Name of proxy

Number and class of shares proxy appointed over

Access Code:

CIN:

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held at 2pm on Tuesday, 18 June 2024 and at any adjournment thereof. I have indicated with a '✗' how I/we wish my/our votes to be cast on the following resolutions: If you wish to appoint multiple proxies please see note 1 over. Please also tick here if you are appointing more than one proxy. ☐

RESOLUTIONS	Please mark '✗' to indicate how you wish to vote				RESOLUTIONS	Please mark '✗' to indicate how you wish to vote			
		For	Against	Vote Withheld			For	Against	Vote Withheld
1. To receive and adopt the audited Annual Report and Accounts.		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	6. To re-appoint BDO LLP as Auditor.		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2. To approve the Directors' Remuneration report.		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7. To authorise the Directors to determine BDO LLP's remuneration as Auditor.		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3. To re-elect Michael Baines as a Director.		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	8. To authorise the Directors to allot equity securities.		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4. To re-elect Christopher Casey as a Director.		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	9. To authorise the Directors to disapply pre-emption rights (Special Resolution).		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5. To re-elect Guner Turkmen as a Director.		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	10. To authorise the Company to make market purchases of the Company's own shares (Special Resolution).		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Signature

Date



## Notes

1. Every holder has the right to appoint some other person(s) of their choice, who need not be a Shareholder as his or her proxy to exercise all or any of his or her rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided (see over). If the proxy is being appointed in relation to less than your full voting entitlement, please enter the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
2. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
3. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communication from the Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered Shareholder who holds shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
4. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution. If this form is returned without any indication as to how the person appointed proxy shall vote, he/she will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
5. Entitlement to attend and vote at the meeting (and the number of votes that may be cast thereat), will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.
7. To be effective, all forms of Proxy must be completed, signed and lodged not less than 48 hours before the time of the meeting at the office of The City Partnership (UK) Limited at: The City Partnership (UK) Limited, The Mending Rooms, Park Valley House, Meltham Road, Huddersfield HD4 7BH. Alternatively, you may vote through the Proxy Voting App at <https://proxy-lsa-agm.cpip.io/>.
8. If you prefer, you may return the proxy form to The City Partnership in an envelope addressed to The City Partnership (UK) Limited, The Mending Rooms, Park Valley House, Meltham Road, Huddersfield HD4 7BH.



## Notes

## Notes







Company Number: 10918785  
The Office Suite, Den House, Den Promenade, Teignmouth TQ14 8SY  
[www.lsapl.com](http://www.lsapl.com)