THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Prospectus you should consult your accountant, legal or professional adviser, financial adviser or a person authorised for the purposes of the FSMA, who specialises in advising on the acquisition of shares and other securities if you are in the United Kingdom or, if not, from another appropriately authorised and independent adviser.

A copy of this Prospectus, which comprises a prospectus relating to Life Settlement Assets PLC, prepared in accordance with the Prospectus Rules of the FCA made pursuant to section 73A of FSMA, has been delivered to the FCA and has been made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

The Ordinary Shares are only suitable for investors: (a) who are institutional, professional and highly knowledgeable (including those who are professionally advised); (b) for whom an investment in the Ordinary Shares is part of a diversified investment programme; and (c) who fully understand and are willing to assume the risks involved in such an investment, including the potential risks of capital loss and that there may be limited liquidity in the underlying investments of the Company. If you are in any doubt about the contents of this Prospectus, you should consult your accountant, legal or other professional adviser or financial adviser.

It is expected that an application will be made to the London Stock Exchange for all of the Ordinary Shares issued and to be issued to be admitted to trading on the Specialist Fund Segment. It is expected that such admissions will become effective, and that dealings in the Shares will commence, at 8.00 a.m. on 6 March 2018.

The Ordinary Shares are not dealt in on any other recognised investment exchanges and no applications for the Shares to be traded on such other exchanges have been made or are currently expected.

The Company and its Directors, whose names appear on page 35 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read this entire Prospectus and, in particular, the matters set out under the heading "Risk Factors" on pages 15 to 30, when considering an investment in the Company.

LSA
Life Settlement Assets

Life Settlement Assets PLC

(incorporated in England and Wales under the Companies Act 2006 with registered number 10918785 and registered as an investment company under section 833 of the Companies Act 2006)

ISSUE OF:

45,446,946 A ORDINARY SHARES, 14,596,098 B ORDINARY SHARES, UP TO 9,600,000 D ORDINARY SHARES AND UP TO 1,925,000 E ORDINARY SHARES, EACH WITH A NOMINAL VALUE OF US$0.01

IN CONNECTION WITH THE ACQUISITION OF THE PREDECESSOR COMPANY PORTFOLIO BY THE COMPANY

AND

ADMISSION TO TRADING ON THE SPECIALIST FUND SEGMENT

Investment Manager	*Financial Adviser and Corporate Broker*
Acheron Capital Limited	**Stockdale Securities Limited**

The distribution of this Prospectus in certain jurisdictions may be restricted by law. This Prospectus is not intended to constitute an offer to sell, an offer to acquire or subscribe for, Ordinary Shares in any jurisdiction and the Issue Shares will only be issued to the Predecessor Company in connection with the restructuring of the Predecessor Company. Accordingly, no action has been taken by the Company or any other person that would permit an offer of the Ordinary Shares, or possession or distribution of this Prospectus, or any other offering or publicity material, in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Ordinary Shares have not been and will not be registered under the US Securities Act or the securities laws of any other jurisdiction of the United States, or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa, New Zealand or Japan or their respective territories or possessions. The Ordinary Shares will not be offered or sold, directly or indirectly, within the United States, or to, or for the account or benefit of, US persons (as defined in Regulation S) or Canada, Australia, the Republic of South Africa, New Zealand or Japan or their respective territories or possessions. No public offering of the Ordinary Shares is being made in the United States. The Company has not been and will not be registered under the US Investment Company Act and, as such, investors will not be entitled to the benefits of the US Investment Company Act. A US Person that acquires Ordinary Shares may be required to sell or transfer these Ordinary Shares to a person qualified to hold Ordinary Shares or forfeit the Ordinary Shares if the transfer is not made in a timely manner.

Persons resident in territories other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to take any action in relation to this Prospectus or the Ordinary Shares.

As Specialist Fund Segment securities, the Ordinary Shares are not admitted to the Official List of the Financial Conduct Authority. Therefore the Company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not required to comply with the Financial Conduct Authority's Listing Rules. The London Stock Exchange has not examined or approved the contents of this Prospectus.

Stockdale Securities Limited is regulated by the FCA and is acting exclusively for the Company and for no one else in connection with the Issue and Admission and will not be responsible to anyone (whether or not a recipient of this Prospectus) other than the Company for providing the protections afforded to its clients or for affording advice in relation to the Issue and Admission, the contents of this Prospectus or any matters referred to herein. Stockdale Securities Limited is not responsible for the contents of this Prospectus. This does not exclude any responsibilities which Stockdale Securities Limited may have under FSMA or the regulatory regime established thereunder.

This Prospectus is dated 30 January 2018.

CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introductions and Warnings		
Element	*Disclosure requirement*	*Disclosure*
A.1	Warnings	**This summary should be read as an introduction to the Prospectus.** **Any decision to invest in the Ordinary Shares should be based on consideration of the Prospectus as a whole by the investor.** **Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EU Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.** **Civil liability attaches only to those persons who are responsible for this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with other parts of this prospectus, key information in order to aid investors when considering whether to invest in such securities.**
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. No consent has been given by the issuer or person responsible for drawing up the prospectus to the use of the prospectus for subsequent resale or final placement of securities by financial intermediaries.
Section B – Issuer		
Element	*Disclosure Requirement*	*Disclosure*
B.1	Legal and commercial name	Life Settlement Assets PLC.
B.2	Domicile and legal form	The Company was incorporated in England and Wales under the Companies Act 2006 as a private company limited by shares on 16 August 2017 with company number 10918785 and is a closed-ended investment company. 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. The Company operates under the Companies Act 2006 and regulations made under the Companies Act 2006.
B.5	Group description	Not applicable. The Company is not part of a group. On or shortly following Admission, the Company will acquire the Predecessor Company Portfolio (*inter alia*) by acquiring the entire beneficial interest of each of the four Trusts through which the life settlement policies comprising the Predecessor Company Portfolio are held.

B.6	Notifiable interests	The Investment Manager holds all voting rights in the Company as at the date of this Prospectus. Accordingly, pending the allotment of the Shares under the Issue, the Company is controlled by the Investment Manager. As at the date of this Prospectus, Jean Medernach holds 50,000 A shares in the capital of the Predecessor Company and, subject to completion of the Acquisition, will hold 50,000 A Ordinary Shares under the Issue. All Shareholders have the same voting rights in respect of the share capital of the Company (except for holders of the Redeemable Preference Shares).
B.7	Key financial information	The Company has not commenced operations since its incorporation on 16 August 2017 and no financial statements of the Company have been made as at the date of this document.
B.8	Key *pro forma* financial information	Not applicable. No *pro forma* financial information has been included.
B.9	Profit forecast	Not applicable. No profit forecast or estimate has been made.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There is no historical financial information.
B.11	Insufficiency of working capital	Not applicable. The Company is of the opinion that the working capital available to the Company is sufficient for its present requirements, that is, for at least the next 12 months from the date of this document.
B.34	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 Investment Objective in respect of each Share Class as follows: *A Ordinary Share Class* The assets attributable to the A Ordinary Share Class will be predominantly invested in life insurance policies acquired from special or "distressed" situations, with exposure to both HIV and elderly insureds. Initially, the Company will meet this Investment Policy by acquiring the entire beneficial interest in the Acheron Portfolio Trust from the Predecessor Company on or shortly following Admission. *B Ordinary Share Class* The assets attributable to the B Ordinary Share Class will be predominantly invested in life insurance policies exposed only to elderly insureds. Initially, the Company will meet this Investment Policy by acquiring the entire beneficial interest in the Lorenzo Tonti 2006 Portfolio Trust from the Predecessor Company on or shortly following Admission. *D Ordinary Share Class and E Ordinary Share Class*[(1)] The assets attributable to the D and E Ordinary Share Classes will invest predominantly in fractional policies with exposure to both HIV and elderly insureds (where the A and B Share Classes (or the A and B Classes in the Predecessor Company) are already fractional owners).

(1) The Investment Policy of each of the D and E Ordinary Share Classes is identical. This is a result of the E share class in the Predecessor Company (to which the E Ordinary Shares correspond) being created and issued following the D share class in the Predecessor Company (to which the D Ordinary Shares correspond) being fully invested.

		Initially, the Company will meet these Investment Policies by acquiring the entire beneficial interest in: (a) the Avernus Portfolio Trust, in respect of the D Ordinary Share Class; and (b) the Styx Portfolio Trust, in respect of the E Ordinary Share Class, from the Predecessor Company on or shortly following Admission. *Source of Policies* In respect of each Share Class, Policies will be or will have been obtained from a variety of sources, primarily in the United States. *Further acquisitions* The Company does not intend to substitute assets held by the Trusts as the Policies mature. The Trusts are self-liquidating in nature. The Company may however, from time to time: (a) acquire Policies or cause the Trusts to acquire Policies that meet the Investment Policy of the relevant Share Class, including but not limited to, fractional policies; and (b) cause the Trusts to dispose of Policies. The Company retains the right to raise further capital in the future to acquire further Policies that meet the Investment Objective and Investment Policy of the relevant Share Class (or those of a Share Class to be established in future). Such Policies will subsequently be granted to the relevant Trust. **Investment Restrictions** Any transaction involving more than 10 per cent. 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 Trusts may also hold derivative or other financial instruments designed for efficient portfolio management or to hedge interest or inflation risks. The Trusts 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**").
B.35	Borrowing limits	As at the date of the Prospectus, the Company does not intend to borrow other than for short-term financing purposes should the Board deem fit. 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 in respect of, or attributable to, a Share Class shall be limited to a maximum of 10 per cent. of the Net Asset Value of such Share Class (at the time the borrowing is incurred). The Company at present has no borrowings. In addition, the Board (or the Investment Manager, subject to any limits imposed by the Board) has discretion to make short-term loans out of the assets attributable to one Share Class to another Share Class where the Board or the Investment Manager (as the case may be) considers it necessary in order to fully or partially remedy a cash-flow shortfall in respect of that other Share Class.
B.36	Regulatory status of the Company	The Company will not be a collective investment scheme and therefore will not be regulated as such by the FCA. However, from Admission, it will be subject to the FCA's Disclosure Guidance and Transparency Rules, MAR and the 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 CTA 2010.
B.37	Typical investor	Typical investors include those: (a) who are institutional, professional and highly knowledgeable (including those who are professionally advised); (b) for whom an investment in the Ordinary Shares is part of a diversified investment programme; and (c) who fully understand and are willing to assume the risks involved in such an investment, including the potential risks of capital loss and that there may be limited liquidity in the underlying investments of the Company. If you are in any doubt about the contents of this Prospectus, you should consult your accountant, legal or other professional adviser or financial adviser. The Issue Shares will be acquired by the Predecessor Company.
B.38	Investment of 20 per cent. or more in single underlying asset or company	Not applicable.
B.39	Investment of 40 per cent. or more in single underlying investment company	Not applicable.
B.40	Service providers	**Investment Management Arrangements** The Investment Manager is the investment manager for each of the Trusts. With effect from the date of Admission the Investment Manager's appointment as investment manager of the Trusts will be on the terms of the Investment Management Agreements. The Company is a party to the Investment Management Agreements, but the Investment Manager does not provide services to the Company under such Agreement. The Investment Management Agreements provide for management fees to be paid by the Trusts to the Investment Manager, calculated as of the last independently audited date (expected to be once a year), 1/12th of which is payable monthly in advance at an annual rate of 1.5 per cent. of the Net Asset Value of each Share Class (or 2 per cent. in the case of the E Ordinary Shares) (calculated prior to the deduction of the management fee). The applicable Net Asset Value for the first period is the Net Asset Value of the relevant Share Class as at 31 December 2017. The Investment Management Agreements also provide for the payment of performance fees by the Trusts. The Investment Management Agreements also include arrangements in respect of the Accrued Performance Fees to 31 December 2017 (being the valuation date for the purposes of the Acquisition). The Accrued Performance Fees equal the amount of performance-related distribution that has been accrued in the accounts of the Predecessor Company in respect of each share class to 31 December 2017, but not paid.[2] *Performance Fees in respect of the A Ordinary Shares and the B Ordinary Shares* The performance fee in respect of the Acheron Portfolio Trust (in which the A Ordinary Shares participate) and the Lorenzo Tonti 2006 Trust (in which the B Ordinary Shares participate) shall be an amount equal to 25 per cent.

(2) The Accrued Performance Fees as at 30 November 2017 are: (a) in respect of the A shares, US$3,547,887; (b) in respect of the B shares, US$0; (c) in respect of the D shares, US$1,709,794; (d) in respect of the E shares, US$844,149; (e) in respect of the F shares, US$265,899; and in respect of the G shares, US$122,847. The Accrued Performance Fees attributable to the D Ordinary Shares will be the sum of the Accrued Performance Fees of the D shares and the F shares and the Accrued Performance Fees of the E Ordinary Shares will be the sum of the Accrued Performance Fees of the E shares and the G shares.

		of the sum of the distributions made to the holders of the Ordinary Shares corresponding to the Trust, in excess of the Performance Hurdle (assessed at the time of each distribution). The performance fee will be paid by the relevant Trust to the Investment Manager. 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 cent. per annum (from the date of each distribution) equal the aggregate investment made by the relevant class of Ordinary Shares in the Company (from time to time) compounded at 3 per cent. per annum (being initially an amount equal to the value at which such part of the Predecessor Company Portfolio as is attributable to the relevant Share Class was acquired under the Acquisition). The "Catch Up Amount" is an amount equal to the distributions that would have been required to be made to Predecessor Company Shareholders of the corresponding share class in order for the Accrued Performance Fees (less, where applicable, any clawback of such Accrued Performance Fees) to be paid (determined as at 31 December 2017) in accordance with the arrangements in place in the Predecessor Company as at the date of this Prospectus, reduced by any distributions actually made to Predecessor Company Shareholders of the relevant class prior to the Acquisition. Additionally, an amount equal to the Accrued Performance Fee in respect of the Acheron Portfolio Trust and the Lorenzo Tonti 2006 Portfolio Trust will be transferred to a trust or other special purpose vehicle for the benefit of the performance fee beneficiaries, subject to certain holding and clawback arrangements. The terms of these arrangements are intended to provide that up to 50 per cent. of the Accrued Performance Fee will be paid to the Company or the relevant Trust should certain performance criteria not be met. For these purposes, distributions include any cash distribution to one or more Shareholders or Predecessor Company Shareholders (as the case may be), including, but not limited to, by way of dividend, buy-back or tender offer. *Performance Fees in respect D Ordinary Shares and E Ordinary Shares* Any performance fees will first be paid to the beneficiaries of the performance-related distributions in the Predecessor Company (being personnel of the Investment Manager) up to an amount equal to the applicable Accrued Performance Fee, following which it shall be paid to the Investment Manager. The performance fee in respect of each Trust shall be an amount equal to 25 per cent. of the sum of the distributions made to the holders of the Ordinary Shares corresponding to the Trust, in excess of the Performance Hurdle (assessed at the time of each distribution). The "Performance Hurdle" is met when (from time to time) the sum of the aggregate distributions made to: (i) the holders of the corresponding Ordinary Shares; and (ii) and to the holders of the corresponding Shares in the Predecessor Company prior to the date of the Acquisition, in each case compounded at 5 per cent. per annum (from the date of each distribution) equal the aggregate investment made by the: (i) holders of the relevant Ordinary Shares in the Company; and (ii) holders of classes D and F shares (in the case of the D Ordinary Shares) and E and G shares (in the case of E Ordinary Shares) in the Predecessor Company prior to the date of the Acquisition, in each case compounded at 5 per cent. per annum. For these purposes, distributions include any cash distribution to one or more Shareholders or Predecessor Company Shareholders (as the case may be), including, but not limited to, by way of dividend, buy-back or tender offer. The Investment Manager is also entitled to be reimbursed for all agreed transaction fees and any reasonable out-of-pocket expenses properly

incurred by it in the performance of its duties and responsibilities under the Investment Management Agreements (excluding administrative expenses and overheads). The fees are due from the Trusts and payable by the Trusts; however, such amounts may originate from the Company through a capital contribution to the Trusts.

Additional services provided by the Investment Manager

The Company has also appointed the Investment Manager under the Services Agreement to provide ancillary services (including in relation to assisting the Company to comply with certain applicable regulation) that may be required from time to time by the Company. Such appointment will have effect from the date of Admission. Under the terms of the Services Agreement, the Investment Manager is not entitled to any additional fee for the services it provides to the Company. The Investment Manager will be entitled to be reimbursed for all travel and related costs of its employees and all other out-of-pocket expenses incurred in connection with the performance of its services under the Services Agreement.

Trustee

Conditional upon the Acquisition completing, the Company will pay the Trustee an annual fee, not including out-of-pocket expenses, of US$26,000 in relation to its services a Trustee of the Acheron Portfolio Trust, US$19,000 in relation to its services as Trustee of the Lorenzo Tonti 2006 Portfolio Trust, US$19,000 in relation to its services as Trustee of the Avernus Portfolio Trust and US$11,000 in relation to its services as Trustee of the Styx Portfolio Trust.

Administrator

Under the terms of the Administration Agreement, Compagnie Européenne de Révision Sàrl is entitled to a total monthly fee (covering the Company and each Share Class) of approximately €9,785 for accounting and net asset value calculation services. The Administrator will also be entitled to fees of €25,000 for preparation of IFRS financial statements and notes to the accounts at year closing, €7,000 for assistance to the auditor at year closing and €8,500 for preparation of IFRS financial statements and notes to the accounts at half year closing. Additional services will be charged on a time spent hourly rate basis.

The Administrator is also entitled to be reimbursed for costs and expenses reasonably incurred by it in good faith on behalf of the Company.

Registrar

Under the terms of the Registrar Agreement, the Registrar is entitled to a minimum fee of £4,500 per annum, together with a one-off register set-up fee of £4,500 (minimum fee, on a £350 per hour basis) and additional fees payable for, *inter alia*, distributions (subject to a minimum of £5,000) transfers and meetings (other than the annual general meeting). The annual fee of the Registrar is payable on a per Shareholder basis. Since the number of Shareholders on the register may vary during the fee year, there is no maximum fee payable to the Registrar, however, it will be limited by the number of Shareholders on the register.

The Registrar is entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in connection with the performance of its duties under the Registrar Agreement, including reasonable postage, Euroclear and related network charges, telephone and courier expenses, reasonable travelling expenses incurred on Company business and reasonable printing and stationery expenses.

Company Secretary

Under the terms of the Company Secretarial Services Agreement, the Company Secretary will provide company secretarial services to the Company, including being appointed as company secretary, maintaining statutory books, registers and records, convening and attending board and shareholder meetings and assisting with and providing guidance to the Company in respect of applicable law, including MAR.

		For providing such services, the Company Secretary will receive an annual fee of £40,000, payable monthly and a one-off set up fee of £10,000. The Company Secretary will be entitled to the reimbursement of all reasonable out of pocket expenses properly incurred. **Broker** The Company's broker, Stockdale Securities Limited, will provide corporate finance and broking services. A retainer fee of £35,000 per annum will be payable, quarterly in advance, from the date of Admission. The broker is also entitled to be reimbursed for costs and expenses properly incurred. **Auditor** Grant Thornton UK LLP has agreed to provide audit services to the Company. The fees charged by the Auditors will depend on the services provided, computed (*inter alia*) on the time spent by the Auditors on the affairs of the Company. All fees of the service providers above are exclusive of Value Added Tax which if applicable will be payable in addition to the fees above. **Maximum amounts** The estimated maximum amount of all material fees payable directly or indirectly by the Company for any services or arrangements entered into on or prior to the date of the Prospectus cannot be quantified as the fees payable are variable.
B.41	Regulatory status of investment manager and depositary	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. Accordingly, it has not appointed a separate investment manager. The Company has not appointed a depositary. The Investment Manager has been appointed an investment manager of the Trusts through which the Company invests. The Investment Manager is authorised and regulated by the FCA (number 443685).
B.42	Calculation of Net Asset Value	The Net Asset Value of each Share Class will be determined by the Administrator monthly, under the supervision of the Board. The Net Asset Value will be determined using the Investment Manager's estimates for the relevant Policies' value. The Net Asset Value per Share Class will also be determined by a Valuation Agent annually. The Net Asset Value will be published through a Regulatory Information Service as soon as is practicable following the end of the relevant month.
B.43	Cross liability	The Company is not an umbrella collective investment undertaking. Investors should be aware however that, although the Articles contain provisions designed to allocate the assets and liabilities of the Company between the different Share Classes, such provisions cannot ring-fence the assets allocated to one Share Class from the liabilities of the other Share Classes as far as third parties are concerned (for example, a creditor of the Company). Shareholders should note that, the Board (or the Investment Manager, subject to any limits imposed by the Board) has discretion to make short-term loans out of the assets attributable to on Share Class to another Share Class where the Board or the Investment Manager (as the case may be) considers it necessary in order to fully or partially remedy a cash-flow shortfall in respect of that other Share Class. Should such shortfall not be remedied from third party sources, the Share Class in respect of which the cash has been lent may not be repaid and, in those circumstances, would be exposed to the liabilities of the Share Class which has borrowed the cash.

B.44	Key financial information	The Company has not commenced operations since its incorporation on 16 August 2017 and no financial statements of the Company have been made as at the date of this document.
B.45	Portfolio	Not applicable. The Company has not commenced operations since its establishment on 16 August 2017 and so has no portfolio as at the date of this Prospectus. On or shortly following Admission, it is expected that the Company will acquire the Predecessor Company Portfolio.
B.46	Net Asset Value	Not applicable. The Company has not commenced operations since its establishment on 16 August 2017 and so no valuation of the Net Asset Value per Share or per Share Class has been carried out to date.

Section C – Securities

Element	*Disclosure Requirement*	*Disclosure*
C.1	Type and class of securities being offered	The Company will issue A, B, D and E Ordinary Shares, each with a nominal value of US$0.01 each under the Issue. The ISIN of the A Ordinary Shares is GB00BF1Q4B05 and the SEDOL is BF1Q4B0. The ISIN of the B Ordinary Shares is GB00BF1Q4C12 and the SEDOL is BF1Q4C1. The ISIN of the D Ordinary Shares is GB00BF1Q4N27 and the SEDOL is BF1Q4N2. The ISIN of the E Ordinary Shares is GB00BF1Q4D29 and the SEDOL is BF1Q4D2.
C.2	Currency of the securities issued	The Company will issue Ordinary Shares denominated in US Dollars under the Issue.
C.3	Number of securities in issue	The following table shows the issued share capital of the Company as at the date of this Prospectus: **Nominal Value** / **Number** A Ordinary Shares: US$0.01 / 1 Redeemable Preference Shares: £1 / 50,000
C.4	Description of the rights attaching to the securities	**As regards income:** The Shareholders shall be entitled to receive such dividends as the Directors resolve to pay out in accordance with the Articles. Under the Articles of the Company, all of the assets of the Company and all the liabilities of the Company will be allocated either to the A Ordinary Shares, the B Ordinary Shares, the D Ordinary Shares or the E Ordinary Shares. Each Share Class will be entitled to the economic benefit of the assets allocated to it (subject to the rights as to income attaching to the Redeemable Preference Shares). Therefore, although the rules in the Companies Act 2006 and elsewhere in relation to the payment of distributions will be applicable to the Company on a Company-wide basis, the income generated by the assets allocated to a particular Share Class will belong to that Share Classes. **As regards capital:** Similarly, the capital assets of the Company will be allocated to a particular Share Class. On a winding-up or on a return of capital (other than the redemption of redeemable share or on a purchase by the Company of its Shares) the surplus capital shall be divided amongst the holders of the relevant Share Class *pro rata* according to the number of Shares of the relevant Share Class held and the aggregate entitlements of that Share

		Class (subject to the rights as to capital attaching to the Redeemable Preference Shares). The Ordinary Shares of a particular Share Class will not be entitled to any capital assets held in respect of any other Share Class. In relation to the purchase by the Company of its Ordinary Shares, the purchase of an Ordinary Share of a particular Share Class may only be financed by assets allocated to such Share Class. **As regards voting and general meetings:** Subject to disenfranchisement in the event of non-compliance with a statutory notice requiring disclosure as to beneficial ownership, each Shareholder present in person or by proxy shall on a poll have one vote for each Ordinary Share of which he is the holder. Shareholders of a particular Share Class may not be entitled to vote on certain matters which concern another class only and *vice versa*.
C.5	Restrictions on the free transferability of the securities	Shares are freely transferable, subject to the restrictions contained in the Articles, which are summarised below. The Board may decline to register any transfer of any Ordinary Share in certificated form or (to the extent permitted by the Act) uncertificated form which is not fully paid or on which the Company has a lien, or in a limited number of circumstances that would otherwise require the Company and/or the Advisers to be subject to or operate in accordance with certain US laws or regulations (including ERISA or the US Investment Company Act), provided that this would not prevent dealings in the Ordinary Share from taking place on an open and proper basis. The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in the aggregate in any one calendar year) as the Directors may decide except that, in respect of any Shares which are participating shares held in an uncertificated system (such as CREST), the register of members shall not be closed without the consent of the relevant authorised operator of that system.
C.6	Admission	It is expected that an application will be made to the London Stock Exchange for the Issue Shares to be admitted to trading on the Specialist Fund Segment. Subject to the Issue becoming unconditional, it is expected that Admission will become effective and dealing will commence at 8.00 a.m. on 6 March 2018.
C.7	Dividend policy	The Company will only pay dividends on the Ordinary Shares to the extent that it has sufficient financial resources available for the purpose in accordance with the Act. The Company has no stated dividend target. The Company aims to distribute a substantial portion of its funds derived from its operations in respect of a Share Class as dividends to Shareholders of that Share Class. There can be no assurance that the Company will be able to achieve this aim. 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 per cent. of its income (as calculated for UK tax purposes) in respect of any accounting period.
Section D – Risks		
Element	*Disclosure Requirement*	*Disclosure*
D.1/2	Key information on the key risks specific to the issuer or its industry	• *Mortality risk:* Changes in mortality rates may adversely affect the performance of the Policies held by the Company in respect of a Share Class. • *Premium management risk:* Unanticipated volatility in mortality rates makes liquidity management of premium reserves difficult, as the

		Company (or the Trusts) need to be able to meet premium and costs at all times. Failure to pay premium may result in the relevant Policy lapsing and the Company being unable to receive insured sums as a result. • *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. • *Counterparty risk:* If an insurance company that has issued a Policy in which the Company invests defaults, the Company many not receive one or more payments owing to it. • *Volatility risk:* The portfolio of each Share Class may be more volatile than expected as a consequence of certain policies representing a larger proportion of the portfolio than other policies. • *Litigation risk:* The assignment of life insurance Policies can be a contentious matters and the sector has historically been subject to high levels of litigation. • *Modelling risk:* 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. • *Discount rate risk:* 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. • *Advance age mortality risk:* 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. • *Tax risk:* The results of the Company would 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 per cent. 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. • *Key person risk:* The success of the Company depends heavily on the financial and managerial experience and availability of the management team associated with the Investment Manager. • *Fee incentive risk:* The management and performance fees payable to the Investment Manager may create incentives that are not in the interests of the Company and may therefore adversely affect investment returns.
D.3	Key information on the key risks specific to the securities	• The Company has been established as a closed-ended investment company and, accordingly, Shareholders will not be able to redeem their Ordinary Shares. Shareholders must rely on the existence of a liquid market in the Ordinary Shares to realise their investment.

		• Although the Ordinary Shares are to be admitted to trading on the SFS and are freely transferable, the ability of Shareholders to sell their Ordinary Shares in the market, and the price which they may receive, will depend on market conditions. • There can be no assurance as to the levels of secondary market trading in Ordinary Shares or as to the prices at which such Ordinary Shares may trade. The market price of the Ordinary Shares may rise or fall rapidly. • The Ordinary Shares may trade at a discount to the Net Asset Value per Ordinary Share of the relevant Share Class for a variety of reasons, including market conditions, liquidity concerns or the actual or expected performance of the Company and/or a Share Class. • The market price of Ordinary Shares may fluctuate significantly and potential investors may not be able to resell their Ordinary Shares at or above the price at which they purchased them.
Section E – Offer		
Element	*Disclosure Requirement*	*Disclosure*
E.1	Net proceeds and costs of the issue	The Company is not raising funds in connection with the Issue. The Company has been formed and is making the Issue for the purposes of acquiring the Predecessor Company Portfolio (which comprises all of the assets and liabilities of the Predecessor Company) and continuing the business of the Predecessor Company. The Issue Shares are being issued to the Predecessor Company (or as it directs) in consideration for the acquisition of the Predecessor Company Portfolio. For illustrative purposes only and assuming that the Admission and Acquisition occurred on 30 November 2017 (being the latest date at which the Predecessor Company has published its unaudited net asset value), the Company's net assets would have increased following Admission and the Acquisition by approximately US$144.4 million (of which US$96.7 million will be attributable to the A Ordinary Shares; US$18.9 million will be attributable to the B Ordinary Shares; US$17.7 million§ will be attributable to the D Ordinary Shares; and US$11.1 million will be attributable to the E Ordinary Shares). The costs of the Issue (which includes costs incurred by the Company's in respect of the Acquisition and associated taxes and the cost of the liquidation of the Predecessor Company) are expected to amount to approximately £1,000,000 and will be borne by the Company.
E.2a	Reasons for offer and use of proceeds	The Issue Shares are being issued in connection with the Acquisition of the Predecessor Company Portfolio to the Company.
E.3	Terms and conditions of the offer	The Issue relates solely to the Acquisition of the Predecessor Company Portfolio to the Company. The Issue Shares will be issued to the Predecessor Company as consideration for the Acquisition. The Issue is not being underwritten. 45,446,945 A Ordinary Shares (exclusive of the one A Ordinary Share already in issue) and 14,596,098 B Ordinary Shares will be issued under the Issue. The maximum number of D Ordinary Shares and E Ordinary Shares to be issued under the Issue are 9,600,000 and 1,925,000, respectively. The actual number of D Ordinary Shares and E Ordinary Shares that will be issued under the Issue will be determined at the time of the Issue and Acquisition in accordance with the Acquisition Agreement. Investors should not take the foregoing maximum numbers as being indicative of the actual number of Ordinary Shares that will be issued under the Issue.

		The Issue is conditional, among other things, upon: (a) the passing of the resolutions by Predecessor Company Shareholders at the Predecessor Company EGM; (b) the appointment of the Liquidator by the Predecessor Company; (c) Admission becoming effective not later than 8.00 a.m. on 6 March 2018 or such later time and/or date as the Company may determine, being not later than 8.00 a.m. on 16 April 2018; (d) the Acquisition Agreement having become unconditional in all respects and not having been terminated in accordance with its terms before Admission; and (e) the Introduction Agreement having become unconditional in all respects and not having been terminated in accordance with its terms before Admission (except as provided therein). If any of these conditions are not met, the Issue will not proceed and an announcement to that effect will be made on a Regulatory Information Service.
E.4	Material interests	So far as the Directors are aware, there are no interests that are material to the Issue.
E.5	Name of person selling securities/lock up agreements	No person is offering to sell the securities as part of the Issue.
E.6	Dilution	Not applicable. No dilution will result from the Issue.
E.7	Expenses charged to the investor	The Issue Costs are expected to amount to approximately US$1,000,000 and will be borne by the Company (and therefore indirectly by Shareholders). No expenses will be charged directly to Shareholders in respect of the Issue.

RISK FACTORS

Investment in the Company carries a high degree of risk, including but not limited to the risks in relation to the Company and the Ordinary Shares referred to below. The risks referred to below are the risks which are considered to be material but are not the only risks relating to the Company and the Ordinary Shares. There may be additional material risks that the Company and the Directors do not currently consider to be material or of which the Company and the Directors are not currently aware. Prospective investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before acquiring any Ordinary Shares. If any of the risks referred to in this Prospectus were to occur, the financial position, results of operations and business prospects of the Company could be materially adversely affected. If that were to occur, the trading price of the Ordinary Shares and/or their Net Asset Values and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly and investors could lose all or part of their investment.

Prospective investors should note that the risks relating to the Company, its industry and the Shares summarised in the section of this Prospectus headed “Summary” are the risks that the Board believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed “Summary” but also, among other things, the risks and uncertainties described below.

RISKS RELATING TO LIFE SETTLEMENT ASSETS

Life expectancy estimation for Policies

The valuation methods used for Policies vary between industry participants. The methods used by the Life Expectancy Underwriter, the Valuation Agent and the Investment Manager may produce different results for the same insured person from those used by other underwriters. If the Life Expectancy Underwriter, the Valuation Agent or the Investment Manager systematically underestimates life expectancies, the Company’s actual cash flow will be realised more slowly than predicted, and a Trust would experience an adverse impact on its net assets as it would have to pay insurance premiums for a longer period of time before the maturity of individual Policies. As a consequence a Trust’s net cash flows, and subsequently its distributions to the Company, would be substantially affected and the ultimate value of any particular Policy would be lower than expected.

Medical breakthroughs and cures

Advances in medical science and disease treatment, particularly those related to HIV and AIDS, may increase the life expectancy of the Consenting Individuals. Although the Life Expectancy Underwriter 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 Consenting Individuals. This could result in delayed cash flow to a Trust and, subsequently, the Company. In such circumstances 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.

Reliance on medical underwriter, mortality models or actuaries

In some cases, the Company will depend on life expectancy estimates of doctors, medical underwriters, disease specific medical mortality models or actuaries. From time to time, the Investment Manager may seek the opinion of any of such persons, or rely on such a medical mortality model to determine a Consenting Individual’s life expectancy. The valuation may be adversely affected by incorrect estimations or mortality profile modelling of a Consenting Individual’s life expectancy by medical underwriters, doctors or actuaries. In such circumstances 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.

Modelling Risk

Rather than individual Policy precise information, valuations may be based on a number of generalised assumptions, including in respect of premiums, net death benefits, cash value increases, dividend payouts and loan amount and such assumptions may prove to be incorrect. In such circumstances 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.

Advanced age risk

Some Policies are in respect of Consenting Individuals of an advanced age or who will reach an advanced age. Such Policies can have a lapsing date or age. If the insured reaches such date or age, the Policy will lapse and the Company could bear a total loss on such Policy. Further, advanced age mortality is not well understood and mortality tables for these ages are far less reliable than those for other ages. Some disease projections, such as HIV, for advanced ages are speculative as no or minimal mortality data for these ages and diseases are available, making the use of statistically unproven assumptions necessary and such assumptions may prove to be incorrect. In such circumstances 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.

Illiquid market for Policies

The market for Policies is relatively illiquid when compared to other investments. If the Trusts were required to sell a Policy in the tertiary market, the selling price may be lower than the reported value or the value ascribed to the Policy by the Trust, or its agents, including the Valuation Agent. In addition, the Trust may not be able to sell the Policies in a timely manner or at all. Such lack of liquidity could have a substantial and adverse effect on the Company's operations. In such circumstances 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.

Concentration risk

The Predecessor Company Portfolio has (and any future portfolio is likely to have) a material concentration in a very limited number of Policies. As such, probabilistic valuation and cash projections can differ materially from the actual outcome. As a result, the Company may be required to set aside large reserves, which may cause long periods of sub-performance compared to probabilistic model projections. In such circumstances 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.

Changes in insurance company practices

The Company expects to be fully seeded on or around Admission as a result of the acquisition of the Predecessor Company Portfolio. In respect of the acquisition of further policies, insurance companies whose pricing assumptions are adversely affected by the life settlement resale market may alter the terms of Policies to restrict their sale to parties such as the Company. Such actions could prevent the Company from being able to acquire suitable investments and achieving its investment objectives. Consequently, the Company's performance and that of the Ordinary Shares may fall short of expectations.

Discount rate risk

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. The different approaches 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. In circumstances, where other market participants adopt a different approach to that of the Company, the Company may choose to revalue its Policies on an alternative basis.

Life expectancy of Consenting Individuals and the valuation of Policies

A Consenting Individual may live longer than expected when the respective Policy was purchased. In such case, the value of the Policy decreases. In addition, the relevant Trust 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. In such circumstances 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.

Changes in mortality tables

Mortality tables are used in the valuation and bidding processes of the Company in order to simulate the cash flow expected from the Policies. Past mortality experience may not be an accurate indicator of future mortality rates. Consenting 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 used in such valuation and bidding processes may have an adverse effect on the Company's operations and the Company's performance and that of the Ordinary Shares may fall short of expectations.

Premium payments

Premium payments are set by life insurance companies and are a material consideration when computing the value of the Policies, the distributions made by a Trust and ultimately the Net Asset Value of the Shares participating in such Policies. Any increase in the level of premium payments for the Policies will adversely affect the value of the Policies and the distributions made by each Trust and subsequently the Company. In such circumstances 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.

Competitive market

Other than in respect of the Predecessor Company Portfolio which the Company expects to acquire on or around Admission, if the Company or the Investment Manager (as the case may be) seeks to acquire further Policies, the Company is likely to compete for the acquisition of such Policies with other investors. Other unrelated parties may accumulate funds with investment objectives similar to those of the Company. There may be competition for Policies of the type of which the Company intends to invest, and such competition may lead to the Company obtaining less favourable investment terms than would otherwise be the case. There can therefore be no assurance that the investments ultimately acquired (other than the Predecessor Company Portfolio) will meet all the investment objectives of the Company. In such circumstances 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.

Incomplete information

The Company may acquire Policies (including those held in the Predecessor Company Portfolio) in respect of persons who are in distressed situations without having obtained all available information concerning such Policies. The valuation underpinning such acquisitions may be based on assumptions that are incorrect or not verified. In such circumstances 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.

Litigation risk

The assignment of life insurance Policies can be a contentious matter. For example, a family member of a Consenting Individual may dispute the sale of a Policy. The Company will use (and the Predecessor Company has used) reasonable endeavours to ensure that acquisitions of Policies by the Company and their granting to a Trust, or directly by a Trust, are conducted in a manner that is able to withstand any challenges. The Company or a Trust may, however, be named as a defendant in a lawsuit or regulatory action stemming from the conduct of its respective business and the activities of the Investment Manager. In case of the commencement of litigation, the outcome of which cannot be predicted by the Company, the Company might have to bear the costs of defending the claim and, as the case may be, of any adverse judgment or a settlement. Moreover, the Company will also be required to indemnify the Investment Manager for expenses it may bear in relation to such litigation. Should the Company become involved in litigation, the outcome and costs of such proceedings may adversely affect the Company. In such circumstances 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.

Insurance company default

The Predecessor Company Portfolio comprises Policies issued by a diversified group of insurance companies. Should the Company make further investments following the acquisition of the Predecessor Company Portfolio, it intends to acquire Policies issued by a diversified group of insurance companies. However, there is no guarantee that these insurance companies will not default on their obligations to pay timely death benefits on the Policies it issued. If any of the relevant issuing insurance companies defaults, certain death benefits may not be collected by the Trusts. In such circumstances 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.

Changes in applicable law and regulation

It is the Company's intention to purchase the Predecessor Company Portfolio, which comprises Policies primarily issued in the United States. Any further Policies acquired by the Company (and held through a Trust) are expected to be primarily issued in the United States. A growing number of US states already regulate life settlement resale transactions. Any change in state or federal law governing the issuance or sale of Policies may make it more difficult for the Company to purchase, or for the Trusts to sell, Policies. Such adverse changes might impair the expected recoveries on the Policies. In such circumstances 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.

Changes in other laws and/or regulations might also make it more difficult for the Company to purchase, or for the Trust to sell, the Policies. For example, the growth of the life settlement resale market may prompt legislators to cut back the favourable tax treatment afforded to beneficiaries of life insurance policies. Any such adverse changes might impair a Trust's expected recoveries on the Policies or a Trust's ability to sell Policies in the tertiary market. In such circumstances 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.

As at the date of this Prospectus, the Company is not aware of any pending or proposed changes in law or regulations that would have a material adverse effect on the Company's ability to purchase or the Trusts' ability to sell Policies in the main jurisdictions in which the Company intends to acquire Policies.

Privacy laws and other factors

Privacy laws and other factors may limit the information the Company receives, or which the Predecessor Company received, about Consenting Individuals. In particular, the privacy laws of the United Kingdom, the United States and other states may limit the information the Company is entitled to receive about a Consenting Individual, such as the Consenting Individual's medical condition. Essentially, a Consenting Individual must provide their prior consent before the Company may receive information that is protected by privacy laws. Without the Consenting Individual providing its consent the Company will only receive limited information which might result in the Company or the Life Expectancy Underwriter misjudging the value or other relevant aspects of a Policy. In such circumstances 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.

RISKS RELATING TO THE ACQUISITION OF THE PREDECESSOR COMPANY PORTFOLIO

Conditions required for completion

Completion of the Acquisition is conditional on, *inter alia*, Admission. However, Admission will not take place, and no assets will be acquired, unless the Acquisition can be completed immediately upon Admission in respect of the whole Predecessor Company Portfolio. As such, unless all of the conditions for the Acquisition other than Admission have been satisfied before Admission or will be satisfied immediately after Admission, neither the Issue nor the Acquisition will proceed.

Valuation

While the Predecessor Company Portfolio has been valued by Mazars LLP for the purposes of section 593 of the Act as it is being transferred in consideration for the issue of Issue Shares on Admission, there can be no assurance that the Company will extract equivalent value from the underlying assets during the life of the Company. The aforementioned valuation is based on the value of the Predecessor Company Portfolio as at 30 September 2017, which may differ (perhaps significantly) from the valuation as at 31 December 2017, which will be used for the purposes of the Acquisition which may in turn differ from the valuation as at the date of the Acquisition. In such circumstances 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.

Predecessor Company Liabilities

In addition to the assets of the Predecessor Company, the Predecessor Company Portfolio that the Company is expected to acquire under the Acquisition also comprises the liabilities of the Predecessor Company, whether known or unknown, contingent or otherwise regardless of whether such liabilities arise before or after the date of the Acquisition. Save for such part of the Issue Costs that have been incurred by, or in respect of, the Predecessor Company, there are no known liabilities as at the date of this Prospectus contingent or otherwise. There may however be further liabilities (perhaps significant) that have not been identified as at the date of this Prospectus and further liabilities (perhaps significant) may arise following the date of this Prospectus. In such circumstances, the Company would be required to fully indemnify the Predecessor Company under the terms of the Acquisition Agreement, which may result in a substantial adverse effect of the Net Asset Value of the relevant Ordinary Shares and the Company's performance and that of the Ordinary Shares may fall short of expectations.

RISKS RELATING TO THE COMPANY

No guarantee

There can be no guarantee that the investment objectives of the Company will be met generally or in relation to one or more Share Classes. If the investment objective of any one Share Class is not met Shareholders of that Share Class may not receive an attractive level of income or any income or capital growth in the underlying value of their Ordinary Shares. Shareholders could even lose all or part of their investment in the Company.

Lack of operating history

The Company is a newly incorporated company which has not yet commenced operations and therefore has no track record of past performance or meaningful operating or financial data on which potential investors may base an evaluation, and there is therefore a risk that the value of an investment in the Company could decline substantially as a consequence. Although the Company is intending to acquire the Predecessor Company Portfolio, any investment in the Shares remains subject to all of the risks and uncertainties associated with any new business including the risk that the business will not achieve its investment objectives and that the value of any investment made by the Company could substantially decline. The past performance of the Predecessor Company Portfolio or the Predecessor Company is not indicative of the future performance and prospects of the Company.

The Company's reserves may not be adequate to meet its obligations

The Company will maintain reserves to provide support to the Trusts to meet their obligations, including operating expenses and premium payments. If a Trust does not have adequate cash reserves to continue its operations and the Company is itself unable to provide support (including, without limitation, funding the Policies), investors could suffer substantial losses unless the relevant Trust or the Company can secure additional funds. Under such circumstances, the Company may need to borrow funds in order to support a Trust. There is no assurance that such borrowing will be available to the Company on standard market terms or be available at all. As a consequence, a Trust may be required to sell Policies for less than their book value in order to meet its obligations. In such circumstances 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.

Projections and estimates

The Company relies on projections and estimates developed by the Company or third parties mandated by the Company concerning the performance of the Portfolios held by the Trusts and with respect to returns on the Shares. Projections are forward-looking statements and are based on various assumptions. Estimates rely on such projections.

Actual results are difficult to predict and as they are beyond the Company's control, they may differ from those assumed. Changes in interest rates, business, market, financial or legal conditions and further aspects as discussed in this section "Risk Factors" might cause actual results to differ materially from those included in any forward-looking statements. Accordingly, there can be no assurance that actual results will not be materially different than the projection on which the Company relies. In such circumstances 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.

Risks associated with there being more than one Share Class

Although the Articles contain provisions allocating the assets and liabilities of the Company between Share Classes, such allocations may not in all circumstances (for example insolvency situations) be effective in ring-fencing the assets and liabilities of one Share Class from the other, particularly in relation to a third party creditor or claimant against the Company. In addition, the Board (or the Investment Manager, subject to any limits imposed by the Board) has discretion to make short-term loans out of the assets attributable to on Share Class to another Share Class where the Board or the Investment Manager (as the case may be) considers it necessary in order to fully or partially remedy a cash-flow shortfall in respect of that other Share Class. Should such shortfall not be remedied from third party sources, the Share Class in respect of which the cash has been lent my not be repaid and, in those circumstances, would be exposed to the liabilities of the Share Class which has borrowed the cash.

Furthermore, notwithstanding that the Company has more than one Share Class, it only has a single profit and loss account and distributable reserves will be determined on a Company-wide basis. Consequently, the ability of the Company to make distributions in respect of one Share Class and/or buyback Ordinary Shares in such Share Class may be restricted (potentially entirely) by the performance of one or more other Share Classes. Shareholders should note, however, that the impact of this will be mitigated by the proposed cancellation of the Company's share premium account.

The interests of Shareholders of different Share Classes may not be aligned. Certain corporate actions (such as a winding-up for example) can only be effected on a Company-wide basis. It may, therefore, occur that the interests of Shareholders are not aligned in relation to a certain matter.

Liquidation

In case of the liquidation of a Trust, the Investment Manager will be required to assist in the sale of Policies held in the Portfolios of that Trust. The Investment Manager will endeavour to find buyers for these Policies. The Trust will then use the proceeds from these sales to pay its expenses and distribute any remaining net assets to the Company. Once all costs that have been incurred are covered, the Company will then distribute the remaining funds to Shareholders of the corresponding Share Class. The Investment Manager may not be able to find buyers for all Policies held by the Trust and may not be able to assist the Trust in selling the Policies in a timely manner. Should the Investment Manager be unable to find buyers for all Policies, the amount that the Trust will distribute to the Company might be significantly lower than the amount initially anticipated by the Company and its Shareholders. In addition, the value of the Policies could decrease during the period in which the Investment Manager seeks to find buyers for the Policies, which could also result in lower distributions to the Company and ultimately lower liquidation proceeds to Shareholders of the corresponding Share Class, if any. In such circumstances 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.

Large exposure to one asset class

The Company's largest assets will be its beneficial interests in the Trusts. The Trusts are largely exposed to mortality related products and, in particular, to life settlement policies. If a Trust is unable to sell some or all of the Policies or does not receive death benefits, it may not be able to make payments to the Company which in turn may not be able to make distributions to Shareholders.

Reliance on service providers

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company has delegated, and is therefore reliant upon service providers to perform, certain of its executive functions. In particular, the Investment Manager and the Administrator and their respective delegates, if any, perform services that are integral to the Company's operations and financial performance. Failure by any service provider to carry out its obligations to the Company or a Trust in accordance with the terms of its appointment, without exercising due care and skill or at all as a result of insolvency, bankruptcy or other causes could have a material adverse effect on the Company's performance and returns to Shareholders. The termination of the Company's or a Trust's relationship with any third-party service provider, or any delay in appointing a replacement for such service provider, could materially disrupt the business of the Company or a Trust and could have a material adverse effect on the Company's performance.

Borrowing

Although borrowing money to purchase Portfolios of Policies could provide the opportunity for greater capital appreciation and therefore increase returns to the Company, it could also result in decreased returns to the Company if the earnings of a Portfolio are less than the costs of the respective Portfolio's borrowing. In addition, the level of interest rates generally and, in particular, the rates at which the Company can borrow will ultimately affect the operating results of the Company. Adverse fluctuations in the value of the currencies in which the Company borrows may also affect the Company's operating results. If assets that are used to collateralise loans granted to the Company decrease in value, the Company could be obliged to provide additional collateral to the lender to avoid the acceleration of the loan. Any such acceleration could result in substantial losses. In such circumstances there could be a substantial adverse effect on the Net Asset Value of the Shares participating in the relevant Policies and the Company's performance and that of the Shares may fall short of expectations. Moreover, counterparties of the borrower, at their sole discretion, may change the leverage limits that they extend to the Company's ultimate disadvantage. While the Company does not currently intend to borrow for these purposes, it reserves the right to do so subject to the limit set out in this Prospectus (and, furthermore, investors should note the ability of the Company to make short-term loans between the share classes).

Exchange rate risk

A portion of the Company's costs will be denominated in Sterling. The income and gains received by the Company are expected primarily to be in US Dollars. As a result, the return of the Company on any investment may be affected by fluctuations in currency exchange rates. The Company may in its absolute discretion decide to hedge some of its exchange risk.

Hedging transactions

Should the Company enter into hedging arrangements to protect against currency, inflation and/or interest rate risk (and it will be under no obligation to do so), the use of instruments to hedge a portfolio carries certain risks, including the risk that losses on a hedge position will reduce the Company's earnings and funds available for distribution to investors and that such losses may exceed the amount invested in such hedging instruments. A hedge may not perform its intended purpose of offsetting losses on an investment and, in certain circumstances, could increase such losses.

Although the Company intends to select appropriate counterparties for its hedging arrangements, there is a risk that a counterparty may default on its obligations. In such circumstances 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.

Regulatory compliance

The Company and the Investment Manager are subject to laws and regulations enacted by national, regional and local governments and institutions. In particular, the Company will be required to comply with certain applicable statutory requirements, including the DTRs and MAR. Compliance with and the monitoring of applicable regulations may be difficult, time consuming and costly. Any changes to such regulation could affect the market value of and returns from the Company's portfolio.

Control failures, either by the Registrar or any other of the Company's service providers, may result in operational and/or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations. In such circumstances 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.

Indemnification and risk taking

The Company will indemnify each of its Directors, officers and agents from and against any and all losses or liabilities incurred or sustained by the Directors, officers or agents directly or indirectly as a result of them acting in their capacities as Directors, officers or agents of the Company incurred otherwise than as a result of the wilful negligence or fraud of the Directors, officer or agents of the Company or by failing to act honestly and in good faith. The Company has also agreed to indemnify certain of its agents and service providers, including, among others, the Administrator, the Valuation Agent, the Tracking and Servicing Agent and the Investment Manager except in certain circumstances. The Company has agreed to indemnify the Trustee for losses other than losses caused by the Trustee's gross negligence and wilful misconduct.

This protection could result in the Investment Manager tolerating greater risks when carrying out its duties pursuant to the Investment Management Agreements than otherwise would be the case. In addition, the indemnification arrangements may give rise to legal claims for indemnification that are adverse to the Company and its Shareholders. In such circumstances 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.

Counterparty risk

In addition, to the extent that the Company's or a Trust's other cash receipts are held in cash in an account which is not segregated from the assets of the bank, custodian or sub-custodian holding the cash on behalf of the Company or a Trust, in the event of insolvency (or equivalent) of the relevant bank, custodian or sub-custodian, the Company or a Trust may only have a contractual right to the return of cash so deposited and would rank in respect of such contractual right as an unsecured creditor and may not be able to recover any of the cash so held in full or at all. In respect of cash equivalents, near cash instruments and money market instruments that are held in a segregated account for the benefit of the Company or a Trust, the insolvency (or equivalent) of, fraud or other adverse actions affecting the custodian or sub-custodian holding the assets on behalf of the Company or a Trust may impact the Company or a Trust's ability to recover or deal expeditiously with these assets and the Company or a Trust may not be able to recover equivalent assets in full or at all. This would have a material adverse effect on the Company or a Trust's financial position, results of operations, business prospects and returns to investors. In such circumstances 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.

Government or political action

The Company will not obtain political risk insurance. As such, government action could have a significant impact on the target investments of the Company. Changes to the existing legislation or policy or additional legislation or policies may be burdensome for the Company to implement and may as a result have a negative impact on the returns of the Company.

No current income

The Company's investment policies should be considered speculative, as there can be no assurance that the Investment Manager's assessments of the short-term or long-term prospects of the Trusts' investments in the Policies will generate a profit. In view of the fact that the Company may not make regular dividends or other distributions, an investment in the Company is not suitable for investors seeking current income for financial or tax planning purposes.

Other Share Classes

The Company may create additional Share Classes as well as issuing further Ordinary Shares of existing Share Classes. The rights attached to such Ordinary Shares may differ substantially from those attached to the current Share Classes. The creation of new Share Classes may disproportionately reduce the economic and control rights of holders of the Shares (as well as create cross-liability issues.) Any new Share Class may be intended to benefit from investment strategies different from those attributable to the Ordinary Shares. The Company shall have no obligation to ensure that holders of the Ordinary Shares receive the opportunity to invest in shares of any new Share Class or benefit from investment strategies attributable to such Share Classes.

AIFM Directive

The AIFMD imposes a regime for EU managers of AIFs and in respect of marketing of AIFs in the EU. The AIFMD has been implemented in the UK by the AIFM Rules.

Based on the provisions of the AIFMD and the AIFM Rules, the Company is an AIF within the scope of the AIFMD and the AIFM Rules. The Company currently operates as an internally managed AIF and is consequently its own AIFM. 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 Company can only remain registered as a small registered UK AIFM whilst its assets under management (calculated pursuant to the AIFMD) are below €500 million, provided that it does not utilise leverage (as defined in AIFMD). If the Company's assets under management exceed this threshold or exceed €100 million while utilising leverage, the Company can no longer provide self-managed services under the registration regime. In the circumstances the Board would take immediate action to notify the FCA of the threshold being exceeded and ultimately either apply to the FCA for a full-scope Part 4A permission under the AIFM Rules or appoint a suitably authorised person as its external AIFM.

In the event that, and for so long as, the Company is not permitted to act as an AIFM in the United Kingdom and the Company does not have an external AIFM then the Company may not be able to operate or, as a minimum, the ability of the Company to operate will be adversely affected to a significant extent.

Non-involvement in management and operational decisions

Investors will have no opportunity to control or participate in the day-to-day operations, including investment and disposal decisions, of the Company.

Investors in non-UK jurisdictions

Securities laws of certain jurisdictions may restrict the Company's ability to issue shares. The Issue Shares are only available to the Predecessor Company as consideration for the acquisition of the Predecessor Company Portfolio. The Issue will not be registered under the US Securities Act. Securities laws of certain other jurisdictions may also restrict the Company's ability to allow participation by Shareholders in such jurisdictions in the Issue (i.e. those to whom the Predecessor Company distributes the Issue Shares) or any future issue of shares carried out by the Company. Prospective Shareholders who have a registered address in, or who are resident in or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to acquire Ordinary Shares under the Issue (directly or indirectly).

Substantial Shareholders in the Company

From time to time, there may be Shareholders with substantial or controlling interests in the Company or in a particular Share Class. Such Shareholders' interests may not be aligned to the interests of other Shareholders and such Shareholders may seek to exert influence over the Company or a particular Share Class. In the event that such Shareholders are able to exert influence to the detriment of other Shareholders, this may have an adverse effect on Shareholder returns.

Cybercrime and Use of Technology

Cybercrime is the attempted or actual exploitation of vulnerabilities in internet and electronic systems for financial gain. Cybercrime is a growing risk for the Company, the Investment Manager and its investments in common with other businesses. Cybercrime could adversely affect the Company's and the Investment Manager's operations in a number of ways, including the theft of intellectual property or competition sensitive or price sensitive information, deliberate crashing or hacking of systems, fraudulent access to funds or counterparty data and reputational damage.

The use of information technology also involves risks of accidental loss of data, physical loss of systems and criminal activity. If the systems of the Company, any of its subsidiaries, or of the Investment Manager were to fail, or be otherwise compromised, the Company or the Investment Manager may not be able to carry out its business in the ordinary manner and the interruption could cause the Company to suffer losses. In such circumstances 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.

The Vote by the United Kingdom to Leave the European Union

The United Kingdom held a referendum on 23 June 2016 in which a majority of voters voted to exit the European Union, which is commonly referred to as "Brexit". Following the referendum, the United Kingdom has formally given notice of its intention to leave the European Union and negotiations are underway to determine the future terms of the United Kingdom's relationship with the European Union, including, among other things, the terms of trade between the United Kingdom and the European Union. The effects of Brexit will depend, amongst other things, on any agreements the United Kingdom makes to retain access to European Union markets either during a transitional period or more permanently.

Brexit could adversely affect the United Kingdom, European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets including volatility in the value of Sterling and the Euro, although the Company's base currency is US Dollars and its investments are also priced in US Dollars.

The Company's ability to raise new capital could be hindered by any heightened market volatility caused by Brexit in the shorter term. In the longer term, any changes to the Company's ability to market its Shares could restrict the Company's ability to raise capital and/or the liquidity of the Shares.

Brexit could also adversely affect the operational, regulatory, insurance and tax regime to which the Company is currently subject. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice, whether as a result of a United Kingdom departure from the European Union or otherwise, after the date of this Prospectus.

Any of these effects of Brexit, and others that the Directors cannot anticipate at this stage given the political and economic uncertainty surrounding the nature of the United Kingdom's future relationship with the European Union, could adversely affect the Company's business, financial condition and cashflows. In such circumstances 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.

RISKS RELATING TO THE ORDINARY SHARES

No guarantee of market value of the Ordinary Shares

If the Company's assets do not grow at a rate sufficient to cover the costs of establishing and operating the Company, Shareholders may not recover the amount initially invested.

The market value of, and the income derived from, the Ordinary Shares can fluctuate. The market value of an Ordinary Share, as well as being affected by its Net Asset Value and prospective Net Asset Value, also takes into account its dividend yield and prevailing interest rates. As such, the market value of an Ordinary Share may vary considerably from its underlying Net Asset Value and investors may not get back the full value of their investment.

Fluctuations could also result from a change in national and/or global economic and financial conditions, the actions of governments in relation to changes in the national and global financial climate or taxation and various other factors and events, including rental yields, variations in the Company's operating results, business developments of the Company and/or its competitors. Stock markets have been experiencing significant price and volume fluctuations that have affected market prices for securities.

The price of an Ordinary Share may also be affected by speculation in the press or investment community regarding the business or investments of the Company or factors or events that may directly or indirectly affect their respective investments.

Liquidity

The Company has been established as a closed-ended investment company and, as such, Shareholders are not able to redeem their Ordinary Shares. The Company does not have a fixed winding up date and therefore, unless Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment through the market.

Although the Ordinary Shares are to be admitted to trading on the Specialist Fund Segment and will be freely transferable, the ability of Shareholders to sell their Ordinary Shares in the market, and the price which they may receive, will depend on market conditions. The Ordinary Shares may trade at a discount to their prevailing Net Asset Value and it may be difficult for a Shareholder to dispose of all or part of his or her holding of Ordinary Shares at any particular time. Market liquidity in the shares of investment companies (in particular those traded on the Specialist Fund Segment) is frequently less than that of shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that the Company will act to mitigate such a discount or that any actions taken will be successful or that the use of discount control mechanisms (such as the repurchase powers as described in Part 1 of this Prospectus) will be possible or advisable. There is no guarantee that the market price of the Shares will fully reflect their underlying Net Asset Value.

In addition, sales of Ordinary Shares by significant investors could depress the market price of the Ordinary Shares. A substantial amount of Ordinary Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Shares. These scenarios, whether occurring individually or collectively, may make it more difficult for Shareholders to sell their Ordinary Shares at a time and price that they deem appropriate.

Further, the London Stock Exchange has the right to suspend or limit trading in a company's securities. Any suspension or limitation on trading in the Ordinary Shares may affect the ability of Shareholders to realise their investment.

Risks relating to Ordinary Shares trading at a discount

The Ordinary Shares may trade at a discount to the applicable NAV per Ordinary Share and Shareholders may be unable to realise their investments through the secondary market at a price equal to, or greater than, the applicable NAV per Ordinary Share. The Ordinary Shares may trade at a discount to Net Asset Value for a variety of reasons, including market conditions or to the extent that investors undervalue the activities of the Company or discount the Company's valuation methodology and its judgements of value.

Risks relating to buying back Ordinary Shares

Whilst the Company has passed a Special Resolution granting the Directors authority to repurchase a percentage of the Company's issued share capital and a similar resolution is intended to be put to Shareholders at each annual general meeting, there is no guarantee that the Directors will exercise their discretion to purchase Ordinary Shares before any such authority expires or at all or that Shareholders will renew this authority on an ongoing basis. The purchase of Ordinary Shares by the Company is subject to the requirements of the Act, the working capital requirements of the Group and the amount of cash available to the Company to fund such purchases and is at the absolute discretion of the Directors. No expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions. Further, where the Directors do exercise their discretion to buy back Shares in order to manage any discount, there can be no guarantee that such a buyback will be successful in mitigating any discount to Net Asset Value at which the Ordinary Shares are trading and the Board accepts no responsibility for any failure of any buyback to effect a reduction in any discount. In addition, MAR prohibits the Company from conducting any share buybacks during close periods immediately preceding the publication of annual and interim accounts.

Currency risk

If a Shareholder's currency of reference is not US Dollars, currency fluctuations between the Shareholder's currency of reference and the base currency of the Company may adversely affect the value of an investment in the Company in terms of the Shareholder's currency.

No guarantee of dividends or growth

There is no guarantee that the Company will pay any dividends and/or there will be any NAV growth in respect of any period will be paid or achieved, as applicable. The Company's ability to pay dividends in respect of any Share Class will be dependent principally upon its income generated from the assets allocated to such Share Class.

Changes in law or accounting standards

If, under the laws applicable to the Company, there were to be a change to the basis on which dividends could be paid other distributions could be made or Ordinary Shares could be bought back by such companies, this could have a negative effect on the Company's ability to pay dividends or, make other distributions or buyback Ordinary Shares. Furthermore, if there are changes to the accounting standards or to the interpretation of accounting standards applicable to the Company this could have an adverse effect on the Company's ability to pay dividends make other distributions or buy-back Ordinary Shares.

RISKS RELATING TO THE INVESTMENT MANAGER

Reliance on the Investment Manager and its key personnel

The Company's success and therefore the performance of the Ordinary Shares depend significantly on the decisions made by the Investment Manager when managing the relevant Trust's portfolio. As a consequence, the skills and experience of a few individuals deployed by the Investment Manager are decisive for the performance of the Ordinary Shares. Such key personnel could become unavailable involuntarily due, for example, to death or incapacity, as well as due to resignation. Securing replacements would likely require considerable time and expense and might not ultimately be successful. In particular, remaining personnel may not have meaningful experience with respect to the Policies. In such circumstances 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.

Past performance no guarantee

The past or current performance of the Predecessor Company or the other funds or entities currently or previously managed or operated by the Investment Manager's investment team is not indicative, or intended to be indicative, of future performance of the Company. There are differences between funds and entities currently or previously managed which may affect their respective returns, significant differences in prevailing market conditions and the admission to trading of the Company's Ordinary Shares on the Specialist Fund Segment.

Incentives created by Performance Fees

Part of the compensation of the Investment Manager may be directly or indirectly calculated by reference to the performance of each Share Class. Any such performance fees may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in their absence and could cause losses. In such circumstances there could be a substantial adverse effect on the Net Asset Value of the Shares participating in the relevant Policies and the Company's performance and that of the Shares may fall short of expectations. In the case of the A Ordinary Shares and the B Ordinary Shares, the Accrued Performance Fee has been paid in respect of unrealised performance prior to the Acquisition (subject to certain clawback arrangements) and such performance may not ultimately be realised once the Company acquires the Predecessor Company Portfolio.

RISKS RELATING TO TAXATION

Risks related to taxation

Although the Company intends to conduct its affairs so that it is considered a publicly-traded company eligible for benefits under the current income tax treaty between the United Kingdom and the United States (the "**Treaty**"), there can be no assurance that the Company will be eligible to claim such benefits in any particular year or will continue to be eligible to benefit from such tax benefits from year to year. For example, the Company may not satisfy the requirements under the Treaty regarding the volume of trading of its Ordinary Shares. If the Company were ineligible for benefits under the Treaty, payments by an insurance company that has issued a Policy may be subject to U.S. withholding tax at 30 per cent. on a gross basis (before the deduction of any expenses of the Trust or the Company). Moreover, the Company intends to conduct its affairs in a manner so that: (a) for U.S. federal income tax purposes, it is not deemed to be engaged in a trade or business within the United States; and (b) for purposes of the Treaty, it is not deemed to have a permanent establishment in the U.S. However, there can be no assurance that, for any particular year, the Company: (a) is not deemed to be engaged in a U.S. trade or business; or (b) where the Treaty applies, is not deemed to have a permanent establishment in the U.S. Should the United States Internal Revenue Service assert for any particular year that the Company was engaged in a trade or business within the U.S. or carried on business through a permanent establishment in the U.S. and therefore is liable to pay tax on the income effectively connected with that U.S. trade or business or, where the Treaty applies, on the business profits attributable to that U.S. permanent establishment: (a) the Company would be subject to U.S. federal corporate income tax at a rate of up to 35 per cent. on its net taxable income, which for taxable years beginning after 31 December 2017, is reduced to a flat 21 per cent.; (b) in some circumstances, the Company would also be subject to a 30 per cent. branch profits tax on its after-tax earnings; and (c) state and local income tax, as well as interest and penalties (which may be imposed at the federal, state and local levels), may also apply. Such liability would have an adverse effect on the funds available for dividend payments. As a consequence, investors are strongly advised to obtain respective advice from their independent tax advisers.

Loss of investment trust status

The Company intends to apply to HMRC for, and to conduct its affairs so as to satisfy the conditions for, approval as an investment trust pursuant to Chapter 4 of Part 24 of the Corporation Tax Act 2010. A failure to obtain or maintain HMRC approval as an investment trust (including as a result of a change in tax law or practice) could result in the Company not being able to benefit from the current exemption for investment trusts from UK corporation tax on chargeable gains. This could affect the Company's ability to provide returns to Shareholders.

It is not possible to guarantee that the Company will be and will remain a company that is not a close company for UK tax purposes, which is a requirement to obtain and maintain its status as an investment trust, as the Ordinary Shares are freely transferable. The Company, in the unlikely event that it becomes aware that it is a close company, or otherwise fails to meet the eligibility conditions or requirements for an approved investment trust, will need to notify HMRC of this fact.

Changes in tax legislation or practice

Changes in tax legislation or practice, whether in the UK or elsewhere, and/or changes to the Treaty or its interpretation could affect the value of the investments held by the Company or the Group, affect the Company's ability to provide returns to Shareholders, and affect the tax treatment for Shareholders of their investments in the Company (including rates of tax and availability of reliefs).

The Tax Cuts and Jobs Act of 2017 (the "TCJA") was passed by Congress on 20 December 2017 and signed into law by President Trump on 22 December 2017. The TCJA significantly changed the U.S. federal income tax laws applicable to businesses and their owners, including funds and their partners. Technical corrections or other amendments to the TCJA or administrative guidance interpreting the TCJA may be forthcoming at any time. The Company cannot predict the long-term effect of the TCJA or any future law changes on the Company and investors. Investors should consult with their tax advisors regarding the effect of the TCJA on their particular circumstances. Investors should consult their professional tax advisers with respect to their own particular tax circumstances and the tax effects of an investment in the Company. Statements in this Prospectus concerning the taxation of investors or prospective investors in Shares are based upon current tax law and practice, each of which is, in principle, subject to change possibly with retrospective effect. The value of particular tax reliefs, if available, will depend on each individual Shareholder's circumstances. This Prospectus does not constitute tax advice and must not therefore be treated as a substitute for independent tax advice.

Due diligence and reporting obligations

The Company will be required to comply with certain due diligence and reporting requirements under the International Tax Compliance Regulations 2015 as amended, which were enacted to meet the United Kingdom's obligations under FATCA, the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters. Shareholders may be required to provide information to the Company to enable the Company to satisfy its obligations under the regulations. In certain circumstances, the Company may be required to provide the Shareholders' information to HMRC and HMRC may pass this information on to tax authorities in other jurisdictions. Failure by the Company to comply with its obligations under the regulations may result in fines being imposed on the Company and, in such event, the target returns of the Company may be adversely affected.

Risks relating to US Tax withholding and reporting under FATCA

The FATCA provisions of the U.S. Tax Code may impose a 30 per cent. withholding tax on payments of US source interest and dividends made on or after 1 July 2014 and of gross proceeds from the sale of certain US assets made on or after 1 January 2019 to a foreign financial institution (or "**FFI**") that, unless exempted or deemed compliant, does not enter into, and comply with, an agreement with the US Internal Revenue Service (the "**IRS**") to provide certain information on its US shareholders. Beginning no earlier than 1 January 2019 a portion of income that is otherwise non-US-source may be treated as US-source for this purpose.

The Company may be treated as an FFI for these purposes. If the Company is treated as an FFI, to avoid the withholding tax described above, the Company may need to enter into an agreement (an "**IRS Agreement**") with the IRS or alternatively, comply with the requirements of the intergovernmental agreement between the United States and the United Kingdom (the "**UK IGA**") in respect of FATCA (including any legislation enacted by the United Kingdom in furtherance of the IGA). An FFI that fails to comply with the UK IGA or, if required, does not enter into IRS Agreement or whose agreement is voided by the IRS will be treated as a "non-Participating FFI".

In general, an IRS Agreement will require an FFI to obtain and report information about its "US accounts", which include equity interests in a non-US entity other than interests regularly traded on an established securities market. The following assumes that the Company will be an FFI and that its Ordinary Shares will not be considered regularly traded on an established securities market for the purposes of FATCA. The Company's reporting obligations under FATCA would generally be less extensive if its Ordinary Shares were considered regularly traded on an established securities market for purposes of FATCA. An IRS Agreement would require the Company (or an intermediary financial institution, broker or agent (each, an "**Intermediary**") through which a beneficial owner holds its interest in Ordinary Shares) to agree to: (i) obtain certain identifying information regarding the holder of such Ordinary Shares to determine whether the holder is a US person or a US owned foreign entity and to periodically provide identifying information about the holder to the IRS; and (ii) comply with withholding and other requirements. In order to comply with its information reporting obligation under the IRS Agreement, the Company would be obliged to obtain information from all shareholders of the Company. To the extent that any payments in respect of the Ordinary Shares are made to a shareholder of the Company by an Intermediary, such shareholder may be required to comply with the Intermediary's requests for identifying information that would permit the Intermediary to comply with its own IRS Agreement. Any shareholder of the Company that fails to properly comply with the Company's or an Intermediary's requests for certifications and identifying information or, if applicable, a waiver of non-US law prohibiting the release of such information to a taxing authority, will be treated as a "**Recalcitrant Holder**". The Company will not be required to enter into an IRS Agreement provided that it complies with legislation enacted by the UK that generally requires similar information to be collected and reported to the UK authorities.

Under the UK IGA (including any legislation enacted in furtherance of the UK IGA) or an IRS Agreement, an Intermediary (and possibly the Company) may be required to deduct a withholding tax of up to 30 per cent. on payments (including gross proceeds and redemptions) made on or after 1 January 2019 to a Recalcitrant Holder or a shareholder of the Company that itself is an FFI and, unless exempted or otherwise deemed to be compliant, does not have in place an effective IRS Agreement (i.e., the shareholder is a non-Participating FFI). Neither the Company nor an Intermediary will make any additional payments to compensate a shareholder of the Company or beneficial owner for any amounts deducted pursuant to FATCA. It is also possible that the Company may be required to cause the disposition or transfer of Shares held by shareholders of the Company that fail to comply with the relevant requirements of FATCA and the proceeds from any such disposition or transfer may be an amount less than the then current fair market value of the Ordinary Shares transferred.

If the Company (or any Intermediary) is treated as a non-Participating FFI, the Company may be subject to a 30 per cent. withholding tax on certain payments to it.

Further, even if the Company is not characterised under FATCA as an FFI, it nevertheless may become subject to such 30 per cent. withholding tax on certain U.S. source payments to it unless it either provides information to withholding agents with respect to its "substantial U.S. owners" or certifies that it has no such "substantial U.S. owners". As a result, shareholders may be required to provide any information that the Company determines necessary to avoid the imposition of such withholding tax or in order to allow the Company to satisfy such obligations.

CONFLICTS OF INTEREST

The services of the Investment Manager, its associates and their respective officers and employees, are not exclusive to the Trusts. Although the Investment Manager has in place a conflicts of interest policy, in fulfilling its responsibilities to the Company, it may be subject to certain conflicts of interest arising from its relations with third parties to whom it also owes duties or in whom it has an interest. For instance, the Investment Manager may advise other investment funds, trusts or companies, listed or unlisted, or manage certain accounts that have investment profiles similar to the Company. The Investment Manager may allocate investment opportunities among such funds, trusts, companies, accounts and the Company at its discretion, in accordance with its internal policies.

In addition, the Investment Manager and any of their members, directors, officers, employees and connected persons and the Directors and any person or company with whom they are affiliated or by whom they are employed may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company and its investments and which may affect the amount of time allocated by such persons to the Company's business. In particular, subject to applicable regulation, these parties may, without limitation: provide services similar to those provided to the Company to other entities; buy, sell or deal with assets on its own account (including dealings with the Company); and/or take on engagements for profit to provide services including but not limited to origination, development, financial advice, transaction execution, asset and special purpose vehicle management with respect to assets that are or may be owned directly or indirectly by the Company, but will not in any circumstances be liable to account for any profit earned from any such services.

Notwithstanding the Board's belief that the fees and conflicts policy of the Investment Manager have been structured to provide an alignment of interest between the Investment Manager and the Shareholders, the interests of the Investment Manager may differ from those of the Shareholders. Accordingly, the Company may be exposed to greater risk in its investment portfolio which may, in turn, have a material adverse effect on the Company's performance, financial condition and business prospects.

IMPORTANT INFORMATION

This Prospectus should be read in its entirety before making any application for Shares. In assessing an investment in the Company, investors should rely only on the information in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Investment Manager or any of their respective affiliates, directors, officers, employees or agents or any other person.

Without prejudice to any obligation of the Company to publish a supplementary prospectus, neither the delivery of this Prospectus nor the issue of Ordinary Shares made pursuant to this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus.

An investment in the Company is suitable only for investors: (a) who are institutional, professional and highly knowledgeable (including those who are professionally advised); (b) for whom an investment in the Ordinary Shares is part of a diversified investment programme; and (c) who fully understand and are willing to assume the risks involved in such an investment, including the potential risks of capital loss and that there may be limited liquidity in the underlying investments of the Company.

It is intended that the Company be treated by HMRC as an investment trust in which case the Company will not be deemed to be a non-mainstream pooled investment for the purposes of COBS 4.12 of the FCA Handbook.

This document has been approved by the FCA as a prospectus which may be used to offer securities to the public in the United Kingdom for the purposes of section 85 FSMA and Directive 2003/7/EC (as amended by Directive 2010/73/EU). No arrangement has however been made with the competent authority in any other jurisdiction for the use of this document as an approved prospectus (or equivalent) in such jurisdiction and accordingly no public offer is to be made in such jurisdictions. Issue or circulation of this document may be prohibited in certain countries. This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, shares in any jurisdiction in which such offer or solicitation is unlawful or otherwise.

Apart from the liabilities and responsibilities (if any) which may be imposed on Stockdale Securities Limited by FSMA or the regulatory regime established thereunder, Stockdale Securities Limited makes no representations, express or implied, nor accepts any responsibility whatsoever for the contents of this Prospectus nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Investment Manager, the Ordinary Shares, the Issue or Admission. Stockdale Securities Limited accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it or they might otherwise have in respect of this Prospectus or any such statement.

Investment considerations

The contents of this Prospectus or any other communications from the Company, the Investment Manager and/or any of their respective affiliates, directors, officers, employees or agents are not to be construed as advice relating to legal, financial, taxation, investment or any other matter. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

The Ordinary Shares are designed to be held over the long term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur or that the Company will make any distributions, and investors may not get back the full value of their investment.

Any investment objectives of the Company are targets only and should not be treated as assurances or guarantees of performance.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Articles of Association of the Company, which investors should review. A summary of the Articles of Association can be found in Part 6 of this Prospectus and a copy of the Articles of Association is available on the Company's website at *www.lsaplc.com*.

Statements made in this Prospectus are based on the law and practice currently in force and are subject to changes thereto.

Forward-looking statements

The Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "forecasts", "plans", "projects", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding the Company's and/or the Board's intentions, beliefs or current expectations.

All forward-looking statements address matters that involve risks and uncertainties and are not guarantees of future performance. Accordingly, there are or will be important factors that could cause the Company's actual results of operations, performance or achievement or industry results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in the part of this Prospectus entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this Prospectus. Any forward-looking statements in this Prospectus reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and the liquidity of Shares.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements.

These forward-looking statements apply only as at the date of this Prospectus. Forward-looking statements may and often do differ materially from actual results. Subject to any obligations under applicable law or UK regulatory requirements (including FSMA, the DTRs and the Prospectus Rules), the Company undertakes no obligation publicly to update or review any forward-looking statement whether as a result of new information, future developments or otherwise. Prospective investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ before making an investment decision.

Nothing in this paragraph or in the preceding three paragraphs should be taken as limiting the working capital statement contained in Part 6 of this Prospectus.

The actual number of Ordinary Shares to be issued pursuant to the Issue will be determined by the Company. In such event, the information in this Prospectus should be read in light of the actual number of Ordinary Shares to be issued in the Issue.

No incorporation of website

The contents of the Company's website at *www.lsaplc.com* do not form part of this Prospectus. Investors should base their decision to invest on the contents of this Prospectus alone and should consult their professional advisers prior to making an application to subscribe for Shares.

Presentation of information

Market, economic and industry data

Market, economic and industry data used throughout this Prospectus is derived from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Currency Presentation

Unless otherwise indicated, all references in this prospectus to “US$”, “$”, “Dollars” or “US Dollars” are to the lawful currency of the United States of America, all references to “Euro”, “EUR” or “€” are to the lawful currency of the European Union and all references to “Pounds Sterling”, “£” or “Sterling” means the lawful currency of the United Kingdom.

Latest Practicable Date

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Prospectus is at close of business on 26 January 2018.

Definitions

A list of defined terms used in this Prospectus is set out in Part 7 of this Prospectus.

EXPECTED TIMETABLE

	2018
Predecessor Company EGM	2 March
Announcement of the results of the Issue	2 March
Admission of the Issue Shares to the Specialist Fund Segment and dealings commence	8.00 a.m. on 6 March
Effective Date of the Acquisition	6 March
Crediting of CREST accounts in respect of the Issue Shares held in uncertificated form	8.00 a.m. on 6 March
Share certificates in respect of the Issue Shares held in certificated form despatched (where applicable)	Week commencing 21 March

Each of the times and dates in the above timetable is subject to change and may be extended or brought forward without further notice. The Company will notify investors of any such changes to these dates by making an announcement via a Regulatory Information Service. References to times are to London time unless otherwise stated.

DEALING CODES

Legal Entity Identifier (LEI) 2138003OL2VBXWG1BZ27

	ISIN	**SEDOL**	**Ticker**
Ordinary A Shares	GB00BF1Q4B05	BF1Q4B0	LSAA
Ordinary B Shares	GB00BF1Q4C12	BF1Q4C1	LSAB
Ordinary D Shares	GB00BF1Q4N27	BF1Q4N2	LSAD
Ordinary E Shares	GB00BF1Q4D29	BF1Q4D2	LSAE

DIRECTORS, MANAGEMENT AND ADVISERS

Directors	Jean Medernach *(Chairman)* Michael Baines Robert Edelstein Franck Mathé Yves Mertz Guner Turkmen
Registered Office	1 Great Cumberland Place London W1H 7AL
Investment Manager to the Trusts	Acheron Capital Limited Suite 1, 3rd Floor St James's Square London SW1Y 4LB
Acheron Portfolio Trust, Lorenzo Tonti 2006 Trust, Avernus Portfolio Trust and Styx Portfolio Trust	2305 Fourth Helena Drive Los Angeles CA 90049-3929
Trustee of the Trusts	Robert Edelstein
Administrator	Companie Européenne de Révision Sàrl 37 rue d'Anvers L-1130 Luxembourg
Company Secretary	Maitland Administration Services Limited Springfield Lodge Colchester Road Chelmsford CM2 5PW
Financial Adviser and Broker	Stockdale Securities Limited 100 Wood Street London EC2V 7AN
Registrar	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Auditor and Reporting Accountant	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Section 593 Valuer	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

Legal Advisers to the Company	Hogan Lovells International LLP Atlantic House Holborn Viaduct London EC1A 2FG
Legal Advisers to Stockdale Securities Limited	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG

PART 1

THE COMPANY

1. INTRODUCTION

1.1 The Company is a closed-ended investment company, incorporated on 16 August 2017 in England and Wales with an indefinite life and is registered as an investment company under section 833 of the Act. The Company has been formed for the purposes of acquiring the Predecessor Company Portfolio (which includes the entire beneficial interest in each of the four Trusts, and the Company will be indirectly exposed to the liabilities thereof) and continuing its business.

1.2 The principal activities of the Company will be to support and manage portfolios of whole and partial interests in life settlement policies issued by life insurance companies operating predominantly in the United States. The life settlement market enables Consenting Individuals to sell their life insurance 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). An investor acquiring the life insurance policy will continue to pay the premiums until the death of the insured. The insurance company will then pay the face value of the life insurance policy to the investor. The Company has developed a strategy to invest in the life settlement market and manage the resulting financial exposure, which is to capitalise on specific situations in the life settlement market. The Company will aim to manage portfolios of life settlement products so that the expected value of the policy maturities exceeds the aggregate cost of acquiring the Policies, including premiums and management fees and other operation costs.

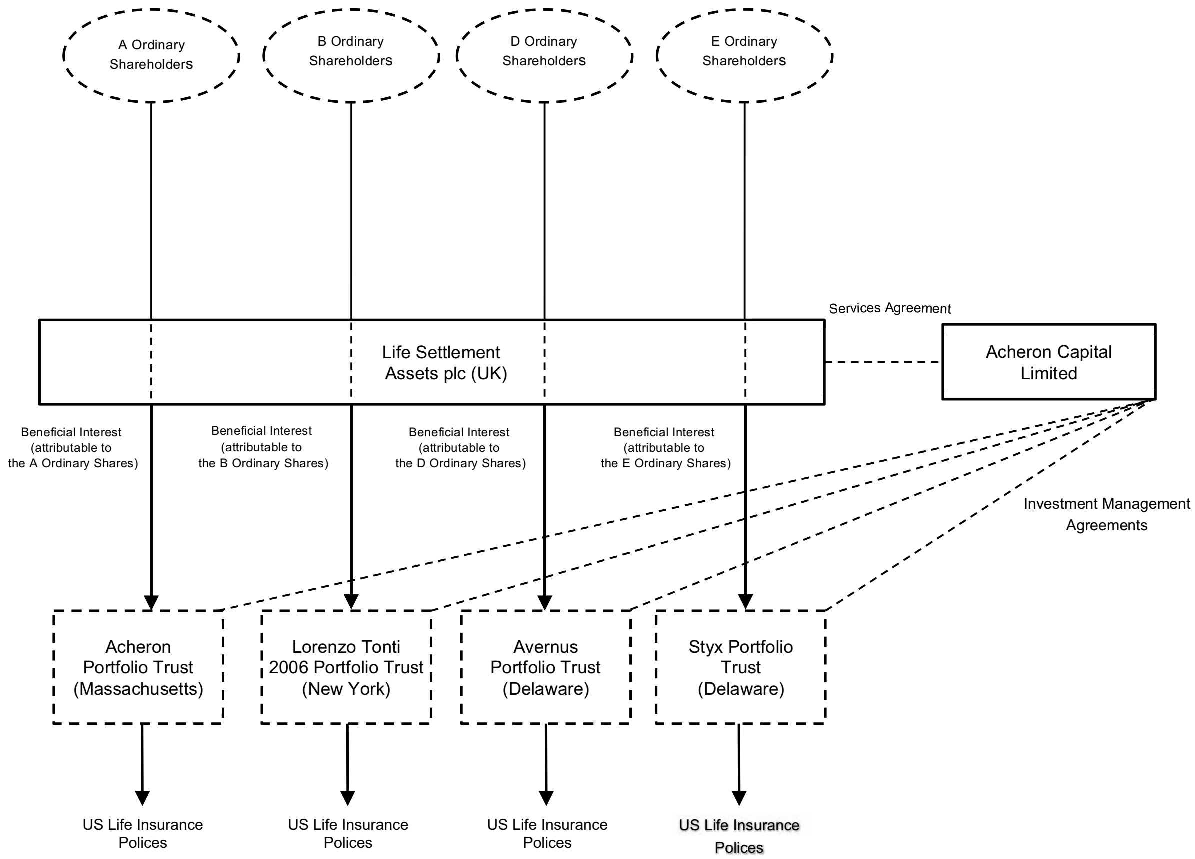
1.3 The Company will initially have four Share Classes (in addition to the Redeemable Preference Shares which are expected to be redeemed shortly after Admission), namely A Ordinary Shares, B Ordinary Shares, D Ordinary Shares and E Ordinary Shares. Under the terms of the Acquisition Agreement and subject to the Acquisition completing, the Company will acquire the (*inter alia*) the entire beneficial ownership in each of four Trusts through which the Predecessor Company's portfolios of life settlement policies are held. As at the date of this Prospectus, each Trust is attributable to a class of share in the Predecessor Company, namely class A (in respect of the Acheron Portfolio Trust), class B (in respect of the Lorenzo Tonti 2006 Portfolio Trust), classes D and F (in respect of the Avernus Portfolio Trust) and classes E and G (in respect of the Styx Portfolio Trust). Following the completion of the Acquisition, the Company will allocate the beneficial ownership of the Acheron Portfolio Trust to the A Ordinary Shares, the Lorenzo Tonti 2006 Portfolio Trust to the B Ordinary Shares, Avernus Portfolio Trust to the D Ordinary Shares, and the Styx Portfolio Trust to the E Ordinary Shares. Where a Share Class is referred to as corresponding to a share class in the Predecessor Company, reference is being made to the class in the Predecessor Company that participates in the same portfolio of life settlement policies that the relevant Share Class will participate in following the completion of the Acquisition (and *vice versa*).

1.4 The Company may issue further Share Classes. The Company may also issue new shares in existing Share Classes in order to finance acquisitions or to exchange such shares in case of acquisitions. The Company may acquire both individual life insurance policies or fractional policies and portfolios of such policies via the secondary market, tertiary market or private placements.

1.5 The Company is an internally-managed AIF. 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 Company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

1.6 Application will be made to the London Stock Exchange for the Issue Shares to be admitted to trading on the Specialist Fund Segment.

2. COMPANY STRUCTURE FOLLOWING THE ACQUISITION[3]



3. BACKGROUND AND REASONS FOR THE ISSUE

The Company has been formed for the purposes of continuing the business of the Predecessor Company. The board of directors of the Predecessor Company determined that it was in the best interests of the Predecessor Company Shareholders to establish the Company as a successor vehicle in the United Kingdom in order to benefit from a more widely accessible stock exchange and as a result of potential tax and other regulatory changes in Luxembourg.

4. INVESTMENT OBJECTIVE

4.1 The Company's investment objective is to generate long-term returns for Shareholders by investing in the life settlement market.

4.2 The Company has not established target rates of return with respect to its investments.

(3) This diagram is for illustrative purposes only. It does not, and does not purport to, show all of the material contracts, investments and relationships in respect of the Company. For the avoidance of doubt, the holders of each Share Class participate in a separate portfolio of life settlement contracts (which are held via separate Trusts). Shareholders should note that the assets and liabilities of the Company attributable to a Share Class will not, in certain circumstances, be effectively ring-fenced from other Share Classes. In addition, the ability of the Company to make distributions or buy-back Shares of one Share Class may be restricted by the performance of one or more other Share Classes. For further information see the section entitled "*Risks associated with there being more than one Share Class*" in the Risk Factors section of this Prospectus.

5. INVESTMENT POLICY

5.1 Each Share Class will seek to achieve the Company's Investment Objective as follows:

A Ordinary Share Class

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

5.3 Initially, the Company will meet this Investment Policy by acquiring the entire beneficial interest in the Acheron Portfolio Trust from the Predecessor Company on or shortly following Admission.

B Ordinary Share Class

5.4 The assets attributable to the B Ordinary Share Class will be predominantly invested in life insurance policies exposed only to elderly insureds.

5.5 Initially, the Company will meet this Investment Policy by acquiring the entire beneficial interest in the Lorenzo Tonti 2006 Portfolio Trust from the Predecessor Company on or shortly following Admission.

D Ordinary Share Class and E Ordinary Share Class(4)

5.6 The assets attributable to the D and E Ordinary Share Classes will be predominantly invested in separate portfolios comprising fractional policies with exposure to both HIV and elderly insureds, where the A and/or B Share Classes (or the A and B Classes in the Predecessor Company) are already fractional owners(5).

5.7 Initially, the Company will meet these Investment Policies by acquiring the entire beneficial interest in:

(a) the Avernus Portfolio Trust, in respect of the D Ordinary Share Class; and

(b) the Styx Portfolio Trust, in respect of the E Ordinary Share Class,

from the Predecessor Company on or shortly following Admission.

Source of Policies

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

Further acquisitions

5.9 The Company does not intend to substitute assets held by the Trusts as the Policies mature. The Trusts are self-liquidating in nature. The Company may however, from time to time: (a) acquire Policies or cause the Trusts to acquire Policies that meet the Investment Policy of the relevant Share Class, including but not limited to, fractional policies; and (b) cause the Trusts to dispose of Policies.

5.10 The Company may also raise further capital in the future to acquire further Policies that meet the Investment Objective and Investment Policy of the relevant Share Class (or those of a Share Class to be established in future). Such Policies will subsequently be granted to the relevant Trust.

Investment Restrictions

5.11 Any transaction involving more than 10 per cent. of the Gross Asset Value of the Company, directly or indirectly, will require the prior approval of the Board.

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(4) The Investment Policy of each of the D and E Ordinary Share Classes are identical. This is a result of the E share class in the Predecessor Company (to which the E Ordinary Shares correspond) being created and issued following the D share class in the Predecessor Company (to which the D Ordinary Shares correspond) being fully invested.

(5) Fractional policies are single life insurance policies initially purchased by multiple investors, each of whom acquired a fractional interest.

Borrowing and Gearing

5.12 The Company does not intend to borrow other than for short-term financing purposes should the Board deem fit. The Company at present has no borrowings. 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 Agreements, the Investment Manager if such borrowing is at Trust level) provided that any such borrowing entered into in respect of, or attributable to, a Share Class shall be limited to a maximum of 10 per cent. of the Net Asset Value of such Share Class (at the time the borrowing is incurred).

In addition, the Board (or the Investment Manager, subject to any limits imposed by the Board) has discretion to make short-term loans out of the assets attributable to one Share Class to another Share Class where the Board or the Investment Manager (as the case may be) considers it necessary in order to fully or partially remedy a cash-flow shortfall in respect of that other Share Class.

Hedging and use of derivatives

5.13 The Company and/or the Trusts may also hold derivative or other financial instruments designed for efficient portfolio management or to hedge interest or inflation risks.

5.14 The Trusts 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**").

Cash management

5.15 Pending reinvestment or distribution of cash receipts, cash received by the Group will be invested in cash, cash equivalents, near cash instruments, mortality ILS, money market instruments and money market funds and cash funds.

Amendments to and compliance with the Investment Policy

5.16 Any material change to the Investment Policy of a Share Class will require the prior approval of Shareholders of the relevant Share Class by way of Ordinary Resolution. Minor changes to an Investment Policy of a Share Class must be approved by the Directors and will be notified to Shareholders through an announcement on an RIS.

5.17 Breaches of the Investment Policy of a Share Class (save in respect of any restrictions which are described as target limits only) will be notified to Shareholders through an announcement on an RIS.

6. INVESTMENT GUIDELINES

6.1 While not forming part of the Investment Policy, the Company has notified the Investment Manager of the following guidelines that will apply to the investment management of each Trust, and reserves the right to update these guidelines from time to time:

Investment Policy – Managed as a five to ten year investment.

Cash Distributions – Cash in excess of that required to fund a number of months of premiums (as indicated by the Company from time to time) will be distributed by the relevant Trust to the Company.

7. THE ACQUISITION OF THE PREDECESSOR COMPANY PORTFOLIO

7.1 The Company is expected to enter into the Acquisition Agreement with the Predecessor Company and the Liquidator, pursuant to which the Company will conditionally agree to acquire (directly or indirectly) the Predecessor Company Portfolio. The Acquisition Agreement is, at the date of this document, in a form agreed between the Company, the Liquidator and the Predecessor Company, each of whom has conditionally undertaken to enter into the Acquisition Agreement. The aforementioned conditions are: (a) the passing of the relevant resolutions at the Predecessor Company EGM; and (b) the appointment of the Liquidator. The

Acquisition Agreement is conditional only upon Admission. Further information on the Acquisition Agreement is set out in Part 6 of this Prospectus.

7.2 The Predecessor Company Portfolio comprises all of the assets and liabilities of the Predecessor Company Completion of the Acquisition is expected to occur on or shortly following Admission.

7.3 Upon the Acquisition becoming unconditional and being completed, the Predecessor Company (or the Predecessor Company Shareholders as it directs) shall be allotted and issued with A Ordinary Shares, B Ordinary Shares, D Ordinary Shares and E Ordinary Shares as consideration for the transfer of the Predecessor Company Portfolio. The number of A Ordinary Shares and B Ordinary Shares to be issued will (respectively) equal the number of A shares and B shares in issue in the Predecessor Company. The number of D Ordinary Shares and E Ordinary Shares will be determined by the Administrator prior to Admission and will be determined in accordance with the Acquisition Agreement.

7.4 Subject to the Acquisition Agreement becoming unconditional:

(a) the Predecessor Company, acting by the Liquidator, shall deliver the Predecessor Company Portfolio to the Company;

(b) the Company shall accept the Predecessor Company Portfolio as an *in specie* subscription for Ordinary Shares and shall record in its books and accounts that the Predecessor Company Portfolio is attributable as follows:

(i) the 100 per cent. beneficial interest in the Acheron Portfolio Trust will be attributable to the A Ordinary Shares;

(ii) the 100 per cent. beneficial interest in the Lorenzo Tonti 2006 Portfolio Trust will be attributable to the B Ordinary Shares;

(iii) the 100 per cent. beneficial interest in the Avernus Portfolio Trust will be attributable to the D Ordinary Shares;

(iv) the 100 per cent. beneficial interest in the Styx Portfolio Trust will be attributable to the E Ordinary Shares; and

(v) any cash or other asset that forms part of the Predecessor Company Portfolio will be recorded in the books of the Company as being attributable to the class of Ordinary Shares in the Company which corresponds to the class of shares in APC to which such cash is attributable.

(c) The Company will (or will procure) the allotment to the Predecessor Company (or as it may direct) of the Issue Shares.

7.5 The Acquisition Agreement includes an indemnity from the Company to the Predecessor Company in respect of any of the Company's liabilities whether arising before or after the date of the Acquisition (reflecting the fact that the Company will assume all of the Predecessor Company's liabilities as well as its assets from the date of the Acquisition).

7.6 The Section 593 Valuer will provide the Section 593 Valuation to the Company in respect of the consideration to be received by the Company (being the Predecessor Company Portfolio) in respect of the Issue Shares shortly following the publication of the net asset values for the Predecessor Company shares as at 31 December 2017, upon which the number of Issue Shares can be determined. The Section 593 Valuation will value the Predecessor Company Portfolio as at 30 September 2017. However, the 31 December 2017 valuation will be used for the purposes of the Acquisition.

8. DISTRIBUTION POLICY

8.1 Subject to applicable law, all Ordinary Shares of a given Share Class are entitled to participate equally in dividends derived from funds that are legally available for the distribution of dividends when, as and if declared by the Shareholders at a meeting of the Company and/or the Board.

8.2 The Company will only pay dividends on the Ordinary Shares to the extent that it has sufficient financial resources available for the purpose in accordance with the Act.

8.3 The Company has no stated dividend target. The Company aims to distribute a substantial portion of its funds derived from its operations in respect of a Share Class as dividends or through share buy-backs or tender offers to its Shareholders of that Share Class. There can be no assurance that the Company will be able to achieve this aim.

8.4 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 per cent. of its income (as calculated for UK tax purposes) in respect of any accounting period.

9. CAPITAL STRUCTURE

Share capital

9.1 The Ordinary Shares will be in registered form and may be held in certificated or uncertificated form. At any general meeting each Shareholder has on a show of hands one vote and on a poll one vote in respect of each Ordinary Share held.

Duration

9.2 As the Company is a long-term investment vehicle, it does not have a fixed life. Investors should note, however, that should: (a) in accordance with its distribution policy, the Company distribute a substantial proportion of its funds derived from its operations; and (b) the Company not acquire further life settlement policies after the Acquisition, the Company's life would not be indefinite as a result of its portfolio of Policies maturing over time.

Further issues of Ordinary Shares

9.3 Under the Articles, further issues of Ordinary Shares of a Share Class in issue for cash will be subject to pre-emption rights conferred on existing Shareholders pursuant to the Act, save to the extent these rights have been disapplied by Special Resolution of the Company. The Board may in the future decide that the Company needs to raise additional funds and may do so by way of further issues of Ordinary Shares of a Share Class that is in issue or a new Share Class.

9.4 On 29 January 2018, the sole Shareholder in the Company passed resolutions granting the Directors authority to issue Ordinary Shares of each Share Class up to such number as represents 10 per cent. of the Ordinary Shares of the relevant Share Class in issue on Admission on a non-pre-emptive basis. Such authority will expire on the earlier of the conclusion of the first annual general meeting of the Company and the date falling 18 months after Admission.

Repurchases of Ordinary Shares

9.5 The Company is permitted, subject to and in accordance with the Act, to purchase Ordinary Shares in the market provided the Shareholders have authorised such purchase by a Special Resolution. On 29 January 2018, the sole Shareholder in the Company passed a Special Resolution granting the directors authority to make market purchases of up to 14.99 per cent. of the Company's issued Shares of each Share Class following Admission until the earlier of the Company's annual general meeting in 2019 and the date falling 18 months after Admission of the Issue Shares issued. The Board intends to seek Shareholder approval to renew this authority once it has expired and/or at subsequent annual general meetings.

9.6 The Board may buy-back shares for any reason including (but not limited to) for the purposes of returning capital or to manage any discount at which the Shares of any Share Class may be trading.

9.7 In accordance with the Special Resolution passed on 29 January 2018, the maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of: (a) 5 per cent. above the average of the mid-market values of the Ordinary Shares of the relevant Share Class for the five Business Days before the purchase is made; or (b) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares. The minimum price will be such minimum price as is approved by the Shareholders in the prevailing authority under which the purchase is made, provided that the minimum may not be less than US$0.01 per Ordinary Share.

9.8 Purchases of Ordinary Shares will be made within guidelines established from time to time by the Board and only in accordance with the Act and MAR. Any purchase of Ordinary Shares would be made out of the available cash or cash equivalent resources of the Company or from borrowings.

The Company may also make tender offers from time to time. Under a tender offer, Shareholders may tender for purchase all or part of their holdings of Ordinary Shares for cash in accordance with the terms of such tender offer. Tender offers will, for regulatory reasons, not normally be open to Shareholders (if any) in Australia, Canada, Japan, the Republic of South Africa or the United States of America or any other jurisdiction where it would be unlawful to make such an offer. The implementation of tender offers is at the absolute discretion of the Directors and will also be subject to applicable law and regulation (including the Act) and the Articles.

9.9 Ordinary Shares bought back by the Company may be cancelled or, be retained in treasury to be reissued at a future date and resold by the Company.

9.10 **Prospective Shareholders should note that the exercise by the Directors of the Company's powers to repurchase Ordinary Shares either pursuant to a tender offer or the general repurchase authority is entirely discretionary and they should place no expectation or reliance on the Directors exercising such discretion on any one or more occasions. Moreover, prospective Shareholders should not expect, as a result of the Directors exercising such discretion, to be able to realise all or part of their holdings of Ordinary Shares, by whatever means available to them, at a value reflecting their underlying Net Asset Value.**

PART 2

DIRECTORS, MANAGEMENT AND ADMINISTRATION OF THE COMPANY

1. DIRECTORS

1.1 The Board comprises six Directors, all of whom are non-executive and independent of the Investment Manager.

1.2 Robert Edelstein is the Trustee of the Acheron Portfolio Trust, Lorenzo Tonti 2006 Portfolio Trust, Avernus Portfolio Trust and Styx Portfolio Trust, of which the Company is expected to become 100 per cent. beneficial owner following the Acquisition. Yves Mertz is an Executive Director of the Administrator, which will receive fees from the Company under the Administration Agreement. Mr Mathé is an employee of Efficap II which is the general partner of EFFI INVEST II (*société en commandite par actions*). EFFI INVEST II's subsidiary EFFIL II is a significant investor in the D and E Shares of the Predecessor Company. Guner Turkmen is an investment manager of a business which holds A shares in the Predecessor Company. Mr Turkmen is a shareholder, director and employee of Lake Geneva Investment Partners which is the investment manager of Investor funds in the A Shares of the Predecessor Company. Mr Turkmen is also a as director of various funds that are investors in the A Shares of the Predecessor Company (as further described in Part 2 of this Prospectus) and, subject to the completion of the Acquisition, such investors will become investors in the A Ordinary Shares. Each of the Directors (except for Michael Baines) is also a director of the Predecessor Company.

1.3 The Directors are responsible for managing the Company's business in accordance with its Articles and Investment Policy and have overall responsibility for the Company's activities, including its investment activities and reviewing the performance of the Company's portfolio.

1.4 The Directors may delegate certain functions to other parties such as the Registrar.

1.5 The Directors are as follows:

Jean Medernach, Chairman

Jean Medernach is an independent auditor licensed in Luxembourg and a former US certified public accountant. Mr Medernach has more than 15 years of experience in public accounting in Luxembourg, Asia and the US as well as 12 years as a finance and investment director of a Luxembourg investment company. Mr Medernach is a Luxembourg national.

Michael Baines

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 the Chairman of both Church House Investment Management and Campion Capital. He is also Chairman of the Advisory Board of the BlackRock Armed Forces Common Investment Fund.

Robert Edelstein

Dr Edelstein joined the faculty of the University of California at Berkeley in 1985 after being a Professor of Finance at the Wharton School, University of Pennsylvania, and is active in the fields of real estate economics, finance, and property taxation; energy and environmental economics; public finance; and urban financial problems. He has been President and has served on the Board of Directors of the American Real Estate and Urban Economics Association. He is a member of the Board of the Asian Real Estate Society. Dr Edelstein received an A.B., A.M., and Ph.D. in Economics from Harvard University. Robert Edelstein is a United States National.

Franck Mathé

Franck Mathé is a senior portfolio manager at EFFICAP in Paris. He holds a Doctor of Mathematics degree and a Master's degree in Finance from HEC (*Hautes études commerciales*) Paris. With more than 15 years' experience in the sector, he is director of a number of other investment funds.

Yves Mertz

Yves Mertz has been a member of the Luxembourg Chartered Accountants Institute and the Luxembourg Independent Auditors Institute since 1984. Prior to joining *Compagnie Européenne de Révision*, he was founder and partner of Mazars Luxembourg where he acquired extensive experience in the life insurance and reinsurance sectors. He holds a Master degree in finance and EDP processing from the *Faculté Universitaire de Mons*, Belgium. Mr Mertz is a Belgium national.

Guner Turkmen

Guner Turkmen has extensive experience in trading, risk and asset management and asset allocation. In 2000 he founded Cougar Asset Management, an independent hedge fund manager. In 2006 he co-founded Union Capital Group and was in charge of asset management through 2011. At the end of 2007, he founded Lake Geneva Investment Partners S.A. Mr Turkmen is a Turkish national.

2. EMPLOYEES

The Company has no employees.

3. THE INVESTMENT MANAGER

3.1 As it is an internally-managed investment trust, the Company has not appointed an investment manager to provide it with investment managerial services. However, each of the Trusts has appointed the Investment Manager, Acheron Capital Ltd as their investment manager under the Investment Management Agreements with effect from the date of Admission. The Investment Manager is authorised and regulated by the FCA (under reference number 443685).

3.2 Further details of Investment Management Agreements are set out in Part 6 of this Prospectus.

4. THE TRUSTEE

The Trustee of each of the Trusts is Dr Robert Edelstein who is also a Director of the Company.

5. REGISTRAR

Link Market Services Limited has been appointed as the Company's Registrar. Details of the Registrar Agreement are set out in Part 6 of this Prospectus.

6. ADMINISTRATOR

The Company has appointed Compagnie Européenne de Révision Sàrl as its administrator. The Administrator has been retained by the Company to calculate its Net Asset Values and to provide certain other services. Details of the Administration Agreement are included in Part 6 of this Prospectus.

7. VALUATION AGENT

The Company will appoint a qualified Valuation Agent from time to time. The Valuation Agent will review and evaluate the Company's Assets on an annual basis, including the beneficial interest in the Trusts that hold the Policies. The Directors intend to appoint a well-recognised consulting firm of actuaries as Valuation Agent.

8. COMPANY SECRETARIAL ARRANGEMENTS

Maitland Administration Services Limited has been appointed as Company Secretary to provide company secretarial services to the Company including maintaining statutory books, registers and records, convening and attending board and shareholder meetings and assisting with and providing guidance to the Company in respect of applicable law, including MAR. Company secretarial services will be provided pursuant to the Company Secretarial Services Agreement (further details of which are set out in Part 6 of this Prospectus).

9. AUDITOR

Grant Thornton UK LLP, which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales, has agreed to provide audit services to the Company.

10. SECTION 593 VALUER

Mazars LLP has been engaged by the Company as the Section 593 Valuer to provide an independent valuation report to the Company for the purposes of section 593 of the Act on the value of the consideration to be received by the Company pursuant to the Acquisition. This report will value the Predecessor Company Portfolio as at 30 September 2017 (the "**Section 593 Valuation**") and will be available shortly following the publication of the net asset values of the Predecessor Company's shares as at 31 December 2017 upon which the number of Issue Shares can be determined.

11. TRACKING AND SERVICING AGENTS

The Trusts have 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 ensure that they are delivered to the insurance company that issued the relevant Policy so that applicable death benefits can be claimed. Each 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 Prospectus, Litai Assets LLC, Fort Lauderdale and the Asset Servicing Group, Oklahoma City, have both been appointed by the Trusts to service life settlement policy interests owned by the Trusts.

12. ACTUARIES

The Company intends to retain actuaries to estimate the life expectancy of individuals insured under particular Policies or portfolios of Policies. Actuaries provide life expectancy or valuation estimates based on a more general set of assumptions and experience.

13. FEES AND EXPENSES

Expenses of the Issue

13.1 The Issue Costs include the costs of incorporation of the Company, the fees payable to professional advisers and other related expenses (including irrecoverable VAT costs) and the costs of the Acquisition (including the costs of the liquidation of the Predecessor Company). These costs are expected to amount to £1,000,000 and will be borne by the Company (and therefore indirectly by Shareholders). No expenses will be charged directly to Shareholders.

Ongoing Expenses

Management and Performance Fees

13.2 The Investment Manager is the investment manager for each of the Trusts. With effect from the date of the Acquisition, the Investment Manager's appointment as investment manager of the Trusts will be on the terms of the Investment Management Agreements. The Company is a party to the Investment Management Agreements, but the Investment Manager does not provide services to the Company under such Agreement.

13.3 The Investment Management Agreements provide for management fees to be paid by the Trusts to the Investment Manager, calculated as of the last independently audited date (expected to be once a year (adjusted to reflect capital increases and material realisations)), 1/12th of which is payable monthly in advance at an annual rate of 1.5 per cent. of the Net Asset Value of each Share Class (or 2 per cent. in the case of the E Ordinary Shares (calculated prior to the deduction of the management fee). The applicable Net Asset Value for the first period is the Net Asset Value of the relevant Share Class as at 31 December 2017.

13.4 The Investment Management Agreements also provide for the payment of performance fees by the Trusts. The Investment Management Agreements also include arrangements in respect of the Accrued Performance Fees to 31 December 2017 (being the valuation date for the purposes of the Acquisition). The Accrued Performance Fees equal the amount of performance-related distribution that has been accrued in the accounts of the Predecessor Company in respect of each share class to 31 December 2017, but not paid.(6)

Performance Fees in respect of the A Ordinary Shares and the B Ordinary Shares

13.5 The performance fee in respect of the Acheron Portfolio Trust (in which the A Ordinary Shares participate) and the Lorenzo Tonti 2006 Portfolio Trust (in which the B Ordinary Shares participate) shall be an amount equal to 25 per cent. of the sum of the distributions made to the holders of the Ordinary Shares corresponding to the Trust, in excess of the Performance Hurdle (assessed at the time of each distribution). The performance fee will be paid by the relevant Trust to the Investment Manager.

13.6 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 cent. per annum (from the date of each distribution) equal the aggregate investment made by the relevant class of Ordinary Shares in the Company (from time to time) compounded at 3 per cent. per annum (being initially an amount equal to the value at which such part of the Predecessor Company Portfolio as is attributable to the relevant Share Class was acquired under the Acquisition).

13.7 The "Catch Up Amount" is an amount equal to the distributions that would have been required to be made to Predecessor Company Shareholders of the corresponding share class in order for the Accrued Performance Fees (less, where applicable, any clawback of such Accrued Performance Fees) to be paid (determined as at 31 December 2017) in accordance with the arrangements in place in the Predecessor Company as at the date of this Prospectus, reduced by any distributions actually made to Predecessor Company Shareholders of the relevant class prior to the Acquisition.

13.8 Additionally, an amount equal to the Accrued Performance Fee in respect of the Acheron Portfolio Trust and the Lorenzo Tonti 2006 Portfolio Trust will be transferred to a trust or other special purpose vehicle for the benefit of the performance fee beneficiaries, subject to certain holding and clawback arrangements. The terms of these arrangements are intended to provide that an up to 50 per cent. of the Accrued Performance Fee will be paid to the Company or the relevant Trust should certain performance criteria not be met.

13.9 For these purposes, distributions include any cash distribution to one or more Shareholders or Predecessor Company Shareholders (as the case may be), including, but not limited to, by way of dividend, buy-back or tender offer.

Performance Fees in respect D Ordinary Shares and E Ordinary Shares

13.10 Any performance fees will first be paid to the beneficiaries of the performance-related distributions in the Predessor Company (being personnel of the Investment Manager) up to an amount equal to the applicable Accrued Performance Fee, following which it shall be paid to the Investment Manager.

(6) The Accrued Performance Fees as at 30 November 2017 are: (a) in respect of the A shares, US$3,547,887; (b) in respect of the B shares, US$0; (c) in respect of the D shares, US$1,709,794; (d) in respect of the E shares, US$844,149; (e) in respect of the F shares, US$265,899; and in respect of the G shares, US$122,847. The Accrued Performance Fees attributable to the D Ordinary Shares will be the sum of the Accrued Performance Fees of the D shares and the F shares and the Accrued Performance Fees of the E Ordinary Shares will be the sum of the Accrued Performance Fees of the E shares and the G shares.

13.11 The performance fee in respect of each Trust shall be an amount equal to 25 per cent. of the sum of the distributions made to the holders of the Ordinary Shares corresponding to the Trust, in excess of the Performance Hurdle (assessed at the time of each distribution).

13.12 The "Performance Hurdle" is met when (from time to time) the sum of the aggregate distributions made to the holders of: (i) the corresponding Ordinary Shares; and (ii) the corresponding Shares in the Predecessor Company prior to the date of the Acquisition, in each case compounded at 5 per cent. per annum (from the date of each distribution) equal the aggregate investment made by the: (i) holders of the relevant Ordinary Shares in the Company; and (ii) holders of classes D and F shares (in the case of the D Ordinary Shares) and E and G shares (in the case of the E Ordinary Shares) in the Predecessor Company prior to the date of the Acquisition, in each case compounded at 5 per cent. per annum.

13.13 For these purposes, distributions include any cash distribution to one or more Shareholders or Predecessor Company Shareholders (as the case may be), including, but not limited to, by way of dividend, buy-back or tender offer.

13.14 The Investment Manager is also entitled to be reimbursed for all agreed transaction fees and any reasonable out-of-pocket expenses properly incurred by it in the performance of its duties and responsibilities under the Investment Management Agreements (excluding administrative expenses and overheads). The fees are due from the Trusts and payable by the Trusts; however, such amounts may originate from the Company through a capital contribution to the Trusts.

Administration Fees

13.15 Under the terms of the Administration Agreement, Compagnie Européenne de Révision Sàrl is entitled to a total monthly fee (covering the Company and each Share Class) of approximately €9,785 for accounting and net asset value calculation services. The Administrator will also be entitled to fees of €25,000 for preparation of IFRS financial Statements, and notes to the accounts at year closing, €7,000 for assistance to the auditor at year closing and €8,500 for preparation of IFRS financial Statements, and notes to the accounts at half year closing. Additional services will be charged on a time spent hourly rate basis.

Company Secretarial Fees

13.16 Under the Company Secretarial Services Agreement, the Company Secretary will receive an annual fee of £40,000, payable monthly, and a one-off set up fee of £10,000. The Company Secretary will be entitled to the reimbursement of all reasonable out of pocket expenses properly incurred by the Company Secretary, including in relation to printing and dispatching documentation to Shareholders.

Registrar Fees

13.17 Under the terms of the Registrar Agreement, the Registrar is entitled to a minimum fee of £4,500 per annum. The fee of the Registrar is payable on a per Shareholder basis. Since the number of Shareholders on the register may vary during the fee year, there is no maximum fee payable to the Registrar.

13.18 The Registrar is also entitled to a one-off register set-up fee of £4,500 (minimum fee, on a £350 per hour basis), distribution fees of £3 per CREST credit, subject to a minimum fee of £5,000 and transfer fees of £0.25 for CREST transfers, £2.00 for stock deposit or withdrawals and £2.00 for non-CREST transfers. Voting management fees are charged at £900 per meeting for CREST proxy voting and £1,200 per meeting for web voting. Ad hoc listings and reports which cannot be obtained via the corporate portal are charged at a rate of £112 each. Fixed fee charges for FATCA and CRS reporting (if required) would amount to £4,050 per annum plus certain additional variable fees.

13.19 Up to four standard dividends are included in the fees set out above. The Registrar is entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in connection with the performance of its duties under the Registrar Agreement, including reasonable postage, Euroclear and related network charges, telephone and courier expenses, reasonable travelling expenses incurred on Company business and reasonable printing and stationery expenses.

Directors fees' and expenses

13.20 Under the terms of their appointment, each of the Directors (other than the Chairman) is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. The Company has agreed to pay Jean Medernach an annual fee of €50,000 and US$5,000, Michael Baines an annual fee of £30,000, Yves Mertz an annual fee of $15,000 and Franck Mathé, Guner Turkmen and Robert Edelstein an annual fee of US$10,000 each.

13.21 All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.

13.22 The Company will also maintain annual directors' liability insurance at commercial rates.

Audit Fees

13.23 The Auditor will perform an annual audit of the Company's financial statements. The fees charged by the Auditor will depend on the services provided, computed (*inter alia*) on the time spent by the Auditor on the affairs of the Company.

Broker Fees

13.24 Under the terms of its appointment, Stockdale Securities Limited will provide corporate finance and broking services. A retainer fee of £35,000 per annum will be payable, quarterly in advance, from the date of Admission.

13.25 The Broker is entitled to be reimbursed for out-of-pocket expenses properly incurred subject to pre-approval for amounts over £500.

Servicing Fees

13.26 Under each servicing agreement, the Trustee of the relevant Trust is required to pay the servicer (amongst other fees) an annual administration fee and an accounting and audit fee.

13.27 The annual administration fee for the initial term increases in line with the consumer price index ("**CPI**"). The current fee is US$358 per policy per annum. For the Acheron Portfolio Trust and the Lorenzo Tonti 2006 Portfolio Trust, the administration fee is calculated on a different basis for group insurance policies. The administration fee for group insurance policies is US$25,000 per policy per annum. If a servicing agreement is renewed after its initial term ending on 31 December 2018, the administration fees are set at 51.25 per cent. of the agreed upon market value for fees of this kind as of the first day of such Renewal Term.

13.28 The fee for providing accounting and audit services vary, but amount to approximately US$15,000 to US$20,000 per annum per Trust. Further fees will be charged for other miscellaneous services on an hourly or specified basis.

13.29 Separate fees to those set out above are payable in respect of the ABC portfolio of the Acheron Portfolio Trust to the servicer under a servicing and escrow agreement with HTM Conservator LLC. The current management fee level is US$40.27 per month per policy plus an incentive fee calculated as 8 per cent of net profits if applicable conditions are met.

Listing Fees

13.30 A fee of £7,000 per annum is payable to the London Stock Exchange.

Expenses of the Trusts

13.31 The Company indirectly (through its economic interest in the Trusts) bears its share of all ongoing expenses attributable to the Trusts including accounting, administration, audit, custodian and regulatory expenses. Such costs will be for the account of the relevant Share Class.

13.32 Conditional upon the Acquisition completing, the Company will pay the Trustee an annual fee, excluding payment for out-of-pocket expenses, of US$26,000 in relation to its services as Trustee of the Acheron Portfolio Trust, US$19,000 in relation to its services as Trustee of the Lorenzo Tonti 2006 Portfolio Trust, US$19,000 in relation to its services as Trustee of the

Avernus Portfolio Trust and US$11,000 in relation to its services as Trustee of the Styx Portfolio Trust. The Company will continue to pay fee after the Acquisition.

General

13.33 All fees of the service providers above are exclusive of Value Added Tax which if applicable will be payable in addition to the fees above.

13.34 The estimated maximum amount of all material fees payable directly or indirectly by the Company for any services or arrangements entered into on or prior to the date of the Prospectus cannot be quantified as the fees payable are based, *inter alia* on the proceeds of the Issue and the subsequent growth in the Company's Net Asset Value.

14. NET ASSET VALUE PUBLICATION AND CALCULATION

Publication

14.1 The Administrator calculates the Net Asset Value per Share Class or of each Share as at the Valuation Date of each month. The Net Asset Value will be published through a Regulatory Information Service as soon as is practicable following the end of the relevant month.

14.2 The calculation of the Net Asset Value per Share of each Share Class will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

Calculation

14.3 The gross asset value of each Share Class is the sum of its assets less the liabilities attributable to such Share Class. The Net Asset Value shall be equal to the gross asset value less any accruals for any applicable performance fees that become due if the assets attributable to the relevant Share Class were to be realised.

14.4 The Net Asset Value per share of a particular Share Class will be calculated by dividing: (a) the total assets less the total liabilities attributable to the relevant Share Class; by (b) the total number of relevant Shares outstanding.

14.5 As at each month's Valuation Date, the Net Asset Value per Share Class shall be determined by the Administrator, under the supervision of the Board, using the Investment Manager's estimates for the relevant Policies' value. The Net Asset Value per Share Class shall also be determined by the Administrator using a Valuation Agent as at 31 December in each year, and then audited by the Auditor as part of the audit of the annual financial statements.

14.6 For the purposes of computing gross asset value and Net Asset Value, the Company shall consider, without limitation, the following items as its assets, irrespective of whether such items are, in fact, held by the Company, its wholly owned subsidiaries or the Trusts:

(a) *Beneficial interest in the Policies held by the Trusts*. The value of the Policies held by the Trusts is calculated on the basis of cost models that discount the future cash flows of the Policies, using the discount rate as at the time of purchase (historical discount rate) adjusted appropriately to provide for any significant changes in the long-term risk free interest rate or estimated changes in market pricing. Reasonable mortality hypotheses, based on medical research if appropriate, will be used to determine the probability of maturity of the individuals underlying Policies.

(b) *Cash*. The value of any cash at hand or on deposit, bills and demand notes and accounts receivable, prepaid premiums and expenses, cash dividends and interest declared or accrued as aforesaid, and not yet received shall be deemed to be the full amount thereof, unless it is unlikely to be received in which case the value thereof shall be calculated by making such discount as the Board considers appropriate to reflect the true value thereof.

(c) *Liquid instruments*. Any transferable security and any money market instrument negotiated or listed on a stock exchange or any other organised market shall be valued on the basis of the last known price, unless this price is not representative, in which case the value of such Asset shall be determined on the basis of its foreseeable realisation value estimated by the Administrator and the Investment Manager, in good faith.

14.7 For purposes of computing gross asset value and Net Asset Value, the Company shall consider, without limitation, the following items as its liabilities, irrespective of whether such items are, in fact, attributable to the Company, its wholly owned subsidiaries or the Trusts:

(a) *Accrued management fee and/or performance fees*.

(b) *Estimated tax burden*. The estimated tax burden attributable to the each Share Class shall be determined by the Administrator, together with the Investment Manager, if appropriate.

(c) *Accrued agents' fees*. The Company shall deduct all amounts required to pay fees to its agents and other service providers.

14.8 Both, assets and liabilities (determined other than in US Dollars) shall be accounted for at the foreign exchange rate applicable as at the Valuation Date.

14.9 The Company may make adjustments to the above calculations as it considers, in its sole discretion, appropriate, to ensure that any increase or decrease in the gross asset value of each Share Class as well as all liabilities and expenses are properly and fairly attributed.

14.10 When valuing the investment positions of the Company, the Administrator will rely on the information supplied to it on a monthly basis by the Investment Manager. The monthly Net Asset Value per Share Class provided by the Administrator is an estimate only and reflects the Investment Manager's assessment. The Net Asset Value per Share Class provided by the Administrator is subject to final annual audit and, on an annual basis, the Valuation Agent will provide the Administrator with a third party valuation.

14.11 The Investment Manager may propose different prices of the assets held by the Trusts if it considers that values which reflect prices more fairly can be derived from recent trading activities or it may take into account other information that may not have been reflected by the application of the above pricing procedures. Such propositions will be duly documented and communicated to the Trustee as well as to the Directors.

14.12 In calculating the Net Asset Value of the Share Classes, all liabilities attributable to the relevant Share Class as well as such provisions and allowances for costs and expenses payable on account of the relevant Share Class as the Investment Manager considers appropriate will be deducted. Should an asset have been realised or its realisation be impending under a respective contract, the asset shall not be taken into account in the course of the valuation at the Valuation Date but shall be substituted by the amount resulting from the realisation or impending realisation respectively, less the costs and expenses of the realisation. However, the Auditor is not bound by the aforementioned procedure and may rely on any professional valuation that it considers appropriate.

14.13 Shares of each Share Class are expected to perform differently, and each Share Class will bear the fees and expenses that the Company, in its sole discretion considers attributable to that Share Class.

15. SHAREHOLDER MEETINGS, REPORTS AND ACCOUNTS OF THE COMPANY

15.1 All general meetings of the Company will be held in the UK. The first annual general meeting is expected to be held in the first six months of 2019. Thereafter, the Company will hold an annual general meeting each calendar year.

15.2 The Company's annual report and accounts will be prepared up to 31 December each year, with the first accounting period end on 31 December 2018, and it is expected that copies will be sent to Shareholders within four months (in accordance with the DTRs). Shareholders will also receive an unaudited half yearly report covering the six months to 30 June each year, and it is expected that copies will be sent to shareholders within two months thereof in accordance with the requirements of the London Stock Exchange.

15.3 The audited annual accounts and half yearly reports will also be available at the registered office of the Administrator and the Company and from the Company's website *www.lsaplc.com*.

16. ACCOUNTING POLICIES

16.1 The audited accounts of the Company will be prepared under IFRS and in accordance with the Act.

16.2 Financial statements prepared by the Company in accordance with IFRS and will include a statement of comprehensive income, a statement of financial position, a statement of changes in equity and a cash flow statement. The company will apply the presentational guidance set out in the Statement of Recommended Practice for Investment Trust Companies and Venture Capital Trusts issued by the Association of Investment Companies. The Company's management and administration fees, finance costs and all other expenses will be charged through the statement of comprehensive income. Costs directly relating to the issue of new Shares will be charged to the Company's share premium.

17. CORPORATE GOVERNANCE

17.1 The Company will comply with applicable law, including the Act, the DTRs, MAR and the Admission and Disclosure Standards. It 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.

17.2 The Board has established an Audit Committee to assist the Board in carrying out its responsibilities in reviewing the financial reporting, internal controls and risk management of the Company. The mandate of the Audit Committee has been set out in the Audit Committee Charter. The Audit Committee is comprised of three members of the Board and one external expert in the areas of financial reporting and audit. This ensures the necessary expertise is available to the audit committee to fulfil its mandate. Current members of the Audit Committee are Messrs Jean Medernach (Chairman), Yves Mertz and Michael Baines.

17.3 The Board has not established any other committees (e.g. remuneration, management engagement, etc.) but reserves the right to do so in future.

Directors' Share Dealings

17.4 The Directors will adopt a code of directors' dealings in Shares prior to Admission.

PART 3

THE ISSUE AND THE ORDINARY SHARES

1. THE ISSUE – INTRODUCTION

1.1 The Issue relates solely to the Acquisition of the Predecessor Company Portfolio by the Company. The Issue Shares will be issued to the Predecessor Company or as it may direct in accordance with the terms of the Acquisition Agreement as consideration, further details of which can be found in Part 6 of this Prospectus. The Issue is not being underwritten.

1.2 45,446,945 A Ordinary Shares (exclusive of the one A Ordinary Share already in issue) and 14,596,098 B Ordinary Shares will be issued under the Issue. The maximum number of D Ordinary Shares and E Ordinary Shares to be issued under the Issue are 9,600,000 and 1,925,000, respectively.

1.3 The actual number of D Ordinary Shares and E Ordinary Shares will be determined at the time of the Issue and Acquisition in accordance with the Acquisition Agreement as further detailed in Part 6 of this Prospectus.

1.4 No commission is payable by the Company to investors under the Issue. The Issue Shares will be issued at the Issue Price.

1.5 The Issue, which is not underwritten, is conditional upon:

(a) the passing of the resolutions by Predecessor Company Shareholders at the Predecessor Company EGM;

(b) the appointment of the Liquidator by the Predecessor Company;

(c) Admission becoming effective not later than 8.00 a.m. on 6 March 2018 or such later time and/or date as the Company may determine, being not later than 8.00 a.m. on 23 April 2018;

(d) the Acquisition Agreement having become unconditional in all respects and not having been terminated in accordance with its terms before Admission; and

(e) the Introduction Agreement having become unconditional in all respects and not having been terminated in accordance with its terms before Admission (except as provided therein).

1.6 If the conditions above in respect of the Issue as a whole are not met, the Issue will not proceed.

1.7 In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of the document and prior to Admission, the Company will publish a supplementary prospectus to the extent required under the Prospectus Rules. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

2. LISTING, DEALING AND SETTLEMENT

2.1 It is expected that the Issue Shares allotted pursuant to the Issue will be issued on 6 March 2018 and that application will be made to the London Stock Exchange for admission to trading on the Specialist Fund Segment. It is expected that Admission will occur and that dealings in the Issue Shares will commence on 6 March 2018. No dealings will commence before this date.

2.2 Ordinary Shares will be issued in registered form and may be held either in certificated form or settled through CREST. Shareholders may elect to hold Ordinary Shares in certificated form on notice to the Company. The Issue cannot be revoked after dealings have commenced on 6 March 2018. Dealing in Issue Shares in advance of the crediting of the relevant CREST accounts or the issue of share certificates will be at the risk of the person concerned.

3. CREST

3.1 CREST is a paperless settlement procedure operated by Euroclear enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission in respect of the Ordinary Shares issued under the Issue and it is expected that the Ordinary Shares will be admitted with effect from that time. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

3.2 It is expected that the Registrars on behalf of the Company will arrange for Euroclear to be instructed on 6 March 2018 to credit the appropriate CREST accounts with their respective entitlements to Issue Shares. The names of the Shareholders or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

3.3 The transfer of Ordinary Shares out of the CREST system following the Issue should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form. If a Shareholder or transferee requests Ordinary Shares to be issued in certificated form and is holding such Ordinary Shares outside of CREST, a share certificate will be dispatched either to him or his nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Shareholders holding definitive certificates may elect at a later date to hold such Ordinary Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

4. ISSUE COSTS

The costs and expenses of the Issue include the costs of incorporation of the Company, the fees payable to professional advisers and other related expenses and the costs relating to the Acquisition including the costs of the liquidation of the Predecessor Company). These costs are expected to amount to approximately £1,000,000 and will be borne by the Company (and therefore indirectly by the Shareholders). No expenses will be charged directly to Shareholders.

5. OVERSEAS INVESTORS

5.1 This Prospectus is not intended to constitute an offer to sell, an offer to acquire or subscribe for, Ordinary Shares in any jurisdiction and the Issue Shares will only be issued to the Predecessor Company as part of the Predecessor Company's restructuring. In particular, this Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company.

5.2 The Company has elected to impose the restrictions described below on the Issue and on the future trading of the Ordinary Shares so that the Company will not be required to register the offer and sale of the Shares under the US Securities Act and will not have an obligation to register as an investment company under the US Investment Company Act and related rules and also to address certain ERISA, Internal Revenue Code and other considerations.

5.3 Acquisition restrictions in the Company's Articles may adversely affect the ability of holders of the Ordinary Shares to trade such securities. The Company and its agents will not be obligated to recognise any resale or other transfer of the Shares made other than in compliance with the restrictions described below.

5.4 The Ordinary Shares have not been, nor will be, registered under the US Securities Act or under the securities legislation of any state or other political sub-division of the United States and the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act). There will be no public offer of the Ordinary Shares in the United States. Moreover, the Company has not been and will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of the US Investment Company Act. The Ordinary Shares and any beneficial interests therein may only be transferred in an offshore transaction in accordance with Regulation S to: (a) a person outside the United States and not known by the transferor to be a US Person, by prearrangement or otherwise; or (b) the Company or a subsidiary thereof.

5.5 The relevant clearances have not been and will not be, obtained from the securities commission of any province or territory of Canada, Australia, the Republic of South Africa, New Zealand or Japan or their respective territories or possessions and they will not be offered, sold or delivered directly or indirectly in, into or within Canada, Australia, the Republic of South Africa, New Zealand or Japan or their respective territories or possessions or any national, citizen or resident of Canada, Australia, the Republic of South Africa, New Zealand or Japan or their respective territories or possessions.

PART 4

THE PREDECESSOR COMPANY AND THE PREDECESSOR COMPANY PORTFOLIO

1. THE PREDECESSOR COMPANY

1.1 The Predecessor Company is a public limited company (*société anonyme*), incorporated under the laws of Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre du Commerce et des Sociétés*). The A and B share classes of the Predecessor Company are listed on the Luxembourg Stock Exchange.

1.2 The Predecessor Company's investment policy is consistent with the Investment Policy. The share classes of the Predecessor Company described in this Part 4 below correspond to the Share Classes(7); for example, following the Acquisition, the assets that are currently attributable to the A shares of the Predecessor Company will be attributable to the A Ordinary Shares of the Company.

1.3 Financial information relating to the Predecessor Company is set out in the Appendix to this Prospectus.(8) This includes the audited consolidated financial statements and audit reports thereon for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016, together with the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2017.

1.4 The Predecessor Company performance highlights set out below have been extracted directly on a straightforward basis from the audited financial statements of the Predecessor Company in respect of the financial year ended on 31 December 2016:

(a) Total maturities of US$29.5 million (2015: US$24.5 million), as a result of a higher level of maturities in Class B particularly in the second half of the year.

(b) Profit of US$2.9 million (2015: loss of US$3.2 million) as a result of a higher level of maturities and a greater fair value adjustment in respect of the life settlement portfolios (2016: US$10.4 million, 2015: US$2.3 million).

(c) Class A delivered a higher actual to expected ratio in the HIV segment of the portfolio which enabled US$3.0 million to be distributed to investors from the share premium reserve account.

(d) Class B delivered maturities of US$6.7 million (2015: US$2.0 million), most of which occurred in the second half of the year. As a result, the portfolio delivered an increase in value of US$0.7 million.

(e) Class D collected US$2.8 million of maturities for the year (2015: US$3.2 million), which exceeded the total premiums for the full year of US$2.7 million.

(f) Class E collected US$1.7 million in maturities. Class E is now fully invested and has increased its diversification by purchase of additional policies.

1.5 The selected historical performance analysis information set out below in respect of the Predecessor Company has been extracted directly on a straightforward basis from the unaudited annual primary financial statements for each share class in respect of the financial year ended on 31 December 2016 and from the unaudited interim primary financial statements

(7) As at the date of this Prospectus, the Predecessor Company also has F and G shares in issue, which participate respectively, in certain policies attributable to the Avernus Portfolio Trust and the Styx Portfolio Trust. Under the terms of the Acquisition Agreement, the Company will issue D Ordinary Shares in respect of the assets attributable to the F share class and E Ordinary Shares in respect of the assets attributable to the G share class. The Predecessor Company also has CA, CB, CD and CE Shares in issue, which receive performance-related distributions. These share classes are not being replicated in the Company.

(8) Financial information on the Predecessor Company is included for information purposes only. The past performance of the Predecessor Company Portfolio of the Predecessor Company is not indicative of the future performance and prospects of the Company.

for each share class in respect of the six month period ended 30 June 2017 which are appended as exhibits to, respectively, the audited consolidated financial statements of the Predecessor Company in respect of the financial year ended on 31 December 2016 and from the unaudited consolidated interim financial statements of the Predecessor Company for the six month period ended 30 June 2017.

Predecessor Company A class

	As at 30 June 2016 (unaudited)	As at 31 December 2016 (unaudited)	As at 30 June 2017 (unaudited)
Maturities	9,112,224	18,316,544	10,117,832
Net income from portfolio	2,696,514	6,462,140	3,287,835
Profit (loss) before tax	397,333	1,694,632	918,470
Profit (loss) per share	0.008	0.034	0.018
NAV per share	1.882	1.911	1.934

Predecessor Company B class

	As at 30 June 2016 (unaudited)	As at 31 December 2016 (unaudited)	As at 30 June 2017 (unaudited)
Maturities	663,890	6,744,087	1,258,316
Net income from portfolio	(883,380)	2,196,718	(1,021,224)
Profit (loss) before tax	(1,158,484)	1,590,469	(1,304,447)
Profit (loss) per share	(0.080)	0.105	(0.090)
NAV per share	1.015	1.200	1.111

Predecessor Company D class

	As at 30 June 2016 (unaudited)	As at 31 December 2016 (unaudited)	As at 30 June 2017 (unaudited)
Maturities	2,240,445	2,827,800	2,814,184
Net income from portfolio	40,461	486,284	1,401,622
Profit (loss) before tax	(263,756)	(119,758)	1,117,424
Profit (loss) per share	(0.035)	(0.016)	0.143
NAV per share	1.694	1.714	1.834

Predecessor Company E class

	As at 30 June 2016 (unaudited)	As at 31 December 2016 (unaudited)	As at 30 June 2017 (unaudited)
Maturities	1,381,081	1,658,864	844,400
Net income from portfolio	1,280,451	368,072	(404,977)
Profit (loss) before tax	1,058,827	(103,940)	(600,851)
Profit (loss) per share	0.865	(0.078)	(0.395)
NAV per share	6.009	5.431	5.136

2. THE PREDECESSOR COMPANY PORTFOLIO

2.1 The Predecessor Company Portfolio, which the Company is expected to acquire as a result of the Acquisition, comprises all of the assets and the liabilities of the Predecessor Company. The assets of Predecessor Company include (but are not limited to) the entire beneficial interest in each of the four Trusts. On Acquisition of the Predecessor Company Portfolio, the Company will allocate its beneficial interest in each of the Trusts to each Share Class, as follows:

(a) the Company's beneficial interest in the Acheron Portfolio Trust and the Policies held within such Trust will be allocated to the A Ordinary Shares;

(b) the Company's beneficial interest in the Lorenzo Tonti 2006 Portfolio Trust and the Policies held within such Trust will be allocated to the B Ordinary Shares;

(c) the Company's beneficial interest in the Avernus Portfolio Trust and the Policies held within such Trust will be allocated to the D Ordinary Shares; and

(d) the Company's beneficial interest in the Styx Portfolio Trust and the Policies held within such Trust will be allocated to the E Ordinary Shares.

2.2 Further details of each Trust and the Policies held within that Trust are set out below. A summary of the Trust Agreements is included in Part 5 with effect from the date of Admission, the Investment Manager has been appointed as investment manager to the Trusts under the terms of the Investment Management Agreements. A summary of the Investment Management Agreements is included in Part 6.

3. THE TRUSTS

The Trusts' Assets

3.1 The Predecessor Company has previously acquired, directly or indirectly, interests in Policies that had originally been obtained by Consenting Individuals. These Policies were subsequently granted to the Acheron Portfolio Trust (in respect of the A shares), the Lorenzo Tonti 2006 Portfolio Trust (in respect of the B shares), the Avernus Portfolio Trust (in respect of the D and F shares) and the Styx Portfolio Trust (in respect of the E and G shares).

3.2 As at the date of this Prospectus, the Predecessor Company is the sole beneficiary of each Trust. Most Policies are in force until the insured reach age 65, age 95, age 100 or age 120.

The Trusts' cash flows

3.3 Death benefits under Policies owned by the Trusts will be paid when the Consenting Individual passes away. Death benefits will normally not be paid if the insured individual is alive by the time the Policies cease to be in force which is generally when the insured reach the age of 95, 100 or 120. Policies expiring at age 65 are often converted to policies with longer-term expiration ages. Until then, the Trusts must generally continue to pay the premiums to maintain the Policies. The Trusts will generate positive returns if the death benefits and proceeds from sold or surrendered Policies exceed the costs of acquiring and maintaining Policies as well as the management and ancillary costs of the Trust.

3.4 Positive cash flows accrue mainly from: (a) the death benefits arising when the Consenting Individual passes away; (b) the payouts on Policies on their surrender; (c) the sale of Policies to third parties; and (d) borrowings that are secured by the assets of the Trusts.

3.5 Negative cash flows accrue mainly from: (a) the cost of acquiring Policies; (b) the costs of maintaining Policies (most Policies require the payment of premiums at regular intervals and lapse in case of default); (c) the costs associated with any borrowings; and (d) the costs associated with the Company's operations, including the fees payable to the Company's advisers.

3.6 As Policies held by the Trusts mature (either when a Consenting Individual passes away or when a Policy is disposed of) and the respective proceeds exceed the premium payments, other costs incurred to maintain the Policies and any reserve deemed necessary, the Trusts will make payments corresponding to their net positive cash flow to the Company which are attributable to the respective Share Class.

3.7 When the incoming payments from the Trusts exceed the costs attributable to the respective Share Class and any reserve deemed necessary, the Company expects be in a position to periodically effect dividend payments or buy backs, subject to applicable law.

The Acheron Portfolio Trust

3.8 The Acheron Portfolio Trust is a Massachusetts, United States common law trust established on 22 November 2006 pursuant to the Acheron Portfolio Trust Agreement. The sole beneficial interest in the Acheron Portfolio Trust is held by the Predecessor Company. The primary purpose of the Acheron Portfolio Trust is to hold and maintain the Policies. The Acheron Portfolio Trust will receive death benefit payments on the Policies and any further Policies that may be acquired from time to time, on which it shall receive the death benefit payments as well as other Policy payments.

3.9 The Trustee will administer the Acheron Portfolio Trust pursuant to the terms and conditions of the Acheron Portfolio Trust Agreement. The Trustee will, in most cases, act solely in the interest of the Acheron Portfolio Trust's beneficial owner, including, without limitation, the purchase and sale of Policies. The proceeds of any death benefit payments may be used to invest in additional Policies. The Company may decide to transfer cash to the Trust to enable it to directly acquire additional Policies.

3.10 The Policies owned by the Acheron Portfolio Trust have been acquired by the Company for the Trust primarily in the United States in sales or auctions organised by courts in that jurisdiction. Such sales have been organised, in most instances following the insolvency of the previous owner. Often such insolvency followed the acquisition of such Policies by the insolvent entity at substantial prices in anticipation of an identified event resulting in an accelerated payout under the relevant Policies. Often such payouts have not been made as the identified event did not occur as anticipated by the insolvent entity due to medical advances. Consequently, a large number of Policies owned by the Trust relate to Consenting Individuals who have exposure to certain identified illnesses or ailments.

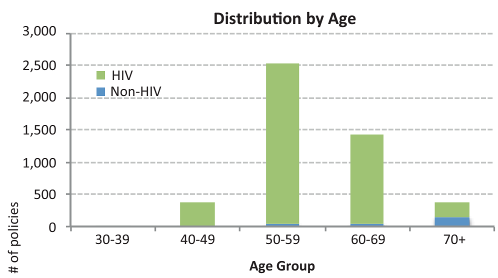
3.11 As at the date of this Prospectus, the Acheron Portfolio Trust currently holds interests in approximately 4,724 Policies that were acquired by the Company either as participations or direct ownership. The Consenting Individuals whose demises are covered by such Policies are primarily located throughout the United States. A substantial majority of the Consenting Individuals appear to be affected by HIV or AIDS. The Acheron Portfolio Trust also holds an option on a portfolio of policies named ABC Portfolio.

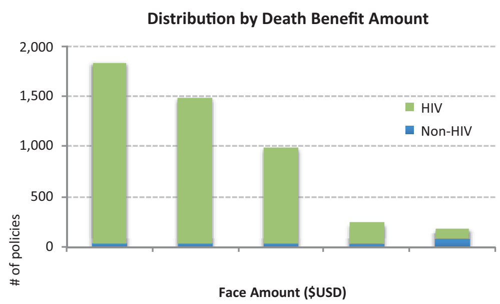
3.12 As of 31 December 2017, the Predecessor Company owned for the account of its A Shares:

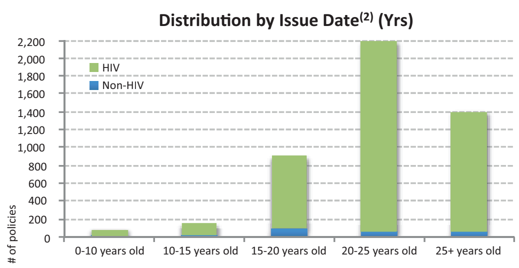
(a) cash and short-term monetary instruments; and

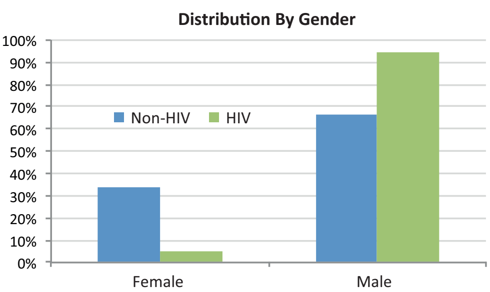
(b) a beneficial interest in the Acheron Portfolio Trust.

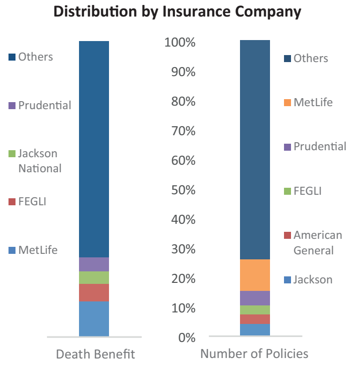
Breakdown of the polices held by the Acheron Portfolio Trust, as at 31 December 2017











Top 10 largest policies by face value:

Insured	Face value (millions USD)	Total face (millions)	Age (ALB)	Expiration age*
1	7.6/2.1/0.9	10.6	98	101/101/101
2	9.6	9.6	97	100
3	3.0/2.6/1.7	7.3	97	115/120/120
4	1.9/1.4	3.3	94	100/100
5	1.2/0.8/0.6	2.6	75	121/100/100
6	1.2/0.8/0.3/0.1/0.1/0.1	2.6	89	100/100/100/95/100/115
7	1.3/1.0	2.3	93	100/115
8	2.2	2.2	92	100
9	2.2	2.2	92	100
10	1.9	1.9	77	100

* Where an insured individual has more than one policy, their expiration ages are ordered by decreasing face value.

Source: Investment Manager. The information in the charts above has been determined as at 31 December 2017.

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(1) Indicates the available face value amount to the Predecessor Company which is a fractional interest of the initial face value amount.

(2) Distribution by issue date reflects the time since the life insurance policy was issued.

The Lorenzo Tonti 2006 Portfolio Trust

3.13 The Lorenzo Tonti 2006 Portfolio Trust is a New York, United States common law trust established on 19 January 2006 pursuant to the Lorenzo Tonti 2006 Trust Agreement. Currently, the sole beneficial interest in the Lorenzo Tonti 2006 Portfolio Trust is held by the Company. The primary purpose of the Lorenzo Tonti 2006 Portfolio Trust is to hold and maintain the Policies and any further Policies that may be acquired from time to time, on which it shall receive the death benefit payments as well as other policy payments.

3.14 The Trustee will administer the Lorenzo Tonti 2006 Portfolio Trust pursuant to the terms and conditions of the Lorenzo Tonti 2006 Trust Agreement. The Trustee will, in most cases, act solely in the interest of the beneficial owner, including, without limitation, the purchase and sale of Policies and the transfer of funds on deposit in accounts maintained by the Trustee. The proceeds of any death benefit payments may be used to invest in additional Policies. The Company may decide to transfer cash to the Trust to enable it to directly acquire additional Policies.

3.15 The Policies owned by the Lorenzo Tonti 2006 Portfolio Trust have been acquired in the United States through a network of licensed state brokers and providers. Such Policies have been purchased from elderly Consenting Individuals who received a purchase price superior to that which they would have obtained from their insurance company should the Policy have lapsed. Consequently, a large number of Policies owned by the Lorenzo Tonti 2006 Portfolio Trust relate to elderly Consenting Individuals who may or may not have exposure to certain identified illnesses or ailments.

3.16 The Lorenzo Tonti 2006 Portfolio Trust currently holds interests in 119 Policies, which are all related to elderly Consenting Individuals.

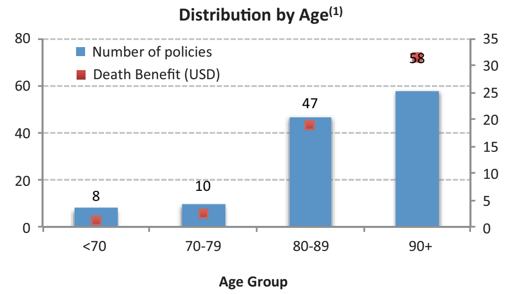
3.17 As of 31 December 2017, the Predecessor Company owned for the account of its B Shares:

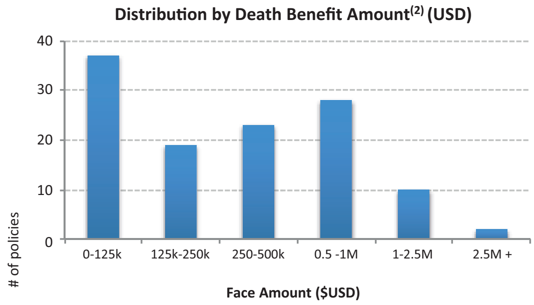
(a) cash and short-term monetary instruments; and

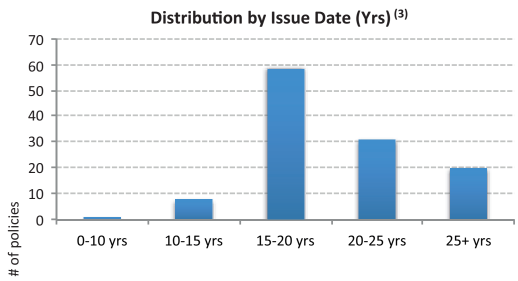
(b) a beneficial interest in the Lorenzo Tonti 2006 Portfolio Trust.

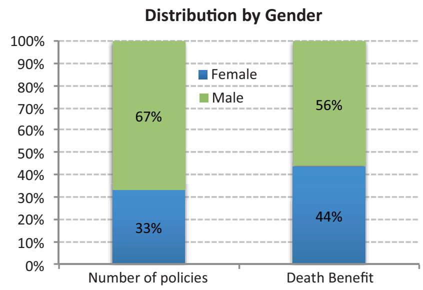
3.18 The Lorenzo Tonti 2006 Portfolio Trust has no short-term debt vis-à-vis third parties except for loans granted by insurance companies relating to Policies held by the Trust that are secured by cash embedded in the Policies.

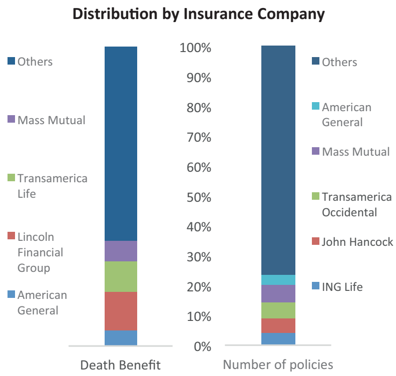
Breakdown of the Polices held by the Lorenzo Tonti 2006 Portfolio Trust, as at 31 December 2017











Top 5 largest policies by face value:

Insured	Face value (millions USD)	Total Face value (millions)	Age (ALB)	Expiration age*
1	5	5	survivorship: 92/96	105
2	1.5/1/0.3	2.8	86	100/100/100
3	2.75	2.75	86	100
4	1.6/0.6/0.5	2.7	97	115/120/100
5	1.4	1.4	94	100

* Where an insured individual has more than one policy, their expiration ages are ordered by decreasing face value.

Source: Investment Manager. The information in the charts above has been determined as at 31 December 2017.

(1) Four policies are survivorship, adding up to 3 insureds.

(2) Indicates the available face value amount to the Predecessor Company, which is a fractional interest of the initial face value amount.

(3) Distribution by issue date reflects the time since the life of the policy was issued.

The Avernus Portfolio Trust

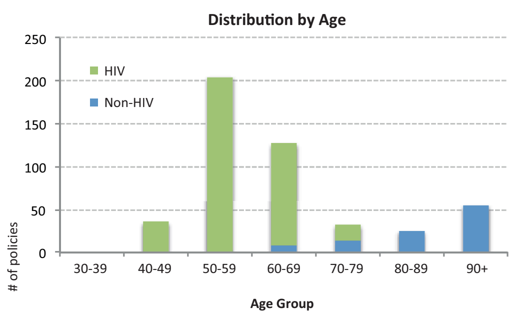
3.19 The Avernus Portfolio Trust is a Delaware, United States common law trust established on 8 July 2013 pursuant to the Avernus Portfolio Trust Agreement. Currently, the sole beneficial interest in the Avernus Portfolio Trust is held by the Company. The primary purpose of the Avernus Portfolio Trust is to hold and maintain the Policies. The Avernus Portfolio Trust will receive death benefit payments on the Policies as well as other Policy.

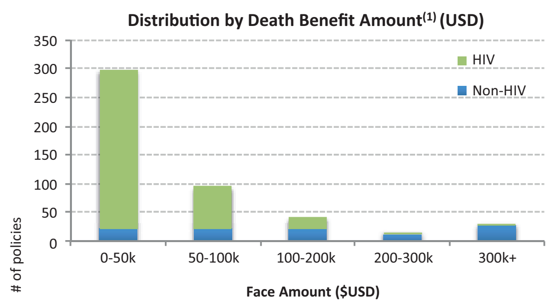
3.20 The Trustee will administer the Avernus Portfolio Trust pursuant to the terms and conditions of the Avernus Portfolio Trust Agreement. The Trustee will, in most cases, act solely in the interest of the beneficial owner, including, without limitation, the purchase and sale of Policies and the transfer of funds on deposit in accounts maintained by the Trustee. The proceeds of any death benefit payments may be used to invest in additional Policies. The Company may decide to transfer cash to the Trust to enable it to directly acquire additional Policies.

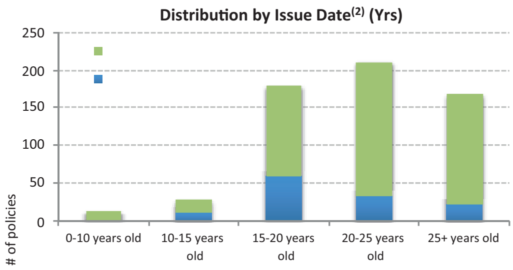
3.21 The Policies owned by the Avernus Portfolio Trust are mostly fractional policies and have been acquired in the United States.

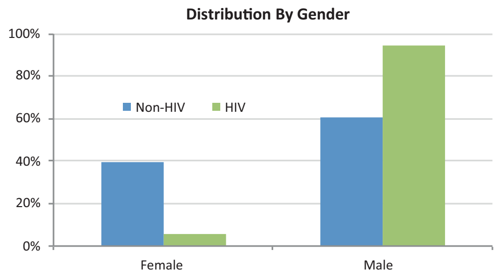
3.22 The Avernus Portfolio Trust currently holds interests in 478 Policies that are related to elderly Consenting Individuals who may or may not have exposure to certain identified illnesses or ailments and Consenting Individuals affected by HIV or AIDS.

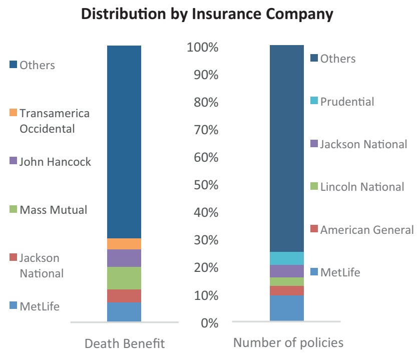
Breakdown of the Polices held by the Avernus Portfolio Trust, as at 31 December 2017











Top 5 largest policies by face value:

Insured	Face value (millions USD)	Total face value (millions)	Age (ALB)	Expiration age*
1	1.0/0.5/0.4	1.9	98	101/101/101
2	0.7/0.5/0.05/0.03	1.3	90	100/100/100/100
3	1.3	1.3	97	100
4	0.6/0.5/0.1	1.2	97	120/100/115
5	0.4/0.3/0.3	1.0	75	121/100/100

* Where an insured individual has more than one policy, their expiration ages are ordered by decreasing face value.

Source: Investment Manager. The information in the charts above has been determined as at 31 December 2017.

(1) Indicates the available face value amount to the Predecessor Company, which is a fractional interest of the initial face value amount.

(2) Distribution by issue date reflects the time since the life of the policy was issued.

The Styx Portfolio Trust

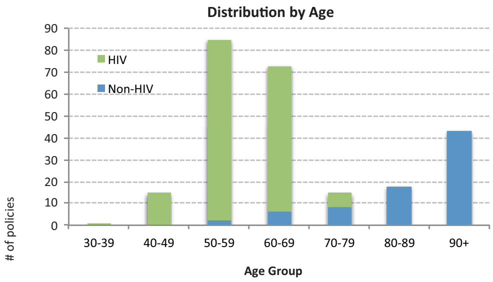
3.23 The Styx Portfolio Trust is a Delaware, United States common law trust established on 8 July 2015 pursuant to the Styx Portfolio Trust Agreement. Currently, the sole beneficial interest in the Styx Portfolio Trust is held by the Company. The primary purpose of the Styx Portfolio Trust is to hold and maintain the Policies. The Styx Portfolio Trust will receive death benefit payments on the Policies as well as other Policy.

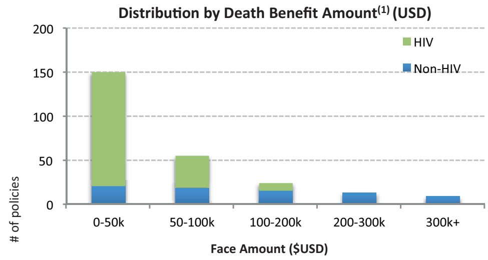
3.24 The Trustee will administer the Styx Portfolio Trust pursuant to the terms and conditions of the Styx Portfolio Trust Agreement. The Trustee will, in most cases, act solely in the interest of the beneficial owner, including, without limitation, the purchase and sale of Policies and the transfer of funds on deposit in accounts maintained by the Trustee. The proceeds of any death benefit payments may be used to invest in additional Policies. The Company may decide to transfer cash to the Trust to enable it to directly acquire additional Policies.

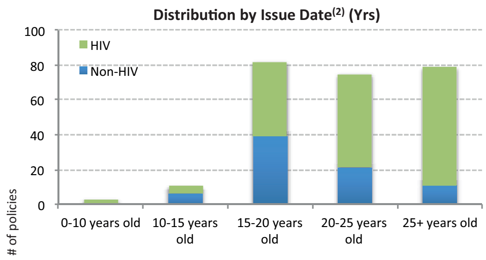
3.25 The Policies owned by the Styx Portfolio Trust are mostly fractional policies and have been acquired in the United States.

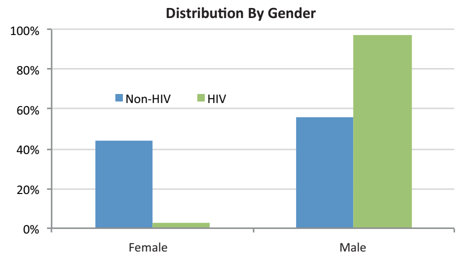
3.26 The Styx Portfolio Trust currently holds interests in 250 Policies that are related to elderly Consenting Individuals who may or may not have exposure to certain identified illnesses or ailments and Consenting Individuals affected by HIV or AIDS.

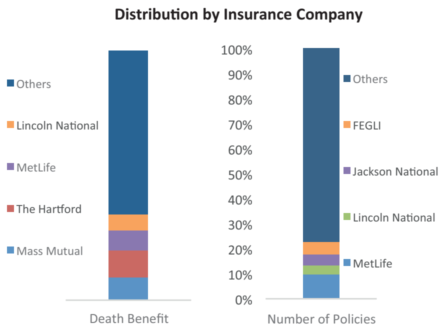
Breakdown of the Polices held by the Styx Portfolio Trust, as at 31 December 2017











Top 5 largest policies by face value:

Insured	Face value (millions USD)	Total face value (millions)	Age (ALB)	Expiration age*
1	2.2/0.3/0.3	2.8	98	101/101/101
2	0.7/0.4/0.2	1.3	97	100/115/120
3	1.1	1.1	97	100
4	0.2/0.2/0.2	0.6	75	100/121/100
5	0.6	0.6	86	95

* Where an insured individual has more than one policy, their expiration ages are ordered by decreasing face value.

Source: Investment Manager. The information in the charts above has been determined as at 31 December 2017.

(1) Indicates the available face value amount to the Predecessor Company, which is a fractional interest of the initial face value amount.

(2) Distribution by issue date reflects the time since the life of the policy was issued.

PART 5

TAXATION

INTRODUCTION

The following statements are based upon current UK tax law and what is understood to be the current practice of HMRC, both of which are subject to change, possibly with retrospective effect. The statements are intended only as a general guide and may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders resident for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents) and, in the case of individuals, domiciled in the UK and to whom "split year" treatment does not apply, who hold Ordinary Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Ordinary Shares.

All potential investors, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of subscribing for, purchasing, holding or disposing of Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

THE COMPANY

It is the intention of the Company to conduct its affairs so that it satisfies the conditions necessary for it to be approved by HMRC as an investment trust. However, the Directors cannot guarantee that this approval will be obtained or maintained. In respect of each accounting period for which the Company is and continues to be approved by HMRC as an investment trust, the Company will be exempt from UK corporation tax on its chargeable gains. The Company will be liable to UK corporation tax at the normal rate of 19 per cent. on its income profits.

In principle, the Company will be liable to UK corporation tax on its dividend income. However, there are broad-ranging exemptions from this charge which would be expected to be applicable in respect of most dividends that the Company may receive.

Approved investment trusts are able to elect to take advantage of modified UK tax treatment in respect of their "qualifying interest income" for an accounting period (referred to here as the "streaming regime"). Under such treatment, the Company may designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends, to the extent that it has "qualifying interest income" for the accounting period. Were the Company to designate any dividend it pays in this manner, Shareholders would (broadly speaking) be taxed as if the dividend received were a payment of interest and the Company would be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period. The statements below regarding the taxation of dividends received by Shareholders from the Company assume that the streaming regime does not apply.

SHAREHOLDERS

Taxation of dividends – individuals

The Company will not be required to withhold tax at source when paying a dividend.

UK resident individuals are entitled to a £5,000 (tax year 2017/2018) annual tax free dividend allowance (the "**Nil Rate Amount**"). In outline, dividends received in excess of this threshold will be taxed, for the tax year 2017/18, at 7.5 per cent. (on dividend income within the ordinary rate band), 32.5 per cent. (on dividend income within the upper rate band) and 38.1 per cent. (on dividend income within the additional rate band). The Nil Rate Amount exempts the first £5,000 of a taxpayer's dividend income, but does not reduce total taxable income. As a result, dividends within the Nil Rate Amount count as taxable income when determining how much of the basic rate band or higher rate band has been used. This may potentially affect the level of savings allowance to which a taxpayer is entitled and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating which tax band any dividend income in excess of the Nil Rate Amount falls into, savings and dividend income are treated as the highest part of a taxpayer's income. Where a taxpayer has both savings and dividend income, the dividend income is treated as the top slice.

The Finance (No.2) Act 2017 reduced the £5,000 allowance to £2,000 with effect from 6 April 2018.

Taxation of dividends – companies

Shareholders within the charge to United Kingdom corporation tax which are "small companies" (for the purposes of United Kingdom taxation of dividends) will not generally be subject to UK corporation tax on any dividends paid by the Company on the Ordinary Shares.

Other Shareholders within the charge to UK corporation tax will not be subject to corporation tax on dividends paid by the Company on the Ordinary Shares so long as the dividends fall within an exempt class and certain conditions are met. Although it is likely that any dividends paid by the Company on the Ordinary Shares would qualify for exemption from corporation tax for other Shareholders, it should be noted that the exemption is not comprehensive and is subject to anti-avoidance rules. Shareholders should therefore consult their own professional advisers where necessary.

Taxation of chargeable gains

A disposal of Ordinary Shares by a Shareholder who is resident in the UK for tax purposes may, depending on the Shareholder's circumstances, and subject to any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

UK resident individuals may be subject to UK capital gains tax on any chargeable gains realised but are, for each tax year, entitled to an exemption from UK capital gains tax for a specified amount of gains realised in that tax year. The current annual exempt amount (for tax year 2017/18) is £11,300.

Shareholders within the charge to UK corporation tax may be subject to UK corporation tax on any chargeable gains made on disposal or deemed disposal of the Ordinary Shares. Indexation allowance may reduce the amount of any chargeable gain arising on a disposal or deemed disposal of Ordinary Shares (but cannot give rise to or increase the amount of an allowable loss). No indexation allowance will be available to individual Shareholders.

Stamp duty and stamp duty reserve tax

Acquisitions on sale of Ordinary Shares outside of CREST will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer, rounded up to the nearest £5. The purchaser normally pays the stamp duty. An exemption from stamp duty is available for instruments transferring shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by it does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

An agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer executed in pursuance of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Ordinary Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. Such SDRT will generally be collected through the CREST system. Deposits of Ordinary Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

The issue of Shares pursuant to the Issue should not generally be subject to UK stamp duty or SDRT.

Information reporting

The UK has entered into international agreements with a number of jurisdictions which provide for the exchange of information in order to combat tax evasion and improve tax compliance. The UK has also introduced legislation implementing FATCA and other international exchange of information arrangements, including the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters. In connection with such international agreements the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to tax authorities in other jurisdictions in accordance with the relevant international agreements.

SHARE BUYBACKS

Taxation of shareholders on a share buyback

The Board may decide to return capital to the Shareholders by way of a share buyback. On a share buyback, the Shareholders will be treated as disposing of their Ordinary Shares for chargeable gains purposes and receiving a distribution for income or corporation tax purposes to the extent that the amount paid exceeds a repayment of capital, i.e. exceeds the nominal value of the Ordinary Shares being purchased together with any premium originally subscribed on their issue.

UK tax resident individual Shareholders will pay income tax on the distribution element of the buyback proceeds as described above (*Taxation of dividends – individuals*). On the repayment of capital element, the individual will be subject to capital gains tax on any gains arising at the rate of 10 per cent. for gains falling within the basic rate band and 20 per cent. for gains for higher rate and additional rate taxpayers (subject to the annual exempt amount discussed above – *Taxation of chargeable gains*). The distribution element is generally excluded from the capital gains tax computation so that a gain would only arise to the extent that the individual's allowable expenditure was less than the original capital subscribed for the shares.

On a share buyback, UK resident corporate Shareholders will be liable to corporation tax on any chargeable gains arising on the buyback (at a rate of 19 per cent. for the tax year 2017/18). Unlike for UK resident individual Shareholders, the distribution element is included in the computation for the purposes of determining the amount of any chargeable gain arising (but the distribution element is generally exempt from corporation tax on dividends as set out above – *Taxation of dividends –* companies).

Transactions in securities

Under the provisions of Part 15 of the Corporation Tax Act 2010 (for companies subject to corporation tax) and Chapter 1 of Part 13 of the Income Tax Act 2007 (for individuals and others subject to income tax), HMRC can in certain circumstances counteract tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by HMRC to any future share buyback, Shareholders might be liable to corporation tax or income tax (as the case may be) as if they had received an income amount rather than a capital amount.

These rules apply only in certain circumstances and do not apply where it can be shown that the transaction in question was entered into for genuine commercial reasons or in the ordinary course of making or managing investments and did not involve as one of its main objects the obtaining of a corporation or income tax advantage. No application has been made to HMRC for clearance in respect of the application of Part 15 of the Corporation Tax Act 2010 or Chapter 1 of Part 13 of the Income Tax Act 2007 to any future share buyback. Shareholders are advised to take independent advice as to the potential application of the above provisions in light of their own particular motives and circumstances.

Stamp duty and stamp duty reserve tax

Stamp duty at a rate of 0.5 per cent., rounded up to the nearest £5 if necessary, will be chargeable on the buyback of the Ordinary Shares. The Company intends for the selling Shareholders to bear the cost of stamp duty by way of a deduction from the buyback price.

PART 6

ADDITIONAL INFORMATION ON THE COMPANY

1. THE COMPANY

1.1 The Company is a closed-ended investment company and was incorporated in England and Wales under the Companies Act 2006 as a private company limited by shares on 16 August 2017 with company number 10918785. The Company was re-registered as a public company limited by shares on 24 January 2018. Its registered office and principal place of business is at 1 Great Cumberland Place, London, W1H 7AL (telephone number: +44(0)2072585990). The Company will be tax resident in the UK. Save for its compliance with the Act, the DTRs and the Prospectus Rules, the Company is not an authorised or regulated entity. In particular, it is not a collective investment scheme under FSMA and therefore not regulated as such. 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 Company has been established with unlimited life.

1.2 The Company's accounting period will terminate on 31 December of each year. The first accounting period will run for approximately 16 months, ending on 31 December 2018.

1.3 The principal legislation under which the Company was formed and now operates (and under which the Shares will be created) is the Act.

1.4 The ISIN and SEDOL of the A Ordinary Shares are GB00BF1Q4B05 and BF1Q4B0 respectively. The ISIN and SEDOL of the B Ordinary Shares are GB00BF1Q4C12 and BF1Q4C1 respectively. The ISIN and SEDOL of the D Ordinary Shares are GB00BF1Q4N27 and BF1Q4N2 respectively. The ISIN and SEDOL of the E Ordinary Shares are GB00BF1Q4D29 and BF1Q4D2 respectively.

1.5 The Company has no employees and most of its day-to-day activities are delegated to third parties.

1.6 The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to section 833 of the Act.

2. SHARE CAPITAL

2.1 The Company was incorporated as a limited company on 16 August 2017. On incorporation, the share capital of the Company was £1 represented by 1 ordinary share of a nominal value of £1. On 15 November 2017, the Company issued 50,000 redeemable preference shares of a nominal value of £1 each and 1 A Ordinary Share of a nominal value of US$0.01 to the Investment Manager and, immediately subsequent to this, the Company reduced its share capital by £1, cancelled the 1 ordinary share of £1 nominal value in issue and repaid £1 to the Investment Manager.

2.2 Consequently, as at the date of this Prospectus, the share capital of the Company is US$0.01 and £50,000 represented by 1 A Ordinary Share of a nominal value of US$0.01 and 50,000 Redeemable Preference Shares of nominal value of £1 each, respectively, all of which are held by the Investment Manager, as shown in the following table:

	Nominal Value	**Number**
A Ordinary Shares	US$0.01	1
Redeemable Preference Shares	£1	50,000

2.3 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 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the key conditions that must be met for approval by HMRC for any given accounting period as an investment trust are that:

(a) all or substantially all of the business of the Company is investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members the benefit of the results of the management of its funds;

(b) the Company is not a close company at any time during the accounting period for which approval is sought;

(c) the Company's ordinary share capital is admitted to trading on a regulated market throughout the accounting period; and

(d) the Company must not retain in respect of the accounting period an amount greater than the higher of:

  (i) 15 per cent. of its income for the period; and

  (ii) the amount of any income which the Company is required to retain in respect of the period by virtue of a restriction imposed by law.

However, where the Company has relevant accumulated losses brought forward from previous accounting periods of an amount equal to or greater than the higher of the amounts mentioned in (a) and (b) above, it may retain an amount equal to the amount of such losses

2.4 The Redeemable Preference Shares will be redeemed and cancelled by the Company at Admission.

3. SHARE AUTHORITIES

3.1 By Shareholder resolutions passed on 29 January 2018:

(a) The Directors were authorised to allot 45,446,945 A Ordinary Shares, 14,596,098 B Ordinary Shares, up to 9,600,000 D Ordinary Shares and up to 1,925,000 E Ordinary Shares in connection with the Issue, such authority to expire at the end of the period of six months from the date of the passing of the resolution.

(b) Conditional on Admission, the Directors were authorised to allot up to 10 per cent. of the number of Ordinary Shares of each Share Class in issue at the date of Admission, such authority to expire on the earlier of the conclusion of the first annual general meeting of the Company and the date falling 18 months after Admission (unless previously renewed, revoked or varied by the Company by Special Resolution).

(c) Conditional on Admission, the Directors were empowered to allot Ordinary Shares of each Share Class on a non-pre-emptive basis, provided that this power will expire upon the expiry of the authority to allot Ordinary Shares referred to in sub-paragraph (b) above.

(d) Conditional on Admission, the Directors were authorised under the Act to make market purchases of Ordinary Shares of any Share Class such market purchases may be up to a maximum aggregate of Ordinary Shares of each Share Class which represents 14.99 per cent. of Ordinary Shares of that Share Class in issue immediately following Admission pursuant to the Issue (further details of which are set out in of Part 1 of this Prospectus), such authority to expire on the earlier of the conclusion of the first annual general meeting of the Company and the date falling 18 months after Admission.

(e) It was resolved, conditionally upon: (i) the Issue occurring; and (ii) the approval of the court, that the amount standing to the credit of the share premium account of the Company immediately following the Issue be cancelled.

3.2 The cancellation of the Company's share premium account will enable the Directors to make Share repurchases out of the Company's distributable reserves to the extent considered desirable by the Directors. The Company may, where the Directors consider it appropriate, use the reserve created by the cancellation of its share premium account to pay dividends.

3.3 As at 26 January 2018 (being the latest practicable date prior to the date of this Prospectus) the Company did not hold any Shares in treasury and no Shares were held by or on behalf of the Company itself or by subsidiaries of the Company.

3.4 Save for the subscriptions for the Shares referred to above, since the date of incorporation no share or loan capital of the Company has been issued or (other than pursuant to the Issue, has agreed to be issued, is not proposed to be issued, for cash or any other consideration and no commissions discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any such capital.

3.5 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

3.6 The Company does not have in issue any securities not representing share capital. No convertible securities, exchangeable securities or securities with warrants have been issued by the Company.

3.7 No Shares are currently in issue with a fixed date on which entitlement to a dividend arises or within a time limit after which entitlement to a dividend will lapse in accordance with the Articles and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

3.8 No person has voting rights that differ from those of other Shareholders (other than the holders of Redeemable Preference Shares).

3.9 The Board approved the Issue and this Prospectus at a meeting held on 29 January 2018. It is expected that the Shares to be allotted pursuant to the Issue will be issued pursuant to a resolution of the Board on or around 2 March 2018, conditional only upon Admission.

3.10 The Ordinary Shares to be allotted pursuant to the Issue will be issued at the Issue Price. Each class of Ordinary Shares have a nominal value of US$0.01 each and, therefore under the Issue, will be issued at a premium equal to the difference between the nominal value and the Issue Price. The currency of the Ordinary Shares is US Dollars.

3.11 As at the date of this Prospectus, no person has any right to acquire or call for the issue of new shares and no undertaking exists to increase the capital of the Company.

4. SUMMARY OF THE COMPANY'S ARTICLES

Pursuant to section 31 of the Act, the objects for which the Company is established are unrestricted and the Company has the full power and authority to carry out any object not prohibited by law. On 29 January 2018, the Company passed a Special Resolution to adopt the Articles. The Articles contain provisions, inter alia, to the following effect:

4.1 Voting rights

Subject to any rights or restrictions as to voting attached to any shares and subject as stated below: (a) on a vote on a show of hands, each Shareholder present in person has one vote, each duly authorised representative if the Shareholder is a corporation has the same voting rights to which the corporation is entitled, each proxy who is appointed by one or more Shareholders has one vote, and each proxy who has been appointed by more than one Shareholder has one vote for and one vote against the resolution; and (ii) on a vote on a poll each Shareholder present in person or by proxy or by a representative if a corporation has one vote for each share held by him.

A Shareholder is not entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of his shares have been paid or the Board otherwise decides.

The Redeemable Preference Shares grant the registered holders the right to receive notice of and to attend but, except where there are no other shares of the Company in issue, not to speak or vote (either in person or by proxy) at any General Meeting of the Company.

Each Share Class also separately carries the right to vote on matters affecting their own Share Class.

4.2 **Rights attaching to the different Share Classes**

Without prejudice to the power of the Company to issue Shares in different classes, under the Articles, the Company has five Share Classes, namely A Ordinary Shares, B Ordinary Shares, D Ordinary Shares, E Ordinary Shares and Redeemable Preference Shares.

The Company shall allocate to each class of Ordinary Share the net assets of the Company attributable to the Ordinary Shares of that Share Class, being the assets attributable to the Ordinary Shares of that Share Class (including for the avoidance of doubt, any income and/or revenue (net of expenses) arising from or relating to such assets) less such proportion of the Company's liabilities as the Directors shall reasonably allocate to the assets of the Company attributable to such class of Ordinary Share (the "**Ordinary Share Surplus**").

The voting rights, rights as to income, rights as to capital and other rights attaching to each Share Class are summarised in this section.

4.3 **General meetings**

The Board can call a general meeting at any time. The Board will decide the time and place for each annual general meeting. Two or more Shareholders may call a general meeting for the purpose of appointing Directors if there are no Directors serving.

The notice for any general meeting must contain prescribed information including on the ability to appoint a proxy, the procedures with which Shareholders must comply and the place, date and time of the meeting. The notice must specify a time by which a person must be entered on the register to have the right to attend or vote at the meeting and for the purpose of determining how many votes that person may cast. All Shareholders who are entitled to receive notice under the Articles, each Director and the Auditors must be given notice.

No business may be transacted at a general meeting unless a quorum is present save for the appointment of a chairman. The quorum is two persons present, each of whom is a Shareholder or a proxy for a Shareholder or a representative of a Shareholder that is a corporation.

Each Director may attend and speak at any general meeting.

4.4 **Dividends**

Subject to applicable law, the Company may, by Ordinary Resolution, declare dividends to be paid to Shareholders in accordance with their respective rights, but no dividend may exceed the amount recommended by the Board.

Subject to applicable law, the Board may from time to time resolve to pay to the Shareholders such interim dividends as appear to the Board to be justified by the profits, and pay at suitable intervals to be decided by the Board any dividend expressed to be payable at a fixed rate if the Board is of the opinion that the Company's profits justify the payment.

The holders of a class of Ordinary Shares will be entitled to receive such dividends as the Board may resolve to pay to such holders out of the Ordinary Share Surplus attributable to that class of Ordinary Share. Except as otherwise provided by the rights attached to shares, a dividend must be declared, apportioned and paid pro rata according to the amounts paid up on the shares in respect of which the dividend is paid (and all of the Ordinary Shares will be fully paid).

Redeemable Preference Shares entitle the holder of such shares to a fixed annual dividend equal to 0.01 per cent of the capital for the time being paid up or credited as paid up thereon together with a certificate for any related tax credit. Such dividend shall be paid in priority to the payment of dividends to the holders of shares in any other Share Class.

A resolution of the Company or Board to declare or pay a dividend may state that the dividend is payable to persons registered as Shareholders at the close of business on a particular date or at such other time as the Board may decide. Unless the resolution of the Company or Board specifies otherwise, a dividend must be paid by reference to a Shareholder's holding of Shares on the date of resolution or decision to declare or pay it. In practice, the Company expects to comply with the London Stock Exchange's timetable for dividends, including the record dates included therein.

If in respect of a dividend on three consecutive occasions (or one occasion if reasonable enquiries have failed to establish a new address or account for the recipient) a cheque or warrant for the dividend is returned undelivered or left uncashed during the period for which it is valid, or the payment cannot be sent to an account, the Company is not obliged to send a dividend or other amount until the person entitled notifies the Company of an address or account. The Board may invest or otherwise use for the Company's benefit any unclaimed dividend until it is claimed. If 12 years have passed from the date on which a dividend became due for payment and the intended recipient has not claimed it, such recipient is no longer entitled to it.

The Board may, if authorised by an Ordinary Resolution of the Company, offer Shareholders (excluding in respect of treasury shares) a scrip dividend in accordance with the following provisions. The Ordinary Resolution may specify a particular dividend or may specify all or any dividends declared within a specified period, but such period may not end later than five years after the date of the meeting at which the Ordinary Resolution is passed. The Board must decide the basis of allotment so that the value of the shares to be allotted instead of any cash dividend is as near as possible to the cash amount (disregarding any tax credit) that the Shareholder elects not to receive by way of a cash dividend, but no greater than such cash amount.

For the purposes of the above the value of the further shares shall be calculated by reference to the average of the middle market quotations on the London Stock Exchange (derived from the Daily Official List or a similar publication) for the day on which the shares are first quoted "ex" the relevant dividend and the four subsequent dealing days, weighted by volume of trading on each such dealing day, or in such other manner as the Board may decide.

The Board must notify the Shareholders of the rights of election offered to them in respect of the Scrip Dividend and must specify the procedure to be followed in order to make an election. The dividend or that part of it in respect of which an election for the Scrip Dividend is made shall not be paid and instead further shares shall be allotted in accordance with elections duly exercised and the Board shall capitalise a sum to the aggregate amount of the Shares to be allotted out of such sums available for the purpose as the Directors may consider appropriate. The further shares so allotted shall rank *pari passu* in all respects with the fully paid shares of the same class then in issue except as regards participation in the relevant dividend.

The Board may make such exclusions from a scrip dividend offer as it may decide as a result of any legal or practical problems under, or expense incurred in connection with the laws of or the requirements of any regulatory authority or stock exchange in any territory.

The Board may from time to time establish or vary a procedure for election mandates, under which a Shareholder may, in respect of any future dividends for which a right of election pursuant to this paragraph is offered, elect to receive Shares in lieu of such dividend on the terms of such mandate.

4.5 **Return of capital**

The capital and assets of the Company shall on a winding up or on a return of capital (other than on the redemption of redeemable shares or a purchase by the Company of its own shares) be divided between each Share Class in accordance with the rights set out in the Articles. The Ordinary Share Surplus attributable to a class of Ordinary Shares shall be divided amongst the holders of that class of Ordinary Shares *pro rata* according to their holdings of Ordinary Shares, provided that, where there are also Redeemable Preference Shares in issue, any assets available for distribution shall first be applied in repaying the amounts paid up or credited as paid up (together with any outstanding fixed dividend and associated tax credit) to the holders of the Redeemable Preference Shares.

In the winding up of the Company (whether by voluntary liquidation or by the court) the liquidator may, with the authority of a Special Resolution and any other sanction required under applicable law, divide among the Shareholders (other than the Company in respect of treasury shares) in specie the whole or any part of the assets of the Company.

4.6 **Transfer of Shares**

The Articles provide that the Directors may implement such arrangements as they may think fit in order for any class of shares to be admitted to settlement by means of an uncertificated system. If the Directors implement any such arrangements, no provision of the Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

(a) the holding of shares of that class in uncertificated form;

(b) the transfer of title to shares of that class by means of the Uncertificated System; or

(c) the Act.

Where any class of shares is for the time being admitted to settlement by means of an Uncertificated System such securities may be issued in uncertificated form in accordance with and subject as provided in the Uncertificated Securities Regulations. Unless the Directors otherwise determine such securities held by the same holder in both certificated form and uncertificated form shall be treated as separate holdings. Such securities may be changed from uncertificated to certificated form and from certificated to uncertificated form in accordance with and subject as provided in the Uncertificated Securities Regulations.

Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of an Uncertificated System.

Subject as provided below, any member may transfer all or any of his shares which are in certificated form by instrument of transfer in any usual form or in any other form which the Directors may approve. The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The Directors may refuse to register any transfer of certificated shares unless the instrument of transfer is lodged at the Company's registered office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The Directors may refuse to register a transfer of any certificated share or (to the extent permitted by the Regulations) a share in uncertificated form) which is not fully paid up or on which the Company has a lien provided that this would not prevent dealings from taking place on an open and proper basis.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine provided that such suspension shall not be for more than 30 days in any year except that, in respect of any shares which are participating shares in an Uncertificated System, the register of members shall not be closed without the consent of the relevant Authorised Operator. Any such suspension shall be communicated to the members, giving reasonable notice of such suspension by means of a Regulatory Information Service.

The Board may, in their absolute discretion, refuse to register a transfer of any certificated share to a person that the Board have reason to believe is:

(d) an employee benefit plan (within the meaning of Section 3(3) of ERISA) that is subject to Part 4 of Title 1 of ERISA; or

(e) a plan, individual retirement account or other arrangement that is subject to Section 4975 of the US Internal Revenue Code or any other state, local laws or regulations that would have the same effect as regulations promulgated under ERISA by the US Department of Labor and codified at 29 C.F.R. Section 2510.3-101 to cause the underlying assets of the Company to be treated as assets of that investing entity by virtue of its investment (or any beneficial interest) in the Company and thereby subject the Company and its investment manager (or other persons responsible for the investment and operation of the Company's assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the US Internal Revenue Code; or

(f) an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each of (a), (b) and (c), a "**Plan**"); or

(g) any person in circumstances where the holding of shares by such person would:

  (i) give rise to an obligation on the Company to register as an "investment company" under the US Investment Company Act (including because the holder of the shares is not a "qualified purchaser" as defined in the US Investment Company Act);

  (ii) preclude the Company from relying on the exception to the definition of investment company contained in Section 3(c)(7) of the US Investment Company Act;

  (iii) give rise to an obligation on the Company to register under the US Exchange Act, the US Securities Act or any similar legislation;

  (iv) result in the Company not being considered a "Foreign Private Issuer" as that term is defined by Rule 3b-4(c) promulgated under the US Exchange Act;

  (v) give rise to an obligation on the Company's investment manager or adviser to register as a commodity pool operator or commodity trading advisor under the US Commodity Exchange Act of 1974, as amended;

  (vi) cause the Company to be a "controlled foreign corporation" for the purposes of the US Internal Revenue Code, or cause the Company to suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities) under ERISA or the US Internal Revenue Code; or

  (vii) give rise to the Company or its investment manager or adviser becoming subject to any US law or regulation determined to be detrimental to it,

(each such person being a "**Prohibited US Person**"). Each person acquiring shares will by virtue of such acquisition be deemed to have represented to the Company that they are not a Prohibited US Person.

The Directors shall give written notice to the holder of any share who appears to them to be a Prohibited US Person requiring him within 30 days (or such extended time as the Directors consider reasonable) to provide sufficient satisfactory evidence that he is not a Prohibited US Person, or transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be held by a Prohibited US Person. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at general meetings of the Company (and of any class of shareholders) and those rights will vest in the Chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with within 30 days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the shares of the Prohibited US Person at the best price reasonably obtainable to any other person so that the share will cease to be held by a Prohibited US Person. If the requirements are not satisfied within 30 days from the serving of the notice the shares will be deemed to have been forfeited.

4.7 **Variation of rights**

Subject to applicable law, the rights attached to a class of Shares may (unless otherwise provided by the terms of issue of Shares of that class) be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a Special Resolution passed at a separate meeting of such holders. The Shareholders may not call, or require the Board to call, a meeting of holders of a class of shares. The quorum at any such meeting is two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

Additionally, the Company shall not without the previous sanction of a special resolution passed at a meeting of the holders of a class of Ordinary Shares:

(a) create or issue any further Ordinary Shares of such class, or securities or rights relating to that class, or rights to subscribe for or convert or exchange any securities into shares in the Company where such shares or securities carry an entitlement or would on issue or conversion or exchange carry an entitlement to share in the Ordinary Share Surplus attributable to that class of Ordinary Share provided that such consent shall not be necessary in respect of an issue of such Ordinary Shares at an issue price above the net asset value per Ordinary Share of that class at such date as may be reasonably selected by the Directors for the purpose; or

(b) pass a resolution to reduce the share premium account or capital redemption reserve fund of the Company attributable to the relevant class of Ordinary Share in any manner, including any resolution authorising the Directors to purchase or redeem shares in the Company using the Ordinary Share Surplus attributable to such class of Ordinary Share (except that this shall not invalidate the authorities described in this Prospectus); or

(c) make any material change in the investment policy attributable to a class of Ordinary Share which, at the time of making such change, appears likely in the reasonable opinion of the Directors to be materially prejudicial to the holders of the relevant class of Ordinary Share; or

(d) pass any resolution to vary, modify or abrogate any of the special rights or privileges attached to the relevant class of Ordinary Share.

The rights attached to a class of Shares are not (unless otherwise expressly provided by the rights attached to those shares) deemed to be varied by the: (i) creation or issue of further Shares ranking *pari passu* or subsequent to them but in not respect in priority to them; or (ii) by the purchase by the Company of any of its own shares, or the holding of such shares as treasury shares.

4.8 **Share capital and changes in capital**

Subject to applicable law including the Act, and without prejudice to any rights attached to any existing shares or class of shares, a share may be issued with such rights or restrictions as the Company may by Ordinary Resolution decide or failing that decision, as the Board may decide. Subject to applicable law including the Act, the Company may issue redeemable shares at the option of the Company or the Shareholders and the Board may determine the terms, conditions and manner of redemption of any such shares. Notwithstanding this right, the Ordinary Shares are not redeemable.

The Redeemable Preference Shares are redeemable, upon giving to the holders of the particular shares to be redeemed notice in writing of the redemption and on tendering the amount of capital paid up thereon to such holders.

Subject to the Act and to any rights conferred on the holders of any class of shares, there are no restrictions in the Articles on the purchase by the Company of all or any of its own shares of any class (including any redeemable shares).

The Articles do not impose any conditions governing changes in the capital of the Company which are more stringent than is required by law.

4.9 **Disclosure of interests in shares**

If a Shareholder or another person appearing to be interested in Shares held by that Shareholder has been properly served with a Section 793 Notice and is in default at the end of the time specified in that notice by not supplying the information required or by supplying information which the person knows to be false in a material respect or having recklessly supplied information which is false in a material respect, the Board may in its absolute discretion at any time by notice to the Shareholder direct that in respect of the relevant shares, from the later of the date of the Direction Notice and the date falling 14 days after service of the Section 793 Notice and ending on the date on which the Direction Notice ceases to have effect:

(a) the Shareholder may not attend or vote at any meeting of Shareholders;

(b) if the relevant Shares represent at least 0.25 per cent. of the nominal value of the Shares of that class in issue (excluding treasury shares), the Company may retain any dividend or other amount that would otherwise be payable on the relevant shares without interest; and

(c) subject to applicable law, no transfer of the Shares may be registered except in limited circumstances.

Any new Shares issued in right of any relevant shares in respect of which a Shareholder is in default will also be subject to the Direction Notice.

A Direction Notice ceases to have effect after a period specified by the Board (not exceeding seven days) following the earliest of: (i) the date on which the Company has received all the information it requires pursuant to the Section 793 Notice; (ii) the date on which the Company is notified that a permitted transfer of the shares to a third party has occurred; and (iii) any other date that the Board decides.

The Articles do not restrict in any way the provisions of section 793 or Part 22 of the Act.

4.10 **Non-UK Shareholders**

A Shareholder who has no registered address in the UK is not entitled to have a document or other information sent or supplied to him by the Company unless he has notified the Company of any address in the UK at which documents or information in hard copy form may be sent to him, or he has agreed with the Board a method of electronic communications.

4.11 **Untraced Shareholders**

The Company may sell, in such manner as the Board decides at the best price reasonably obtainable, a Share if during a period of 12 years the Company has paid at least three dividends in respect of the share and during that period no dividend cheque or warrant for such Shareholder has been cashed, the Company has at the end of the 12 year period given notice of its intention to sell the share by advertisement in a national newspaper in the UK and in the area of the Shareholder's last known address, and during the 12 year period until three months after the publication of the advertisement the Company has not received any communication from the Shareholder. The net proceeds of sale must be carried to a separate account and treated as a permanent debt of the Company.

4.12 **Borrowing powers**

The Board may exercise all the Company's powers to borrow money on such terms as the Board decides and for any purpose to issue perpetual or redeemable debentures and other securities and to mortgage or charge all of part of the undertaking or property or uncalled capital of the Company. However, the Directors must restrict the Company's borrowings and exercise all voting and other rights and powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure that the Group's borrowings comply with applicable law and the Investment Policy.

Any amendments to these powers will require the approval of Shareholders as an amendment to the Articles and/or to the Investment Policy.

4.13 **Directors**

Unless and until otherwise determined by Ordinary Resolution of the Company, the Directors (not including alternate Directors) shall not be less than two in number but no more than eight Directors (not including alternates). The Company may by Ordinary Resolution appoint a Director. The Board may appoint a Director, provided that any Director so appointed will hold office until the next annual general meeting and then be eligible for re-appointment.

At each annual general meeting, each Director who has been appointed by the Board since the last annual general meeting, was appointed or last re-appointed at or before the annual general meeting held in the calendar year three years before the current year, or who is a non-executive Director and has held office with the Company for a continuous period of nine years or more, must retire from office, although they will be eligible for re-appointment.

A Shareholder who is qualified to attend and vote on a resolution to appoint a Director at a forthcoming general meeting may propose a person to be appointed as a Director provided that at least 14 days but not more than 42 days before the general meeting, the Company receives written notice from such Shareholder of their intention including the required particulars for the Company's register of directors and written confirmation of the person proposed confirming his willingness to be appointed as a Director.

Directors may be removed by Ordinary Resolution and may also cease to be a Director following certain events such as insolvency or if he is absent from meetings of the Board for six consecutive months, regardless of whether his alternate attends, and the Board resolves that his office therefore be vacated. A Director may also be removed from office by a notice signed by all of his co-Directors to his last known address.

The Directors are entitled to be paid a fee for their services, and the Board is entitled to decide on the amount of the fee and the manner and timing of its payment, provided that the total fees payable to the Directors may not exceed £200,000 in each year or such higher amount decided by the Company by Ordinary Resolution. The Board and a Director may agree that any fee payable may consist wholly or partly of payments by way of pension contributions to secure pension benefits. The Board may also decide to pay extra remuneration to a Director who serves on a committee, acts as chairman or deputy chairman, devotes special attention to the Company's business or who otherwise performs services which the Board decides are outside the scope of his ordinary duties. A Director may also be paid reasonably and properly incurred travelling, hotel and other expenses.

The quorum for meetings of the Board may be fixed by the Board but shall be no less than two Directors and/or alternates. Unless fixed, where the Board comprises three or fewer Directors, the quorum shall be two, and where the Board comprises four or more Directors, the quorum shall be three. The chairman will have a casting vote at meetings.

The Board may authorise, to the fullest extent permitted by law, any matter proposed to them which would otherwise result in a Director breaching his duty to avoid a situation in which a Director has, or can have, a direct or indirect interest that conflicts or possibly may conflict with the interests of the Company and which can reasonably be regarded as likely to give rise to a conflict of interest, provided that the Director in question will not be allowed to vote on such matter or count in the quorum.

Subject to applicable law and provided that he has declared the nature and extent of his interest in accordance with procedures in the Articles, a Director may: (a) hold any other office or place of profit under the Company on such terms as the Board decides; (b) act in a professional capacity for the Company other than as auditor on such terms as the Board decides; (c) be a party to or otherwise directly or indirectly acquire interests in any other proposed or existing transaction or arrangement with or entered into by the Company, and (d) be a director or other officer of, or employee, or holder of any other place of profit under, or member of, or act in a professional capacity to a body corporate or firm which the Company controls or in which it is directly or indirectly interested.

The Articles require that a Director must declare the nature and extent of an interest where required by applicable law. A Director may not vote or count in the quorum in respect of a matter in which he has an interest that may be reasonably regarded as likely to give rise to a conflict of interest, save where the matter falls into certain specified categories including in relation to the Acquisition and restructuring of the Predecessor Company and where the Director may be entitled to participate in a transaction as the holder of Shares.

The Directors have full power to manage the Company's business and may delegate its powers in accordance with the Articles.

The Company is entitled to grant indemnities to and purchase insurance for the Directors.

4.14 **Forfeiture of Shares**

The provisions in the Articles as to forfeiture of shares apply where:

(a) a Shareholder fails to pay all or part of a call or instalment of a call in respect of its Shares on or before the due date for payment, the Board requires payment by notice and such notice is not complied with;

(b) a Shareholder fails to comply with a notice given to it in respect of Shares that are or may be held by a Prohibited US Person as described in paragraph 4.6(g) above); and/or

(c) a Shareholder fails to furnish information, representations, certifications, waivers or forms as required for FATCA as further described in paragraph 4.15 below.

If a share is forfeited, the Board must give notice of the forfeiture to the registered holder prior to the forfeit or the person entitled by transmission to such share, the forfeited share becomes the Company's property, and for a period of three years starting the day before the day of forfeiture, the Company is entitled to sell, re-allot or otherwise dispose of the share on such terms and in such manner as the Board decides. A forfeiture may be cancelled on such terms as the Board decides. If after the period of three years the share has not been sold, re-allotted or otherwise disposed, the Board must cancel the share and comply with the Act.

A person whose share has been forfeited ceases to be a member of the Company and all interest in and all claims and demands against the Company in respect of the share are extinguished save as provided by applicable law.

4.15 **FATCA**

The Board has full power and authority to take such steps as are necessary or desirable in its reasonable opinion as regards compliance with FATCA, including conducting diligence on the nationality or tax residence of Shareholders or any persons for whom they hold shares, withholding or deducting any tax required to be withheld or deducted from amounts paid to Shareholders, and providing information about the Company's accounts and the Shareholders to taxation authorities.

The Company is entitled to disclose information about the Company and Shareholders to governmental and taxation authorities to the extent the Board reasonably believes such authorities require such disclosure or to the extent the disclosure is reasonably necessary for the Company or its advisers to comply with its obligations in respect of tax, or to obtain exemptions, reductions or refunds of withholding or other taxes.

If a Shareholder fails to furnish such information, representations, certifications, waivers or forms as the Company requires in accordance with the Articles and the Board, acting reasonably, determines that other actions would be insufficient to protect the Company or any other entity in which the Company invests against the consequences of such failure, the Board may require the Shareholder's shares to be forfeited.

4.16 **Miscellaneous**

The Company may communicate electronically (including notices of meetings) with its Shareholders in accordance with the provisions of the Act and subject to obtaining consents from Shareholders to electronic or website communications (and subject to such consents not being revoked).

The provisions of section 561 of the Act (which confer on shareholders rights of pre-emption) will apply to the extent not disapplied by a Special Resolution of the Company. In addition, the Directors may not allot Shares except to the extent authorised by an Ordinary Resolution pursuant to section 551 of the Act.

There is nothing contained in the Articles which governs the ownership threshold above which member ownership must be disclosed. There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.

Save as set out above, there are no provisions in the Articles or otherwise which give any person enhanced rights in the Company's profits.

There are no conversion rights attached to any of the shares in the Company pursuant to the Articles or otherwise.

The above is a summary only of certain provisions of the Articles, the full provisions of which are available for inspection as described in paragraph 16 below.

5. DIRECTORS' AND OTHER INTERESTS

5.1 The business address of each Director is the Company's registered office, 1 Great Cumberland Place, London, W1H 7AL.

5.2 Each of the Director's respective functions are set out in Part 2 of this Prospectus.

5.3 The Articles limit the aggregate remuneration to be paid to Directors by the Company to £200,000 in each year.

5.4 Each of the Directors is engaged under a letter of appointment with the Company and does not have a service contract with the Company. Each Director was appointed on 24 January 2018. Under the terms of their appointment and the Articles, each Director is required to retire by rotation and seek re-election at least every three years. Each Director's appointment under their respective letter of appointment is terminable immediately by either party (the Company or the Director) giving written notice and no compensation or benefits are payable upon termination of office as a director of the Company becoming effective. The Company has agreed to pay Mr Medernach an annual fee of €50,000 and US$5,000, Mr Baines an annual fee of £30,000, Yves Mertz an annual fee of US$15,000 and Dr Mathé, Mr Turkmen and Dr Edelstein an annual fee of US$10,000 respectively.

5.5 The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits and so no amount has been set aside for any of these items. There is no amount set aside or accrued by the Company in respect of contingent or deferred compensation payments or any benefits in kind payable to the Directors.

5.6 No loan or guarantee has been granted or provided by any member of the Company for the benefit of any Director.

5.7 There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected, except for: (a) Mr Mathé who is an employee of Efficap II, which is the general partner of EFFI INVEST II, which holds 100 per cent. of EFFIL II, a significant investor in the D shares and E shares of the Predecessor Company (as further described in Part 2 of this Prospectus) and, subject to the completion of the Acquisition, such investor will become an investor in the D Ordinary Shares and the E Ordinary Shares; and (b) Mr Turkmen is a shareholder, director and employee of Lake Geneva Investment Partners which is the investment manager of Investor funds in the A Shares of the Predecessor Company. Mr Turkmen is also a as director of various funds that are investors in the A Shares of the Predecessor Company (as further described in Part 2 of this Prospectus) and, subject to the completion of the Acquisition, such investors will become investors in the A Ordinary Shares.

5.8 There are no restrictions agreed by any Director on the disposal within a certain period of time of their holdings in the Company's securities.

5.9 As at the date of this Prospectus and immediately following Admission, other than as disclosed in this Part 6, there are no interests of any Director, including any connected persons of any Director, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Company or any options in respect of such capital.

5.10 The Directors do not have any options over Shares. As at the date of this Prospectus, Jean Medernach holds 50,000 A Shares in the Predecessor Company and, subject to the completion of the Acquisition, will hold 50,000 A Ordinary Shares as a result of the Issue. No other Director expects to receive Ordinary Shares under the Issue.

5.11 Details of those companies (other than the Company and its subsidiaries) and partnerships of which the Directors have been directors or partners at any time within the five years ending on 26 January 2018 (being the latest practicable date prior to the publication of this Prospectus) are as follows:

Jean Medernach

Current directorships and partnerships	*Past directorships and partnerships*
Investas Luxembourg asbl	AI Global Investments & Cy SCA
Better Finance, The European Federation of investors And Financial Services Users	
EFRAG (observer)	
Acheron Portfolio Corporation (Luxembourg) S.A.	
Smart Value Investors SICAV	
Alena Invest SICAV	
FJMNY Europe SA	
MasTec Lux Foreign Finance Sarl	

Michael Baines

Current directorships and partnerships	*Past directorships and partnerships*
Church House Investments Limited	Robert Fleming & Co
Campion Capital Limited	

Robert Edelstein

Current directorships and partnerships	*Past directorships and partnerships*
Acheron Portfolio Corporation (Luxembourg) S.A.	ProLogis, Inc.
	Lend Lease Global Properties SICAF
	CapitaLand Limited
	TIS Mortgage Company

Franck Mathé

Current directorships and partnerships	*Past directorships and partnerships*
OLIN Corporation	
Financière Sicomax SA	
Frey	
Colombus Holding	
Chronotruck	
Dalmata Hospitality	
Acheron Portfolio Corporation (Luxembourg) S.A.	

Yves Mertz

Current directorships and partnerships	*Past directorships and partnerships*
Acheron Portfolio Corporation (Luxembourg) S.A.	Mazars Luxemborg S.A.
Compagnie Européenne de Revision S.à r.l.	
Omnium Trusts Services S.à r.l.	
OPCTN S.A.	
Kantec S.à r.l.	
Optibase RE1 S.à r.l.	
Optibase Real Estate Europe S.à r.l.	
Soafel S.A.	
Beteiligungs-und Investment SE	
Remunera International S.A.	
SSI Luxembourg S.à r.l.	
AKGHQK S.à r.l.	
AMGHQK S.à r.l.	
HGHQK 1 S.à r.l.	
HGHQK 2 S.à r.l.	
Julemar SPF	
Llessor SPF	
Septemium Investments	
Seiag Holding S.A.	
Zuavel S.à r.l.	
Hera Investments S.A.	
Roding Investments S.A.	
1640 Investment S.à rl	
1640 Investment 2 S.à rl	
1643 Investment 3 S.à rl	
1640 Investment 4 S.à r.l.	
1640 Investment 5 S.à r.l.	
Asco Développement S.à r.l.	
Asco Holdings S.à r.l.	
Ascofer S.à r.l.	

Guner Turkmen

Current directorships and partnerships	*Past directorships and partnerships*
Capital Strategy Funds SICAV	CAM Fund Series SICAV PLC
Capital Strategy Funds SICAV	FK Capital Management SICAV PLC
Swiss Capital Strategy Funds	
Capital Strategy Funds	
Sabius SICAV	
Acheron Portfolio Corporation (Luxembourg) S.A.	
ALT-211 North Ervay Manager, Inc.	
Lake Geneva Investment Partners	

5.12 As at the date of this Prospectus none of the Directors:

(a) save as disclosed in paragraph 5.7 above, has been a member of any administrative, management or supervisory body or partner of any company or partnership at any time during the five years preceding the date of this Prospectus;

(b) has had any convictions in relation to fraudulent offences for the five years preceding the date of this Prospectus;

(c) has been associated with any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or a partner of the companies and/or partnerships referred to in paragraph 5.11 above for the five years preceding the date of this Prospectus; or

(d) has any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years (and for this purpose "issuer" has the meaning ascribed to it by Appendix I to the Prospectus Rules).

5.13 As at the date of this Prospectus, the following potential conflicts of interest exist between the duties of the Directors to the Company and their private interests and/or other duties:

(a) each Director (save for Mr Baines) is a director of the Predecessor Company, which has conditionally agreed to enter into the Acquisition Agreement with the Company;

(b) Mr Mertz is an executive director of the Administrator (which receives fees from the Company under the Administration Agreement);

(c) Dr Edelstein is the Trustee of each of the Trusts and receives fees in such capacity; and

(d) Mr Mathé is an employee of Efficap II, which is the general partner of a significant investor in the D shares and E shares of the Predecessor Company (as further described in Part 2 of this Prospectus) and, subject to the completion of the Acquisition, such investor will become an investor in the D Ordinary Shares and the E Ordinary Shares.

There are no family relationships between the directors.

5.14 From the date of the Company's incorporation on 16 August 2017 until 24 January 2018, the sole director of the Company was Carlo Toller. Mr Toller did not receive and was not entitled to receive any remuneration in his capacity as such. No amounts have been set aside or accrued by the Group to provide pensions, retirement or similar benefits. No service contract was entered into by the Company in respect of his appointment, which was temporary only pending the appointment of the current Directors.

6. RELATED PARTY TRANSACTIONS

Save for the appointment letters entered into between the Company and each director, the Investment Management Agreements, the Services Agreement, the Company is not a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No 1606/2002) at any time since its incorporation on 16 August 2017.

7. SUBSTANTIAL SHARE INTERESTS

7.1 As at the close of business on 26 January 2018 (being the latest practicable date prior to the publication of this Prospectus), insofar as is known to the Company the following persons are, by virtue of their holdings in the Predecessor Company and assuming they do not realise any shares in the Predecessor Company prior to the Acquisition, expected to have, following the Acquisition, a direct or indirect interest in three per cent. or more of the Company's issued share capital (being the minimum threshold above which a Shareholder must notify the Company under the DTRs save for of its holding). Under the terms of the Acquisition Agreement, it is expected that holders of A and B shares in the Predecessor Company will receive one A Ordinary Share for each A share held as at the record date of the Acquisition and one B Ordinary Share for each B share held as at the record date of the Acquisition. The number of D Ordinary Shares to be issued to each holder of D or F shares and the number of E Ordinary Shares to be issued to each holder of E or G shares under the Acquisition Agreement has not been determined as at the date of this Prospectus.

Name	Number of Shares held in the Predecessor Company	Percentage held in the Predecessor Company.
Metage Funds Limited (through its nominee Credit Suisse Client Nominees (UK) Limited)	10,666,546 A shares	15.16%
Effil II S.A.	6,600,000 D shares and 1,500,000 E shares	11.51%
Ahmose S.A.	4,201,746 B shares	5.97%

7.2 Other than the Redeemable Preference Shares, each Share carries the same voting rights (save in respect of matters relating solely to a specific Share Class), regardless of the number of Shares held by any Shareholder.

7.3 As at the close of business on 26 January 2018 (being the latest practicable date prior to the publication of this Prospectus), the Directors are not aware of any person who could, directly or indirectly, jointly or severally, own or exercise control over the Company or of any arrangements, the operation of which may result in a change of control of the Company.

8. MATERIAL CONTRACTS

The following are the only contracts (not being contracts entered into in the ordinary course of business) which as at the date of this Prospectus have been entered into by the Company and which are, or may be, material to the Company:

8.1 Acquisition Agreement

The Company is expected to enter into the Acquisition Agreement with the Predecessor Company, pursuant to which the Predecessor Company Portfolio will be acquired by the Company. The Acquisition Agreement is, at the date of this Prospectus, in a form agreed between the Company and the Predecessor Company, each of whom has conditionally undertaken to enter into the Acquisition Agreement.

The Acquisition Agreement is conditional only upon Admission. Subject to the Acquisition Agreement becoming unconditional:

(a) The Predecessor Company, acting by the Liquidator, shall deliver the Predecessor Company Portfolio to LSA.

(b) The Company shall accept the Portfolio as an in specie subscription for Ordinary Shares and shall record in its books and accounts that the Predecessor Company Portfolio is attributable as follows:

- (i) the 100 per cent. beneficial interest in the Acheron Portfolio Trust will be attributable to the A Ordinary Shares;
- (ii) the 100 per cent. beneficial interest in the Lorenzo Tonti 2006 Portfolio Trust will be attributable to the B Ordinary Shares;
- (iii) the 100 per cent. beneficial interest in the Avernus Portfolio Trust will be attributable to the D Ordinary Shares;
- (iv) the 100 per cent. beneficial interest in the Styx Portfolio Trust will be attributable to the E Ordinary Shares; and
- (v) any cash or other asset that forms part of the Portfolio will be recorded in the books of the Company as being attributable to the class of Ordinary Shares in the Company which corresponds to the class of shares in APC to which such cash is attributable.

(c) The Company will (or will procure) the allotment to the Predecessor Company (or as it may direct) of:

- (i) 45,446,946 (excluding the one A Ordinary Share already held by APC) A Ordinary Shares at the Issue Price;

(ii) a claim against the Company in an amount of the Accrued Performance Fee in respect of the A shares in the Predecessor Company calculated and payable as described in Part 2 of this Prospectus;

(iii) 14,596,098 B Ordinary Shares at the Issue Price;

(iv) a claim against the Company in an amount of the Accrued Performance Fee in respect of the B shares in the Predecessor Company calculated and payable as described in Part 2 of this Prospectus;

(v) such number of D Ordinary Shares at the Issue Price as is equal to the sum of: (1) the net asset value of the D shares in the Predecessor Company; and (2) the net asset value of F shares in the Predecessor Company, in each case as at 30 December 2017, divided by the Issue Price;

(vi) a claim against the Company in an amount of the Accrued Performance Fee in respect of the D shares in the Predecessor Company and payable as described in Part 2 of this Prospectus;

(vii) such number of E Ordinary Shares at the Issue Price as is equal to the sum of: (1) the net asset value of the E Shares in the Predecessor Company; and (2) the net asset value of G shares in the Predecessor Company, in each case as at 30 December 2017, divided by the Issue Price; and

(viii) a claim against the Company in an amount of the Accrued Performance Fee in respect of the E shares in the Predecessor Company and payable as described in Part 2 of this Prospectus.

(d) The Predecessor Company, acting by the Liquidator, will distribute such Ordinary Shares in accordance with its constitutional documents and as described in the convening notice in respect of the Predecessor Company EGM.

The Acquisition Agreement includes an indemnity from the Company to the Predecessor Company in respect of any of the Company's liabilities whether arising before or after the date of the Acquisition (reflecting the fact that the Company will assume all of the Predecessor Company's liabilities as well as its assets from the date of the Acquisition) including, but without limitation any claims (whether or not successful, compromised or settled), actions, liabilities, demands, investigations, proceedings or judgments asserted, established or instituted against the Predecessor Company in any jurisdiction by any person whatsoever and against all losses, damages, liabilities, costs, charges or expenses (including legal fees incurred) and tax which the Predecessor Company may suffer or incur (including, but not limited to, all costs and expenses suffered or incurred in investigating, preparing for or disputing or defending any claim and/or in establishing its right to be indemnified pursuant to the Acquisition Agreement and/or in seeking advice regarding any claim or in any way related to or in connection with the indemnity). The indemnity in the Acquisition Agreement is only effective from the Acquisition Agreement becoming unconditional and will expire on the fifth anniversary of the closing of the liquidation of the Predecessor Company of the Predecessor Company.

8.2 **The Investment Management Agreements**

An Investment Management Agreement dated the date of this Prospectus has been entered into between each Trust, the Investment Manager and the Company pursuant to which the Investment Manager has agreed to provide investment management and advisory services to each Trust with effect from the date of Admission. In doing so the Investment Manager will have complete discretion to manage the portfolio subject to the Investment Policy and Investment Guidelines described at Part 1 of this Prospectus.

The Investment Management Agreements will continue for a period of five years from the date of Admission and will automatically renew on the fifth anniversary of the agreement for successive two year periods unless either party gives written notice of termination to the other 180 days prior to the fifth anniversary of the Admission, and, thereafter, 180 days prior to the expiry of each successive two year period.

The Investment Management Agreement may also be terminated with immediate effect by written notice on one party to the other if: (a) the other party commits a substantial or continuing material breach of the agreement which it fails to remedy within 30 days of being given written notice of the breach; or (b) the other party has a receiver or administrator appointed over the whole or any part of its assets, or a resolution or order for winding up is made; or (c) the other party is no longer permitted to perform its obligations under any applicable law.

The Investment Management Agreement contains indemnities from the Trust and Company in favour of the Investment Manager, its Associates (as defined in the FCA rules) and their respective employees, officers, delegates or agents ("**IMA Indemnified Persons**") in respect of any losses or other liabilities that arise in connection with IMA Indemnified Persons performance of the services under the Agreement or which may be incurred by any IMA Indemnified Person arising from the Investment Manager's appointment, except to the extent that such losses or liabilities are due to the fraud, negligence or wilful default of the IMA Indemnified Persons. There is no exclusion of the liability of the Investment Manager to the Trust arising under FSMA, any regulations or rules made under it or the FCA Rules.

The Investment Manager will be entitled to receive remuneration and payments for its services as described in Part 2 of this Prospectus. Where the Trust terminates an Investment Management Agreement "without cause" or the Investment Manager terminates an Investment Management Agreement "for cause", the Investment Manager will be entitled to receive a performance fee for the three year period following termination, and to the extent any accrued performance fees remain unpaid at the expiry of such three year period, the Trust will pay an amount equal to such accrued performance fee on the third anniversary of termination.

The Investment Management Agreement is governed by English Law.

8.3 **Introduction Agreement**

The Introduction Agreement which the above of this Prospectus has been entered into between the Company, Stockdale Securities Limited, the Investment Manager and the Directors. Pursuant to the Introduction Agreement, Stockdale Securities Limited has been appointed as the Company's financial adviser and corporate broker in relation to the Issue and Admission.

Under the Introduction Agreement, Stockdale has agreed to make an application to the London Stock Exchange for admission of shares to trading on the Specialist Fund Segment. Stockdale's obligations under the Introduction Agreement are conditional on the fulfilment of certain customary conditions (which may be waived by Stockdale), by 8.00 a.m. on the date of the Admission. The Company, Investment Manager and the Directors have each given certain customary warranties and representations to Stockdale and have also give certain undertakings, including undertakings by the Company in relation to its actions for certain periods after Admission.

The Company shall pay to Stockdale, subject to the Admission occurring, a fee of £150,000 plus VAT. In addition the Company will pay Stockdale all properly and reasonably incurred costs, charges, fees and expenses in connection with or incidental to the transaction.

The Company has agreed to indemnify Stockdale and certain other connected parties on demand, in connection with the Issue, the Acquisition, the allotment of Issue Shares to the Predecessor Company, Admission or the arrangements contemplated by the Issue Documents, or any of them, or the Introduction Agreement. The Company shall not be liable under the indemnity to the extent finally judicially determined by a court of competent jurisdiction to have arisen out of the gross negligence, fraud or wilful default on the part of any Stockdale or any such connected parties.

Stockdale may terminate the Introduction Agreement in certain circumstances, including, *inter alia* if: (a) there has been a breach by the Company or Investment Manager of any warranties, or any other provision of the Introduction Agreement; (b) any statement in the Prospectus is or has become or has been discovered to be untrue, inaccurate or misleading; (c) there has been a material adverse change in either the Company or the Investment Manager; or (d) the application is withdrawn or refused by the London Stock Exchange.

8.4 **Services Agreement**

The Services Agreement dated the date of this Prospectus 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 Services Agreement is conditional upon the Admission of the securities to the SFS and will have effect on and from such date. The Services Agreement will terminate upon the earlier of: (a) the termination of all of the Investment Management Agreements; (b) six months' prior written notice by either the Investment Manager or the Company to the other party.

The Services Agreement contains an indemnity from the Company to the Investment Manager, its associates and their respective employees, officers, delegates or agents (the "**Services Agreement Indemnified Persons**") in respect of any losses or liabilities that arise in connection with performance of the services under the agreement, or arising from the Investment Manager's appointment under the Services Agreement, except to the extent that such losses or liabilities are due to the fraud, negligence or wilful default of the applicable Services Agreement Indemnified Person.

In addition, under the Services Agreement, the Services Agreement Indemnified Persons are excluding from liability to the Company for any losses or other liabilities that arise in connection with the performance of the services under the Services Agreement, except to the extent that such losses or liabilities are due to the fraud, negligence or wilful default of the applicable Indemnified Person. The total aggregate liability of the Investment Manager under this Agreement is limited to £100,000.

No fees shall be paid by the Company to the Investment Manager in connection with performing the services under the Agreement. The Company will reimburse the Investment Manager for certain expenses related to carrying out the day-to-day activities of the company.

The Services Agreement is governed by English law.

8.5 **Registrar Agreement**

The Company entered into the Registrar Agreement on the date of this Prospectus, pursuant to which Link Market Services Limited is appointed to act as the Company's Registrar.

The fees and expenses payable by the Company to the Registrar under the Registrar Agreement are set out in Part 2.

The Registrar Agreement may be terminated by either party at the end of the period of three years from the date of Admission (provided written notice is given at least six months prior to the end of that three year period), and at the end of any successive 12 month period on six months' written notice. The Registrar Agreement may also be terminated by either party at any time: (a) on three months' written notice should the parties not reach an agreement regarding any proposed increase of the fees to which the Registrar is entitled as a result of changes in applicable law that affect its obligations or any other reason; (b) immediately on written notice if the other party commits a material breach of its obligations under the Registrar Agreement (including any payment default) which that party has failed to remedy within 45 days of receipt of a written notice to do so or which is not capable of remedy; or (c) immediately upon the insolvency or other analogous event of the other party.

The Company shall indemnify the Registrar and its affiliates and their directors, officers, employees and agents from and against any and all losses arising from the Company's breach of the Registrar Agreement, and in addition any third-party claim arising in connection with the Registrar Agreement, save in the case such losses are determined to have resulted solely from the fraud, wilful default or negligence of the Registrar or its directors, agents, officers and employees.

The aggregate liability (other than for fraud or death or personal injury caused by the Registrar's negligence) of the Registrar and its affiliates or its or their directors, officers, employees or agents under the Registrar Agreement is limited to the lesser of £500,000 or an amount equal to five times the annual fee payable to the Registrar under the Registrar Agreement.

The Registrar Agreement also contains provisions limiting the Registrar's specific liability in relation to forged transfers and lost share certificates, and excluding its liability in respect of special, incidental, indirect or consequential losses and other types of pure economic loss.

8.6 Administration Agreement

The Administration Agreement dated on the date of this Prospectus has been entered into between the Company and the Administrator whereby the Administrator is engaged to act as central administrative for the Company and perform accounting agent services, and such other additional services as may be requested by the Board.

The Administrator will be entitled to receive remuneration and payments for its services as described in Part 2 of this Prospectus.

The Administrator has no liability to the Company for losses of any kind except where such loss directly results from the fraud, wilful default of gross negligence of the Administrator or a material breach to the Administrator other of the terms of the Administration Agreement.

The Administration Agreement may be terminated by either Party giving six months prior written notice to the other Party. The Administration Agreement may be terminated with immediate effect if either party commits a material unremedied breach of its obligations under the agreement is subject to an insolvency (or analogous) event or by the Company if the Administrator ceases to be suitably qualified.

The Administration Agreement shall be governed by English law.

8.7 Company Secretarial Services Agreement

The Company entered into the Company Secretarial Services Agreement on the date of this Prospectus, pursuant to which the Company Secretary is appointed to provide company secretarial services to the Company.

The fees and expenses payable by the Company to the Company Secretary under the Company Secretarial Services Agreement are set out in Part 2.

The Company Secretarial Services Agreement may be terminated by either party at the end of the period of two years from the date of Admission (provided written notice is given by the Company at least 90 days, and by the Company Secretary at least six months, prior to the end of that two year period). The Company Secretarial Services Agreement may also be terminated by either party at any time: (a) on six months' written notice should the parties not reach an agreement regarding any proposed increase of the fees to which the Company Secretary is entitled (above any increase to reflect CPI); (b) immediately on written notice if the other party commits a material breach of its obligations under the Company Secretary which has not been waived, or which that party has failed to remedy within 15 days of receipt of a written notice to do so; (c) immediately upon the insolvency or other analogous event of the other party; or (d) immediately upon the Company Secretary ceasing to be a holder of any relevant licence (or similar) under any applicable law.

The Company Secretary is not liable (and is indemnified by the Company, for itself and as trustee for its directors, officers, employees or agents) for any losses, or for any failure to receive profit or advantage, incurred in connection with the Company Secretarial Services Agreement by the Company or any person on whose behalf the Company is acting as agent except where caused by the fraud, bad faith, negligence, wilful default or breach of any of the provisions of the Company Secretarial Services Agreement on the part of the Company Secretary or any of its agents, sub-contractors, consultants or affiliates or any of their respective directors, officers, employees or agents.

The Company Secretary agrees to indemnify the Company (for itself and as trustee for its directors, officers or agents) from and against any and all liabilities (other than those resulting from the negligence, bad faith, fraud, wilful default or breach of any of the provisions of the Company Secretarial Services Agreement on the part of the Company or its servants, officers or agents) in the Company Secretary's performance of its duties and obligations under the Company Secretarial Services Agreement, up to a maximum limit of £250,000.

9. TRUST AGREEMENTS AND SERVICING AGREEMENTS

As at the date of this Prospectus, the Trusts have entered into the following material contracts:

9.1 The Trust Agreements

The Trust Agreements set out the terms on which the assets of each Trust, consisting of the relevant Policies and related funds, are held by the Trustee for the use and benefit of the beneficiary (which, following the completion of the Acquisition, will be the Company). The Trustee is required to act in accordance with any written instructions received from the beneficiary.

The Trust Agreements set out the purpose of each Trust, which in summary is: (a) to record and update (when applicable) the beneficiary; (b) to hold and transfer title to the relevant Policies; (c) to acquire, hold and sell trust assets contributed to, or purchased by, the Trust; (d) to transfer title to, and borrow against, the trust assets; (e) to distribute trust assets and income and deal with related payments from the trust assets; (f) to enter into the transaction documents and to administer the assets in accordance therewith; and (g) to engage in such other activities as required.

Legal title to all Policies held by a Trust shall be vested at all times in that Trust as a separate legal entity, except where a relevant jurisdiction requires otherwise. As at the date of this Prospectus, each Trust is administered in the United States, and all assets will be located there. Each Trust has a life of fifty years from the date of the relevant Trust Agreement unless terminated earlier, for example when the Trust has no further assets.

The Trustee has no liability for actions taken or omitted on the instructions of the beneficiary. The Trustee may also act through agents satisfactory to the beneficiary and will not be liable for any such agent's wilful misconduct or gross negligence. The Trustee is not liable for any losses for investments made under the Trust Agreements unless such losses are directly attributable to the gross negligence or wilful misconduct of the Trustee. Similarly, Indemnified Persons (being the Trustee and its affiliates and officers, directors, shareholders, employees, representatives and agents) are not liable for any loss incurred by reason of acts or omissions in good faith, except by reason of such Indemnified Person's gross negligence or wilful misconduct. The beneficiary is required to indemnify the Indemnified Persons in respect of any losses suffered, other than where incurred by reason of fraud, gross negligence or wilful misconduct of any Indemnified Person.

The Trustee has the right from time to time to be paid reasonable compensation and reimbursed for reasonable documented expenses. The liability of the Trustee under the Trust Agreements for payment or satisfaction of any claims may only be satisfied from the Trust assets. No recourse is permitted against any Shareholder, officer, Director, employee or agent for any obligation of the Company contained in the Trust Agreements.

A Trustee may resign at any time giving at least 60 days' prior written notice. If there is a separate trustee or co-trustee, resignation will take effect immediately. If there is not, resignation will only be effective on the appointment of a successor. The beneficiary may at any time remove the Trustee; however, removal will not be effective until a successor is appointed. If a successor has not been appointed within a 40 day period, either party may apply to a court of competent jurisdiction for appointment of a successor Trustee.

9.2 **Servicing Agreements**

Litai Assets LLC

There is a separate servicing agreement in place for each of the four Trusts, on broadly the same terms (in respect of the Acheron Portfolio Trust dated 1 October 2009, as amended by an addendum dated 5 March 2014, in respect of the Avernus Portfolio Trust dated 1 January 2014, in respect of the Lorenzo Tonti 2006 Portfolio Trust dated 1 October 2009, as amended by an addendum dated 5 March 2014 and in respect of the Styx Portfolio Trust dated 1 September 2015 (together, the "**Servicing Agreements**"). Under each Servicing Agreement, Litai Assets LLC (the "**Servicer**") contracts with the Trustee of the relevant Trust to provide services including managing collection and payment of policy premiums, monitoring insured persons and related administrative, accounting and reporting services.

The Servicing Agreements run for an initial term until 31 December 2018. The initial term will automatically renew thereafter for periods of two years in the absence of six months' written notice by either party. The Servicing Agreements may also be terminated before the end of the initial term if the parties are unable to renegotiate fees or an uncured event of default or force majeure event occurs.

The Servicer maintains at its own expense insurance coverage of at least US$5,000,000. In addition, each party to the Servicing Agreements agrees to indemnify the other party (and its managers, officers, members, employees, agents, representatives and affiliates) for all expenses, losses and other liabilities incurred in connection with a breach of the servicing agreement, unless as a result of the other party's wilful misconduct, bad faith or gross negligence, as determined by a final judgment of a court of competent jurisdiction. The Servicer is not liable where acting in good faith under the Servicing Agreements other than where it has committed fraud, gross negligence or wilful misconduct.

The fees and expenses payable to the Servicer under the Servicing Agreements are set out in Part 2.

HTM Consevator LLC ("HTM")

Similar services to those provided by the Servicer set out above are provided in respect of a number of policies forming part of the Acheron Portfolio Trust, by HTM, or one of its affiliates Asset Servicing Group LLC, under a service and escrow agreement dated 24 May 2006 (the "**Service and Escrow Agreement**").

The fees and expenses payable under the Service and Escrow Agreement are set out in Part 2.

The Service and Escrow Agreement continues in force until the full purchase price has been settled under the underlying acquisition agreement but is terminable earlier by either party in the event of an un-remedied default by the other party.

HTM's liability where acting in good faith under the Service and Escrow Agreement is limited to intentional fraud, gross negligence or wilful misconduct. HTM is indemnified under the Service and Escrow Agreement, other than in the event of gross negligence or wilful misconduct and indemnifies the original acquirer for losses directly resulting from its gross negligence or with misconduct.

HTM maintains at its own expense insurance coverage of at least US$2,000,000.

10. FINANCIAL INFORMATION, WORKING CAPITAL, INDEBTEDNESS AND SIGNIFICANT CHANGE

10.1 Grant Thornton UK LLP, which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales was approved as the Company's auditor on 24 January 2018. Its address is 30 Finsbury Square, London, EC2P 2YU. The annual report and accounts of the Company will be prepared in US Dollars and in accordance with IFRS.

10.2 The Company's accounting period will end on 31 December of each year, with the first period ending on 31 December 2018.

10.3 The Company has not commenced operations since its incorporation on 16 August 2017 and no financial statements of the Company have been issued as at the date of this Prospectus. Accordingly, it has no operating or financial history.

10.4 The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

10.5 As at the date of this Prospectus and save as disclosed in this Prospectus, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness. As at the date of this Prospectus, the Company's issued share capital consists of 1 A Ordinary Share and 50,000 Redeemable Preference Shares with no legal reserve or other reserves.

10.6 As at the date of this Prospectus, there has been no significant change in the trading or financial position of the Group since the incorporation of the Company. The Group does not hold any capital in any undertakings which is likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

10.7 At Admission and on the completion of the Acquisition, the Company's gross assets will increase by an amount equal to the gross asset value of the Predecessor Company Portfolio, less an amount representing the Issue Costs borne by the Company. It is not possible to quantify the effect of the Issue on the Company's earnings except that they should increase. For illustrative purposes only and assuming that the Admission and Acquisition occurred on 30 November 2017 (being the latest date at which the Predecessor Company has published its unaudited net asset value), the Company's net assets would have increased following Admission and the Acquisition by approximately US$144.4 million (of which US$96.7 million will be attributable to the A Ordinary Shares; US$18.9 million will be attributable to the B Ordinary Shares; US$17.7 million will be attributable to the D Ordinary Shares; and US$11.1 million will be attributable to the E Ordinary Shares).

11. LITIGATION

There are no governmental, legal or arbitration proceedings (including, in so far as the Company is aware, any governmental, legal or arbitration proceedings which are pending or threatened) during the period since the Company's incorporation on 16 August 2017 which may have, or have had in the recent past, a significant effect on the Company or the Group's financial position or profitability.

12. MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT RULES

12.1 Mandatory bids

The Company is subject to the provisions of the Takeover Code. Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other which, taken together with shares already held by that person or group of persons, acquires 30 per cent. or more of the voting rights of a public company which is subject to the Takeover Code or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights exercisable at a general meeting and acquires additional shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash or with a cash alternative at the highest price paid within the preceding 12 months for all the remaining equity share capital of the Company.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9 in this manner. However, under note 2 to Rule 37, where a shareholder has acquired shares at a time when it had reason to believe that a purchase by the company of its own voting shares may take place, an obligation to make a mandatory bid under Rule 9 may arise in certain circumstances. The buy back by the Company of Shares could, therefore, have implications for Shareholders with significant shareholdings.

12.2 **Squeeze-out**

Under the Act, if an offeror was to acquire 90 per cent. of the issued Ordinary Shares then, within four (4) months of making the offer, that offeror could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six (6) weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under the Act must (in general) be the same as the consideration that was available under the takeover offer.

12.3 **Sell-out rules**

The Act gives minority shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can require the offeror to acquire his shares. The offeror would be required to give any shareholder notice of his right to be bought out within one (1) month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought but that period cannot end less than three (3) months after the end of the acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

12.4 **Takeover bids**

There have been no public takeover bids by third parties in respect of the Company's share capital since incorporation.

13. DISCLOSURE REQUIREMENTS AND NOTIFICATION OF INTEREST IN SHARES

Under Chapter 5 of the DTRs, subject to certain limited expectations, a person must notify the Company (and, at the same time, the FCA) of the percentage of voting rights he holds (within two trading days) if he acquires or disposes of Ordinary Shares in the Company to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which he holds as a Shareholder (or, in certain cases, which he holds indirectly) or through his direct or indirect holding of certain types of financial instruments (or a combination of such holdings):

(a) reaches, exceeds or falls below 3, 4, 5, 6, 7, 8, 9 or 10 per cent. and each 1 per cent threshold thereafter up to 100 per cent; or

(b) reaches, exceeds or falls below an applicable threshold in (a) above as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.

Such notification must be made using the prescribed form TR1 available from the FCA's website at http://www.fca.gov.uk. Under the DTRs, the Company must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.

The FCA may take enforcement action against a person holding voting rights who has not complied with Chapter 5 of the DTRs.

14. CONSENTS

14.1 Stockdale Securities Limited has given and not withdrawn its written consent to the issue of this Prospectus and the inclusion herein of its name and the references to it in the form and context in which they appear.

14.2 Mazars LLP has given and not withdrawn its written consent to the issue of this Prospectus and the inclusion herein of its name and the references to it in the form and context in which they appear.

15. THIRD PARTY INFORMATION

Where information in this Prospectus has been sourced from third parties such information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during Business Hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Investment Manager and at the Company's registered office until Admission:

(a) the Company's memorandum of association and Articles;

(b) the Section 593 Valuation (following publication); and

(c) this Prospectus.

17. AVAILABILITY OF THE PROSPECTUS

In addition, copies of this Prospectus are available free of charge from the registered office of the Company. Copies of this Prospectus are also available for access at the National Storage Mechanism which is located at *www.morningstar.co.uk/uk/nsm* and the Company's website, at *www.lsaplc.com*.

PART 7

DEFINITIONS

The meanings of the following terms shall apply throughout this Prospectus unless the context otherwise requires:

"**A Ordinary Shares**"	means the shares with a nominal value of US$0.01 in the capital of the Company issued and designated as A Ordinary Shares and having the rights described in the Articles;
"**Accrued Performance Fees**"	means, as at 31 December 2017, the amount of performance-related distributions in respect of each of the Predecessor Company's share classes that has already been accrued in the Net Asset Value of such Share Class;
"**Acheron Portfolio Trust**"	means the grantor trust, established in Massachusetts, United States, under the Acheron Portfolio Trust Agreement;
"**Acheron Portfolio Trust Agreement**"	means the agreement dated 22 November 2006 pursuant to which Acheron Portfolio Trust has been established;
"**Acquisition**"	means the proposed acquisition by the Company of all of the properties comprising the Predecessor Company Portfolio on the terms of the Acquisition Agreement;
"**Acquisition Agreement**"	means the conditional agreement entered into on the date of this Prospectus between the Company and the Predecessor Company pursuant to which the Company will acquire the Predecessor Company Portfolio in exchange for the issue of the Issue Shares;
"**Act**"	means the UK Companies Act 2006 as amended from time to time;
"**Administration Agreement**"	means the agreement dated the date of this Prospectus between the Company and Companie Européenne de Révision Sàrl, a summary of which is set out in Part 6 of this Prospectus;
"**Admission**"	means the admission of each class of the Shares issued under the Issue to trading on the Specialist Fund Segment;
"**AIC Code**"	means the AIC Code of Corporate Governance, as amended from time to time;
"**AIF**"	means an alternative investment fund within the meaning of the AIFM Directive;
"**AIFM**"	means an alternative investment fund manager within the meaning of the AIFM Directive;
"**AIFM Directive**"	means the Alternative Investment Fund Managers Directive, 2011/61/EU, as amended from time to time;
"**Articles**" or "**Articles of Association**"	means the articles of association of the Company in force from time to time;
"**Auditors**"	means the auditors from time to time of the Company, the current such auditors being Grant Thornton UK LLP who are registered with the Institute of Chartered Accountants in England and Wales;
"**Avernus Portfolio Trust**"	means the grantor trust, established in Delaware, United States, under the Avernus Portfolio Trust Agreement;

"**Avernus Portfolio Trust Agreement**"	means the agreement dated 8 July 2013 pursuant to which Avernus Portfolio Trust has been established;
"**B Ordinary Shares**"	means the shares with a nominal value of US$0.01 in the capital of the Company issued and designated as B Ordinary Shares and having the rights described in the Articles;
"**Board**" or "**Directors**"	means the directors of the Company from time to time or any duly constituted committee thereof, and "**Director**" is to be construed accordingly;
"**Business Day**"	means a day on which the London Stock Exchange is open, other than a Saturday, Sunday or other day when banks in the City of London are not generally open for non-automated business;
"**Catch-Up Amount**"	has the meaning given to it in Part 2 of this Prospectus;
"**Business Hours**"	means the hours between 9.30 a.m. and 5.30 p.m. (UK time) on any Business Day;
"**certificated**" or "**in certificated form**"	means where a share or other security is not in uncertificated form;
"**Certificated Shares**"	has the meaning given to it in Part 3 of this Prospectus;
"**Company**"	means Life Settlement Assets PLC, a company incorporated in England and Wales with registered number 10918785;
"**Company Secretarial Services Agreement**"	means the agreement dated the date of this Prospectus between the Company Secretary and the Company, as further set out in Part 6 of this Prospectus;
"**Company Secretary**"	means Maitland Administration Services Limited;
"**Consenting Individual**"	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;
"**CREST**"	means a paperless settlement procedure operated by Euroclear enabling system securities to be evidenced otherwise than by written instrument;
"**D Ordinary Shares**"	means the shares with a nominal value of US$0.01 in the capital of the Company issued and designated as D Ordinary Shares and having the rights described in the Articles;
"**Direction Notice**"	means a notice given by the Board in its absolute discretion at any time to a Shareholder;
"**Disclosure Guidance and Transparency Rules**" or "**DTRs**"	means the disclosure guidance and the transparency rules made by the FCA under section 73A of FSMA;
"**E Ordinary Shares**"	means the shares with a nominal value of US$0.01 in the capital of the Company issued and designated as E Ordinary Shares and having the rights described in the Articles;
"**EEA**"	means the EU, Iceland, Norway and Liechtenstein;
"**EEA State**"	means a member state of the EEA;

"**ERISA**"	means the United States Employee Retirement Income Security Act of 1974 and the regulations promulgated thereunder (in each case as amended from time to time);
"**EU**"	means the European Union (or, where the context requires, its member states);
"**Euroclear**"	means Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 2878738, being the operator of CREST;
"**FATCA**"	means the US Foreign Account Tax Compliance Act;
"**FCA**"	means the UK Financial Conduct Authority;
"**FCA Handbook**"	means the FCA's handbook of rules and guidance, as amended and updated from time to time;
"**FSMA**"	means the UK Financial Services and Markets Act 2000, as amended from time to time;
"**General Meeting**"	means a general meeting of the Company convened in accordance with the Articles;
"**Gross Asset Value**"	means the sum of its assets less the liabilities attributable to such Share Class;
"**Group**"	means the Company and its subsidiary undertakings (as defined in the Act) at the relevant time;
"**HMRC**"	means Her Majesty's Revenue & Customs;
"**IFRS**"	means International Financial Reporting Standards as adopted by the European Union;
"**Introduction Agreement**"	means the agreement dated the date of this Prospectus between the Company, the Directors Stockdale Securities Limited and Acheron Capital Limited;
"**Investment Manager**"	means Acheron Capital Limited;
"**Investment Management Agreements**"	means the investment management agreements between each Trust (acting by the respective trustee), the Investment Manager the Company and the Predecessor Company dated the date of this Prospectus (or any one of them, as the context requires);
"**Investment Objective**"	means the investment objective of the Company as detailed in Part 1 of this Prospectus under the heading "Investment Objective";
"**Investment Policy**"	means the investment policy of the Company as detailed in Part 1 of this Prospectus under the heading "Investment Policy";
"**ISIN**"	means the International Security Identification Number;
"**Issue**"	means the issue and allotment of Ordinary Shares to the Predecessor Company in accordance with the terms of the Acquisition, as further described in this Prospectus;
"**Issue Costs**"	means the costs, commissions, fees and expenses incidental to the formation of the Company, the liquidation of the Predecessor Company, the Issue and the Acquisition which will be borne by the Company and paid on or around Admission and which includes any Value Added Tax payable;

"**Issue Price**"	means: (a) in the case of the A Ordinary Shares, an amount equal to the net asset value per A Share in the Predecessor Company (as at 31 December 2017); (b) in the case of the B Ordinary Shares, an amount equal to the net asset value per B Share in the Predecessor Company (as at 31 December 2017); (c) in the case of the D Ordinary Shares, an amount equal to the net asset value per D Share in the Predecessor Company (as at 31 December 2017); and (d) in the case of the E Ordinary Shares, an amount equal to the net asset value per E Share in the Predecessor Company (as at 31 December 2017);
"**Issue Shares**"	means the A Ordinary Shares, the B Ordinary Shares, the D Ordinary Shares and the E Ordinary Shares to be issued under the Issue;
"**Link**"	means Link Asset Services or Link Market Services Limited;
"**Liquidator**"	means Companie Européenne de Révision Sàrl, which, subject to the satisfaction of certain conditions, will be appointed as the liquidator of the Predecessor Company;
"**London Stock Exchange**"	means London Stock Exchange plc;
"**Lorenzo Tonti 2006 Portfolio Trust**"	means the grantor trust, established in New York, United States, under the Lorenzo Tonti 2006 Portfolio Trust Agreement;
"**Lorenzo Tonti 2006 Trust Agreement**"	means the agreement dated 19 January 2006 pursuant to which the Lorenzo Tonti 2006 Trust has been established;
"**Main Market**"	means the main market of the London Stock Exchange for securities;
"**Management Fee**"	means the aggregate management fee payable by the Trusts to the Investment Manager as further described in Part 2 of this Prospectus;
"**NAV**" or "**Net Asset Value**"	means: (a) in relation to the Company, 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 a Share of a particular Share Class, means the net asset value of the Company in respect of that Share Class on the relevant date calculated in accordance with the Company's normal accounting policies divided by the total number of Shares of the relevant Share Class then in issue (excluding, for the avoidance of doubt, any Shares of that Class held in treasury);
"**NAV per Share**" or "**Net Asset Value per Share**"	means the Net Asset Value divided by the number of Shares in issue (excluding any Shares held in treasury) at the relevant time;
"**Ordinary Resolution**"	means a resolution passed by not less than a 50 per cent. majority in accordance with the Act;

“**Ordinary Shares**” means the ordinary shares in the capital of the Company, which currently comprise A Ordinary Shares, B Ordinary Shares, D Ordinary Shares and E Ordinary Shares;

“**Ordinary Share Surplus**” has the meaning given to it in Part 6 of this Prospector;

“**Performance Fee**” has the meaning given to it in section 13 of Part 2 of this Prospectus;

“**Performance Hurdle**” has the meaning given to it in Part 2 of this Prospectus;

“**Policy**” or “**Policies**” means an individual or set of life settlement or mortality-related contracts;

“**Predecessor Company**” means Acheron Portfolio Corporation (Luxembourg) S.A., a public limited company (*société anonyme*), incorporated under the laws of Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre du Commerce et des Sociétés*) under number B 129880;

“**Predecessor Company EGM**” means the extraordinary general meeting of the Predecessor Company that will be convened on or around the date of this Prospectus and is expected to be held on 2 March 2018, or any adjournment thereof, at which shareholders in the Predecessor Company will be asked to vote to put the Predecessor Company into liquidation;

“**Predecessor Company Hurdle**” has the meaning given to it in section 13 of Part 2 of this Prospectus;

“**Predecessor Company Portfolio**” means the portfolio of the Predecessor Company means: (a) all the assets of the Predecessor Company, including its beneficial interests in each of the Trusts (and which will, for the avoidance of doubt be transferred subject to and with the benefit of all and any rights, restrictions, obligations, conditions, liabilities and agreements affecting the same or any part thereof, including the right to all income, dividends, distributions, interest and other rights and benefits attaching thereto or accruing therefrom); and (b) means all liabilities of the Predecessor Company, whether known or unknown, contingent or otherwise regardless of whether such liabilities arise before or after the date of the Acquisition;

“**Predecessor Company Shareholders**” means the shareholders who hold shares in the capital of the Predecessor Company from time to time;

“**Prospectus**” means this document;

“**Prospectus Directive**” means the Directive of the European Parliament and of the European Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (No 2003/71/EC) and any relevant implementing measure in each member state (and any amendments thereto);

“**Prospectus Rules**” means the prospectus rules made by the FCA under section 73A of FSMA;

“**Recognised Investment Exchange**” means an investment exchange in relation to which a recognition order of the FCA is in force;

“**Redeemable Preference Shares**” 50,000 redeemable preference shares of £1 each, having the rights as set out in the Articles, to be redeemed on or following Admission;

“**Registrar**”	means the registrar from time to time of the Company, the current such registrar being Link Asset Services;
“**Registrar Agreement**”	means the registrar agreement between the Company and the Registrar dated the date of this Prospectus, a summary of which is set out in Part 6 of this Prospectus;
“**Regulations**”	means the Uncertificated Securities Regulations 2001;
“**Regulation S**”	means Regulation S of the US Securities Act;
“**Regulatory Information Service**” or “**RIS**”	means a regulatory information service approved by the FCA and on the list of Regulatory Information Services maintained by the FCA;
“**Scrip Dividend**”	means the right to elect to receive further shares, credited as fully paid, instead of cash in respect of all or part of any dividend specified by an Ordinary Resolution;
“**SDRT**”	means UK Stamp Duty Reserve Tax;
“**Section 593 Valuation**”	means the valuation report, addressed to the Company to be issued by the Section 593 Valuer in respect of the Issue Shares shortly following the publication of the net asset values for the Predecessor Company shares as at 31 December 2017, upon which the number of Issue Shares can be determined;
“**Section 593 Valuer**”	means Mazars LLP in its capacity as the issuer of the Section 593 Valuation;
“**Section 793 Notice**”	means a notice properly served in accordance with section 793 of the Act;
“**Services Agreement**”	means the agreement dated the date of this Prospectus entered into between the Company and Investment Manager, a summary of which is set out in Part 6 of this Prospectus;
“**Share Class**”	means a class of Share in the Company;
“**Shareholder**”	means a holder of Shares;
“**Shares**”	means the shares in the capital of the Company, which currently comprise A Ordinary Shares, B Ordinary Shares, D Ordinary Shares, E Ordinary Shares and Redeemable Preference Shares each of which has the rights and is subject to the restrictions specified in the Articles;
“**Specialist Fund Segment**” or “**SFS**”	means the specialist fund segment of the Main Market;
“**Special Resolution**”	means a resolution passed by not less than a 75 per cent. majority in accordance with the Act;
“**Styx Portfolio Trust**”	means the grantor trust, established in Delaware, United States, under the Styx Portfolio Trust Agreement;
“**Styx Portfolio Trust Agreement**”	means the agreement dated 8 July 2015 pursuant to which the Styx Portfolio Trust has been established;
“**Takeover Code**”	means the City Code on Takeovers and Mergers;
“**Tracking and Servicing Agent**”	means the tracking and servicing agent or agents appointed by the Trusts from time to time;
“**Treaty**”	has the meaning given to it in the risk factor headed “Risks relating to taxation” in the part of this Prospectus headed “Risk Factors”;

"**Trust Agreements**"	means the Acheron Portfolio Trust Agreement, the Avernus Portfolio Trust Agreement, the Lorenzo Tonti 2006 Portfolio Trust Agreement and the Styx Portfolio Trust Agreement;
"**Trustee**"	means the trustee of each of the Trusts, being, as at the date of this Prospectus, Dr Robert Edelstein;
"**Trusts**"	means the Acheron Portfolio Trust, the Avernus Portfolio Trust, the Lorenzo Tonti 2006 Portfolio Trust, the Styx Portfolio Trust and any other trust established by the Company to hold its assets from time to time;
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland;
"**UKLA**" or "**UK Listing Authority**"	means the FCA acting in its capacity as the competent authority for listing in the UK for the purposes of Part VI of FSMA, as amended from time to time;
"**uncertificated**" or "**in uncertificated form**"	means recorded on the relevant register of the shares or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
"**Uncertificated Securities Regulations**"	means the UK Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended);
"**United States**" or "**US**"	means the United States of America (including the District of Columbia), its territories and possessions, any state of the United States of America and all other areas subject to its jurisdiction or any political sub-division thereof;
"**US Investment Company Act**"	means the United States Investment Company Act of 1940, as amended;
"**US Person**"	means a "US Person" as defined in Regulation S of the US Securities Act;
"**US Securities Act**"	means the United States Securities Act of 1933, as amended;
"**Valuation Agent**"	means the qualified valuation agent appointed by the Company from time to time to value the portfolios;
"**Valuation Date**"	means the last day of each calendar month; and
"**Value Added Tax**" or "**VAT**"	means UK value added tax and/or any other value added tax or sales tax applicable in the UK or any other country.

Acheron Portfolio Corporation

Annual report as at 31st december 2014

- Directors' report
  - Investment manager's report
- Consolidated financial statements
- Stand-alone financial statements
- Statements by the responsible persons

Directors' Report 2014

Dear Shareholders,

The Directors of Acheron Portfolio Corporation Luxembourg S.A. (the "Company") are pleased to present the financial results for 2014. This report contains information drawn from the consolidated financial statements, prepared according to International Financial Reporting Standards (IFRS). The Company also has prepared stand-alone financial statements which fulfill its Luxembourg corporate reporting obligations. The comments in this report refer to the consolidated financial statements unless otherwise stated.

The value of the life-insurance policies beneficially owned by the Company has been determined by independent U.S. actuaries and reviewed by European actuaries. Both financial statements incorporate this valuation of the life settlement policies provided by the actuaries. These portfolio values were determined using actuarial models that incorporated updated life-expectancy tables. This updated parameter results in a modest decline of the portfolio value of Class A shares, but compensated by higher maturities. However, as explained in more details below, the Directors have concluded that this new actuarial model creates a conservative valuation.

General comments

In 2014, the Consolidated Financial Statements Net Asset Value (NAV) per share (in USD) increased from 2.1281 to 2.1675 for Class A; this increase occurred despite changes in some actuarial parameters that reduce the valuation (as detailed in the notes to the consolidated financial statements). The NAV for class B increased from 1.2136 to 1.3386. Class D saw its NAV per share increase from 0.9365 to 1.9326. The increase in class D NAV includes a capital contribution equivalent to 0.453 per share.

Table 1: 2014 Selected Financial Aggregates

	Class A	Class B	Class D
Estimated December 2014 NAV as published in February 2015	101 778 384	19 917 085	12 676 117
Effect of actuarial changes	- 3 463 974	-392 687	1 948 133
Other	178 717	14 112	63 873
December 2014 NAV as per audited financial statements	98 493 128	19 538 510	14 688 123

On 10 January 2014, the Company repurchased 2 000 000 class A shares and 500 000 class B shares. These shares were then cancelled during the shareholders' meeting on 25 August 2014.

Lewis & Ellis, Inc. has completed the December 31, 2014 valuations for Share A, Share B and Share D portfolios. Formal reports have been provided for each classes of shares, separate reports have been provided for those risks associated with AIDS/HIV and Non-AIDS related diseases and conditions.

Acheron Portfolio Corporation

For the valuation, mortality assumptions were created using industry data with refinements to reflect the actual experience of the portfolios. This resulted in changes to the AIDS mortality curves this year, but no changes were required for Non-AIDS related risks. For AIDS risks, Actual to Expected (A/E) ratios were 95% based on the mortality assumptions applied to fund data over the last 5 years. For Non-AIDS related risks, the A/E ratio was 99% as measured over the last 5 years. Both these ratios are much stronger than typically seen in industry studies of experience, where A/E ratios in the 65% to 85% range have been more common. As such, we believe the mortality assumptions used provide a sound actuarial basis for projecting future cash flows of the funds.

For all funds, a discount rate of 12% was used for determination of the present value of future fund cash flows. This discount rate reflects current market conditions for determination of fair value. It also reflects the sound mortality basis applied in valuing the portfolios.

Maturities

When a life insurance policy matures, Acheron collects the net proceeds. In 2014, the Company had a substantial increase in maturities. Collected maturities reached an amount of $34.9 million (compared with $22 million for 2013), of which $23.9 for class A, $6.6 for class B, and $4.3 for class D. Maturities represent 172% of the premiums paid. Table 2 contains information about the collected maturities between 2009 and 2014:

Table 2: Collected Maturities by Year

Year	Class A*	Class B*	Class D*	Total*
2014	23.9	6.6	4.4	34.9
2013	18.2	3.8	0.0	22.0
2012	16.3	8.7	0.0	25.0
2011	16.9	4.7	0.0	21.6
2010	20.8	7.2	0.0	28.0
2009	15.0	1.6	0.0	16.6

*numbers are in millions of U.S. dollars

Using the actual maturity data, the external actuaries put the range of Actual to Expected at between 95% and 100% for the various share classes' portfolios. While computing these results, they adjusted for a portfolio where servicing anomalies have been reported as well as for portfolio concentration issues. These metrics, which are inevitably somewhat arbitrary, nevertheless reflect a strong mortality modelling performance, a relatively uncommon occurrence in the life settlement industry. However, they were computed after a 'refitting' of the HIV mortality as well as other minor data changes that resulted in a mark down of the portfolio. They are also not reflecting the fact that we did not experience in 2014 one of the larger maturities. These two elements explain why, despite having externally computed strong Actual to Expected for the Company's various classes, performances were subdued.

For 2015 the Company, based on the external actuaries model, expects $ 24 million, $ 5.4 million and $ 5.3 million maturities for Class A, B and D respectively. Statistically, given the lack of diversification among larger policies, and the general lack of diversification in B and D, these represent a likely outcome that may or may not be achieved even with a strongly performing forecasting mortality model.

Portfolio

The overall Acheron portfolio is subdivided by portfolios of non-HIV and HIV positive policy holders. During 2014, class A and B did not acquire additional life settlement policies. Class D invested in the fractional ownership of additional life-insurance policies at a cost of $2,021,508. Table 3 provides information about the breakdown of policies by class of stock and by HIV and non-HIV policies:

Table 3: HIV and Non-HIV Policies (all values in USD)

Class A	HIV	Non HIV	Total
Number of policies	4 793	353	5 146
Total face value	401 507 390	141 473 296	542 980 686
Valuation	38 761 098	38 587 414	77 348 512
Percentage to face value	9.65%	27.28%	14.25%

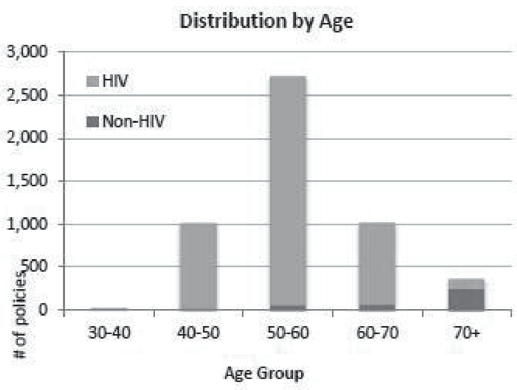
Class B		Non HIV
Number of policies	-	165
Total face value		61 705 309
Valuation		14 860 891
Percentage to face value		24.08%

Class D	HIV	Non HIV	Total
Number of policies	400	183	583
Total face value	15 234 298	38 897 339	54 131 637
Valuation	1 672 938	10 637 280	12 310 218
Percentage to face value	10.98%	27.35%	22.74%

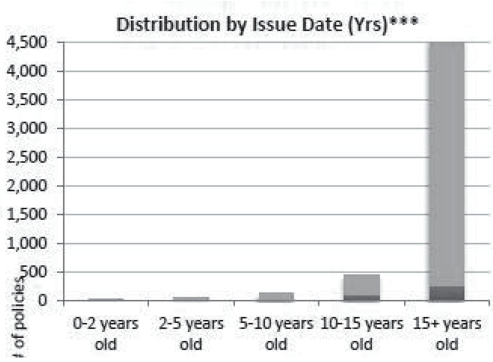
Acheron Portfolio Corporation

Figure 1: Policy Holder Age Distribution, Policy Age, by Stock Class

Class A by age

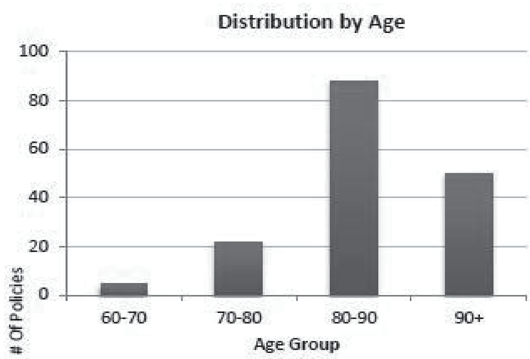


Class A by issue date

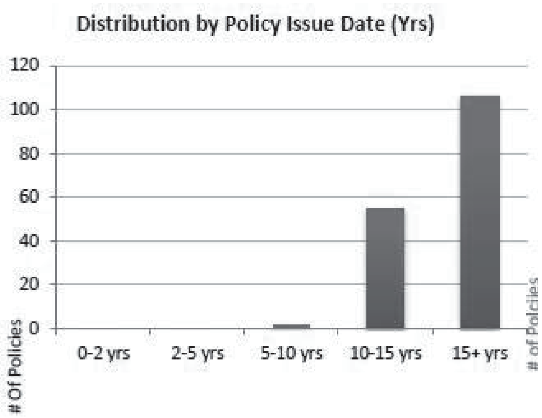


*** The distribution by issue date reflects the time since the life insurance policy was issued

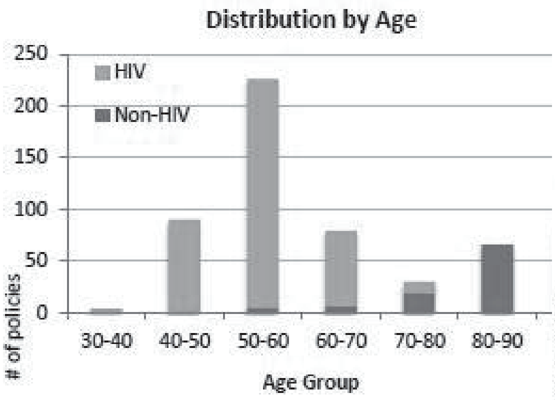
Class B by age



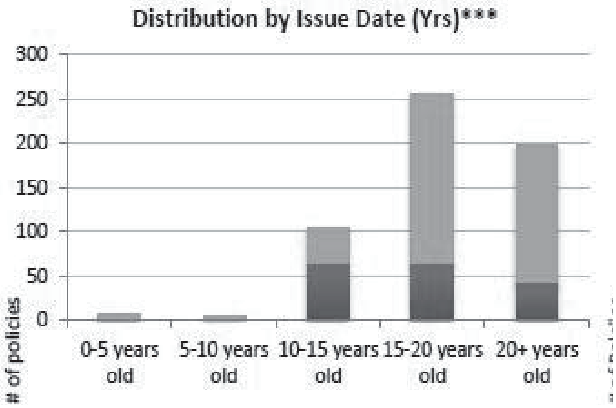
Class B by issue date



Class D by age



Class D by issue date



This data suggests that the Company will have increased cash flows over the next few years. As the age of policies holders within each stock class becomes older, Acheron anticipates significant increases in maturities. Class B has more than forty of its 165 policyholders with ages of ninety or greater. Similarly, Class D has seventy of its 583 policyholders with ages of ninety or greater.

When compared to other firms in the life settlement industry, Acheron's valuation appears conservative. In particular, the net value to face value ratios by age group for classes A, B and D are below the industry average; retained life expectancy is above the industry average by age group.

Financial results

In 2014, the Company's net income from life-settlement portfolio increased to $10,632,448 (2013: $1,893,828). Acheron's net profit for the year was $5,206,283 compared to a loss in 2013 of $3,204,338.

Net income per share amounted to a loss of $0.035 (2013: loss of $0.108) for class A, a profit of $0.118 (2013: loss of $0.114) for class B and a profit of $0.632 (2013: profit of $0.424) for class D. The Directors note that net revenue was positive; however, the loss per share for class A is caused by actuarial changes in the valuation of the life-settlement portfolio. Specifically, the life-expectancy used to estimate values for the HIV portfolio has been increased.

Listing on the stock market

The Company has been listed on the Luxembourg Stock Exchange since November 2008. Trading volumes and number of transactions observed since 2012 qualify the Company to benefit from the Luxembourg-US double taxation treaty for withholding tax on maturities realized in 2014.

Risk

The Company focuses on three main sources of risk: mortality, operational and counter-party risk (credit risk). Please refer also to note 5 of the consolidated accounts for a more detailed description of the financial risks of the Company.

Actual portfolio mortality rates have fallen within the range predicted by the Investment Manager's model. These rates are closely monitored by the Investment Manager as well as the Independent Actuary.

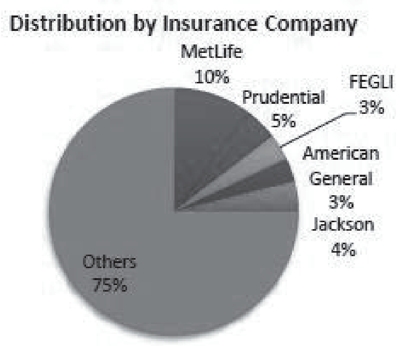
The Company continues its efforts to reduce operational risk, by close monitoring of servicers' work and taking action when required. These operational risks are limited and under control.

The Company's primary exposure to counter-party risk is through the insurance companies which underwrite the life settlement contracts. All policies were issued by "A" rated or better insurance companies. Moreover, in most cases, counter-party risk is *de minimus* because of State guarantees for insurance policies. Most of the policies are fully guaranteed by State entities because of their low the average face value.

Another way the Company mitigates counter-party risk is by relatively low exposure to any individual insurer. Figure 2 (below) shows the number of policies (as of 31 December 2014) which are insured through each insurance Company (split by share class). The largest exposure amounts to 10% of the policies held by Class A, 6% of the policies held by Class B, and 8% for class D.

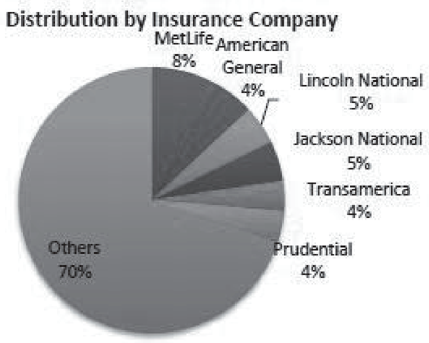
Figure 2: Distribution of Policies by Insurer (by stock class)

Class A



Class B

Class D



Distribution / buy-backs

The board of Directors is exploring how and when it should distribute monies to investors. Operationally, all trusts had cash flow from maturities exceeding premium payments. Due to this situation, the board is considering cash distribution for Class A of $10 million, for class B of around $1 million and for class D of around $0.5 million. These distributions are likely to continue as maturities increase in the coming years. This stands in sharp contrast with the majority of the life settlement industry where investments vehicles have generally failed to pay back investors over time.

Life settlement portfolios are illiquid. It would be difficult to sell the Company's type of holdings. The significant number of HIV and fractional elderly policies exacerbate liquidity. However, given the positive net cash flow generated by the Company's holdings, it may be possible to borrow against the portfolio in order to accelerate stock buy-backs.

Corporate Governance Report

The Company has adopted The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange.

The production of financial information is a straight forward process, based on separate accounting files for the trusts (note 1 of the consolidated financial statements), and for each class of shares. Data are consolidated to produce consolidated financial statements.

The principal assets of the Company are the life settlement insurance portfolios. Day-to-day management of the policies, management of the insurance portfolios, accounting, and valuation are performed by several independent services providers. The Company carefully monitors all service providers. Reconciliation of data is performed on a regular basis.

The share capital of the Company is represented by 45 446 946 A Shares, 14 596 098 B Shares, 7 600 000 class D Shares, and 25 000 CA Shares, 25 000 CB Shares each and 1 000 CD Shares. All the shares have a $1 par value. Class D shares were issued on 17 May 2013.

The authorized share capital of the Company, including the issued capital, is $500,000,000.

Each share is entitled to one vote at all general meetings of shareholders. A shareholder may act at any meeting of shareholders by appointing another person as his proxy in writing or by facsimile addressed to the Company in conformity with voting procedures as included in the convening notice.

There exists neither restriction to the voting rights, nor any specific limitation, or condition to their exercise. There exist no special control rights.

Shareholders with more than 5% of outstanding shares are entitled to add items to the shareholder meeting agenda. Such a request must be received by the Company 22 days in advance of the meeting.

In accordance with art.68bis of the LSC law, it is noted that only one company controls more than 10% of the capital of the Company. This holding is through Credit Suisse Nominee (UK) Ltd for an account owned by Metage Funds Limited representing 16.97% of the voting rights.

In accordance with article 5 of the Articles of Association, the distributions due to the Class C Shares (Note 12) shall be zero until such time as the aggregate dividends distributed to the holders of the other classes of Shares of the Company (the "Non Class C Shares") compounded at five percent (5%) per annum (from the date of each capital gain distribution to the Non Class C Shares) equals the aggregate share capital contributions of the Non Class C Shares compounded at five percent (5%) per annum (from the date of each capital contribution by the Non Class C Shares). Thereafter, the distribution due to the Share Class C Shares shall be equal to 20% of all additional distributions made to the Non Class C Shares. In the event that a redemption in kind is to be performed, the Class C Shareholders and the Non Class C Shareholders shall determine in good faith under what terms any remaining potential distributions to the Class C Shares shall be performed.

At the statutory annual meeting, the majority of shareholders approved the annual accounts and the consolidated financial statements as at December 31st, 2013. During the extraordinary shareholders meeting on 25 August 2014, the shareholders approved the cancellation of the 2 000 000 A Shares and 500 000 B Shares bought back in January 2014.

According to the Articles of Association, the Company is managed by a Board of Directors consisting of at least three members, who need not be shareholders of the Company. The Board shall be composed of at least one Director elected by Class A shareholders and one Director elected by Class B shareholders. The Company will be bound by the signature of two Directors, which at least one shall be a Director elected by Class B shareholders for matters less than one million USD, and, by the joint signature of one Director elected by Class A shareholders and one Director elected by Class B shareholders for matters greater than to one million USD.

The Directors are elected by the shareholders at the general meeting, which shall determine their numbers, remuneration and term of office. The term of the office of a director may not exceed six years and the Directors shall hold office until their successors are elected. Directors may be re-elected for successive terms. The Directors are elected by the general meeting of shareholders by a simple majority of the votes validly cast. Any Director may be removed at any time with or without cause by the general meeting of shareholders by a simple majority of the votes validly cast.

Each member of the Board is a high qualified, honest and acclaimed specialist. Information about the career of the Board of Directors members is published on the Company's website.

The Board met five times in 2014, and as of 20 April 2015, has met three times in 2015. The shareholders' meeting held on 19 June 2013 decided to renew all existing Board members for a 3 year term. The shareholders' meeting held on 30 June 2014 appointed Messrs Jean Medernach and Sadeq Sayeed(*) as new Directors for a period of 2 years. The Board meeting held on January 21st 2011 appointed Mr Yves Mertz as chairman. Mrs Caroline Verhaeven resigned on 10 March 2015.
Currently, the Board is composed of (i) four A Directors, Messrs Robert Edelstein(*), Jean-Michel Paul(*), Sadeq Sayeed and Gunner Turkmen, and (ii) four B Directors, Messrs Jean Medernach, Marco Sterzi, Jean-Michel Van Lippevelde and Yves Mertz(*).
(*) Directors not considered as being independent.

All board members are non-executive. The attendance of Directors to the meeting was 80%.

The Board established an Audit Committee in 2009. The Audit Committee is comprised of two members of the Board and two external experts in the areas of financial reporting, audit, and actuarial services. This ensures the necessary expertise is available to the audit committee to fulfill its mission. Current members are Messrs Jean Medernach, chairman, Vincent Dogs, Yves Mertz and Jean-Léon Meunier. The Audit Committee met twice in 2014 with an attendance of 100%.

The Board will carry out its own assessment and that of the committees in 2015.

Other

The shareholders' meeting held on 30 June 2014 set a budget of $80,000 for board members fees. An amount of $98,407 has been effectively spent.
The 2015 budget for Board members fees is $90,000. The budget allocation for 2015 is subject to the approval of the shareholders.

In 2014, Acheron Portfolio Corporation did not engage in any research and development activities.

The Company has no exposure to environmental risk.

In 2014, Acheron Portfolio Corporation had one employee; most operations were performed by specialized outside service providers.

The Board will propose for shareholder approval the following statutory account allocations:

To be allocated:	
-profit brought forward	$48,427,831
-profit for 2014	$5,047,802
total:	$53,475,633
Allocation:	
-carried forward to 2015	$53,475,633

The Board believes the statutory and the consolidated financial statements, as well as this Directors' report fairly reflects the current and anticipated financial position of the Company. The Board invites all shareholders and potential investors to visit Acheron's website for additional information (www.acheronportfolio.lu).

The Board will seek shareholder approval for the statutory and consolidated financial statements, and approval to discharge legally all Board members from their assignment spanning the year ending 31 December 2014.

Outlook

The Board will convene an Extraordinary Shareholders' meeting in June 2015. The agenda will include a proposal to reduce the nominal value of capital from $1 per share to $0.01 per share in order to create a distributable reserve. Since the Company's current profit and profit brought forward are comprised mainly of unrealised valuation gains the life settlement policies these distributable reserves may be used to pay excess cash from collected maturities to shareholders. As provided by law, unrealized profits are not distributable.

The Company expects to launch a new stock class, Class E, in 2015 in order to finance the acquisition of additional fractional policy ownerships. These purchases will increase the percentage of the Company's ownership of currently partially owned life settlement policies.

As stated before, the Board expects that collected maturities from life settlement policies in 2015 will exceed $34.7 million. This is consistent with external actuarial projections.

The Board of Directors

Investment manager's report 2014

By Acheron Capital Ltd.

Net Asset Value per share and Stock Market Capitalization

NAV and Stock Market Capitalization as of December 31, 2014.

	NAV	Stock Market Cap.
Share Class A	$98M	$50M
Share Class B	$20M	$10M

The prices of Class A and Class B shares last traded at the end of December 2014 were $1.10 and $0.70, respectively. This implied a stock market cap discount of over 50% from NAV.

Class A

1. Current NAV details

The net asset value of Class A as of end December 2014, incorporating the external actuaries' latest annual portfolio valuation, is $98M. This includes $15M in cash, $2M in maturities not yet collected, and $9M in pre-paid premiums. The value of the wholly owned policies includes over $11M in net cash.

2. Implied Portfolio Market Valuation

As of December, Class A:

- stock market capitalization	$ 50M
- cash and maturities to be received	$ 17M
- premiums paid in advance	$ 9M
- estimated cash in whole life policies	$11M

Net of cash, the maturities to be received and premia advances, the implied portfolio valuation at the current stock market price is about $24M. This compares to a portfolio valuation at NAV of about $75M, or a discount of over 68%. Furthermore, there is an extractable net cash in the policies of about $11M. Thus, there is a residual valuation for the portfolio of about $13M net of cash in these policies. This implies a market discount of about 80%.

According to the actuaries, the HIV and Life Settlement portfolio segments are roughly equal in value. The stock market price implies that these segments are worth half the value computed by the actuaries. For this analysis, if we were to assume that the HIV portfolio has no value, then the non-HIV portfolio is equal to the current market capitalization. This is done exclusively for comparison purposes; in reality, this portfolio has produced consistent positive cash flow for several consecutive years.

3. Life Settlement Segment Current Market Value to Face Value Ratio

As of December, Class A:

- Life Settlement face	$ 140M
- Life Settlement average age	87.5
- estimated cash in wholly owned policies and fractionals	$4M

Taking the valuation of the Life Settlement segment and subtracting the cash in the fractional policies, one computes a value of about $37M. This generates a current market value to insurance policy face value ratio of 26%. Since the average age of the Life Settlement segment in our portfolio is 87.5 years old, our NAV valuation compares favorably to the valuation of other funds. The average age of the Life Settlement segment, including the $12M of non HIV viatical below 70, is 87.5. The weighted average age of the LIFE SETTLEMENT alone is 89.7 years.

4. Valuation Versus Expected Distributions

a. *Feasibility of recurring stockholder distributions*

The first distribution of $2M from class A was made in early 2014. As of the end of 2014, there has been about $22M in notified maturities. The costs for the business consist of premium payments of over $14.5M and various operating expenses of about $4M. Without accounting for the increase of cash in the policies implied by the differential between the cost of insurance and the premium payments, one can infer a free cash flow for 2014 of $3.5M. On this basis, and given the volatile nature of maturities, we will retain the assumption of a distribution of $2M this year with distribution amounts increasing by $0.5M each year in the future. Actual distributions will of course vary depending upon circumstances, and depending on particular policy maturity experience.

As a reference, the maturities projected for 2015 for class A are about $25M and premiums are about $14M. This implies a free cash flow of $7M, assuming other operational costs are $4M. On this basis, and given the volatile but monotonically increasing nature of maturities, one can retain the assumption of a distribution of $4M for 2015 with distributions to shareholders that will increase by $0.5M each year for at least the next five years. Actual distributions will of course vary depending upon circumstances and actual policy maturity experience.

b. *Large policies of 94 or over: expected maturity*

Insured	Face (millions)	Total Face (millions)	Age	Expiration Age
1	9.6	9.6	94	100
2	5.7/2.0/0.9	8.6	95	101/101/101
3	2.5/2.4/1.7	6.5	95	115/120/120
4	6.4	6.4	95	120

Class A has a large concentrated exposure on large elderly viators, four of which are aged 94 or 95. The total exposure on these four policies is about $31M. Each of these viators has an actuarial life expectancy of three to four years. This explains that, while the expected actuarial maturities (calculated by external actuaries) are currently $25M; however, a lower total of collected maturities would be observed if none of these large policies matures.

If one were to make the likely assumption that two of these large policies mature in the next four years, premium payments (currently around $3M for the four large elderly policies) would also decrease materially, by a few million dollars, allowing further cash to be released from the cash reserve for shareholder distributions. One could further assume that the cash reserve could then be reduced by $2M.

Y1	Y2	Y3	Y4	Y5	Y6	Y7
$4M	$4.5M	$5M	$22M	$6M	$6.5M	$7M

Based on this simple cash flow projection model, the current market price would be repaid to shareholders in the form of distributions over the next 6 to 7 years.

c. *Alternative scenario: smallest 'large' maturity occurs in 2015 and all others live beyond age 101.*

As a stress test, it is possible to examine the expected distributions if the high-value policy viators were all to live to twice the normal life expectancy (8 years), except the smallest one which we will assume matures in 2015. In such case, premium levels would drop as policies expire or reach 100; only then would the premium reserve be reduced.

Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8
$10M	$4.5M	$5M	$5.5M	$6M	$6.5M	$7M	$17M

Based on this simple cash flow projection model, the amount of cash generated over the next 8 years or less would be equal to the current stock market valuation.

5. Ultimate Distribution Multiples

a. *Possible gross cash generation until maturity – first degree approximation*

Adjusted Net Death Benefit	$480M
Estimated Premiums to Life Expectancy	$150M
Net Cash Retained After Cost	$330M
Net Cash Retained to NAV Ratio	3.4
Net Cash Retained to Market Cap Ratio	6.6

The current portfolio is split between the HIV and the Life Settlement segments. The respective size of these segments are essentially, $140M Life Settlement and $380M HIV. The average age for the Life Settlement segment is about 87.5 years, with a face-weighted average of 90 years. This translates into a Life expectancy for a normal population (while our population has had material medical problems in the past) of 4.5 years for men and to 5.5 years for women. To be conservative, we utilize a life expectancy of 6 years. HIV life expectancy is a more difficult variable to assess. The current average

age of the HIV population is about 55 years old; mortality is similar to a population about 20 years older. Therefore, assuming the HIV policies will have the life expectancy of the general male population aged 70, the average life expectancy for HIV policies would be 15 years. The current total premium paid on this portfolio is about $14.5M, while the cost of insurance (COI) is $13M per year. For this computation, we will retain $15M as a basis for premium projections.
Assuming that the premia increase offset compensated by new maturities, and that total annual premium payment remains at $10M for Life Settlements and $5M for HIV, this implies a total premium payment over the whole period of $150M.

In this simplified model, we would then have death benefits net of various obligations of about $480. Thus, the total cash projected under this simplified duration mortality model is $480M with a total net cash of over $330M. Compared to today's NAV this represents a multiple of 3.4. Compared to today's market capitalization, this represents a multiple of about 6.6.

b. *Stressed gross cash generation until maturity*

Using the previous assumptions, we analyze cash generation for the Life Settlement portfolio where policy holders have a 10 year life expectancy (Life expectancy is 78 years, 10 years younger than our population) and the HIV portfolio population has a 25 year life expectancy (life expectancy of the general population at age 55). We also assume a further decrease in collected death benefits by $15M. This decrease reflects additional policy lapsing. Using these actuarial assumptions, death benefits collected after costs would be $465M, with premiums for the whole period in the HIV segment of $100M and in the Life Settlement of $125M. This would result in a multiple to NAV of 2.5 and multiple to market capitalization slightly above 5.

Adjusted Net Death Benefits	$465M
Estimated Premiums to Life Expectancy	$225M
Flow retained after Costs and Cash	$240M
Multiple to NAV	2.4
Multiple to Market Cap	4.8

Class B

1. Current NAV Details

The current reported NAV of Class B, reviewed by external actuaries, is about $20M. This includes, approximately, cash of $3.6M, maturities to be received of $1M, premiums paid in advance of $1.4M. The value of the wholly owned policies includes cash value of about $2M.

2. Implied Portfolio Market Valuation

As of December, Class B:

- stock market capitalization	$ 10M
- cash and maturities to be received	$ 4.6M
- premiums paid in advance	$ 1.4M
- estimated cash in wholly owned policies and fractionals	$2.5M

Net of cash, the maturities to be received and premiums paid in advance, the implied portfolio valuation at the current stock market price is $4M. This compares to a portfolio valuation at NAV of about $14M.

3. Life Settlement Current Market Value to Face Value Ratio

As of December, Class B:

- Life Settlement face	$ 61M
- Life Settlement average age	86
- estimated cash in wholly owned policies and fractionals	$2.5M

Taking the valuation of the Life Settlement segment without subtracting the cash in policies, one computes a price to face ratio of 23%.

4. Valuation vs Expected Distributions

a. *Historical Distributions*

The Class B shareholders have received two distributions in the last two years, totalling $4.5M. While the amount distributed is material, future distributions will depend on maturities, which are volatile because the portfolio has a relatively small number of policies.

b. *Feasibility of recurring stockholder distributions*

The expected portfolio performance should support an average distribution of approximately $2M. This is in line with current maturity levels, premia and other experienced costs. Assuming premium increases are offset by increasing maturities, the cash generated over the next seven years would equal the current market value of the portfolio. Additionally, the cash flow generated by the Class B Portfolio would equal the current stock market value over 5 years.

5. Ultimate Distribution Multiples

a. *Possible gross cash generation until maturity*

Adjusted Net Death Benefit	$61M
Estimated Premiums to Life Expectancy	$24M
Net Cash Retained after Costs	$37M
Net Cash Retained to NAV Ratio	1.8
Net cash retained to portfolio value	2.6
Net Cash Retained to Market Cap Ratio	3.7

The average age for the Life Settlement segment is about 86 years old. This translates into a Life expectancy for a normal population (this population has had material medical problems in the past) of 5.4 years for men and to 6.4 years for women. For this analysis, we assume a Life Expectancy of 6 years for the policies within the portfolio. The current total for premiums paid for this portfolio is about $3.5M. We assume that future operating costs will be $4M per year, this represents an increase of $500k per annum. For a period of 6 years, this translates into projected total costs of about $24M.

In this simplified model, adjusted net death benefits would be $61M. The holding costs for the period would be of $24M. Net cash retained after costs would be about $37M. The ratio of net cash retained to NAV is 1.8. The ratio of net cash retained to market capitalization is 3.7.

b. *Stressed cash generation until maturity*

We developed a stress test using the previous model and assumptions but with the added 'stressed' assumptions that life expectancy will be 10 years and future costs will be $5M a year. The higher cost assumption reflects expected higher premium payments. This stress test yields a net cash retained to NAV ratio 0.5 and a net cash retained market capitalization ratio of 1.1.

Adjusted Net Death Benefits	$61M
Estimated Premiums to Stressed Life Expectancy	$50M
Net Cash Retained after Costs	$11M
Net Cash Retained to NAV Ratio	0.5
Net cash retained to portfolio value	0.8
Net Cash Retained to Market Cap Ratio	1.1

Acheron Capital Ltd.

Acheron Portfolio Corporation

Acheron Portfolio Corporation (Luxembourg)
SociØtØ Anonyme

Auditor’s report
and
consolidated financial statements as at 31 December 2014

Registered office: 37 rue d’Anvers, L-1130 Luxembourg
R.C.S. Luxembourg: B 129.880.
Share capital: USD 67.694.044

To the Shareholders of
ACHERON PORTFOLIO CORPORATION (LUXEMBOURG)
Société Anonyme
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REPORT OF REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of ACHERON PORTFOLIO CORPORATION (LUXEMBOURG) Société Anonyme and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises Agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the Réviseur d'Entreprises Agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks assessments, the Réviseur d'Entreprises Agréé considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Report on other legal and regulatory requirements

The management report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the corporate governance statement.

Luxembourg, April 30, 2015

Marco CLAUDE
Réviseur d'Entreprises Agréé
Grant Thornton Lux Audit S.A.

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Statement of consolidated financial position as at 31st December 2014

	Notes	31/12/2014 USD	31/12/2013 USD
ASSETS			
Non-current assets			
Financial assets at fair value through profit and loss - Life settlement investments	11	105 119 621	107 517 991
		105 119 621	107 517 991
Current assets			
Premiums paid in advance	7	12 204 763	10 970 042
Financial assets held at fair value through profit and loss - bonds	6/8	-	2 526 250
Other receivables and prepayments	9	538 523	1 012 380
Cash and cash equivalents	10	21 316 906	11 889 390
		34 060 193	26 398 062
Total Assets		139 179 814	133 916 053
LIABILITIES			
Capital and reserves			
Share capital	12	67 694 044	70 194 044
Subscribed capital uncalled		-	-3 420 000
Share premium		14 164 742	14 164 742
Reserves		2 792 000	-
Retained Earnings		53 331 011	52 316 728
Interim dividend		-	-1 400 000
		137 981 797	131 855 514
Current liabilities			
Trade and other payables		131 471	815 199
Tax provision	20	337 804	611 349
Accruals	13	728 741	633 991
		1 198 017	2 060 539
Total Liabilities		139 179 814	133 916 053

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Consolidated statement of comprehensive income for the year ended 31st December 2014

	Notes	31/12/2014 USD	31/12/2013 USD
Income from life-settlement portfolio	14		
Maturities		34 956 034	22 019 248
Acquisition cost of maturities		-2 807 822	-2 426 480
Premiums paid		-20 238 565	-19 654 317
Fair value adjustments		-1 277 199	1 955 377
Net income from life-settlement portfolio		10 632 448	1 893 828
Operating expenses	15	-4 972 430	-4 821 278
Staff costs			
Wages and salaries		- 49 244	- 16 698
Social security costs		- 6 625	- 2 269
		- 55 869	- 18 967
Finance income			
Interest income	16	39 273	126 002
Other income from matured policies	17	499 573	777 040
Net loss on financial assets held at fair value through profit and loss		- 26 250	- 7 345
		512 595	895 697
Finance costs			
Interest expenses	18	-1 007 776	-1 014 701
Net foreign exchange loss		- 8 268	- 10 596
		-1 016 044	-1 025 297
Profit/(Loss) before tax		5 100 700	-3 076 016
Tax income/(expenses)	19	105 583	- 128 322
Profit/(Loss) for the year		5 206 283	-3 204 338
Other comprehensive income		-	-
Total comprehensive income for the year		5 206 283	-3 204 338
Total comprehensive income attributable to the owners of the Company		5 206 283	-3 204 338
Basic and diluted profit per share class A	22	-0,035	-0,108
- numerator class A		-1 602 908	-5 132 783
Basic and diluted profit per share class B	22	0,118	-0,114
- numerator class B		1 717 236	-1 721 634
Basic and diluted profit per share class D	22	0,632	0,424
- numerator class D		5 091 955	3 650 079

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Consolitated cash flow statement for the year ended 31st December 2014

	Notes	2014 USD	2013 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the year		5 206 283	-3 204 338
Non cash adjustments:			
- non cash movement on portfolios		4 046 513	471 103
- other income from matured policies		- 546 628	- 903 042
Cash flows from operations before working capital changes		8 706 168	-3 636 278
(Increase)/Decrease in premium paid in advance		-1 234 721	580 229
Decrease/(Increase) in other receivable and prepayments		473 857	- 148 157
(Decrease)/Increase in trade and other payable		- 588 980	591 202
(Decrease)/Increase in tax payable	19/20	- 273 544	117 971
Cash flows from operations		7 082 780	-2 495 034
Other income from matured policies		546 628	903 042
Net cash flows from operating activities		**7 629 408**	**-1 591 992**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in life-settlement portfolios		-1 983 000	-2 262 089
Net investment in bond portfolio		2 526 250	7 345
Net cash used in investing activities		**543 250**	**-2 254 744**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash on policies		334 858	- 487 338
Reduction of capital		-2 500 000	-
Additional payment of the subscribed capital		3 420 000	4 180 000
Net cash flows from financing activities		**1 254 858**	**3 692 662**
NET CHANGES IN CASH AND CASH EQUIVALENTS		**9 427 516**	**- 154 074**
Cash and cash equivalents:			
At the beginning of the year		11 889 390	12 043 464
At the end of the year		**21 316 906**	**11 889 390**

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Consolidated statement of changes in equity for the year ended 31st December 2014

	Share capital	Subscribed capital not called	Share premium	Legal reserve	Reserve for own shares	Interim dividend	Retained earnings	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Balance as at 1 January 2013	62 594 044	-	14 164 742	-	-	-1 400 000	55 521 066	130 879 852
Subscribed capital increase	7 600 000	-3 420 000	-	-	-	-		4 180 000
Loss for the year	-	-	-	-	-	-	-3 204 338	-3 204 338
Balance at 31 december 2013	70 194 044	-3 420 000	14 164 742	-	-	-1 400 000	52 316 728	131 855 514
Subscribed capital not called		-	-	-	-	-	-	-3 420 000
Net equity as at 31 December 2013	**70 194 044**	**-3 420 000**	**14 164 742**	**-**	**-**	**-1 400 000**	**52 316 728**	**128 435 514**
Balance as at 1 January 2014	70 194 044	-3 420 000	14 164 742	-	-	-1 400 000	52 316 728	131 855 514
Shares buy- back 10/01/2014	-	-	-	-	-2 500 000	-	2 500 000	-
Additional payment of subscribed capital		3 420 000						3 420 000
Allocation of the year 2013:								
- legal reserve	-	-	-	2 792 000	-	-	-2 792 000	-
- final apprroval dividend 2012	-	-	-	-	-	1 400 000	-1 400 000	-
Shareholders' meeting 29 August 2014:								
- cancellation of own shares	-2 500 000	-	-	-	2 500 000	-	-2 500 000	-2 500 000
Profit for the year	-	-	-	-	-	-	5 206 283	5 206 283
Balance at 31 December 2014	**67 694 044**	**-**	**14 164 742**	**2 792 000**	**-**	**-**	**53 331 011**	**137 981 797**

NOTE 1 **GENERAL INFORMATION**

1.1 Nature of operations

The principle activities of Acheron Portfolio Corporation (Luxembourg), Société Anonyme, ("the Company") and its subsidiaries (together "the Group") (Note 4) are to support and to fund the acquisition of individual and portfolios of life settlement and mortality related policies on the secondary market or in distressed situations (Note 11). Such insurance policies are located in the United States of America ("USA").

Once acquired, the policies are the property of the Acheron Portfolio Trust, a grantor trust established in the Commonwealth of Massachusetts USA, the Lorenzo Tonti 2006 Trust, a trust established in the State of New-York, or the Avernus Portfolio Trust, a trust established under the laws of the State of Delaware. Class A Shares, class B Shares and class D Shares (respectively) are the exclusive beneficiaries of these trusts.

The trusts are managed by Acheron Capital Limited, a London-based company which is authorised and regulated by the Financial Conduct Authority of the United Kingdom. The Acheron Portfolio Trust and the Lorenzo Tonti 2006 Trust are managed in accordance with the terms and conditions of two investment advisory agreements concluded on 20 August 2008 and renewed in June 2012. A new investment advisory agreement was concluded on 24 July 2013 for the management of the Avernus Portfolio Trust.

The Company's subsidiaries do not carry out any life settlement business.

1.2 General information and statement of compliance with IFRS

The Company is the Group's ultimate parent company.

The Company was incorporated on 27 June 2007 and is organised under the laws of Luxembourg as a public limited company (société anonyme) for an unlimited period. The registered office of the Company is 37, route d'Anvers, L-1130 Luxembourg.

The Shares of the Company were first quoted on the Luxembourg stock Exchange on 21 November 2008. The Shares of Class A and Class B (Note 12) are quoted separately. The Class C Shares and Class D Shares (Note 12) are unquoted.

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB) as adopted by the European Union.

The consolidated financial statements for the year ended 31 December 2014 (including comparatives) were approved and authorised for issue by the Board of Directors on the 20 April 2014.

NOTE 2 <u>SIGNIFICANT ACCOUNTING POLICIES</u>

2.1 Basis of preparation

The consolidated financial statements have been prepared using the accounting policies specified by those IFRS that are in effect at the end of the reporting year (31 December 2014), or which have been adopted early.

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarised below.

2.2 Changes in accounting policy and disclosures

2.2.1 New and amended standards and interpretations mandatory for the first time for the financial year beginning 1 January 2014, but not currently relevant to the Group

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. This interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subject to significant levies, so the impact on the Group is not material.

2.2.2 New standards, amendments and interpretations adopted by the Group

The following standards, amendments to standards and new interpretations are mandatory for the first time for the financial period beginning 1 January 2014:

IAS 27, "Separate financial statements" (revised 2011). The application of this standard has no impact for the Group.

IAS 28, "Associates and joint ventures" (revised 2011). The application of this standard has no impact for the Group.

IAS 32 (amendments), "Financial instruments: presentation – offsetting financial assets and financial liabilities". The application of this standard has no impact for the Group.

IAS 39 (amendments), "Financial instruments: recognition and measurement". The application of this standard has no impact for the Group.

IFRS 10, "Consolidated financial statements". Under IFRS 10, subsidiaries are all entities including structured entities over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The application of this standard has no impact for the Group.

IFRS 11, "Joint arrangements". Under IFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The application of this standard has no impact for the Group.

IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities including joint arrangements, associates, and unconsolidated structured entities. The Group has considered that the impact of these disclosures in the consolidated financial statements.

2.2.3 Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and amendments have been issued by the IASB or the IFRIC but are not effective for the Group's accounting period beginning on 1 January 2014. The Group has yet to assess the impact of the new standards and amendments.

"Disclosure Initiative (Amendments to IAS 1)" – effective from 1 January 2016 to encourage companies to apply professional judgement in determining the information to disclose in their financial statements. These amendments have not yet been endorsed by the European Union.

IAS 19 revised, "Defined Benefit Plans: Employee Contributions" – effective from 1 July 2014. These amendments have been endorsed by the European Union in January 2015 with effective date 1 February 2015.

Amendments to IAS 16, "Property, plant and equipment" and IAS 38,"Intangible assets" on depreciation and amortisation and IAS 16, "Property, plant and equipment" and IAS 41, "Agriculture" related to accounting for bearer plants – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.

Amendment to IAS 27, "Separate financial statements", on equity method on separate financial statements – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.

"Investments Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)" – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.

Annual improvements 2010-2012 and 2011-2013 – effective from 1 July 2014. These amendments have been endorsed by the European Union in January 2015 with effective date 1 February 2015.

Annual improvements 2012-2014 – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.

IFRS 9, "Financial instruments" (and related amendment on general hedge accounting) – effective from 1 January 2018. The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.This standard has not yet been endorsed by the European Union.

IFRS 14, "Regulatory deferral accounts" – effective from 1 January 2016. This standard has not yet been endorsed by the European Union.

IFRS 15, This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18,'Revenue' and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 will be applicable for reporting periods beginning on or after 1 January 2017. This standard has not yet been endorsed by the European Union.

Amendments to IFRS 10, "Consolidated financial statements" and IAS 28, "Investments in associates and joint ventures", on investment entities applying the consolidation exception – effective from 1 January 2016. This standard has not yet been endorsed by the European Union.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements consolidate those of the parent Company and all of its subsidiary undertakings drawn up to 31 December 2014 (Note 4). Subsidiaries are structured entities over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect these returns through its power over the entity. All subsidiaries have a reporting date of 31st December.

All transactions and balances between the Group companies, including realised and unrealised gains and losses on transactions are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The profit or loss and other comprehensive income of subsidiaries acquired or disposed during the year are recognised from the effective date of the acquisition, or up to the effective date of the disposal, as applicable.

There was no non-controlling interest (minority interest) at year end.

3.2 Business combinations

Business combinations are accounted for using the purchase method. The purchase method involves the recognition of the acquirer's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and the liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair value, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of identifiable net assets of the acquirer at the date of the acquisition. Any excess of identifiable net assets over acquisition cost is recognised in profit or loss immediately after the acquisition.

3.3 Foreign currency translation

The consolidated financial statements are presented in United States Dollars (USD), which is also the functional currency of the Group.

(a) Annual accounts

Foreign currency transactions are translated into the functional currency of the Group, 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 and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates prevailing at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates prevailing at the date when fair value was determined.

As at year-end the Group had no non-monetary items.

(b) Consolidated accounts

All companies included in the consolidated accounts have their financial statements prepared in USD.

3.4 Segment reporting

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

Segment information:

The Group management makes the strategic resource allocations on behalf of the Group. The Group management has identified the insurance portfolios or portfolio rights acquired can all be classified as life settlement business and 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 Group's performance is evaluated on an overall basis. Investment objective of the Group is medium-term capital growth. An analysis of expected maturities is given in Note 11.4 of the consolidated financial statements.

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

There were no changes in the reportable segments during the year.

All of the Group's income is from revenue generated on the life settlement portfolio in the USA. This life settlement portfolio is classified as non-current assets.

3.5 Property, plant and equipment

Tangible assets are valued at their purchase price, including the expenses incidental thereto or at production cost. Tangible assets are amortised over their estimated useful economic lives, being 5 years.

3.6 Life-settlement portfolios

Being the final and exclusive beneficiary of the Acheron Portfolio Trust, the Lorenzo Tonti 2006 Trust and the Avernus Portfolio Trust, the Group 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 Trusts 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 recognised as a cost of sale. Cash borrowed 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. The change in the fair value of the Company's life insurance portfolios represents the main determinant of the Company's performance.

Insurance portfolios are valued at fair value (Note 11).

3.7 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

3.8 Financial instruments

Financial assets and financial liabilities are recognised when the Group 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 and 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, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets held at fair value through profit or loss; and
- held-to-maturity investments, if any.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets, except for those held at fair value through profit and loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

All incomes and expenses relating to financial assets that are recognised in profit or loss are presented within “finance costs”, “finance income” or “other financial items”.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Financial assets held at fair value through profit or loss

Financial assets held at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments, if any, fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value, with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or through using valuation techniques where no active market exists.

During the year the Group did not hold either derivative instruments or hedging instruments.

The Group has designated the mortality bonds and life settlement portfolios as held at fair value through profit and loss. These investments are managed and their performance is evaluated on a fair value basis in accordance with the Group's investment strategy and information is provided internally the Board of Directors.

The Company manages its assets in a way to enhance profits through optimizing the life settlement portfolios, minimizing the premiums payable on the life settlement portfolios, and collecting maturities in order to distribute such realized profit or available cash to its Shareholders.

Financial liabilities

The Group'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.

3.9 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 less.

3.10 Tax expenses

Tax expenses recognised in profit or loss mainly comprise the sum of withholding tax and current income tax.
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group 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 is recognised, using the liability method, on temporary differences arising between the tax bases of the Company's assets and liabilities and their carrying amounts in the consolidated 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.

The Group has adopted a prudent approach and has not recognised a deferred tax asset on the statement of financial position (balance sheet) as the Board of Directors of the Company is of the opinion that there will not be sufficient taxable profits against which to offset the tax deduction resulting from the temporary differences.

3.11 Equity, reserves and dividend payments

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

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of Shares are deducted from their share premium, net of any related income tax benefits.

Foreign currency translation differences, if any, arising on the translation of the Group's foreign entities are included in the translation reserve.

Retained earnings include all current and prior period retained profits.

Considering the provisions of the article 72ters of the law of 19 December 2002, as amended on 30 July 2013, unrealized profit arising from the valuation of assets at fair value may neither be distributed to Shareholders, nor be utilized for an allocation to a legally required reserve.

Dividend distributions payable, if any, to Shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

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

3.12 Provisions, contingent liabilities and contingent assets

Provisions are recognised when: the Group 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.

3.13 Revenue and expenses recognition

3.13.1 Revenues

Revenue comprises the fair value of the consideration received in relation to maturities or to the surrender or sale (if any) of life settlement policies. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the entity.

Maturities are recognized as revenue when the Group is formally aware of the maturity of a life insurance policy and the insurance company has confirmed that the life insurance policy was in force at the maturity date or at the time that the cash is received by the Group.

Net income from life settlement portfolios derives from the maturity or the sale of insurance policies less their acquisition value and the change in the valuation of the fair market value of the remaining policies.

3.13.2 Premiums

Premiums are expensed as maintenance costs of the life insurance portfolios when paid. However, only the portion of the premiums which relates to the insurance coverage period up to 31st December of each financial period is recognized as an expense. The remaining amount is shown as premiums paid in advance on the balance sheet.

3.13.3 Interest income

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

3.14 Significant management judgment in applying accounting policies.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements relate mainly to the valuation of the investment portfolios and when revenues may be accounted for.

For portfolio valuation, the Group relies on models developed by Acheron Capital Limited, the investment manager, and on an external valuation provided by Lewis & Ellis (Note 11).

Management also set criteria stating when a life insurance policy can be considered to have matured and when the benefit of a maturity can be attributed to the Group (Note 3.13.1).

NOTE 4 CONSOLIDATED COMPANIES

The consolidated financial statements of the Group include Acheron Portfolio Corporation (Luxembourg), Société Anonyme, as the parent Company and the following wholly owned subsidiaries:
- Acheron Portfolio Corporation Ltd, Ireland;
- Lorenzo Tonti Ltd, Ireland;

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held by the parent Company does not differ from the proportion of ordinary shares held. The subsidiaries have not issued shares, other than ordinary Shares.

Being the final and exclusive beneficiary of the Acheron Portfolio Trust, the Lorenzo Tonti 2006 Trust and the Avernus Portfolio Trust (Note 1.1), the Company has reflected in its own financial statements all the transactions performed on the life insurance portfolios owned by the trusts. Investments in transactions to support the acquisition of the life settlement assets held by the trusts are considered as being done by the Company for its own account.

NOTE 5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. Risk management is carried out by the Board of Directors.

Foreign Exchange Risk

Assets, income and most transactions are denominated in USD. Only part of the Company's current expenses are denominated in Euros and are paid as incurred. Consequently the Group believes that it does not have a significant foreign exchange risk.

Interest Rate Risk

Apart from cash, cash equivalents and mortality bonds (Note 8), the assets of the Group are mainly composed of portfolios of life settlement policies. Life settlement policies are not correlated 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 projection is the major factor which affects the valuation of the Group's assets.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are not substantially dependent on changes in market interest rates.

Credit Risk

The primary credit risk faced by the Group relates to solvency of the insurance companies which underwrite the insurance policies which are the main assets of the Group. 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 guaranties 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.

Liquidity risk

Prudent liquidity risk management requires the Group to maintain sufficient cash, cash equivalents and marketable securities for the Group's day-to-day requirements.

A proportion of the Group's investments are in fractional life insurance policies. Fractional life insurance policies are where a number of different investors own interests in a single underlying life insurance policy.

There is a risk that other investors in a given life insurance policy may decide not to continue to pay the premiums associated with their interest and may allow their investment to lapse. In this situation the Group must retain sufficient additional liquidity to buy out the lapsing investors' fractional interest and to bear the associated increase in premium payments in order to ensure that the underlying life insurance policy does not lapse.

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.

During the reporting period, the Group did not face any cash flow problems. The Group is presently not dependent on borrowings to manage and finance its current business. All investments are financed by equity.

5.2 Capital risk management

The Group's objectives in managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders or issue new Shares.

The Group had cash balances of USD 21.3 million as at 31 December 2014 (2013: USD 11.9 million).

5.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in active markets is based on quotations from major brokers, other reliable external information or other methods assessed to be appropriate by the Board of Directors.

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

5.4 Operational risk

Although the Group employs one member of staff, it has outsourced most of its administrative tasks to external service providers. The major services providers are: Lewis & Ellis (United States of America), who act as the Group's external actuary; Litai Assets LLC (United States of America) and Assets Servicing Group (ASG) who are the main servicer of the policies; and Acheron Capital Ltd (United Kingdom) who acts as the portfolio manager for the trusts. All service providers are under the supervision of the Board of Directors of the Company.

The Group manages its legal risk by hiring the services of reputable lawyers.

NOTE 6 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The life settlement portfolios and mortality bonds have been designated as financial assets held through profit and loss as they are managed and their performance is evaluated on a fair value basis.

Notes 8 and 11 present the Group's financial assets and liabilities measured at fair value in accordance with the fair value hierarchy set out in IFRS 13. This hierarchy 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 level within which the mortality bonds are classified is Level 2. During the year 2013, the Group used the average bid price as provided each month by CBP Quilvest S.A.

Life settlement portfolios are classified as level 3. At year end, these portfolios were valued by external actuaries using a computer model (Note 11).

The tables below provide an analysis of the financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

2014	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Bonds	-	-	-	-
Life settlement portfolios	-	-	105 119 621	105 119 621
	-	-	105 119 621	105 119 621

2013	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Bonds	-	2 526 250	-	2 526 250
Life settlement portfolios	-	-	107 517 991	107 517 991
	-	2 526 250	107 517 991	110 044 241

NOTE 7 PREMIUMS PAID IN ADVANCE

Premiums paid in advance consist of the amount of premiums paid as of 31 December 2014 which relate to the period following the balance sheet date.

NOTE 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS - BONDS

As at 31.12.2013, the item was composed of mortality bonds issued by special purpose vehicles. Their movements are as follows:

	31.12.2014 USD	31.12.2013 USD
Acquisition cost	2 500 000	2 500 000
Redemption	-2 500 000	-
Estimated gain in fair value	-	26 250
	-	2 526 250

All the mortality bonds within the portfolio at the end of 2013 were redeemed at nominal value in January 2014.

NOTE 9 OTHER RECEIVABLES AND PREPAYMENTS

	31.12.2014 USD	31.12.2013 USD
Advance payments to servicers	345 934	439 461
Other receivables from servicers	165 831	273 548
Accrued interest	6 991	122 206
Deferred charges	4 417	125 942
Others debtors	15 350	51 223
	538 523	1 012 380

NOTE 10 CASH AND CASH EQUIVALENTS

As at 31.12.2014 and 31.12.2013, cash and cash equivalents constituted solely of cash held on deposit on current accounts with banks.

NOTE 11 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS - LIFE-SETTLEMENT PORTFOLIOS

Details of portfolios are as follows:

	31.12.2014 USD	31.12.2013 USD
Acquisition value, net of maturities and disposals	46 390 626	47 176 939
Loans on policies	-17 325 781	-16 990 923
Cumulative gain in fair value	76 054 776	77 331 975
	105 119 621	107 517 991

Analysis of acquisition value:

	31.12.2014 USD	31.12.2013 USD
Balance as at 1 January	47 176 939	47 341 330
Additions (*)	2 021 508	2 262 089
Matured policies	-2 807 822	-2 426 480
Balance as at 31 December	46 390 626	47 176 939

(*) Additions relate only to Class D which was created in 2013 (Note 12).

Distribution of the portfolio by class of Shares and by type of risk:

	Class A USD	Class B USD	Class D USD
Life Settlements portfolio	39 187 414	14 860 891	10 637 280
HIV portfolio	38 761 098	-	1 672 938
Balance as at 31.12.2014	77 948 512	14 860 891	12 310 218

The impact on the profit and loss of the valuation of the portfolio at fair value is USD -1 277 199 (Note 14).

Fair market value reflects the view of Lewis & Ellis, Dallas (USA), the external actuaries and consultants to the Group.

Lewis & Ellis (L&E) projects the cash flows from the life insurance portfolios over a 30 year period and then discounts these cash flows back to the valuation date. Future cash flows are composed of life insurance policy maturities, reflecting any refund of unearned premiums upon death and any reduction in the death benefits due to policy loans, less the future premium payments required to maintain the policies in-force and the expenses associated with managing the portfolio and the future interest payable on any policy loans. The present value of the future cash flows assumes a discount rate which is derived from observations of the discount rates prevailing in the market.

11.1 Main assumptions used to determine the fair value

a) Mortality/Life expectancy

L&E has built its own proprietary general population mortality table. It has done so by applying various adjustments to the Valuation Basic Tables 2008 (VBT 2008) which is commonly used for the valuation of life insurance policies. Mortality is adjusted for several factors, such as demographic shifts in the population (like an increasing percentage of non-smokers), 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. As a result, the table thereby obtained has proven consistent with the new VBT 2014. The retained table is used in connection with each insured age, sex and smoking status. L&E is also considering the most recent life expectancy reports, when available. Life expectancy reports are medical opinions from specialized 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 of them. When only old 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 30 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 and Class B Shares. A key problem with this exercise is the concentration of all Share Classes in certain policies with larger face values. This generates an imbedded 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. On this basis, the Actual to Expected ratio for the life settlement policies in Class A was 98.94% over last 5 years. Class B, which had one large maturity, had an unadjusted Actual to Expected ratio of 101% last year.

In the case of specific diseases, such as HIV, L&E has developed an internal specific mortality adjustment that is applied to the general population table it has built. This year, L&E did a complete revamp of the HIV model with a view to using the data gathered over the past years. The new L&E model continues to allow for a yearly increase of the mortality for each additional year that a patient has suffered from HIV. It is thus an aged based and time based disease model, with a specifically computed over-mortality applied to each affected individual.

L&E's HIV model has been adjusted to fit the observed data over the past years, so that it is by nature consistent with observed experience. The problems of incurred but not reported maturities (IBNR)[1], particularly on one servicer, made the exercise challenging. Ultimately, the Actual to Expected ratio for the last 5 years on non ABC HIV policies has been computed at about 95%. On the ABC portfolio (representing less than 5% of the value of the portfolios), the Board has come to the conclusion that material tracking issues existed and has found some evidence that part of the policies had not been monitored as it would have wanted. Litigation has been initiated and will be actively pursued.

b) 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 which 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 optimization.

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 7% per year.

c) 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 risks and counterparty party risk.

[1] According to the social security, IBNR (excluding data matching issues) would be 5% or higher. http://www.ssa.gov/policy/docs/ssb/v64n1/v64n1p45.pdf

The discount rates applied in the secondary market for elderly life insurance policies have ranged from under 10% in 2007 to over 15% during the financial crisis. A detailed survey of the main comparable investment vehicles and quoted companies has shown that the current rate used is between 7.5% and 12%.

Given observed market rates and the improved data and high Actual to Expected numbers, a 12% rate has been retained by L&E for all policies in the portfolio. It is to be noted that it was determined that HIV policies should have the same discount rate on the basis of an Actual to Expected ratio over the last five years of 95% and a life expectancy consistent with the market's elderly policies. Previously this has not been the case as the actual to expected ratio was deemed to be too unstable, reflecting what was essentially an unknown medical mortality condition. At this point the model can be fitted with sufficient amounts of data for the actuaries to generate a robust mortality projection. In these accounts, all classes have consistently been priced, with a particular focus on Actual to Expected results.

11.2 Precision and changes in actuarial parameters/data

As per the market standard, the servicing, management and holding entities expenses have not been 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. The actual to expected ratio adjusted to discount large face value policies, was close to 1 and the discount rate used is 12%.

L&E's new HIV model resulted in a significantly higher actual to expected ratio and a lower discount rate being used to reflect the materially lower risk. As a result of these changes the value of the Class A HIV portfolio was reduced by 4 million USD.

Class D was valued in the same way as the other classes, reflecting the fact that it is now a well diversified portfolio.

11.3 Sensitivity analysis.

L&E conducted various sensitivity analyses summarized as follows:

a) Class A

a.1) Discount rate sensitivity

Discount rate - non HIV portfolio	10%	12%	14%	16%
Value of portfolio	40 855 330	**38 587 414**	36 604 864	34 852 759
% of total face amount	28.9 %	27.3 %	25.9 %	24.6 %

Discount rate - HIV portfolio	10%	12%	14%	16%
Value of portfolio	45 942 449	**38 761 098**	33 553 425	29 694 071
% of total face amount	11.4 %	9.7 %	8.4 %	7.4 %

a.2) Premium assumption sensitivity

Value based on 12% discount rate – non HIV portfolio	Annual premium increase at 7%	8%	9%
Value of portfolio	**38 587 414**	38 441 670	38 306 319
% of total face amount	27.3 %	27.2 %	27.1 %

Value based on 12% discount rate – HIV portfolio	Annual premium increase at 7%	8%	9%
Value of portfolio	**38 761 098**	38 218 438	37 397 626
% of total face amount	9.7 %	9.5 %	9.3 %

a.3) Mortality sensitivity

Value based on 12% discount rate – non HIV portfolio	USD	% of face amount
Value of portfolio as reported	**38 587 414**	27.8 %
Value at 90% of current mortality assumption (*)	35 270 087	24.9 %
Value at 80% of current mortality assumption	31 536 676	22.3 %

(*) Assumption that mortality is only 90% of expected mortality.

Value based on 12% discount rate – HIV portfolio	USD	% of face amount
Value of portfolio as reported	**38 761 098**	9.7 %
Value at 90% of current mortality assumption	34 570 239	8.6 %
Value at 80% of current mortality assumption	30 349 839	7.6 %

b) Class B

b.1) Discount rate sensitivity

Discount rate – (non HIV portfolio)	11%	12%	13%	14%
Value of portfolio	15 396 157	**14 860 891**	14 363 748	13 901 040
% of total face amount	25.0 %	24.1 %	23.3 %	22.5 %

b.2) Premium assumption sensitivity

Value based on 12% discount rate (non HIV portfolio)	Annual premium increase at 7%	8%	9%
Value of portfolio	**14 860 891**	14 829 007	14 797 703
% of total face amount	24.1 %	24.0 %	24.0 %

b.3) Mortality sensitivity

Value based on 12% discount rate (non HIV portfolio)	USD	% of face amount
Value of portfolio as reported	**14 860 891**	24.1 %
Value at 90% of current mortality assumption	13 776 281	22.3 %
Value at 80% of current mortality assumption	12 632 941	20.5 %

c) Class D

c.1) Discount rate sensitivity

Discount rate - non HIV portfolio	10%	12%	14%	16%
Value of portfolio	11 240 280	**10 637 280**	10 103 280	9 627 280
% of total face amount	28.9 %	27.3 %	26.0 %	24.8 %

Discount rate - HIV portfolio	10%	12%	14%	16%
Value of portfolio	2 064 938	**1 672 938**	1 386 938	1 171 938
% of total face amount	13.6 %	11.0 %	9.1 %	7.7 %

c.2) Premium assumption sensitivity

Value based on 12% discount rate – non HIV portfolio	Annual premium increase at 7%	8%	9%
Value of portfolio	**10 637 280**	10 568 280	10 498 280
% of total face amount	27.3 %	27.2 %	27.0 %

Value based on 12% discount rate – HIV portfolio	Annual premium increase at 7%	8%	9%
Value of portfolio	**1 672 938**	1 636 938	1 598 938
% of total face amount	11.0 %	10.7 %	10.5 %

c.3) Mortality sensitivity

Value based on 12% discount rate – non HIV portfolio	USD	% of face amount
Value of portfolio as reported	**10 637 280**	27.3 %
Value at 90% of current mortality assumption	9 445 280	24.3 %
Value at 80% of current mortality assumption	8 175 280	21.0 %

Value based on 12% discount rate – HIV portfolio	USD	% of face amount
Value of portfolio as reported	**1 672 938**	11.0 %
Value at 90% of current mortality assumption	1 460 938	9.6 %
Value at 80% of current mortality assumption	1 241 938	8.2 %

11.4 Expected maturities

Expected maturities of life-settlement policies can be distributed as follows (in percentage of face value):

Class A	31.12.2014	31.12.2013
Less than 3 months	1.60%	1.50 %
From 3 months to 1 year	4.80%	4.51%
From 1 year to 5 years	19.75%	22.11%
More than five years	73.85%	71.88%
	100.00%	100.00%

Class B	31.12.2014	31.12.2013
Less than 3 months	2.79%	2.74%
From 3 months to 1 year	8.37%	8.21%
From 1 year to 5 years	40.54%	39.73%
More than five years	48.3%	49.32%
	100.00%	100.00%

Class D	31.12.2014	31.12.2013
Less than 3 months	3.25%	2.79%
From 3 months to 1 year	9.74%	8.37%
From 1 year to 5 years	38.32%	36.53%
More than five years	48.69%	52.31%
	100.00%	100.00%

On a large population, actuaries use the law of large numbers and probability applied to a mortality table to derive the expected maturities in a given time frame. On this basis, an expected maturity table was generated for the portfolio which is reflected in this table.

11.5 Distribution of face value per insurance company

Class A: companies assuring at least	2014 Number	2014 Total %	2013 Number	2013 Total %
10 % of the nominal face value	1	10.1	0	-.--
5 % of the nominal face value	1	6.3	2	15.9
2 % to 5 %	12	38.3	12	38.0
0 % to 2 %	344	45.3	346	46.1

Class B: companies assuring at least	2014 Number	2014 Total %	2013 Number	2013 Total %
10 % of the nominal face value	0	-.-	1	11.4
5 % of the nominal face value	6	45.3	5	23.1
2 % to 5 %	10	34.4	13	44.3
0 % to 2 %	38	22.2	39	21.2

Class D: companies assuring at least	2013 Number	2013 Total %	2013 Number	2013 Total
10 % of the nominal face value	0	-.-	0	-.-
5 % of the nominal face value	6	45.3	4	24.5
2 % to 5 %	7	19.6	8	29.3
0 % to 2 %	110	35.1	117	46.2

NOTE 12 SHARE CAPITAL

At year-end, the Company's share capital amounted to USD 67 694 044 and was represented by 67 694 044 shares of USD 1 each. The share capital was split as follows:

	A Shares USD	B Shares USD	C Shares USD	D Shares USD	Total USD
Balance 1 January 2013	47 446 946	15 096 098	51 000	-	62 594 044
Movements of the period	-	-	-	7 600 000	7 600 000
- uncalled portion of the subscribed capital		-	-	-5 700 000	-5 700 000
Additional payment	-	-	-	2 280 000	2 280 000
Balance 31 December 2013	47 446 946	15 096 098	51 000	4 180 000	66 774 044
Balance 1 January 2014	47 446 946	15 096 098	51 000	4 180 000	66 774 044
Movements for the year 2014:					-
- additional payment	-	-	-	3 420 000	3 420 000
- redemption 10 January 2014	-2 000 000	-500 000	-	-	-2 500 000
Balance as 31 December 2014	45 446 946	14 596 098	51 000	7 600 000	67 694 044

Pursuant to article 5 of the articles of association and to the decision of the Shareholders dated 10 September 2012 regarding the authorized capital, the Company issued 7 600 000 Class D Shares on 17 May 2013. As at 31 December 2013, USD 3 420 000 was not called up.

Class C Shares are composed of 25 000 CA Shares, 25 000 CB Shares and 1 000 CD Shares. Class C Shares are entitled to a preferred 20% profit distribution, after a preferred distribution compound at 5% on the aggregate share capital contributions of non C Shares (Note 24).

Class A, Class B and Class D Shares relate to specific investments determined by the Board of Directors or by a general meeting of Shareholders. Each investment is undertaken for the exclusive benefit and risk of the relevant class of Shares.

The authorized capital amounts to USD 500 000 000. Existing Shareholders have waived their preferential subscription right within the limits of the authorized capital. The Board of Directors is authorized to increase the Company's capital within the limits of the authorized capital for a five year period beginning on 10 September 2012 (the consequence of the General meeting of Shareholders held on 10 September 2012).

NOTE 13 ACCRUALS

Details of accruals are as follows:

	31.12.2014 USD	31.12.2013 USD
Audit and accounting fees	138 002	131 047
Legal fees	375 150	272 573
Actuarial fees	53 770	84 200
Director and audit committee fees	118 368	112 695
Other	43 448	33 476
	728 738	633 991

NOTE 14 INCOME FROM LIFE-SETTLEMENT PORTFOLIOS

Details of the income received from the life-settlement portfolios:

	31.12.2014 USD	31.12.2013 USD
Maturities	34 956 034	22 019 248
Acquisition cost of maturities	-2 807 822	-2 426 480
Incurred premiums	-20 238 565	-19 654 317
Fair value adjustments	-1 277 199	1 955 377
	10 632 448	1 893 828

Only the amount of premiums incurred during the period is reflected as an expense. The amount of premiums paid in advance amounted to USD 12 204 763 as at 31 December 2014 (2013 USD 10 970 042).

NOTE 15 OPERATING EXPENSES

	31.12.2014 USD	31.12.2013 USD
Acheron Capital management fees	1 904 529	1 880 545
Portfolio servicing fees	1 858 093	1 550 784
Audit fees (*)	82 445	85 317
Legal, accounting and actuarial fees	637 994	763 890
Directors fees, Directors insurance expenses and audit committee fees	155 709	136 421
Other expenses	333 660	404 321
	4 972 430	4 821 278

(*) No services other than audit of financial statements

NOTE 16 INTEREST INCOME

	31.12.2014 USD	31.12.2013 USD
Interest and fair value adjustment on mortality bonds	24 268	103 377
Bank interest	15 005	22 625
	39 273	126 002

NOTE 17 OTHER INCOME FROM MATURED POLICIES

Details of other income from matured policies are as follows:

	31.12.2014 USD	31.12.2013 USD
Dividend	372 435	610 389
Interest	127 138	166 651
	499 573	777 040

NOTE 18 INTEREST EXPENSES

Other interest payable and similar charges amounts to USD 1 007 776 (2013: USD 1 014 701), this is mainly composed of interest on policy loans of USD 987 601 (2013 USD 994 528).

NOTE 19 TAX EXPENSES

Since the incorporation of the Company to the balance sheet date the Group has adopted a prudent approach and has not recognised a deferred tax asset on the balance sheet as the Board of Directors of the Company is of the opinion that there will not be sufficient taxable profit against which to offset the tax deduction resulting from the temporary differences.
Reconciliation of statutory tax effect to effective tax:

	31.12.2014 USD	31.12.2013 USD
Profit/ Loss for the year	5 206 283	-3 204 338
Income tax	126 148	117 971
Reversal of prior years' excess tax provision	-393 753	-
Other tax related charges (US withholding tax)	162 022	10 352
Profit/ Loss for the year before tax	5 100 670	-3 076 015
Statutory tax rate	29.22 %	29.22%
Tax expenses using statutory tax rate	1 490 425	-
Tax effect of non-taxable income	-1 364 276	-
Income tax	126 148	-
Overprovision in prior years	-231 731	128 322
Tax income/expense	-105 583	128 322

NOTE 20 TAX PROVISION

In conformity with the taxation treaty between the United States of America and Luxembourg, 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 recognized stock exchange. This has been the case since 31st December 2009.
Tax provision as at year-end consisted as follows:

	31.12.2014 USD	31.12.2013 USD
Income tax Luxembourg	252 532	520 697
Income tax USA	85 272	90 652
	337 804	611 349

NOTE 21 TRANSACTIONS WITH RELATED PARTIES

	31.12.2014 USD	31.12.2013 USD
Directors insurance	15 592	27 804
Directors' fees	98 407	89 049
Acheron Capital Ltd management fees (note 1.1 and 15)	1 904 529	1 880 545
Acheron Capital Ltd, reimbursement of expense	71 905	91 820
Compagnie Européenne de Révision Sàrl *(Accounting, NAV calculation, consolidation, and Company secretary fees)*	226 589	237 034
Shares held by related parties	2 018 280	3 688 924

The Company, Acheron Capital Limited and Compagnie Européenne de Révision Sàrl each have respectively one common Director. All transactions with related parties are undertaken at arms lengths.

NOTE 22 NET CONSOLIDATED PROFIT PER SHARE

As stated in Note 12, the capital of the Company is composed of 45 446 946 A Shares, 14 596 098 B Shares, 51 000 C Shares (CA, CB and CD) and 7 600 000 D Shares. All Shares are fully paid. Neither unpaid shares nor any kind of option are outstanding, so the basic profit per share is equivalent to the diluted profit per share.

As the different classes of Shares have specific rights in relation to their investments (Note 14), the net consolidated profit per share is given for each Share Class:

	Class A USD	Class B USD	Class D USD
Profit/loss per share 2014:			
– Basic and diluted profit/loss per share	-0.035	0.118	0.632
– Numerator	-1 602 908	1 717 236	5 091 955
– Denominator (weighted average number of shares)	45 501 741	14 609 797	8 056 927
Profit per share 2013:			
– Basic and diluted profit/ loss per share	-0.108	- 0.114	0.424
– Numerator	-5 132 783	-1 721 634	3 650 079
– Denominator (weighted number of shares)	47 446 946	15 096 098	(1) 8 608 048

No profit per share for Class C share has been computed because such shares are entitled to a preferred profit distribution and are not quoted (Note 24).

(1) Class D Shares were issued on 17 May 2013 and are fully paid-up as at 31 December 2014 (31 December 2013: 55%).

NOTE 23 NET CONSOLIDATED ASSETS PER CLASS OF SHARES

The consolidated net assets for each class of Shares are shown below. Net assets for each class of Shares can be reconciled as follows:

	31.12.2014	31.12.2013
	USD	USD
Consolidated net assets Class A Shares	102 050 253	105 653 161
Consolidated net assets Class B Shares	19 538 511	18 321 273
Consolidated net assets Class D Shares	16 342 034	7 830 079
Consolidated net assets Class C Shares	51 000	51 000
	137 981 797	131 855 513

NOTE 24 PREFERRED DISTRIBUTION

In accordance with article 5 of the Articles of Association, the distributions due to the Class C Shares (Note 12) shall be zero until such time as the aggregate dividends distributed to the holders of the other classes of Shares of the Company (the "Non Class C Shares") compounded at five percent (5%) per annum (from the date of each capital gain distribution to the Non Class C Shares) equals the aggregate share capital contributions of the Non Class C Shares compounded at five percent (5%) per annum (from the date of each capital contribution by the Non Class C Shares). Thereafter, the distribution due to the Share Class C Shares shall be equal to 20% of all additional distributions made to the Non Class C Shares. In the event that a redemption in kind is to be performed, the Class C Shareholders and the Non Class C Shareholders shall determine in good faith under what terms any remaining potential distributions to the Class C Shares shall be performed.

Being a profit distribution, this preferred distribution has not been accrued in the consolidated financial statements. The 20% cumulative preferred distribution to Class C Shares amounts to USD 5 211 038 (2013: USD 5 394 252), based on the valuation of the portfolios as at 31 December 2014. The amount is detailed by class of shares in the exhibits.

NOTE 25 POST BALANCE SHEET EVENT

No event having an impact or influence on the present financial statements occurred after the balance sheet date.

NOTE 26 FATCA

The Law

The Foreign Account Tax Compliance Act ('FATCA') is currently in the focus of many Luxembourg financial services stakeholders. FATCA is a US Law, enacted into law on March 18, 2010, that aims to combat tax evasion from the United States by more intensively flushing out US tax evaders worldwide. In brief, this Law introduces a 30% withholding tax on any withholdable payment made to a Foreign Financial Institution ("FFI"), unless such entity complies with specified reporting or certification requirements or qualifies for an exemption. The FFI definition is very extensive and includes banks, insurance undertakings and investment vehicles. Service providers are likely to be indirectly impacted.

FATCA withholding is effective for US payments (any payment of U.S. source income: e.g. dividends, interest and any gross proceeds from the sale or disposition of a security) made after 2014. The 30% withholding tax is not imposed for purposes of collecting withholding taxes but rather, to ensure that FFIs and other foreign entities disclose information about their U.S. account holders and owners. Therefore, beginning 2014, foreign entities (and their common control affiliates) must either:

- identify and report to the US Internal Revenue Service ("IRS") information about US Account Holders; or
- pay a 30% withholding tax on all US investment income and gross sale proceeds from U.S. stocks and securities.

The Tax Advisers of Acheron Portfolio Corporation Luxembourg S.A. have performed an in-depth analysis and review of the potential impact of the Law on the Company. Indeed the Company would meet the definition of an FFI under the proposed FATCA regulations. The Tax Advisers concludes that the FATCA rules would prove impossible to administrate for a Luxembourg Stock Exchange quoted company like Acheron Portfolio Corporation Luxembourg S.A. The Shares of the Acheron Portfolio Corporation Luxembourg S.A. are the "accounts" under the FATCA rules and the Company does not know and cannot know who the holders of its Shares are, whether in US or elsewhere. An intergovernmental Agreement ("IGA") signed on 23 March 2014 solved this problem by shifting the reporting burden to the clearing houses whose function is to track the beneficial owners of the Shares.

NOTE 27 ADDITIONAL INFORMATION

Additional information of exhibits I to III do not form part of the financial statements.

EXHIBIT I

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class A

Net assets

	Note	31/12/2014 USD	31/12/2013 USD
ASSETS			
Current assets			
Premiums paid in advance		8 817 109	8 526 025
Financial assets held at fair value through profit and loss		-	2 526 250
Other current assets		432 759	806 424
Cash and cash equivalents		15 327 061	9 414 767
Intercompany receivable		43 678	280 765
		24 620 607	21 554 230
Non-current assets			
Life settlement investments		77 948 512	84 961 807
		77 948 512	84 961 807
LIABILITIES			
Current liabilities			
Trade and other payables		80 301	207 110
Accruals		383 764	354 187
Tax provision		54 801	301 580
		518 867	862 877
Net assets		102 050 253	105 653 161
Preferred distribution	24	-3 557 127	-4 681 852
		==========	==========

EXHIBIT I/1

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class A

Cash flow statement for the year ended 31st December 2014

	2014 USD	2013 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	-1 602 908	-5 132 783
Non cash adjustments:		
- non cash movement on portfolios	6 670 977	3 976 004
- interest income	- 546 910	- 900 248
Cash flows from (used in) operations before working capital changes	4 521 159	-2 057 026
Increase in premiums paid in advance	- 291 085	1 121 898
Decrease/(Increase) in other receivables and prepayments	373 665	- 70 243
Increase in trade and other payables	139 853	108 819
(Decrease)/Increase in tax payable	- 246 779	20 247
Cash flows from/(used in) operations	4 496 814	- 876 306
Finance costs paid	546 910	900 248
Net cash flows from operating activities	**5 043 724**	**23 942**
CASH FLOWS FROM INVESTING ACTIVITIES		
Changes in bonds portfolio	2 526 250	7 345
Net cash flows from investing activities	**2 526 250**	**7 345**
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash on policies	342 318	- 487 338
Capital decrease	-2 000 000	-
Net cash flows used in financing activities	**-1 657 682**	**- 487 338**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**5 912 292**	**- 456 051**
Cash and cash equivalents:		
At beginning of the year	9 414 767	9 870 818
At the end of the year	**15 327 059**	**9 414 767**

EXHIBIT II

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class B

Net assets

	Note	31/12/2014 USD	31/12/2013 USD
ASSETS			
Current assets			
Premiums paid in advance		1 434 443	1 470 504
Other current assets		55 765	105 887
Cash and cash equivalents		3 588 220	1 806 186
Intercompany receivable		27 590	-
		5 106 019	3 382 577
Non-current assets			
Life settlement portfolios		14 860 891	15 620 441
		14 860 891	15 620 441
Current liabilities			
Short term payables		49 098	22 744
Accruals		255 989	219 682
Tax provision		123 313	218 062
Intercompany payables			221 258
		428 399	681 745
Net assets		19 538 511	18 321 273
Preferred distribution	24	-	-

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EXHIBIT II/1

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class B

Cash flow statement for the year ended 31st December 2014

	2014 USD	2013 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	1 717 236	-1 721 634
Non cash adjustments:		
- non cash movement on portfolios	767 011	1 168 752
- interest income	246	- 2 650
Cash flows from (used in) operations before working capital changes	2 484 493	- 555 532
Increase in premiums paid in advance	36 061	431 844
Decrease/(Increase) in other receivables and prepayments	50 122	- 27 846
(Decrease) in trade and other payables	- 186 187	- 222 593
(Decrease)/Increase in tax payable	- 94 749	6 017
Cash flows from operations	2 289 741	- 368 110
Finance costs paid	- 246	2 650
Net cash from (used in) operating activities	**2 289 494**	**- 365 460**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash from (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash on policies	- 7 461	-
Reduction of capital	- 500 000	-
Net cash used in financing activities	**- 507 461**	-
NET CHANGES IN CASH AND CASH EQUIVALENTS	**1 782 034**	**- 365 460**
Cash and cash equivalents:		
At beginning of the year	1 806 186	2 171 646
At the end of the year	**3 588 219**	**1 806 186**

EXHIBIT III

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class D

Net assets

	Note	31/12/2014 USD	31/12/2013 USD
ASSETS			
Current assets			
Premiums paid in advance		1 953 210	973 513
Other current assets		-	50 069
Cash and cash equivalents		2 400 625	667 438
		4 353 835	1 691 019
Non-current assets			
Life settlement portfolios		12 310 218	6 935 743
		12 310 218	6 935 743
Current liabilities			
Short term payables		2 077	585 346
Accruals		88 417	60 123
Tax provisions		159 690	91 707
Due to Class A and B shares		71 836	59 508
		322 020	796 683
Net assets		16 342 034	7 830 079
Preferred distribution	24	-1 653 911	- 712 400
		========	========

EXHIBIT III/1

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class D

Cash flow statement for the year ended 31st December 2014

	2014 USD	2013 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	5 091 955	3 650 079
Non cash adjustments:		
- non cash movement on portfolios	-3 391 475	-4 673 654
- interest income	36	- 145
Cash flows from (used in) operations before working capital changes	1 700 516	-1 023 720
Increase in premiums paid in advance	- 979 697	- 973 513
Decrease/(Increase) in other receivables and prepayments	50 069	- 50 069
(Decrease)/Increase in trade and other payables	- 542 647	704 976
Increase in tax payable	67 983	91 707
Cash flows from (used in) operations	296 224	-1 250 618
Finance costs paid	- 36	145
Net cash from (used in) operating activities	**296 187**	**-1 250 473**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in life-settlement portfolios	-1 983 000	-2 262 089
Net cash used in investment activities	**-1 983 000**	**-2 262 089**
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital increase	-	7 600 000
Subscribed capital uncalled	3 420 000	-3 420 000
Net cash from financing activities	**3 420 000**	**4 180 000**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**1 733 187**	**667 438**
Cash and cash equivalents:		
At beginning of the year	667 438	-
At the end of the year	**2 400 625**	**667 438**

Acheron Portfolio Corporation

Acheron Portfolio Corporation (Luxembourg)
Société Anonyme

Auditor's report
and
annual accounts as at 31 December 2014

Registered office: 37, rue d'Anvers, L-1130 Luxembourg

R.C.S. Luxembourg: B 129.880.

Share capital: USD 67.694.044

To the Shareholders of
ACHERON PORTFOLIO CORPORATION (LUXEMBOURG)
Société Anonyme
37, rue d'Anvers
L-1130 Luxembourg

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REPORT OF REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

We have audited the accompanying annual accounts of ACHERON PORTFOLIO CORPORATION (LUXEMBOURG) Société Anonyme, which comprise the balance sheet as at December 31, 2014, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises Agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the Réviseur d'Entreprises Agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risks assessments, the Réviseur d'Entreprises Agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of ACHERON PORTFOLIO CORPORATION (LUXEMBOURG) Société Anonyme as of December 31, 2014, and of the results of its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the annual accounts and includes the information required by the law with respect to the corporate governance statement.

Luxembourg, April 30, 2015

Marco CLAUDE
Réviseur d'Entreprises Agréé
Grant Thornton Lux Audit S.A.

Acheron Portfolio Corporation (Luxembourg)

Balance sheet as at 31 December 2014

-expressed in USD-

	Notes	31.12.2014	31.12.2013
ASSETS			
Subscribed capital unpaid			
Subscribed capital not called		-	3 420 000
		-	3 420 000
Fixed assets			
Financial fixed assets			
Shares in affiliated undertakings	2	86 667 808	83 241 754
Securities and other financial instruments held as fixed assets	3	105 119 621	107 517 991
		191 787 429	190 759 745
Current assets			
Debtors			
Trade receivables			
a) becoming due and payable within one year	4	165 831	272 714
Amounts owed by affiliated undertakings			
a) becoming due and payable within one year		825 303	818 838
Other receivables			
a) becoming due and payable within one year		6 991	158 079
		998 125	1 249 631
Transferable securities			
Other transferable securities	5	-	2 526 250
Cash at bank, cash in postal cheque accounts, cheque and cash in hand		21 293 390	11 860 477
Prepayments	6	12 555 114	11 536 278
Total Assets		226 634 058	221 352 381

The notes to the accounts form an integral part of these annual accounts.

Acheron Portfolio Corporation (Luxembourg)

Balance sheet as at 31 December 2014

-expressed in USD-

	Notes	31.12.2014	31.12.2013
LIABILITIES			
Capital and reserves			
Subscribed capital	7/9	67 694 044	70 194 044
Share premium and similar premiums	8/9	14 164 742	14 164 742
Reserves			
a) legal reserve	9	2 792 000	-
Profits or loss brought forward	9	48 427 831	55 823 074
Profit or loss for the financial year	9	5 047 802	-3 203 243
Interim dividends	9	-	-1 400 000
		138 126 419	135 578 617
Provisions	10		
Provisions for taxation		193 184	308 247
Other provisions		702 416	597 530
		895 600	905 777
Non subordinated debts	11		
Trade creditors			
a) becoming due and payable within one year		75 669	221 522
Amounts owed to affiliated undertakings	12		
b) becoming due and payable after more than one year		87 480 568	84 060 000
Taxes and social security debts			
b) Social security debts		4 630	1 120
Other creditors			
a) becoming due and payable within one year		51 172	585 346
		87 612 039	84 867 987
Total Liabilities		226 634 058	221 352 381

The notes to the accounts form an integral part of these annual accounts.

Acheron Portfolio Corporation (Luxembourg)

Profit and Loss account for the period
from 1 January 2014 to 31 December 2014

-expressed in USD-

	Notes	31.12.2014	31.12.2013
CHARGES			
Other external charges	13	28 003 342	26 868 576
Staff costs			
a) Salaries and wages		49 245	16 698
b) Social Security on salaries and wages		6 625	2 269
Other operating charges		26 250	10 453
Value adjustments			
a) on formation expenses and on tangible and intangible fixed assets		4 043	61 946
Value adjustments and fair value adjustment in respect of financial fixed assets		1 267 102	-
Interest and other financial charges			
b) other interest and similar financial charges	14	1 044 397	1 019 684
Income tax	15	52 898	128 322
Profit for the financial year		5 047 802	-
Total Charges		35 501 704	28 107 948
INCOME			
Net turnover	16	34 555 642	21 685 662
Income from financial current assets			
b) other income from financial current assets		-	1 955 377
Other interest and other financial income			
b) other interest and similar financial income	17	946 062	1 263 666
Loss for the financial year		-	3 203 243
Total Income		35 501 704	28 107 948

The notes to the accounts form an integral part of these annual accounts.

GENERAL INFORMATION

Acheron Portfolio Corporation (Luxembourg), Société Anonyme., hereafter "the Company" was incorporated on 27 June 2007 and organised under the laws of Luxembourg as a public limited company (société anonyme) for an unlimited period.

The registered office of the Company is established in Luxembourg.

The Company has been admitted to official listing at the Luxembourg Stock Exchange on 21 November 2008, with two securities: AcheronP Cl A ne (ISIN: LU0327662697) and AcheronP Cl B ne (ISIN: LU0338952244).

The Company's financial year starts 1 January and ends on 31 December.

The main purpose of the Company is the holding of interest in any form whatsoever. The Company may also borrow in any kind or form and issue bonds and notes. The Company may further guarantee, grant loans or otherwise or otherwise assist the companies in which it holds a direct or indirect participation or form part of the same group of companies.

The main activity of the company during the financial period was to support and fund the acquisition of individual and portfolios of life settlement and mortality related policies.. Such insurance policies are located in the United States of America.
Once acquired, the policies are the property of either Acheron Portfolio Trust, a Grantor Trust established in the Commonwealth of Massachusetts USA, or they are the property of Lorenzo Tonti 2006 Trust, a Trust established in the State of New York, or Avernus Portfolio Trust, a trust established under the laws of the State of Delaware. The Company is the exclusive beneficiary of these trusts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the Law, determined and applied by the Board of Directors.

The Company has decided to reclassify its life settlement portfolio from current to fixed assets.

1.2 Significant accounting policies

The main valuation rules applied by the Company are the following:

1.2.1 Shares in affiliated undertakings

Shares in affiliated undertakings and loans to these undertakings held as fixed assets are valued at purchase price including the expenses incidental thereto.

In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

1.2.2 Securities and other financial instruments held as fixed assets

Life insurance portfolio

Being the final and exclusive beneficiary of the Acheron Portfolio Trust, the Lorenzo Tonti 2006 Trust and the Avernus Portfolio Trust, the Group 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 Trusts are considered as having been undertaken by the Company for its own account.

Insurance policies which are acquired are recognized initially at fair value (the transaction price). If a life insurance policy matures, is surrendered or is sold, the related purchase price is recognized as a cost of sale. Cash borrowed 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. The change in the fair value of the Company's life insurance portfolios represents the main determinant of the Company's performance.

1.2.3 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

1.2.4 Prepayments

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

1.2.5 Provisions

Provisions are intended to cover losses or debts the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

1.2.6 Value adjustments

Value adjustments are deducted directly from the related asset.

1.2.7 Foreign currency translation

Transactions expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction.

Cash at bank, short-term assets and liabilities are translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historic exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains are recorded in the profit and loss account at the moment of their realisation.

1.2.8 Net turnover

The net turnover comprises the amounts derived from maturities policies included in the insurance portfolios, or from the sale (if any) of such policies. Net acquisition value is recorded as cost of sales (external charges).

1.2.9 Revenue and expenses recognition

1.2.9.1 Revenues

Revenue comprises the consideration received or receivable in relation with maturities of life settlement policies. The Company recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity.

The net income derives from maturities or eventually sales of insurance policies net of acquisition value.

Maturities are recognized as revenue when the Company is formerly aware of the termination of an insurance policy, and the insurance company has confirmed the policy was in force until termination or the cash is being transferred to the Company.

1.2.9.2 Premiums

Premiums are considered as maintenance costs for the life insurance portfolios. Premiums are accounted for when paid. However, only the portion of the premiums in relation with the insurance coverage period up to December 31st is recognized as an expense. The remaining amount is shown as premiums paid in advance in the balance sheet.

1.2.9.3 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

1.3 Consolidation

The Company also prepares consolidated financial statements, including the financial statements of Acheron Portfolio Corporation Ltd and Lorenzo Tonti Ltd, both companies being Irish companies. Consolidated financial statements are available on the web site of the Company (acheronportfolio.lu).

NOTE 2 – SHARES IN AFFILIATED UNDERTAKINGS

The movement of the year are as follows:

	USD 2014	USD 2013
Gross book value – opening balance	83 798 162	79 618 162
Additions	3 420 000	4 180 000
Disposals	-	-
Gross book value – closing balance	87 218 162	83 798 162
Depreciation – opening balance	-556 408	-494 461
Additions	-	-61 946
Disposals	6 054	-
Depreciation – closing balance	-550 354	-556 408
Net book value – closing balance	86 667 808	83 241 754
	========	========

Undertakings in which the Company holds at least 20 % in their share capital are:

Undertaking's name & legal form	Registered Office	Ownership %	Last balance sheet date	Net equity at the balance sheet date USD)	Profit or loss of the last financial year USD
Acheron Portfolio Corporation Ltd	Ireland	100	31/12/14	61 378 442	-4 043
Lorenzo Tonti Ltd	Ireland	100	31/12/14	25 274 017	10 097

NOTE 3 – SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD AS FIXED ASSETS

The movements during 2014 are as follows:

	Investments in life insurance portfolio USD	Loan /debt on portfolios or policies USD	Total USD
Gross book value			
Opening balance	47 176 938	-16 990 923	30 186 015
Additions	2 021 508	-612 461	1 409 047
Disposals / adjustments/ redemptions	-2 807 822	277 604	-2 530 218
Closing balance	46 390 624	-17 325 780	29 064 844
Fair value adjustment			
Opening balance	77 331 976	-	77 331 976
Fair value adjustment	-1 277 199	-	-1 277 199
Disposals	-	-	-
Closing balance	76 054 777	-	76 054 777
Net book value – closing balance	122 445 401	-17 325 780	105 119 621
	=========	=========	=========

The movements during 2013 are as follows:

	Investments in life insurance portfolio USD	Loan /debt on portfolios or policies USD	Total USD
Gross book value			
Opening balance	47 341 329	-17 478 262	29 863 067
Additions	2 262 089	-	2 262 089
Disposals / adjustments/ redemptions	-2 426 480	487 339	-1 939 141
Closing balance	47 176 938	-16 990 923	30 186 015
Fair value adjustment			
Opening balance	75 376 599	-	75 376 599
Fair value adjustment	1 955 377	-	1 955 377
Disposals	-	-	-
Closing balance	77 331 976	-	77 331 976
Net book value – closing balance	124 508 914	-16 990 923	107 517 991
	=========	=========	=========

The fair market value of the insurance portfolios has been computed by Lewis & Ellis, Dallas (USA), the external actuaries and consultants to the Company.

Lewis & Ellis projects cash flows over a given period and then discounts these cash flows to the valuation date. Future cash flows are composed of policy maturities, reflecting any refund of unearned premium upon death and any reduction in death benefit due to policy loans, less future premium payments to maintain policies in-force less per policy expenses associated with managing the portfolio less future interest payments on policy loans. Present value of cash flow items assumed a discount rate.

Analysis of life insurance portfolios is as follows:

	31.12.2014 USD	31.12.2013 USD
Acquisition value, net of maturities and disposal.	46 390 624	47 176 938
Loan on policies	-17 325 780	-16 990 923
Cumulative gain in fair value	76 054 777	77 331 976
	105 119 621	107 517 991

Analysis of acquisition value:

	31.12.2014 USD	31.12.2013 USD
Balance as at 1.1.	47 176 939	47 341 329
Additions	2 021 508	2 262 089
Matured policies	-2 807 822	-2 426 480
Balance as at 31.12.	46 390 625	47 176 938

NOTE 4 – TRADE RECEIVABLES

Trade debtors amounting to USD 165 831 (2013: USD 272 714) are mainly composed of advances payments to service suppliers.

NOTE 5 – TRANSFERABLE SECURITIES

The movements are as follows:

	2014 USD	2013 USD
Gross book value		
Opening balance	2 500 000	2 500 000
Additions	-	-
Disposals / redemption	-2 500 000	-
Closing balance	-	2 500 000
Fair value adjustment		
Opening balance	26 250	32 500
Fair value adjustment	-	-6 250
Disposals	-26 250	-
Closing balance	-	26 250
Net book value – closing balance	-	2 526 250

NOTE 6 - PREPAYMENTS

Prepayments are mainly composed of premiums paid in advance.

NOTE 7 - SUBSCRIBED CAPITAL

At year-end, the capital amounts to USD 67.694.044 and is represented by 67.694.044 shares of USD 1 each. The shares are split as follows:

	A Shares USD	B Shares USD	C Shares USD	D Shares USD	Total USD
Balance as at 1 January 2013	47 446 946	15 096 098	51 000	-	62 594 044
Movements of the period	-	-	-	7 600 000	7 600 000
Balance as at 31 December 2013	47 446 946	15 096 098	51 000	7 600 000	70 194 044
Uncalled portion of the subscribed capital	-	-	-	- 3 420 000	- 3 420 000
Net balance 31 December 2013	47 446 946	15 096 098	51 000	4 180 000	66 774 044
Balance as at 1 December 2014	47 446 946	15 096 098	51 000	7 600 000	70 194 044
Redemption on 10 January 2014	-2 000 000	-500 000	-	-	-2 500 000
Balance as at 31 December 2014	45 446 946	14 596 098	51 000	7 600 000	67 694 044
Uncalled portion of the subscribed capital 1 January 2014	-	-	-	- 3 420 000	- 3 420 000
Additional payment	-	-	-	3 420 000	3 420 000
Net balance 31 December 2014	45 446 946	14 596 098	51 000	7 600 000	67 694 044

Pursuant to article 5 of the articles of association, and to the decision of the shareholders dated 10 September 2012 regarding the authorized capital, the company issued 7 600 000 class D shares on 17 May 2013. As at 31 December 2013, an amount of USD 3 420 000 was not called for payment.

Class C shares are composed of 25 000 CA shares, 25 000 CB shares and 1 000 CD Shares. Class C shares are entitled to a preferred 20% profit distribution, after a preferred distribution compound at 5% on the aggregate share capital contributions of non C shares (Note 24).

Class A, class B and class D shares relate to specific investment as determined by the Board of Directors or the general meeting of the Shareholders. As between the shareholders, each investment is invested for the exclusive benefit and risk of the relevant class of shares.

The authorized capital amounts to USD 500 000 000. Existing shareholders have waived their preferential subscription right within the limits of the authorized capital. The Board of Directors is authorized to proceed to increase of capital within the limits of the authorized capital during a period of five years beginning on 10 September 2012 (decision of the General meeting of Shareholders held on 10 September 2012).

Class A and B shares are quoted on the Luxembourg Stock Exchange.

NOTE 8 - SHARE PREMIUM ACCOUNT

The movements on the "Share premium account" item during the year are as follows:

	USD
Opening balance	14 164 742
- movements of the year	-
Closing balance	14 164 742

NOTE 9 - MOVEMENTS FOR THE YEAR ON THE CAPITAL, RESERVES AND PROFIT/LOSS ITEMS

The movements for the years 2014 and 2013 are as follows:

	Subscribed capital USD	Share premium USD	Legal reserve USD	Reserve for own shares USD	Interim dividend USD	Profit brought forward USD
Balance as at 1 January 2013	62 594 044	14 164 742	-	-	-1 400 000	55 823 074
Subscribed capital increase	7 600 000	-	-	-	-	-
Loss for the year	-	-	-	-	-	-3 203 243
Balance 31 December 2013	70 194 044	14 164 742	-	-	-1 400 000	52 619 831
Subscribed capital not called	-3 420 000	-	-	-	-	-
Net equity December 2013	66 774 044	14 164 742	-	-	-1 400 000	52 619 831

	Subscribed capital USD	Share premium USD	Legal reserve USD	Reserve for own shares USD	Interim dividend USD	Profit brought forward USD
Balance as at 1 January 2014	70 194 044	14 164 742	-	-	-1 400 000	52 619 831
Shares buy-back 10/01/2014	-	-	-	2 500 000	-	-2 500 000
Allocation of the year 2013:						
- legal reserve	-	-	2 792 000	-	-	-2 792 000
- final approval dividend 2012	-	-	-	-	1 400 000	-1 400 000
Shareholders' meeting 29/8/2014:						
- cancellation of own shares	-2 500 000	-	-	-2 500 000	-	2 500 000
Balance 31 December 2014	67 694 044	14 164 742	2 792 000	-	-	48 427 831
Uncalled portion of the subscribed capital 1 January 2014:	-3 420 000	-	-	-	-	-
Additional payment:	3 420 000	-	-	-	-	-
Net equity 31 December 2014	67 694 044	14 164 742	2 792 000	-	-	48 427 831

Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5 % of the annual net income, until this reserve equals 10 % of the subscribed share capital. This reserve may not be distributed. The allocation to the legal reserve refers to the profit of the year 2012.
Following the provisions of the article 72ters of the law of 19 December 2002 as amended on 30 July 2013, and as of 31 December 2013, unrealized profit arising from the valuation of assets at fair value may neither be distributed to shareholders, nor be utilized for an allocation to a legally required reserve.

The Company's reserves include unrealised gains as detailed below:

	31/12/2014 USD	31/12/2013 USD
Fair value gain brought forward	77 331 976	75 376 599
Fair value loss/gain for the year	-1 277 199	1 955 377
	76 054 777	77 331 976

NOTE 10 - PROVISIONS

Provisions for liabilities and charges are made up as follows:

	31/12/2014 USD	31/12/2013 USD
Provisions for taxation	193 184	308 247
Other provisions (i)	702 416	597 530
Total	895 600	905 777

(i) Other provisions:

	31/12/2014 USD	31/12/2013 USD
Accrued audit and accounting fees	104 616	103 991
Accrued legal fees	375 150	263 850
Accrued actuarial fees	53 770	84 200
Director fees and audit committee	126 000	90 000
Other	42 880	55 489
Total	702 416	597 530

NOTE 11 - NON SUBORDINATED DEBTS

Amounts due and payable for the accounts shown under "Non subordinated debts" are as follows:

	Within one year USD	After one year and within five years USD	After more than five years USD	Total USD
Trade creditors	75 669	-	-	75 669
Amounts owed to affiliated undertakings	-	87 480 568	-	87 480 568
Social security contributions payable	4 630	-	-	4 630
Other creditors	51 172	-	-	51 172
Total	131 471	87 480 568	-	87 612 039

NOTE 12 – AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

Amounts owed to affiliated undertakings are interest free loans.

NOTE 13 – OTHER EXTERNAL CHARGES

Other external charges are composed of as follows:

	31/12/2014 USD	31/12/2013 USD
Insurance premiums	20 238 565	19 654 317
Acquisition cost of matured policies and adjustments (note 3)	2 807 822	2 426 480
Portfolio management fees	1 904 529	1 880 545
Legal, accounting and similar expenses	627 080	783 050
Audit fees	71 104	77 373
Servicer's fees	1 807 759	1 510 618
Director's and audit committee fees	142 841	119 323
Expenses	71 905	91 820
Marketing fees	162 000	207 379
Bank fees	20 175	20 173
Other	149 562	97 498
Total	28 003 342	26 868 576

NOTE 14 – OTHER INTEREST AND SIMILAR CHARGES

The other interest payable and similar charges amounting to USD 1 044 397 (2013: USD 1 019 684) are mainly composed of interest on policy loans for an amount of USD 987 601 (2013 USD 994 528).

NOTE 15 –INCOME TAX

The item "Income Tax" is composed of as follows:

	31/12/2014 USD	31/12/2013 USD
Tax provision for the year (Luxembourg)	40 876	117 971
Tax provision for current / previous years (U.S.A.)	12 022	10 351
Total	52 898	128 322

In conformity with the taxation treaty between the United States of America and Luxembourg, 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 an recognized stock exchange. This is the case since 31st December 2009.

Since the incorporation of the Company to the balance sheet date the Group has adopted a prudent approach and has not recognised a deferred tax asset on the balance sheet as the Board of Directors of the Company is of the opinion that there will not be sufficient taxable profit against which to offset the tax deduction resulting from the temporary differences.

NOTE 16 - NET TURNOVER

The net turnover is composed of maturities received on life insurance policies. The Company realized the net turnover on the US territory only (see General information).

NOTE 17 – OTHER INTEREST AND SIMILAR FINANCIAL INCOME

The other interest receivable and similar income are composed of as follows:

	31/12/2014 USD	31/12/2013 USD
Interest, cash value and dividends received on policies	889 872	866 632
Interest on bank accounts	15 005	22 625
Interest and fair value adjustment on bonds	34 360	347 371
Realized exchange gains	6 825	27 038
Total	946 062	1 263 666

NOTE 18 - STAFF

The Company employed one part-time staff during 2014 and 2013.

NOTE 19 - ADVANTAGES AND LOANS GRANTED TO BOARD MEMBERS

The emoluments granted to the members of the Board of Directors in that capacity, are broken down as follows:

	31/12/2014 USD	31/12/2013 USD
Administrative and managerial bodies	85 537	65 000
Directors' insurance	15 593	34 755
Total	101 130	99 755

The company did not enter into any commitment in respect of retirement pensions for current and former members.

NOTE 20 – RELATED PARTIES TRANSACTIONS

Related parties transactions other than mentioned in note 20 are detailed as follows;

	31.12.2014 USD	31.12.2013 USD
Directors' fees	85 537	65 000
Directors' insurance	15 593	34 755
Acheron Capital Ltd, management fees (note 13)	1 904 529	1 880 545
Acheron Capital Ltd, other agreed fees	71 905	91 820
Compagnie Européenne de Révision Sàrl *(Accounting, NAV calculation, consolidation, and company secretary fees)*	226 589	237 034
Shares held by related parties	2 018 280	3 688 924

The Company, Acheron Capital Limited and Compagnie Européenne de Révision have respectively one common director. The Company is the opinion that transactions with related parties are done at arm's length.

NOTE 21 – POST BALANCE SHEET ENVENTS

No event having an impact or influence on the present financial statements occurred after the balance sheet date.

NOTE 22 – PREFERRED DISTRIBUTION

In accordance with article 5 of the Articles of Association, the distributions due to the Class C Shares (Note 12) shall be zero until such time as the aggregate dividends distributed to the holders of the other classes of Shares of the Company (the "Non Class C Shares") compounded at five percent (5%) per annum (from the date of each capital gain distribution to the Non Class C Shares) equals the aggregate share capital contributions of the Non Class C Shares compounded at five percent (5%) per annum (from the date of each capital contribution by the Non Class C Shares). Thereafter, the distribution due to the Share Class C Shares shall be equal to 20% of all additional distributions made to the Non Class C Shares. In the event that a redemption in kind is to be performed, the Class C Shareholders and the Non Class C Shareholders shall determine in good faith under what terms any remaining potential distributions to the Class C Shares shall be performed.

Being a profit distribution, this preferred distribution has not been accrued in the consolidated financial statements. The 20% cumulative preferred distribution to Class C shares amounts to USD 5 211 037 (2013: USD 5 394 252), based on the valuation of the portfolio as at 31 December 2014.

NOTE 23 - FATCA

The Law

The Foreign Account Tax Compliance Act ('FATCA') is currently in the focus of many Luxembourg financial services stakeholders. FATCA is a US Law, enacted into law on March 18, 2010, that aims to combat tax evasion from the United States more intensively flushing out US tax evaders worldwide. In brief, this Law introduces a 30% withholding tax on any withholdable payment made to a Foreign Financial Institution ("FFI"), unless such entity complies with specified reporting or certification requirements or qualifies for an exemption. The FFI definition is very extensive and includes banks, insurance undertakings and investment vehicles. Service providers are likely to be indirectly impacted.

FATCA withholding is effective for US payments (any payment of U.S. source income: e.g. dividends, interest and any gross proceeds from the sale or disposition of a security) made after 2014. The 30% withholding is not imposed for purposes of collecting withholding taxes but rather, to ensure that FFIs and other foreign entities disclose information about their U.S. account holders and owners. Therefore, beginning 2014, foreign entities (and their common control affiliates) must either:

- identify and report to the US Internal Revenue Service ("IRS") information about US Account Holders; or
- pay a 30% withholding tax on all US investment income and gross sale proceeds from U.S. stocks and securities.

The Tax Advisers of Acheron Portfolio Corporation Luxembourg S.A. have performed an in-depth analysis and review of the potential impact of the Law on the Company. Indeed the Company would meet the definition of an FFI under the proposed FATCA regulations. The Tax Advisers concludes that the FATCA rules would prove impossible to administrate for a Stock Exchange quoted company like Acheron Portfolio Corporation Luxembourg S.A. The shares of the Acheron Portfolio Corporation Luxembourg S.A. are the "accounts" under the FATCA rules and the Company does not know and cannot know who the holders of its shares are, whether in US or elsewhere. An intergovernmental Agreement ("IGA") signed on 23 March 2014 solved this problem by shifting the reporting burden to the clearing houses whose function is to track the beneficial owners of the shares.

Statements by the responsible persons

The undersigned:

M. Yves Mertz and M Jean-Michel Paul, on behalf of the board of Directors of Acheron Portfolio Corporation (Luxembourg) S.A., a public limited company, incorporated under the laws of Luxembourg (hereinafter referred to as the "Company"), hereby confirm that to the best of their knowledge, the consolidated and statutory financial statements for the year ended December 31st, 2014 have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.

Furthermore, the undersigned declare that the Directors' Report includes a fair view of the development and performance of the business and the Company's position together with a description of the principal risk and uncertainties that it faces.

Luxembourg, 30 April 2015

Yves Mertz
Director

Jean-Michel Paul
Director

Acheron Portfolio Corporation

ANNUAL REPORT AS AT 31 DECEMBER 2015

- DIRECTORS' REPORT
    - TRUSTS' INVESTMENT MANAGER'S REPORT
- CONSOLIDATED FINANCIAL STATEMENTS
- STAND-ALONE FINANCIAL STATEMENTS
- STATEMENTS BY THE RESPONSIBLE PERSONS

Acheron Portfolio Corporation

Directors' Report 2015

Dear Shareholders,

The Directors of Acheron Portfolio Corporation Luxembourg S.A. (the "Company") are pleased to present the financial results for 2015. This report contains information drawn from the consolidated financial statements, prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union. The Company has also prepared stand-alone financial statements that fulfill its Luxembourg corporate reporting obligations. The comments in this report refer to the consolidated financial statements unless otherwise stated.

The value of the life-insurance policies beneficially owned by the Company has been determined by independent U.S. actuaries and reviewed by local actuaries. These financial statements incorporate the valuation of the life settlement policies. The portfolio values include a cost of insurance increase which was announced by certain US insurance companies. These updated costs resulted in a modest decline of the portfolio value of Class A and B shares. Class B further suffered from a low level of maturities for the year due to the lack of maturity from amongst its largest policies.

General comments

In 2015, the Net Asset Value (NAV) per share (in USD) decreased from 2.1675 to 1.9325 for Class A, from 1.3386 to 1.0950 for Class B and from 1.9326 to 1.716 for Class D. The decreases in the NAV per share of Class A, B, and D include distributions of $ 0.22 per share for Class A, $ 0.0685 for Class B and $ 0.0658 for Class D, respectively. Furthermore, losses per share of $ 0.04 for Class A, $ 0.175 for Class B and $ 0.201 for Class D further reduced the NAV. Newly created Class E shares had a NAV of $ 6.8954 and a profit of $ 3.603 per share.
Profit per share following IFRS is given in the consolidated financial report.

Table 1: Aggregate Net Asset Value by Share Class

	Class A	Class B	Class D	Class E
December 2015 NAV	87 825 773	15 982 935	13 043 092	5 257 771
December 2014 NAV	98 493 128	19 538 510	14 688 123	-
(as per audited financial statements)				

Class E shares were issued in November 2015.

Lewis & Ellis, Inc. (the U.S. Actuaries) performed the 31 December 2015 valuations for all portfolios. Formal reports have been provided for each class of shares and separate reports have been provided for the risks associated with HIV/AIDS and non-AIDS related diseases and conditions.

This year, the Actuaries made little or no change in the mortality assumptions. For the Class A policies exposed to HIV/AIDS, the Actual to Expected (A/E) ratio was 94%, based on the mortality assumptions applied to fund data over the last 6 years. For non-AIDS related risks, the A/E ratio was

94% as measured from 2010 to 2015. Both these ratios are much higher than typically seen in industry studies, where materially lower A/E ratios have been more common. As such, we believe the mortality assumptions used provide a sound actuarial basis for projecting future funds' cash flows.

For all funds, a discount rate of 12% was used for the determination of the present value of future cash flows. This discount rate reflects current market conditions.

Maturities

When a life insurance policy matures, Acheron collects the net proceeds. In 2015, Collected maturities reached an amount of $ 24.5 million (compared to $ 35 million in 2014), of which $ 19.3 million was received by the trust of which Class A is a beneficiary ('Trust A'), $ 2.0 million for the trust of which Class B is a beneficiary ('Trust B'), and $ 3.2 million for the trust of which Class D is a beneficiary ('Trust D'). Maturities represented 112% (2014: 172%) of the premiums paid. Table 2 contains information about the collected maturities between 2009 and 2015.

An analysis of Class A actual vs expected maturities in 2015 reveals that most of the shortfall originates in the lack of an additional maturity amongst the 10 largest policies which the portfolio is exposed to. Indeed the model implies 1.7 maturities in 2015 among these policies, while only one was observed. This resulted in a shortfall of several million dollars of collectable death benefits compared to expectations. This is not an unlikely event. For instance, for 2016, it is estimated that there is a approximately 40 percent chance that there would be one or no maturities (in fact, as of March, we already know that one such event occurred), while two, one or no maturities would be expected to occur about 70 percent of the time.

Class B maturities for 2015 were particularly disappointing, following the positive performance of 2014. As of beginning of 2016, the level of reserves in the class has been reaching low levels. In response, a number of steps have already been taken. First, the investment manager of Trust B, has volunteered to temporarily and at its own and sole discretion, charge but not collect managing fees in an effort to preserve cash. Second, the cash in in the policies have been extracted resulting in a cash inflow of $ 1.2 million. Thirdly, a change of premium payment from annual to quarterly or monthly for non-fractional policies is being reviewed. Further additional steps are being analyzed and may be taken.

Table 2: Collected Maturities by Year (millions of USD)

Year	Class A	Class B	Class D	Class E	Total
2015	19.3	2.0	3.2	0.0	24.5
2014	23.9	6.6	4.4	0.0	34.9
2013	18.2	3.8	0.0	0.0	22.0
2012	16.3	8.7	0.0	0.0	25.0
2011	16.9	4.7	0.0	0.0	21.6
2010	20.8	7.2	0.0	0.0	28.0
2009	15.0	1.6	0.0	0.0	16.6

Using the actual maturity data, the external actuaries put the range of Actual to Expected (A/E) over several years at between *90% and 95%* for the various share classes' portfolios for which the data is available. While computing these results, actuaries adjusted the A/E data for a portfolio where servicing anomalies have been reported as well as for portfolio concentration issues. These metrics are inevitably somewhat arbitrary but nevertheless reflect a strong mortality modeling performance, which is a relatively uncommon occurrence in the life settlement industry.

For 2016, the Company, based on the external actuary's model, expects $ 23 million, $ 6 million, $ 2 million and $ 1 million maturities for Class A, B, D and E respectively. Statistically, given the lack of diversification among larger policies, and the general lack of diversification in B, D and E, these represent a likely outcome that may or may not be achieved even with a high performance forecasting mortality model.

Portfolio

The overall Acheron portfolio is subdivided by portfolios of non-HIV and HIV-positive policy holders (distribution: Table 3). During 2015, Class B and Class D did not acquire additional life settlement policies. Class A invested in the fractional ownership of additional life-insurance policies it was overwhelmingly already exposed to at a cost of $ 1.2 million, while Class E invested $ 2.7 million. Table 3 provides information about the breakdown of policies by class of stock and by HIV and non-HIV policies:

Table 3: HIV and Non-HIV Exposed Policies (all values in USD)

Trust Class A	HIV	Non-HIV	Total
Number of policies	4 721	324	5 045
Total face value	397 025 730	134 701 217	531 726 947
Valuation	42 687 261	33 542 658	76 229 919
Percentage of face value	10.75%	24.90%	14.34%

Trust Class B		Non-HIV
Number of policies	-	152
Total face value		59 280 202
Valuation		14 303 739
Percentage of face value		24.13%

Trust Class D	HIV	Non-HIV	Total
Number of policies	395	161	556
Total face value	15 342 755	36 712 838	52 055 593
Valuation	1 838 414	9 261 334	11 099 748
Percentage of face value	11.98%	25.23%	21.32%

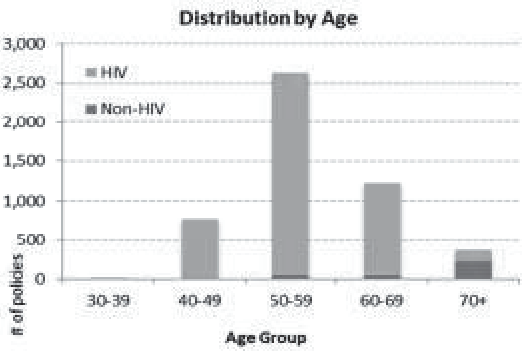
Acheron Portfolio Corporation

Trust Class E	HIV	Non-HIV	Total
Number of policies	129	94	223
Total face value	4 536 581	16 018 149	20 554 730
Valuation	597 000	4 165 950	4 762 950
Percentage to face value	13.16%	26.01%	23.17%

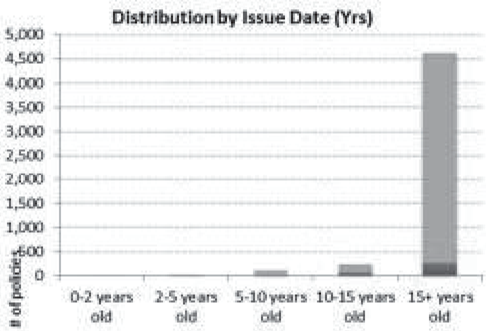
The following tables give the distribution of policies by insured age and issue date:

Figure 1: Distribution by Insured Age and by Issue Date

Trust A: Number of policies by age of insured

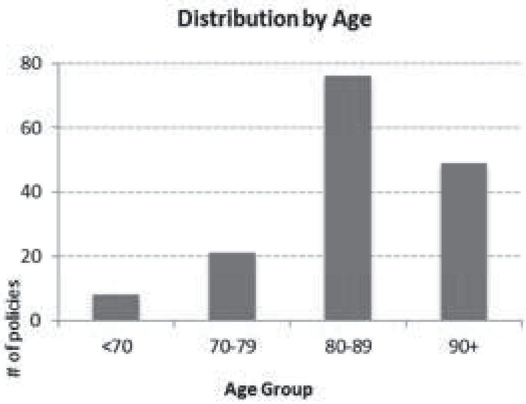


Trust A: Number of policies by issue date

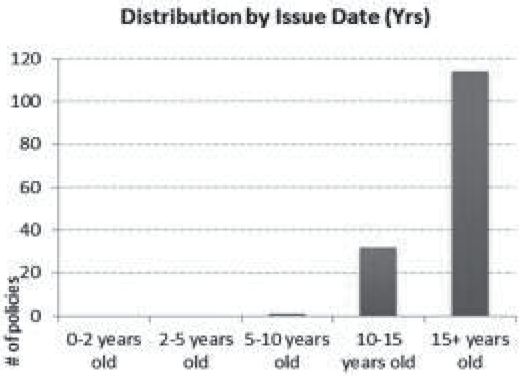


*** The distribution by issue date reflects the time elapsed since the life insurance policy was issued

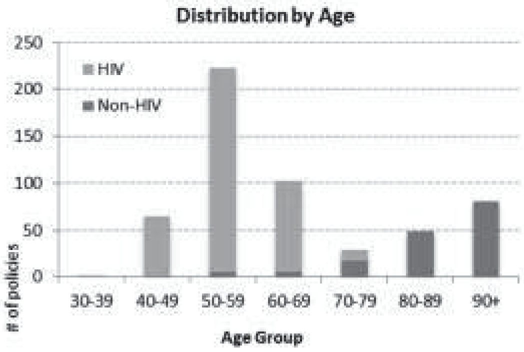
Trust B: Number of policies by age of insured



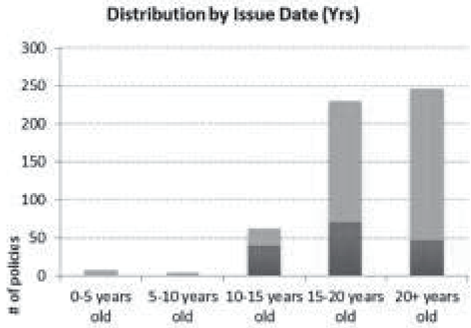
Trust B: Number of policies by issue date



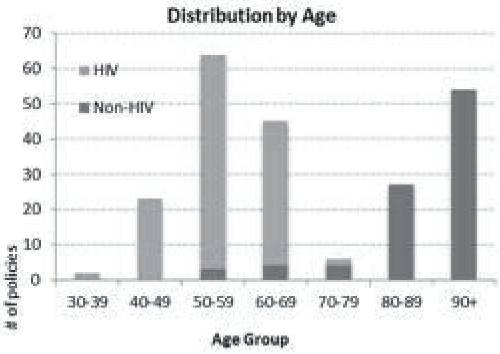
Trust D: Number of policies by age of insured



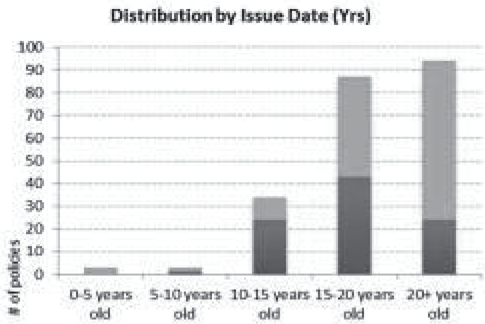
Trust D: Number of policies by issue date



Trust E: Number of policies by age of insured



Trust E: Number of policies by issue date



This data suggests that the Company is likely to have increased cash flows over the next few years. As the age of the insureds within each stock class increases, Acheron anticipates significant increases in maturities. For Class B's 154 policies, more than forty insureds are aged ninety or over. Similarly, for Class D's 550 policies, eighty insureds are aged ninety or over. Whilst the trend in maturities should be positive, due to the lack of diversification among a limited number of large policies in any given year, the maturities received by a share Class is likely to be volatile.

When compared to other firms in the life settlement industry, Acheron's valuation appears conservative. In particular, the net value to face value ratios by age group for classes A, B and D are below the industry average, while the model's implied life expectancy is above the industry average by age group.

Financial results

In 2015, the Company's income from the life settlement portfolios decreased to $ 2,684,710 (2014: $ 10,632,448). Acheron's total comprehensive loss for the year is $ 3,161,189 compared to a profit in 2014 of $ 5,206,283. The decrease in net income is mainly due to lower collected maturities as further explained in the trusts' investment manager's report.

Net income per share amounted to a loss of $ 0.040 (2014: loss of $ 0.035) for Class A, a loss of $ 0.175 (2014: profit of $ 0.118) for Class B, a loss of $ 0.201 (2014: profit of $ 0.670) for Class D, and a profit per share of $ 3.603 for newly created class E. The Directors note that the Company realized a loss for 2015. However, due to the significant fluctuations in collected maturities, long term prospects for the Company remain positive.

Listing on the stock market

The Company has been listed on the Luxembourg Stock Exchange since November 2008. Given the trading volumes and the number of transactions observed in 2015 the Board believes the Company will benefit from the Luxembourg-US double taxation treaty for withholding tax on maturities realized in 2016. However, the Directors also note that Class B has suffered in recent months from a lack of maturities generating low level of reserves. This type of events reflect the risks of an increasingly less diversified portfolio as maturities occur as well as exposure to some large policies with binary outcomes.

Risk

The Company focuses on three main sources of risk: mortality, operational and counter-party risk (credit risk). Please refer also to note 5 of the consolidated accounts for a more detailed description of the financial risks of the Company.

Actual portfolio mortality rates have fallen within the range predicted by Acheron Capital as the Investment Manager’s model. These rates are closely monitored by both the Investment Manager and the Independent Actuary.

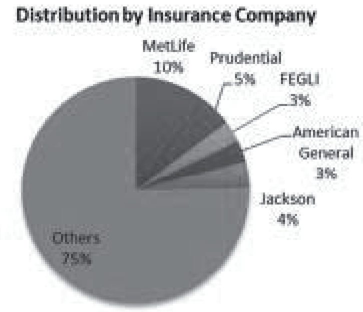
The Company focuses on operational risk by close monitoring of servicers’ work and taking action when required. These operational risks are limited and under control.

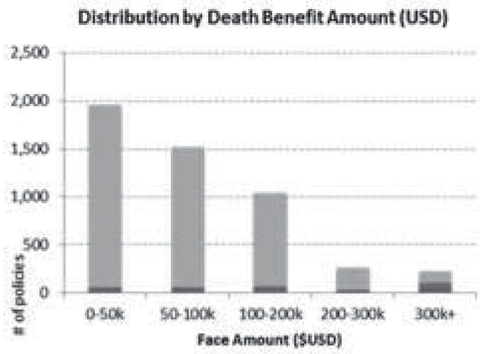
The Company’s primary exposure to counter-party risk is through the insurance companies which underwrite the life settlement contracts. All policies were issued by insurance companies rated ‘A’ or better. Moreover, in most cases, counter-party risk is *de minimus* because of State guarantees for insurance policies. Most of the policies are fully guaranteed by State entities because of their low average face value.

Another way the Company mitigates counter-party risk is by having relatively low exposure to any individual insurer. Figure 2 (below) shows the number of policies (as of 31 December 2015) that are insured through each insurance company (split by share class). The largest exposure amounts to 10% of the policies held by Class A, 6% of the policies held by Class B, 9% of the policies held by Class D and 7% of those held by Class E.

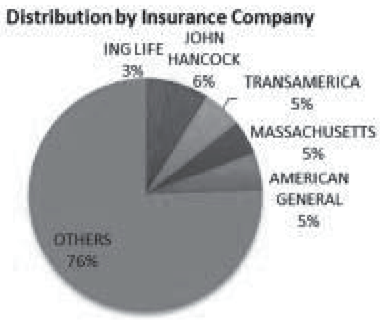
Figure 2: Distribution of number of Policies by Insurer and by Death Benefit amount

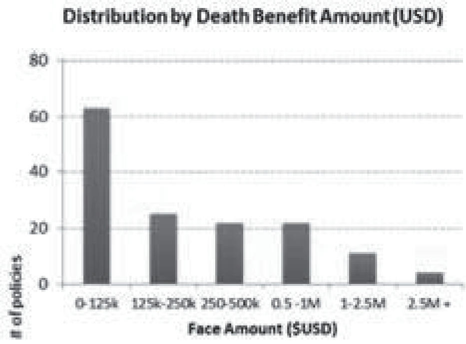
Trust A



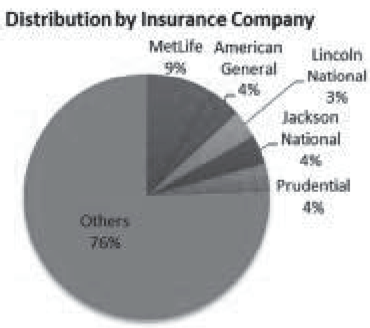


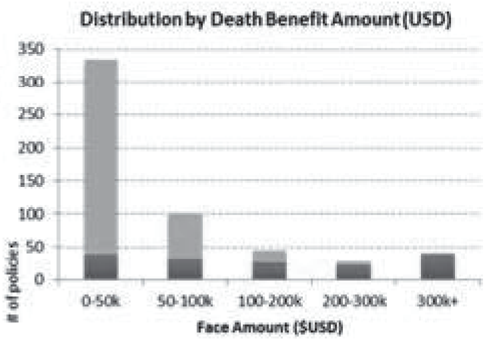
Trust B





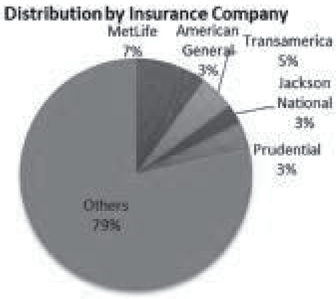
Trust D

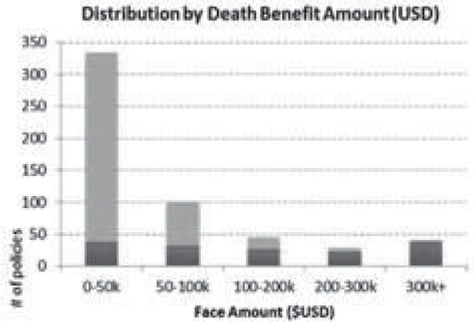




7

Trust E





Distribution

The creation of a dedicated special equity reserve account by the extraordinary shareholders' meeting held on 22 June 2015 provided a way for the Company to distribute excess cash flows to investors which was generated from the life settlement portfolios. Operationally, all trusts had cash flow from maturities exceeding premium payments. As a result, the Board of Directors did deemed it to be appropriate to propose to shareholders a distribution of excess cash. In 2015 cash distributions of $10 million for Class A, around $1 million for Class B and around $0.5 million for Class D were made to shareholders. These distributions are likely to continue as maturities are expected to increase in the coming years.

The Company continues to investigate the opportunities for maximizing shareholder value, but the presence of a significant number of policies exposed to HIV and fractional policies makes any sale of the Company's underlying assets unlikely. However, given the positive net cash flow generated by the Company's holdings, it may be possible to borrow against the portfolio in order to accelerate stock buy-backs. In 2015 the Company engaged in prolonged exclusive talks with an established financial institution for lending backed by the policies, but was ultimately unable to complete a deal due to the excessive costs involved. It is pursuing its efforts in this regard.

Corporate Governance Report

The Company has adopted The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange.

The production of financial information is a straightforward process, based on separate accounting files for the trusts (note 1 of the consolidated financial statements), and for each class of shares. Data are consolidated to produce consolidated financial statements.

The principal assets of the Company are the life settlement insurance portfolios. Day-to-day management of the policies, management of the insurance portfolios, accounting, and valuation are performed by several independent services providers. The Company carefully monitors all service providers. Reconciliation of data is performed on a regular basis.

The share capital of the Company is distributed among eight Share Classes and are represented by 45 446 946 A Shares, 14 596 098 B Shares, 7 600 000 D Shares, 762 500 E shares, and 25 000 CA Shares, 25 000 CB Shares, 1 000 CD Shares and 1 000 CE shares. All the shares have a $ 0.01 par value. Class E and CE shares were issued in 2015.

The authorized share capital of the Company, including the issued capital, is $500,000,000.

Each share is entitled to one vote at all general meetings of shareholders. A shareholder may act at any meeting of shareholders by appointing another person as his or her proxy in writing or by facsimile addressed to the Company in conformity with voting procedures as included in the convening notice.

There exists neither restriction to the voting rights, nor any specific limitation or condition to their exercise. Special control rights do not exist either. A decision affecting a particular Share Class interests need a majority approval of the said Share Class.

Shareholders with more than 5% of outstanding shares are entitled to add items to the shareholders' meeting agenda. Such a request must be received by the Company 22 days in advance of the meeting.

In accordance with art.68bis of the LSC law, it is noted that only one company controls more than 10% of the issued shares capital of the Company. This holding is through Credit Suisse Nominee (UK) Ltd for an account owned by Metage Funds Limited representing 18,05% of the voting rights.

In accordance with article 5 of the Articles of Association, the distributions due to the class CA shares, class CB shares, class CD shares or class CE shares (the "Class C Shares") shall be zero until such time as the aggregate distributions, whether in the form of dividends, share premium distributions, share redemptions, share capital reductions or otherwise paid to the holders of the Non Class C shares compounded at five percent (5%) per annum (from the date of each capital gain distribution to the Non Class C Shares) equals the aggregate share capital contributions of the Non Class C Shares compounded at five percent (5%) per annum (from the date of each distribution to the Non Class C Shares). Thereafter, the distribution due to the Class C Shares shall be equal to 20% of all additional distributions made to the Non Class C Shares. In the event that a redemption or repurchase in kind is to be performed, the holders of Class C Shares and the Non Class C Shares shall determine in good faith under what terms any remaining potential distributions to Class C Shares shall be performed.

At the statutory annual meeting on 22 June 2015, the majority of shareholders approved the annual accounts and the consolidated financial statements as at 31 December 2014. During the extraordinary shareholders' meeting held subsequently, the shareholders resolved to reduce the share capital of the Company from $ 67,694,044 to $ 676,940 through the reduction of the par value of the shares from $ 1 per share to $ 0.01 per share and to allocate $ 67,017,104 to a dedicated special equity reserve account. Furthermore, the shareholders decided to create new classes of shares, namely E and CE shares and to issue 1,000 CE shares. Consequently articles 5 and 18 of the articles of association of the Company were amended. During the same extraordinary shareholders' meeting, the shareholders then decided to reimburse an amount of $ 0.22 per share to Class A shares, $0.0685 per share to Class B shares and $ 0.0658 per share to Class D shares.
On 11 September and 13 November 2015, the subscribed capital was increased to $ 684,575 to reflect the issuance of 762,500 Class E shares with a par value of $ 0.01 per share.

According to the Articles of Association, the Company is managed by a Board of Directors consisting of at least three members, who need not be shareholders of the Company. The Company will be bound by the signature of two Directors.

The Directors are elected by the shareholders at the general meeting, which shall determine their numbers, remuneration and term of office. The Directors' term of office may not exceed six years and the Directors shall hold office until their successors are elected. Directors may be re-elected for successive terms. The Directors are elected by the general meeting of shareholders by a simple majority of the votes validly cast. Any Director may be removed at any time with or without cause by a general meeting of shareholders by a simple majority of the votes validly cast.

All members of the Board are highly qualified. Information about the career of the Board of Directors members is published on the Company's website.

The Board met six times in 2015, and as of 18 April 2016, has met twice in 2016.

Currently, the Board is composed of (i) four A Directors: Messrs Robert Edelstein(*), Jean-Michel Paul(*), Sadeq Sayeed and Gunner Turkmen, and (ii) four B Directors: Messrs Jean Medernach, Marco Sterzi, Jean-Michel Van Lippevelde and Yves Mertz(*). The mandates of all directors end with the shareholders meeting in May 2016.
(*) Directors not considered to be independent

All Board members are non-executive. The attendance of the Directors to the Board meetings is 78% for the year 2015.

The Board established an Audit Committee in 2009. The Audit Committee is comprised of two members of the Board and two external experts in the areas of financial reporting, audit, and actuarial services. This ensures the necessary expertise is available to the audit committee to fulfill its mandate. Current members are Messrs Jean Medernach, chairman, Vincent Dogs, Yves Mertz and Jean-Léon Meunier. The Audit Committee met four times in 2015 with an attendance rate of 100%.

The shareholders' meeting held on 22 June 2015 set a budget of $ 90,000 for Board members' fees for the year 2015. An amount of $ 94 924 has been effectively spent in 2015 in relation with the 2014 mandates.

The 2016 budget for Board members' fees is $ 90,000. The budget allocation for 2016 is subject to the approval of the shareholders.

In 2015, Acheron Portfolio Corporation did not engage in any research and development activities.

The Company has no exposure to environmental risk.

In 2015, Acheron Portfolio Corporation had one employee; specialized external service providers performed most operations.

The Board will propose for shareholder approval the following statutory account allocation:

To be allocated:	
- profit brought forward	$ 53 475 633
- loss for 2015	- $ 3 159 815
Total:	$ 50 315 818
Allocation:	
- carried forward to 2016	$ 50 315 818

The Board believes that the statutory and the consolidated financial statements, as well as this Directors' report, fairly reflect the current and anticipated financial position of the Company. The Board invites all shareholders and potential investors to visit Acheron's website for additional information (www.acheronportfolio.lu).

The Board will seek shareholder approval for the statutory and consolidated financial statements, and approval to legally discharge all Board members from their assignment spanning the year ending 31 December 2015.

Subsequent events

On 5 February 2016, the subscribed capital was increased to $ 688 388 to reflect the issuance of 381 250 Class E shares with a par value of $ 0.01 per share. As of April 2016, 1 143 750 Class E shares have been issued out of a total of 1 525 000 shares subscribed by investors.

Outlook

After the exclusive talks aimed at refinancing the cash within the policies with a third-party financial institution at a favourable interest rate were terminated, and given the low level of reserves following the 2015 distribution and the subdued maturities from Q4 2015 onwards, approximately $5 million of cash is planned to be borrowed from the policies for Share Class A and $ 1 million for Share Class B.

The Board will continuously assess the possibility of distributions based on the reserves at hand for premium payments, as well as the maturities experience.

As previously stated, the external actuarial models project collected maturities from life settlement policies in 2016 to exceed $32 million in 2016.

The Board of Directors

Trusts' Investment Manager's Report 2015

Market review

The life settlement industry in the United States was marked by the controversy resulting from the deliberate increase in the cost of insurance (COI) charged by certain insurance companies. These insurance companies argued that the policies contracts allow them to increase premiums substantially (sometimes by a multiple of) the illustrated premiums given every year, provided that some changes occurred in mortality, costs or assets return assumptions. The low interest rate was then put at the forefront as an argument to justify these steep increases. While from an actuarial perspective the argument makes little sense given the size of the increases announced, the case is legally undecided. In previous years attempts have been made by insurance companies that were facing financial difficulties to increase the COI . So far, all these increases have been challenged and defeated in court, leading to settlements in favour of the insured that were overcharged premiums. While the dust has yet to settle, complaints to the regulators have been filed by some associations, without any effect so far, and the first steps towards class actions against the insurance companies involved have been taken. The only visible reaction so far has been a slight delay in the introduction of the COI increases by some of the insurers.

The effect of the announced COI increases is reported to have been decreasing the value of effected portfolios by tens of percent. As reviewed by the external actuaries, the effects on our portfolios seem to have been limited to at most a low single digit percentage fall in value. This limited effect is due to a number of reasons. First, some classes, such as class A, D and E, have exposure to HIV policies which are not impacted by the COI increases which focused on elderly individuals. Second, the senior life exposure that the company does have, is typically on policies which were taken out many years ago and that are not in the lists of affected policies. The effected policies tend to be policies sold after the year 2000 and potentially created through some form of premium financing program. Third, for the few policies that we were exposed to COI increases, some mitigation measures using lapse guaranteed riders were triggered, which allow for agreed minimum premium payments under certain conditions.

In any case, we are actively pursuing this matter. We may well join legal actions or subscribe to class actions suits as they unfold, as well as file complaints to the regulators for what we perceive as egregious policy premium increases, while no policy premium decrease has ever been given to our knowledge when interest rate increased or mortality experience revised downwards. This in our opinion, cannot be a one sided option in favour of the insurance companies, or it risks destroying public confidence in the products offered by insurance companies.

Events for the year

A new share class, share class E, was introduced and started investing. The creation of Class E and its related Trust led to a subscription by an entity of commitments of $6.1 million. The amount raised is expected to be used exclusively for the acquisitions of fractional policies, the vast majority of which the company already has exposure to.

Maturities

The year saw declared maturities in the different share classes as follow:

	Trust A	Trust B	Trust D	Trust E
Maturities (USD)	19,208,520	1,681,740	3,129,941	36,780

Despite a large maturity in February, maturities on the senior life settlement policies undershoot the expectations, leading to maturities for Trust A and B below our initial expectations. Further analysis of the mortality of senior citizens in the portfolio however revealed that the number of individuals who matured had increased in Trust A (2013: 20, 2014: 23, 2015: 24), and remained in line at a level in Trust B (2013: 10 2014: 17 2015: 13). As for Trust D the maturity experience has just started and little comparison can be made. In any case, the inherent mortality of senior citizens seems thus to be in line, but the policies which did mature were, except for one, relatively limited in size, leading to the disappointing collected and notified maturities for the year. Given the increasing exposure to senior policies with high face value, particularly in class A and B, this result is thus less surprising than what it may first appear.

For instance, for Trust A, 10 policies out of 300 life settlement policies, represent about 10% of the total face value of the portfolio and about a third of the expected maturities by value. From a probabilistic point of view, 1.7 such policies were expected to mature. The outcome being of a binary nature, an occurrence of 1 or 2 actual maturities was thus likely. In fact, only one large policy did mature. Had two policies matured, as was also likely, there would have been no shortfall on Trust A.

Cash in policies

Over the year, the Trusts built up cash in its whole life policies. As part of ongoing policy optimization, an amount of about $ 18 million had been taken out of the policies at the end of 2015 and is accounted for, using what insurance companies refer as loans. On average, an interest rate of approximately 6.5% was charged on these loans, while the cash in the policies continued to yield some return. On the basis of the lower interest rate observed in the market, the company has actively sought a finance institution to lend against the cash that can be taken out of the policies at a materially lower financing cost. Unfortunately the lender with which we engaged in exclusive negotiations insisted on a lending structure which would have resulted in such high operational costs, that it would have offset any gains from the differential in the interest rates. We are continuing to investigate this kind of financing with alternative lenders.

Acheron Capital Ltd.

Acheron Portfolio Corporation

Acheron Portfolio Corporation (Luxembourg)
SociØtØ Anonyme

Auditor’s report
and
consolidated financial statements as at 31 December 2015

Registered office: 37 route d’Anvers, L-1130 Luxembourg
R.C.S. Luxembourg: B 129.880.
Share capital: USD 684.575,44

To the Shareholders of
ACHERON PORTFOLIO CORPORATION (LUXEMBOURG)
Société Anonyme
37, rue d'Anvers
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of ACHERON PORTFOLIO CORPORATION (LUXEMBOURG) Société Anonyme and its subsidiaries (together the "Group"), which comprise the statement of consolidated financial position as at December 31, 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises Agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the Réviseur d'Entreprises Agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks assessments, the Réviseur d'Entreprises Agréé considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Report on other legal and regulatory requirements

The management report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the corporate governance statement.

Luxembourg, April 29, 2016

Marco CLAUDE
Réviseur d'Entreprises Agréé
Grant Thornton Lux Audit S.A.

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Statement of consolidated financial position as at 31 December 2015

	Notes	31/12/2015 USD	31/12/2014 USD
ASSETS			
Non-current assets			
Financial assets at fair value through profit and loss - Life settlement investments	10	106 396 356	105 119 621
		106 396 356	105 119 621
Current assets			
Premiums paid in advance	13	12 603 532	12 204 763
Other receivables and prepayments	8	330 250	538 523
Cash and cash equivalents	9	8 348 514	21 316 906
		21 282 296	34 060 193
Total Assets		127 678 652	139 179 814
LIABILITIES			
Capital and reserves			
Share capital	11	684 575	67 694 044
Share premium	11	72 726 970	14 164 742
Legal reserves		2 792 000	2 792 000
Retained Earnings		50 169 822	53 331 011
		126 373 367	137 981 797
Current liabilities			
Trade and other payables		150 082	131 471
Tax provision	19	431 288	337 804
Accruals	12	723 915	728 741
		1 305 285	1 198 017
Total Liabilities		127 678 652	139 179 814

The notes to the consolidated financial statements form an integral part of these consolidated financial statements

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Consolidated statement of comprehensive income for the year ended 31 December 2015

	Notes	31/12/2015 USD	31/12/2014 USD
Income from life-settlement portfolio	13		
Maturities		24 502 400	34 956 034
Acquisition cost of maturities		-2 216 127	-2 807 822
Premiums paid		-21 916 210	-20 238 565
Fair value adjustments		2 314 647	-1 277 199
Net income from life-settlement portfolio		2 684 710	10 632 448
Operating expenses	14	-5 274 649	-4 972 430
Other operating income		180 659	-
Staff costs			
Wages and salaries		- 40 703	- 49 244
Social security costs		- 5 527	- 6 625
		- 46 230	- 55 869
Finance income			
Interest income	15	19 289	39 273
Other income from matured policies	16	480 642	499 573
Net loss on financial assets held at fair value through profit and loss		-	- 26 250
		499 931	512 595
Finance costs			
Interest expenses	17	-1 044 255	-1 007 776
Net foreign exchange loss		- 4 547	- 8 268
		-1 048 802	-1 016 044
(Loss)/ Profit before tax		-3 004 381	5 100 700
Tax (expenses)/ income	18	- 156 808	105 583
(Loss)/ Profit for the year		-3 161 189	5 206 283
Other comprehensive income		-	-
Total comprehensive income for the year		-3 161 189	5 206 283
Total comprehensive income attributable to the owners of the Company		-3 161 189	5 206 283
Basic and diluted profit per share class A	21	-0,040	-0,035
- numerator class A		-1 825 049	-1 602 908
Basic and diluted profit per share class B	21	-0,175	0,118
- numerator class B		-2 555 742	1 717 236
Basic and diluted profit per share class D	21	-0,201	0,632
- numerator class D		-1 527 682	5 091 955
Basic and diluted profit per share class E	21	16,542	-
- numerator class E		2 747 284	-

The notes to the consolidated financial statements form an integral part of these consolidated financial statements

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Consolitated cash flow statement for the year ended 31 December 2015

	Notes	2015 USD	2014 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/ Profit for the year		-3 161 189	5 206 283
Non cash adjustments:			
- non cash movement on portfolios		- 98 520	4 046 513
- other income from matured policies		- 282 646	- 546 628
Cash flows from operations before working capital changes		-3 542 355	8 706 168
Increase in premium paid in advance		- 398 768	-1 234 721
Decrease in other receivable and prepayments		220 778	473 857
Increase/ (Decrease) in trade and other payable		1 278	- 588 980
Increase/ (Decrease) in tax payable	18/19	93 484	- 273 544
Cash flows from operations		-3 625 583	7 082 780
Interest received		282 646	546 628
Net cash flows from operating activities		**-3 342 937**	**7 629 408**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in life-settlement portfolios		-2 004 336	-1 983 000
Net investment in bond portfolio		-	2 526 250
Net cash used in investing activities		**-2 004 336**	**543 250**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash on policies		826 122	334 858
Reduction of capital		-11 498 241	-2 500 000
Additional payment of the subscribed capital		3 051 000	3 420 000
Net cash flows from financing activities		**-7 621 119**	**1 254 858**
NET CHANGES IN CASH AND CASH EQUIVALENTS		**-12 968 392**	**9 427 516**
Cash and cash equivalents:			
At the beginning of the year		21 316 906	11 889 390
At the end of the year		**8 348 514**	**21 316 906**

The notes to the consolidated financial statements form an integral part of these consolidated financial statements

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Consolidated statement of changes in equity for the year ended 31 December 2015

	Share capital USD	Subscribed capital not called USD	Share premium USD	Legal reserve USD	Reserve for own shares USD	Interim dividend USD	Retained earnings USD	Total USD
Balance as at 1 January 2014	70 194 044	-3 420 000	14 164 742	-	-	-1 400 000	52 316 728	131 855 514
Shares buy- back 10/01/2014	-	-	-	-	-2 500 000	-	2 500 000	-
Additional payment of subscribed capital:		3 420 000						3 420 000
Allocation of the year 2013:								
- legal reserve	-	-	-	2 792 000	-	-	-2 792 000	-
- final approval dividend 2012	-	-	-	-	-	1 400 000	-1 400 000	-
Shareholders' meeting 29 August 2014:								
- cancellation of own shares	-2 500 000	-	-	-	2 500 000	-	-2 500 000	-2 500 000
Profit for the year	-	-	-	-	-	-	5 206 283	5 206 283
Balance at 31 December 2014	67 694 044	-	14 164 742	2 792 000	-	-	53 331 011	137 981 797
Balance as at 1 January 2015	67 694 044	-	14 164 742	2 792 000	-	-	53 331 011	137 981 797
Shareholders' meeting 22 June 2015 :	-	-	-	-	-	-	-	-
- reduction of nominal value	-67 017 104	-	67 017 104	-	-	-	-	-
- capital increase CE shares	10	-	990	-	-	-	-	1 000
- repayment share premium	-	-	-11 498 241	-	-	-	-	-11 498 241
Capital increase E Shares :								
- 11 September 2015	3 812		1 521 187	-	-	-	-	1 524 999
- 13 November 2015	3 813	-	1 521 188	-	-	-	-	1 525 001
Loss for the year	-	-	-	-	-	-	-3 161 189	-3 161 189
Balance at 31 December 2015	684 575	-	72 726 970	2 792 000	-	-	50 169 822	126 373 367

The notes to the consolidated financial statements form an integral part of these consolidated financial statements

NOTE 1 GENERAL INFORMATION

1.1 Nature of operations

The principal activities of Acheron Portfolio Corporation (Luxembourg), Société Anonyme, ("the Company") and its subsidiaries (together "the Group") (Note 4) are to support and to fund the acquisition of individual and portfolios of life settlement and mortality related policies on the secondary market or in distressed situations (Note 10). Such insurance policies are located in the United States of America ("USA").

Once acquired, the policies are the property of the Acheron Portfolio Trust, a grantor trust established in the Commonwealth of Massachusetts USA, the Lorenzo Tonti 2006 Trust, a trust established in the State of New York, the Avernus Portfolio Trust, a trust established under the laws of the State of Delaware, or Styx Portfolio Trust, a trust established in the State of Delaware on 8 July 2015. Class A Shares, Class B Shares, Class D Shares, and Class E Shares (respectively) are the exclusive beneficiaries of these trusts.

The trusts are managed by Acheron Capital Limited, a London-based company which is authorized and regulated by the Financial Conduct Authority of the United Kingdom. The Acheron Portfolio Trust and the Lorenzo Tonti 2006 Trust are managed in accordance with the terms and conditions of two investment advisory agreements concluded on 20 August 2008 and renewed in June 2012. An investment advisory agreement was concluded on 24 July 2013 for the management of the Avernus Portfolio Trust, and on 12 August 2015 for the management of Styx Portfolio Trust.

The Company's subsidiaries (Note 4) do not carry out any life settlement business.

1.2 General information and statement of compliance with IFRS

The Company is the Group's ultimate parent company.

The Company was incorporated on 27 June 2007 and is organized under the laws of Luxembourg as a public limited company (société anonyme) for an unlimited period. The registered office of the Company is 37, route d'Anvers, L-1130 Luxembourg.

The Shares of the Company were first quoted on the Luxembourg Stock Exchange on 21 November 2008. The Shares of Class A and Class B (Note 11) are quoted separately. The Class C Shares, Class D Shares and the Class E Shares (Note 11) are not quoted.

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB) as adopted by the European Union.

The consolidated financial statements for the year ended 31 December 2015 were approved and authorized for issue by the Board of Directors on 18 April 2016.

NOTE 2 **SIGNIFICANT ACCOUNTING POLICIES**

2.1 Basis of preparation

The consolidated financial statements have been prepared using the accounting policies specified by those IFRS that are in effect at the end of the reporting year (31 December 2015), or which have been adopted early.

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below.

2.2 Changes in accounting policy and disclosures

2.2.1 New standards, amendments and interpretations adopted by the Group

The following standards, amendments to standards and new interpretations are mandatory for the first time for the financial period beginning 1 January 2015:

Annual improvements 2010-2012 and 2011-2013 – effective from 1 July 2014. These amendments were endorsed by the European Union in January 2015, to be effective from 1 February 2015.

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2015. None of the amendments to Standards that are effective from that date had a significant effect on the Group's financial statements.

2.2.2 Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and amendments have been issued by the IASB or the IFRIC but are not effective for the Group's accounting period beginning on 1 January 2015. The Group has yet to assess the impact of the new standards and amendments.

"Disclosure Initiative (Amendments to IAS 1)" – effective from 1 January 2016 to encourage companies to apply professional judgement in determining the information to disclose in their financial statements. These amendments have not yet been endorsed by the European Union.

Amendments to IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets" on depreciation and amortization and IAS 41, "Agriculture" related to accounting for bearer plants – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.

Amendment to IAS 27, "Separate financial statements", on equity method on separate financial statements – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.

"Investments Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)" – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.

Amendments to IFRS 11, "Amendments for acquisitions of interests in Joint Operations – effective from 1 January 2016. This standard has not yet been endorsed by the European Union.

Annual improvements 2012-2014 – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.

IFRS 9, "Financial instruments" (and related amendment on general hedge accounting) – effective from 1 January 2018. The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through Other Comprehensive Income (OCI) and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. This standard has not yet been endorsed by the European Union.

IFRS 14, "Regulatory deferral accounts" – effective from 1 January 2016. This standard has not yet been endorsed by the European Union.

IFRS 15 is the converged standard on revenue recognition. It replaces IAS 11, "Construction contracts", IAS 18, "Revenue" and related interpretations. Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 will be applicable for reporting periods beginning on or after 1 January 2017. This standard has not yet been endorsed by the European Union.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements consolidate those of the parent Company and all of its subsidiary undertakings drawn up to 31 December 2015 (Note 4). Subsidiaries are structured entities over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect these returns through its power over the entity. All subsidiaries have a reporting date of 31 December 2015.

All transactions and balances between the Group companies, including realized and unrealized gains and losses on transactions are eliminated. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The profit or loss and other comprehensive income of subsidiaries acquired or disposed during the year are recognized from the effective date of the acquisition, or up to the effective date of the disposal, as applicable.

There was no non-controlling interest (minority interest) at year end.

3.2 Business combinations

Business combinations are accounted for using the purchase method. The purchase method involves the recognition of the acquirer's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and the liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair value, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of identifiable net assets of the acquirer at the date of the acquisition. Any excess of identifiable net assets over acquisition cost is recognized in profit or loss immediately after the acquisition.

3.3 Foreign currency translation

The consolidated financial statements are presented in United States Dollars (USD), which is also the functional currency of the Group.

Foreign currency transactions are translated into the functional currency of the Group, 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 and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates prevailing at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates prevailing at the date when fair value was determined.

As at year-end the Group had no non-monetary items.

(b) Consolidated accounts

All companies included in the consolidated accounts have their financial statements prepared in USD.

3.4 Segment reporting

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

Segment information:

The Group management makes the strategic resource allocations on behalf of the Group. The Group management has identified that the insurance portfolios or portfolio rights acquired can all be classified as life settlement business and 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 Group's performance is evaluated on an overall basis. Investment objective of the Group is medium-term capital growth. An analysis of expected maturities is given in Note 10.4 of the consolidated financial statements.

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

There were no changes in the reportable segments during the year.

All of the Group's income is from revenue generated on the life settlement portfolios in the USA. The life settlement portfolios are classified as non-current assets.

3.5 Life-settlement portfolios

Being the final and exclusive beneficiary of the Acheron Portfolio Trust, the Lorenzo Tonti 2006 Trust, the Avernus Portfolio Trust and the Styx Portfolio Trust, the Group 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 Trusts are considered as having been undertaken by the Company for its own account.

Insurance policies which are acquired are recognized initially at fair value (the transaction price). If a life insurance policy matures, is surrendered or is sold, the related purchase price is recognized as a cost of sale. Cash borrowed 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. The change in the fair value of the Company's life insurance portfolios represents the main determinant of the Company's performance.

Insurance portfolios are valued at fair value (Note 10).

3.6 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

3.7 Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized 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 derecognized when it is extinguished, discharged, canceled 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 and 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:

- loans and receivables;
- financial assets held at fair value through profit or loss; and
- held-to-maturity investments, if any.

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets, except for those held at fair value through profit and loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

All incomes and expenses relating to financial assets that are recognized in profit or loss are presented within "finance costs", "finance income" or "other financial items".

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Financial assets held at fair value through profit or loss

Financial assets held at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments, if any, fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value, with gains or losses recognized in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or through using valuation techniques where no active market exists.

During the year the Group did not hold either derivative instruments or hedging instruments.

The Group has designated the life settlement portfolios as held at fair value through profit and loss. These investments are managed and their performance is evaluated on a fair value basis in accordance with the Group's investment strategy and information is provided internally by the Board of Directors.

The Company manages its assets in a way to enhance profits through optimizing the life settlement portfolios, minimizing the premiums payable on the life settlement portfolios, and collecting maturities in order to distribute such realized profit or available cash to its Shareholders.

Financial liabilities

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

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

3.8 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.

3.9 Tax expenses

Tax expenses recognized in profit or loss mainly comprise the sum of withholding tax and current income tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group 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 is recognized, using the liability method, on temporary differences arising between the tax bases of the Company's assets and liabilities and their carrying amounts in the consolidated 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 realized or the deferred income tax liability is settled.

The Group has adopted a prudent approach and has not recognized a deferred tax asset on the statement of financial position (balance sheet) as the Board of Directors of the Company is of the opinion that there will not be sufficient taxable profits against which to offset the tax deduction resulting from the temporary differences.

3.10 Equity, reserves and dividend payments

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

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of Shares are deducted from their share premium, net of any related income tax benefits.

Foreign currency translation differences, if any, arising on the translation of the Group's foreign entities, are included in the translation reserve.

Retained earnings include all current and prior period retained profits.

Considering the provisions of the article 72ter of the law of 19 December 2002, as amended on 30 July 2013, unrealized profit arising from the valuation of assets at fair value may neither be distributed to Shareholders, nor be utilized for an allocation to a legally required reserve.

Dividend distributions payable, if any, to Shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

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

3.11 Provisions, contingent liabilities and contingent assets

Provisions are recognized when: the Group 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 recognized as an interest expense.

3.12 Revenue and expenses recognition

3.12.1 Revenues

Revenue comprises the fair value of the consideration received in relation to maturities or to the surrender or sale (if any) of life settlement policies. The Group recognizes revenue when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the entity.

Maturities are recognized as revenue when the Group is formally aware of the maturity of a life insurance policy and the insurance company has confirmed that the life insurance policy was in force at the maturity date or at the time that the cash is received by the Group.

Net income from life settlement portfolios derives from the maturity or the sale of insurance policies less their acquisition value and the change in the valuation of the fair market value of the remaining policies.

3.12.2 Premiums

Premiums are expensed as maintenance costs of the life insurance portfolios 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 recognized as an expense. The remaining amount is shown as premiums paid in advance on the balance sheet.

3.12.3 Interest income

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

3.13 Significant management judgement in applying accounting policies.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements relate mainly to the valuation of the investment portfolios and when revenues may be accounted for.

For the year end portfolio valuation, the Group relies on models developed by Lewis & Ellis, external actuaries. (Note 10).

Management also set criteria stating when a life insurance policy can be considered to have matured and when the benefit of a maturity can be attributed to the Group (Note 3.12.1).

NOTE 4 CONSOLIDATED COMPANIES

The consolidated financial statements of the Group include Acheron Portfolio Corporation (Luxembourg), Société Anonyme, as the parent Company and the following wholly owned subsidiaries:

- Acheron Portfolio Corporation Ltd, Ireland;
- Lorenzo Tonti Ltd, Ireland;
- Styx Limited, Ireland, incorporated on 23 November 2015.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held by the parent Company does not differ from the proportion of ordinary shares held. The subsidiaries have not issued shares, other than ordinary shares.

Being the final and exclusive beneficiary of the Acheron Portfolio Trust, the Lorenzo Tonti 2006 Trust, the Avernus Portfolio Trust, and the Styx Portfolio Trust (Note 1.1), the Company has reflected in its own financial statements all the transactions performed on the life insurance portfolios owned by the trusts. Investments in transactions to support the acquisition of the life settlement assets held by the trusts are considered as being done by the Company for its own account.

NOTE 5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the Group's financial performance. Risk management is carried out by the Board of Directors.

Foreign Exchange Risk

Assets, income and most transactions are denominated in USD. Only part of the Company's current expenses is denominated in Euros and is paid as incurred. Consequently the Group does not have a significant foreign exchange risk.

Interest Rate Risk

Apart from cash, cash equivalents, the assets of the Group 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 projection is the major factor that affects the valuation of the Group's assets.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are not substantially dependent on changes in market interest rates.

Credit Risk

The primary credit risk faced by the Group relates to solvency of the insurance companies that underwrite the insurance policies, which are the main assets of the Group. 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.

Liquidity risk

Prudent liquidity risk management requires the Group to maintain sufficient cash, cash equivalents and marketable securities for the Group's day-to-day requirements.

A proportion of the Group's investments are in fractional life insurance policies. Fractional life insurance policies are where a number of different investors own interests in a single underlying life insurance policy.

There is a risk that other investors in a given life insurance policy may decide not to continue to pay the premiums associated with their interest and may allow their investment to lapse. In this situation the Group must retain sufficient additional liquidity to buy out the lapsing investors' fractional interests and to bear the associated increase in premium payments in order to ensure that the underlying life insurance policy does not lapse.

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.

Despite the level of maturities during the reporting period, the Group did not face any cash flow problems. The Group is presently not dependent on borrowings to manage and finance its current business. All investments are financed by equity.
The Board notes however that (as evidenced in Exhibit II), the lack of maturities since December 2014 for Class B has affected its level of reserves. Specific steps are being taken to try to alleviate and sustain Class B until maturities level recover, as it should statistically (one third of Class B policies are aged 90 or above). However as disclosed before, Class B suffers from a decreased number of policies on a limited portfolio, with some large individual exposure.

5.2 Capital risk management

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

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

The Group has cash balances of USD 8.3 million as at 31 December 2015 (2014: USD 21.3 million). Reference is also made to the cash flow statement.

5.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in active markets is based on quotations from major brokers, other reliable external information or other methods assessed to be appropriate by the Board of Directors.

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

5.4 Operational risk

Although the Group employs one member of staff, it has outsourced most of its administrative tasks to external service providers. The major services providers are: Lewis & Ellis (United States of America), who act as the Group's external actuary; Litai Assets LLC (United States of America) and Assets Servicing Group (ASG) who are the main servicer of the policies; and Acheron Capital Ltd (United Kingdom) who act as the portfolio manager for the trusts. All service providers are under the supervision of the Board of Directors of the Company.

The Group manages its legal risk by hiring the services of reputable lawyers.

NOTE 6 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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

Notes 10 presents the Group's financial assets and liabilities measured at fair value in accordance with the fair value hierarchy set out in IFRS 13. This hierarchy 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).

Life settlement portfolios are classified as level 3. At year-end, these portfolios were valued by the external actuaries using a computer model (Note 10).

The tables below provide an analysis of the financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

2015	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Life settlement portfolios	-	-	106 396 356	106 396 356
	-	-	106 396 356	106 396 356

2014	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Life settlement portfolios	-	-	105 119 621	105 119 621
	-	-	105 119 621	105 119 621

NOTE 7 PREMIUMS PAID IN ADVANCE

Premiums paid in advance consist of the amount of premiums paid as of 31 December 2015 that relate to the period following the balance sheet date.

NOTE 8 OTHER RECEIVABLES AND PREPAYMENTS

	31.12.2015 USD	31.12.2014 USD
Advance payments to servicers	200 000	345 934
Other receivables from servicers	107 909	165 831
Accrued interest	6 991	6 991
Deferred charges	-	4 417
Others debtors	15 350	15 350
	330 250	538 523

NOTE 9 CASH AND CASH EQUIVALENTS

As at 31.12.2015 and 31.12.2014, cash and cash equivalents consist solely of cash held on deposit and on current accounts with banks.

NOTE 10 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS: LIFE-SETTLEMENT PORTFOLIOS

Details of portfolios are as follows:

	31.12.2015 USD	31.12.2014 USD
Acquisition value, net of maturities and disposals	46 178 834	46 390 626
Loans on policies	-18 151 902	-17 325 781
Cumulative gain in fair value	78 369 424	76 054 776
	106 396 356	105 119 621

Development of the acquisition value:

	31.12.2015 USD	31.12.2014 USD
Balance as at 1 January	46 390 626	47 176 939
Additions	2 004 336	2 021 508
Matured policies	- 2 216 127	-2 807 822
Balance as at 31 December	46 178 835	46 390 626

Distribution of the portfolio by class of Shares and by type of risk:

	Class A USD	Class B USD	Class D USD	Class E USD
Life Settlements portfolio	33 542 658	14 303 739	9 261 334	4 165 950
HIV portfolio	42 687 261	-	1 838 414	597 000
Balance as at 31.12.2015	76 229 919	14 303 739	11 099 748	4 762 950

	Class A USD	Class B USD	Class D USD	Class E USD
Life Settlements portfolio	39 187 414	14 860 891	10 637 280	-
HIV portfolio	38 761 098	-	1 672 938	-
Balance as at 31.12.2014	77 948 512	14 860 891	18 310 218	-

The impact on the profit and loss of the valuation of the portfolio at fair value is USD 2 314 647 (2014: USD -1 277 199). (Note 13).

Fair market value reflects the assessment of Lewis & Ellis, Dallas (USA), the external actuaries and consultants to the Group.

Lewis & Ellis (L&E) projects the cash flows from the life insurance portfolios over a 30-year period and then discounts these cash flows back to the valuation date. Future cash flows are composed of life insurance policy maturities, reflecting any refund of unearned premiums upon death and any reduction in the death benefits due to policy loans, less the future premium payments required to maintain the policies in-force and the expenses associated with managing the portfolio and the future interest payable on any policy loans. The present value of the future cash flows assumes a discount rate, which is derived from observations of the discount rates prevailing in the market.

10.1 Main assumptions used to determine the fair value

a) Mortality/Life expectancy

L&E has built its own proprietary general population mortality table. It has done so by utilizing insurance industry and other data available, including the underlying data that went into the construction of the Valuation Basic Tables 2008 (VBT 2008), which historically has been commonly utilized within the life settlement industry. Mortality is adjusted for several factors, such as demographic shifts in the population (like an increasing percentage of non-smokers), 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.
As a result, the table thereby obtained has proven consistent with the new VBT 2014. The retained table is used in connection with each insured age, sex and smoking status. L&E is also considering the most recent life expectancy reports, when available. Life expectancy reports are medical opinions from specialized 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 old 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 30 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 and Class B Shares. A key problem with this exercise is the concentration of all Share Classes in certain policies with larger face values. This generates an imbedded 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. On this basis, the Actual to Expected ratio for the life settlement policies on these calculations Class A was about 94% over the last 6 years, but with a disappointing 2015. Similarly, Class B, despite experiencing 15 maturities for the year, recorded a low level of death benefits in 2015, resulting in a sharp drop of its unadjusted Actual to Expected ratio from over 100% in 2014 to 27% in 2015.

In the case of specific diseases, such as HIV, L&E has developed an internal specific mortality adjustment that is applied to the general population table it has built. This year, L&E did a complete revamp of the HIV model with a view to using the data gathered over the past years. The new L&E model continues to allow for a yearly increase of the mortality for each additional year that a patient has suffered from HIV. It is thus an age-based and time-based disease model, with a specifically computed over-mortality applied to each affected individual.

L&E's HIV model has been adjusted to fit the observed data over the past years, so that it is by nature consistent with observed experience. The problems of incurred but not reported maturities (IBNR)[1], particularly on one servicer, made the exercise challenging. Ultimately, the Actual to Expected ratio for the last 6 years on non ABC HIV policies has been computed at about 94%. On the ABC portfolio (representing less than 5% of the value of the portfolios), the Board has come to the conclusion that there were material tracking issues and has found some evidence that part of the policies had not been monitored as it would have wanted. Litigation has been initiated and continues to be actively pursued.

b) 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 optimization.

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.

c) 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 party risk.

The discount rates applied in the secondary market for elderly life insurance policies have ranged from under 10% in 2007 to over 15% during the financial crisis. A detailed survey of the main comparable investment vehicles and quoted companies has shown that the current rate used is between 7.5% and 11.7%, with an average of just above 9%.

Given lower observed market rates and the well above market long term Actual to Expected numbers on the one hand, but the idiosyncratic issues with the policies type and the disappointing 2015 mortality number, a 12% rate has continued to be retained by L&E for all policies in the portfolio. It is to be noted that it was determined that HIV policies should have the same discount rate on the basis of an Actual to Expected ratio over the last six years of about 94% and a life expectancy increasingly consistent with the market's elderly policies. Previously this has not been the case as the Actual to Expected ratio was deemed to be too unstable, reflecting what was essentially an unknown medical mortality condition. At this point the model can be fitted with sufficient amounts of data for the actuaries to generate a robust mortality projection. In these accounts, all classes have consistently been priced, with a particular focus on Actual to Expected results.

[1] According to the social security, IBNR (excluding data matching issues) would be 5% or higher. http://www.ssa.gov/policy/docs/ssb/v64n1/v64n1p45.pdf

10.2 Precision and changes in actuarial parameters/data

As per the market standard, the servicing, management and holding entities expenses have not been 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.

Class D and Class E (issued during the year 2015) were valued in the same way as the other classes, reflecting the fact that it is now a well-diversified portfolio.

10.3 Sensitivity analysis.

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

a) Class A

a.1) Discount rate sensitivity

Discount rate - non HIV portfolio	10%	12%	14%	16%
Value of portfolio	$ 35 480 658	**$ 33 542 658**	$ 31 847 658	$ 30 351 658
% of total face amount	26.3%	24.9%	23.6%	22.5%

Discount rate - HIV portfolio	10%	12%	14%	16%
Value of portfolio	$ 50 005 261	**$ 42 687 261**	$ 37 347 261	$ 33 366 261
% of total face amount	12.6%	10.8%	9.4%	8.4%

a.2) Premium assumption sensitivity

Value based on 12% discount rate – non HIV portfolio	Annual premium increase at 7%	8%	9%
Value of portfolio	$ 33 691 658	**$ 33 542 658**	$ 33 386 658
% of total face amount	25.0%	24.9%	24.7%

Value based on 12% discount rate – HIV portfolio	Annual premium increase at 7%	8%	9%
Value of portfolio	$ 43 383 261	**$ 42 687 261**	$ 41 916 261
% of total face amount	10.9%	10.8%	10.6%

a.3) Mortality sensitivity

Value based on 12% discount rate – non HIV portfolio	USD	% of face amount
Value of portfolio as reported	**$ 33 542 658**	24.9%
Value at 90% of current mortality assumption (*)	$ 30 166 658	22.3%
Value at 80% of current mortality assumption	$ 26 533 658	19.6%

(*) Assumption that mortality is only 90% of expected mortality.

Value based on 12% discount rate – HIV portfolio	USD	% of face amount
Value of portfolio as reported	**$ 42 687 261**	10.8%
Value at 90% of current mortality assumption	$ 38 027 261	9.6%
Value at 80% of current mortality assumption	$ 33 234 261	8.4%

b) Class B

b.1) Discount rate sensitivity

Discount rate – (non HIV portfolio)	11%	12%	13%	14%
Value of portfolio	$ 14 815 483	**$ 14 303 739**	$ 13 827 347	$ 13 382 986
% of total face amount	25.0%	24.1%	23.3%	22.6%

b.2) Premium assumption sensitivity

Value based on 12% discount rate	Premiums Increases at 8% Annually	Premiums Increases at 9% Annually
Value of portfolio	**$ 14 303 739**	$14 277 472
% of Face Amount	24.1%	24.1%

b.3) Mortality sensitivity

Value based on 12% discount rate	USD	% of face amount
Value of portfolio as reported	**$ 14 303 739**	24.1%
Value at 90% of current mortality assumption	$ 13 251 639	22.4%
Value at 80% of current mortality assumption	$ 12 131 194	20.5%

c) Class D

c.1) Discount rate sensitivity

Discount rate - non HIV portfolio	10%	12%	14%	16%
Value of portfolio	$ 9 786 334	**$ 9 261 334**	$ 8 797 334	$ 8 381 334
% of total face amount	26.7%	25.2%	24.0%	22.8%

Discount rate - HIV portfolio	10%	12%	14%	16%
Value of portfolio	$ 2 241 414	**$ 1 838 414**	$ 1 539 414	$ 1 313 414
% of total face amount	14.6%	12.0%	10.0%	8.6%

c.2) Premium assumption sensitivity

Value based on 12% discount rate – non HIV portfolio	Premiums Increases at 8% Annually	Premiums Increases at 9% Annually
Value of portfolio	**$ 9 261 334**	$9 205 334
% of Face Amount	25.2%	25.1%

Value based on 12% discount rate – HIV portfolio	Premiums Increases at 8% Annually	Premiums Increases at 9% Annually
Value of portfolio	**$ 1 838 414**	$1 799 414
% of Face Amount	12.0%	11.7%

c.3) Mortality sensitivity

Value based on 12% discount rate – non HIV portfolio	USD	% of face amount
Value of portfolio as reported	**$ 9 261 334**	25.2%
Value at 90% of current mortality assumption	$ 8 180 334	22.3%
Value at 80% of current mortality assumption	$ 7 028 334	19.1%

Value based on 12% discount rate – HIV portfolio	USD	% of face amount
Value of portfolio as reported	**$ 1 838 414**	12.0%
Value at 90% of current mortality assumption	$ 1 609 414	10.5%
Value at 80% of current mortality assumption	$ 1 374 414	9.0%

d) Class E

d.1) Discount rate sensitivity

Discount rate - non HIV portfolio	10%	12%	14%	16%
Value of portfolio	$ 4 380 950	**$ 4 165 950**	$ 3 972 950	$ 3 801 950
% of total face amount	27.3%	26.0%	24.8%	23.7%

Discount rate - HIV portfolio	10%	12%	14%	16%
Value of portfolio	$ 723 000	**$ 597 000**	$ 503 000	$ 431 000
% of total face amount	15.9%	13.2%	11.1%	9.5%

d.2) Premium assumption sensitivity

Value based on 12% discount rate – non HIV portfolio	Premiums Increases at 8% Annually	Premiums Increases at 9% Annually
Value of portfolio	**$ 4 165 950**	$4 138 950
% of Face Amount	26.0%	25.8%

Value based on 12% discount rate – HIV portfolio	Premiums Increases at 8% Annually	Premiums Increases at 9% Annually
Value of portfolio	**$ 597 000**	$581 000
% of Face Amount	13.2%	12.8%

d.3) Mortality sensitivity

Value based on 12% discount rate – non HIV portfolio	USD	% of face amount
Value of portfolio as reported	**$ 4 165 950**	26.0%
Value at 90% of current mortality assumption	$ 3 795 950	23.7%
Value at 80% of current mortality assumption	$ 3 418 950	21.3%

Value based on 12% discount rate – HIV portfolio	USD	% of face amount
Value of portfolio as reported	**$ 597 000**	13.2%
Value at 90% of current mortality assumption	$ 521 000	11.5%
Value at 80% of current mortality assumption	$ 440 000	9.7%

10.4 Expected maturities

Expected maturities of life-settlement policies can be distributed as follows (in percentage if face value):

Class A

	31.12.2015	31.12.2014	31.12.2013
Less than 3 months	1.52%	1.60%	1.50 %
From 3 months to 1 year	4.57%	4.80%	4.51%
From 1 year to 5 years	19.41%	19.75%	22.11%
More than five years	74.50%	73.85%	71.88%
	100.00%	100.00%	100.00%

Class B

	31.12.2015	31.12.2014	31.12.2013
Less than 3 months	3.28%	2.79%	2.74%
From 3 months to 1 year	9.84%	8.37%	8.21%
From 1 year to 5 years	42.02%	40.54%	39.73%
More than five years	44.85%	48.30%	49.32%
	100.00%	100.00%	100.00%

Class D

	31.12.2015	31.12.2014	31.12.2013
Less than 3 months	3.20%	3.25%	2.79%
From 3 months to 1 year	9.61%	9.74%	8.37%
From 1 year to 5 years	38.75%	38.32%	36.53%
More than five years	48.44%	48.69%	52.31%
	100.00%	100.00%	100.00%

Class E

	31.12.2015
Less than 3 months	3.97%
From 3 months to 1 year	11.90%
From 1 year to 5 years	40.52%
More than five years	43.61%
	100.00%

On a larger population, actuaries use the principles of large numbers and probability applied to a mortality table to derive the expected maturities in a given time frame. On this basis, an expected maturity table was generated for the portfolio which is reflected in this table.

10.5 Distribution of face value per insurance company

Class A: companies assuring at least	2015 Number	2015 Total %	2014 Number	2014 Total %
10 % of the nominal face value	1	10.6	1	10.1
5 % of the nominal face value	1	6.2	1	6.3
2 % to 5 %	12	37.3	12	38.3
0 % to 2 %	338	45.8	344	45.3

Class B: companies assuring at least	2015 Number	2015 Total %	2014 Number	2014 Total %
10 % of the nominal face value	1	12.5	1	12.8
5 % of the nominal face value	4	32.6	4	30.6
2 % to 5 %	10	34.8	10	34.4
0 % to 2 %	35	20.1	38	22.2

Class D: companies assuring at least	2015 Number	2015 Total %	2014 Number	2014 Total %
10 % of the nominal face value	0	-.--	0	-.--
5 % of the nominal face value	6	40.7	6	45.3
2 % to 5 %	8	22.7	7	19.6
0 % to 2 %	131	36.6	110	35.1

Class E: companies assuring at least	2015 Number	2015 Total %
10 % of the nominal face value	1	10.4
5 % of the nominal face value	6	40.3
2 % to 5 %	8	25.9
0 % to 2 %	72	23.4

NOTE 11 SHARE CAPITAL

At year-end, the Company's share capital amounted to USD 684 575, and was represented by 67 694 044 shares of USD 0.01 each. The share capital was split as follows:

	A Shares USD	B Shares USD	C Shares USD	D Shares USD	E Shares USD	Total USD
Balance 1 January 2014	47 446 946	15 096 098	51 000	4 180 000	-	66 774 044
Movements for the year:						
- additional payment	-	-	-	3 420 000	-	3 420 000
- redemption 10 January	-2 000 000	-500 000	-	-	-	-2 500 000
Balance as 31 December	45 446 946	14 596 098	51 000	7 600 000	-	67 694 044
Balance 1 January 2015	45 446 946	14 596 098	51 000	7 600 000	-	67 694 044
Movements for the year:						-
- reduction of the nominal value	-44 992 477	-14 450 137	-50 490	-7 524 000	-	-67 017 104
- Capital increase	-	-	10	-	7 625	7 635
Balance as 31 December	454 469	145 961	520	76 000	7 625	684 575

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An extraordinary shareholders' meeting held on 22 June 2015 decided:

- to reduce the share capital of the Company through the reduction of the par value of the shares from their existing par value of one USD 1 to USD 0.01 and decided to allocate the amount of USD 67 017 104 to the share premium reserve account.
- to reimburse an amount of USD 0.22 per share to Class A Shares, USD 0.0685 per share to Class B Shares, and USD 0.0658 per share to Class D Shares, to the shareholders from the proceeds available in the dedicated share premium reserve account of the Company
- to create a Class CE Shares and to issue 1 000 CE Shares with a par value of USD 0.01 fully paid-up
- to create a Class E Shares
- to grant the Board of Directors the authorization to issue shares of new classes (except share classes A, B, D and all C) and to grant options to subscribe for shares of any new classes, to such persons and on such terms as it shall see fit and specifically to proceed to such issue without reserving for the existing shareholders a preferential right to subscribe to the shares issued.

As a consequence, the share capital has been increased on 11 September 2015 by the issue of 381 250 E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 187, and on 13 November 2015, by the issue of 381 250 E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 188.

Class C Shares are composed of 25 000 CA Shares, 25 000 CB Shares, 1 000 CD Shares and 1 000 CE shares. Class C Shares are entitled to a preferred 20% profit distribution, after a preferred distribution compounded at 5% on the aggregate share capital contributions of non C Shares (Note 24).

Class A, Class B, Class D and Class E Shares relate to specific investments determined by the Board of Directors or as the case may be, by a general meeting of Shareholders. Each investment is undertaken for the exclusive benefit and risk of the relevant class of Shares.

The authorized capital amounts to USD 500 000 000. Existing Shareholders have waived their preferential subscription right within the limits of the authorized capital. The Board of Directors is authorized to increase the Company's capital within the limits of the authorized capital for a five year period beginning on 18 July 2015 (the consequence of the General meeting of Shareholders held on 22 June 2015).

NOTE 12 ACCRUALS

Details of accruals are as follows:

	31.12.2015 USD	31.12.2014 USD
Audit and accounting fees	131 576	138 002
Legal fees	190 837	375 150
Actuarial fees	63 500	53 770
Services fees	50 000	-
Travelling expenses	19 653	-
Director and audit committee fees	118 349	118 368
Financing project	150 000	-
Other	-	43 451
	723 915	728 741

NOTE 13 INCOME FROM LIFE-SETTLEMENT PORTFOLIOS

Details of the income received from the life-settlement portfolios:

	31.12.2015 USD	31.12.2014 USD
Maturities	24 502 400	34 956 034
Acquisition cost of maturities	- 2 216 127	-2 807 822
Incurred premiums	-21 916 210	-20 238 565
Fair value adjustments	2 314 647	-1 277 199
	2 684 710	10 632 448

Only the amount of premiums incurred during the period is reflected as an expense. The amount of premiums paid in advance amounted to USD 12 603 532 as at 31 December 2015 (2014: USD 12 204 763).

NOTE 14 OPERATING EXPENSES

	31.12.2015 USD	31.12.2014 USD
Acheron Capital management fees	1 919 810	1 904 529
Portfolio servicing fees	2 145 630	1 858 093
Audit fees (*)	82 448	82 445
Legal	360 014	296 270
Administration, including accounting	200 885	248 337
Actuarial fees	87 383	93 387
Directors fees, Directors insurance expenses	117 303	113 998
Audit committee fees	32 126	41 711
Financing project	150 000	162 000
Other expenses	179 050	171 660
	5 274 649	4 972 430

(*) No services were provided by the Company's auditor other than audit of financial statements

NOTE 15 INTEREST INCOME

	31.12.2015 USD	31.12.2014 USD
Interest and fair value adjustment on mortality bonds	-	24 268
Bank interest	19 289	15 005
	19 289	39 273

NOTE 16 OTHER INCOME FROM MATURED POLICIES

Details of other income from matured policies are as follows:

	31.12.2015 USD	31.12.2014 USD
Dividend	381 871	372 435
Interest	98 771	127 138
	480 642	499 573

NOTE 17 INTEREST EXPENSES

Other interest payable and similar charges amount to USD 1 044 255 (2014: USD 1 007 776), and is mainly composed of interest on policy loans of USD 1 005 676 (2014 USD 980 844).

NOTE 18 TAX EXPENSES

Since the incorporation of the Company to the balance sheet date the Group has adopted a prudent approach and has not recognized a deferred tax asset on the balance sheet as the Board of Directors of the Company is of the opinion that there will not be sufficient taxable profit against which to offset the tax deduction resulting from the temporary differences.
Reconciliation of statutory tax effect to effective tax:

	31.12.2015 USD	31.12.2014 USD
Loss / Profit for the year	- 3 161 189	5 206 283
Income tax	96 875	126 148
Reversal of prior years' excess tax provision	-	-393 753
Other tax related charges (U.S. withholding tax)	59 933	162 022
Loss / Profit for the year before tax	-3 004 381	5 100 670
Statutory tax rate	29.22 %	29.22 %
Tax expenses using statutory tax rate	-	1 490 425
Tax effect of non-taxable income	-	-1 364 276
Income tax	-	126 148
Expense for the year	156 808	-
Overprovision in prior years	-	-231 731
Tax expense / income	156 808	-105 583
	=======	=======

NOTE 19 TAX PROVISION

In conformity with the taxation treaty between the United States of America and Luxembourg, 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 recognized stock exchange. This has been the case since 31 December 2009.

Tax provision as at year-end consisted as follows:

	31.12.2015 USD	31.12.2014 USD
Income tax Luxembourg	345 404	252 532
Income tax USA	85 884	85 272
	431 288	337 804
	=======	=======

NOTE 20 TRANSACTIONS WITH RELATED PARTIES

	31.12.2015 USD	31.12.2014 USD
Directors' insurance	11 800	15 592
Directors' fees	106 538	98 407
Acheron Capital Ltd management fees (note 15)	1 919 810	1 904 529
Acheron Capital Ltd, reimbursement of expense	62 265	71 905
Compagnie Européenne de Révision Sàrl *(Accounting, NAV calculation, consolidation, and Company secretary fees)*	233 266	226 589
Shares held by related parties	2 034 280	2 018 280

The Company, Acheron Capital Limited and Compagnie Européenne de Révision Sàrl each have respectively one common Director. All transactions with related parties are undertaken at arm's length.

NOTE 21 NET CONSOLIDATED PROFIT PER SHARE

As stated in Note 11, the capital of the Company is composed of 45 446 946 A Shares, 14 596 098 B Shares, 52 000 C Shares (CA, CB, CD and CE), 7 600 000 D Shares and 762 500 E Shares. All Shares are fully paid. Neither unpaid shares nor any kind of option are outstanding, so that the basic profit per share is equivalent to the diluted profit per share.

As the different classes of Shares have specific rights in relation to their investments (Note 13), the net consolidated profit per share is given for each Share Class:

2015	Class A USD	Class B USD	Class D USD	Class E USD
Profit/loss per share:				
Basic and diluted profit/loss per share	-0.040	-0.175	-0.201	16.542
Numerator	-1 825 049	-2 555 742	-1 527 682	2 747 284
Denominator (weighted average number of shares)	45 446 946	14 596 098	7 600 000	166 077
2014				
Profit/loss per share:				
Basic and diluted profit/loss per share	-0.035	0.118	0.632	
Numerator	-1 602 908	1 717 236	5 091 955	
Denominator (weighted average number of shares)	45 501 741	14 609 797	8 056 927	

No profit per share for Class C share has been computed because such shares are entitled to a preferred profit distribution and are not quoted (Note 23).

NOTE 22 NET CONSOLIDATED ASSETS PER CLASS OF SHARES

The consolidated net assets for each class of Shares are shown below. Net assets for each class of Shares can be reconciled as follows:

	31.12.2015	31.12.2014
	USD	USD
Consolidated net assets Class A Shares	90 226 876	102 050 253
Consolidated net assets Class B Shares	15 982 935	19 538 511
Consolidated net assets Class D Shares	14 314 272	16 342 034
Consolidated net assets Class E Shares	5 797 284	-
Consolidated net assets Class C Shares	52 000	51 000
	126 373 367	137 981 797

NOTE 23 PREFERRED DISTRIBUTION

In accordance with article 5 of the Articles of Association, the distributions due to the class CA shares, class CB shares, class CD shares or class CE shares (the “Class C Shares”) shall be zero until such time as the aggregate distributions, whether in the form of dividends, share premium distributions, share redemptions, share capital reductions or otherwise paid to the holders of the Non Class C shares compounded at five percent (5%) per annum (from the date of each capital gain distribution to the Non Class C Shares) equals the aggregate share capital contributions of the Non Class C Shares compounded at five percent (5%) per annum (from the date of each distribution to the Non Class C Shares). Thereafter, the distribution due to the Class C Shares shall be equal to 20% of all additional distributions made to the Non Class C Shares. In the event that a redemption or repurchase in kind is to be performed, the holders of Class C Shares and the Non Class C Shares shall determine in good faith under what terms any remaining potential distributions to Class C Shares shall be performed.

Being a profit distribution, this preferred distribution has not been accrued in the consolidated financial statements. The 20% cumulative preferred distribution to Class C Shares amounts to USD 4 210 896 (2014: USD 5 211 038), based on the valuation of the portfolios as at 31 December 2015. The amount is detailed by class of shares in the exhibits.

NOTE 24 FATCA

The Law

The Foreign Account Tax Compliance Act ('FATCA') is currently in the focus of many Luxembourg financial services stakeholders. FATCA is a U.S. Law, enacted into law on March 18, 2010, that aims to combat tax evasion from the United States by more intensively flushing out U.S. tax evaders worldwide. In brief, this Law introduces a 30% withholding tax on any withholdable payment made to a Foreign Financial Institution (“FFI”), unless such entity complies with specified reporting or certification requirements or qualifies for an exemption.

The FFI definition is very extensive and includes banks, insurance undertakings and investment vehicles. Service providers are likely to be indirectly impacted.

FATCA withholding is effective for U.S. payments (any payment of U.S. source income: e.g. dividends, interest and any gross proceeds from the sale or disposition of a security) made after 2015. The 30% withholding tax is not imposed for purposes of collecting withholding taxes but rather, to ensure that FFIs and other foreign entities disclose information about their U.S. account holders and owners. Therefore, beginning 2014, foreign entities (and their common control affiliates) must either:

- identify and report to the U.S. Internal Revenue Service ("IRS") information about U.S. Account Holders; or
- pay a 30% withholding tax on all U.S. investment income and gross sale proceeds from U.S. stocks and securities.

The Tax Advisers of Acheron Portfolio Corporation Luxembourg S.A. have performed an in-depth analysis and review of the potential impact of the Law on the Company. The Company would meet the definition of an FFI under the proposed FATCA regulations. The Tax Advisers conclude that the FATCA rules would prove impossible to administrate for a Luxembourg Stock Exchange quoted company like Acheron Portfolio Corporation Luxembourg S.A. The Shares of the Acheron Portfolio Corporation Luxembourg S.A. are the "accounts" under the FATCA rules and the Company does not know and cannot know who the holders of its Shares are, whether in the U.S. or elsewhere. An intergovernmental Agreement ("IGA") signed on 23 March 2014 solved this problem by shifting the reporting burden to the clearing houses, whose function is to track the beneficial owners of the Shares.

NOTE 25 POST BALANCE SHEET EVENT

No event having an impact or influence on the present financial statements occurred after the balance sheet date.
In accordance with the resolutions of the extraordinary shareholders' meeting held on 22 June 2015 (Note 11), the Company issued 381.250 Class E shares in February 2016.

In March 2016, the Company has been advised of a significant maturity. The face value attributable to the class A amounts to USD 4.1 million, USD 1.7 million for class D, and USD 0.7 million for class E.

NOTE 26 ADDITIONAL INFORMATION

Additional information of exhibits I to IV do not form part of the financial statements.

EXHIBIT I

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class A

Net assets

	Note	31/12/2015 USD	31/12/2014 USD
ASSETS			
Current assets			
Premiums paid in advance		8 630 766	8 817 109
Short term loans		-	-
Financial assets held at fair value through profit and loss		-	-
Other current assets		280 251	432 759
Cash and cash equivalents		5 450 309	15 327 061
Intercompany receivable		203 956	43 678
		14 565 282	24 620 607
Non-current assets			
Life settlement portfolios		76 229 919	77 948 512
		76 229 919	77 948 512
Current liabilities			
Short term payables		48 863	80 301
Accruals		444 414	383 764
Tax provision		75 047	54 801
		568 325	518 867
Net assets		90 226 876	102 050 253
Preferred distribution	23	-2 401 103	-3 557 127

This exhibit does not form part of the audited set of financial statements.

EXHIBIT I/1

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Class A

Statement of comprehensive income for the year ended 31 December 2015

	31/12/2015 USD	31/12/2014 USD
Income from life-settlement portfolio		
Maturities	19 310 101	23 940 073
Acquisition cost of maturities	-1 485 048	-1 658 587
Premiums paid	-15 016 775	-14 532 556
Fair value adjustments	17 914	-5 018 435
Net income from life-settlement portfolio	2 826 193	2 730 494
Operating expenses	-4 013 717	-3 873 030
Staff costs		
Wages and salaries	- 32 519	- 39 646
Social security costs	- 4 416	- 5 356
	- 36 935	- 45 002
Finance income		
Interest income	10 046	30 131
Other income from matured policies	480 642	499 573
Net loss on financial assets held at fair value through profit and loss	-	- 26 250
	490 688	503 454
Finance costs		
Interest expenses	-1 023 196	- 993 203
Net foreign exchange loss	- 4 910	- 4 438
	-1 028 106	- 997 641
Profit/(Loss) before tax	-1 761 878	-1 681 725
Tax income/(expenses)	- 83 571	78 818
Profit/(Loss) for the year	-1 845 449	-1 602 908
Other comprehensive income	20 400	-
Total comprehensive income for the year	-1 825 049	-1 602 908
Total comprehensive income attributable to the owners of the Company	-1 825 049	-1 602 908
Basic and diluted profit per share class A	-0,040	-0,035
- numerator class A	-1 825 049	-1 602 908

This exhibit does not form part of the audited set of financial statements.

EXHIBIT I/2

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class A

Cash flow statement for the year ended 31 December 2015

	2015 USD	2014 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	-1 825 049	-1 602 908
Non cash adjustments:		
- non cash movement on portfolios	1 467 134	6 670 977
- interest income	- 499 475	- 546 910
Cash flows from (used in) operations before working capital changes	- 857 390	4 521 159
Increase in premiums paid in advance	186 343	- 291 084
Decrease/(Increase) in other receivables and prepayments	152 508	373 665
Increase in trade and other payables	- 131 066	139 853
(Decrease)/Increase in tax payable	20 247	- 246 778
Cash flows from/(used in) operations	- 629 357	4 496 815
Finance costs paid	499 475	546 910
Net cash flows from operating activities	**- 129 882**	**5 043 726**
CASH FLOWS FROM INVESTING ACTIVITIES		
Changes in bonds portfolio	- 574 663	2 526 250
Net cash flows from investing activities	**- 574 663**	**2 526 250**
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash on policies	826 122	342 318
Capital decrease	-9 998 328	-2 000 000
Net cash flows used in financing activities	**-9 172 207**	**-1 657 682**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**-9 876 752**	**5 912 293**
Cash and cash equivalents:		
At beginning of the year	15 327 061	9 414 768
At the end of the year	**5 450 309**	**15 327 061**

This exhibit does not form part of the audited set of financial statements.

EXHIBIT II

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class B

Net assets

	Note	31/12/2015 USD	31/12/2014 USD
ASSETS			
Current assets			
Premiums paid in advance		1 317 074	1 434 443
Other current assets		-	55 765
Cash and cash equivalents		817 841	3 588 220
Intercompany receivable		4 198 895	27 590
		6 333 810	5 106 019
Non-current assets			
Life settlement portfolios		14 303 739	14 860 891
		14 303 739	14 860 891
Current liabilities			
Short term payables		82 791	49 098
Accruals		145 768	255 989
Tax provision		129 330	123 313
Intercompany payables		4 296 725	
		4 654 614	428 399
Net assets		15 982 935	19 538 511
Preferred distribution	23	-	-

This exhibit does not form part of the audited set of financial statements.

EXHIBIT II/1

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Class B

Statement of comprehensive income for the year ended 31 December 2015

	31/12/2015 USD	31/12/2014 USD
Income from life-settlement portfolio		
Maturities	2 010 520	6 639 171
Acquisition cost of maturities	- 458 100	- 825 505
Premiums paid	-3 570 799	-3 583 179
Fair value adjustments	- 99 052	58 495
Net income from life-settlement portfolio	-2 117 431	2 288 981
Operating expenses	- 579 644	- 649 750
Staff costs		
Wages and salaries	- 6 006	- 7 332
Social security costs	- 816	- 991
	- 6 821	- 8 322
Finance income		
Interest income	1 754	1 420
Other income from matured policies	-	-
Net loss on financial assets held at fair value through profit and loss	-	-
	1 754	1 420
Finance costs		
Interest expenses	- 7 326	- 7 699
Net foreign exchange loss	- 515	- 2 143
	- 7 841	- 9 842
Profit/(Loss) before tax	-2 709 984	1 622 487
Tax income/(expenses)	- 6 017	94 749
Profit/(Loss) for the year	-2 716 001	1 717 236
Other comprehensive income	160 259	-
Total comprehensive income for the year	-2 555 742	1 717 236
Total comprehensive income attributable to the owners of the Company	-2 555 742	1 717 236
Basic and diluted profit per share class B	-0,175	0,118
- numerator class B	-2 555 742	1 717 236

ibit does not form part of the audited set of financial statements.

EXHIBIT II/2

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class B

Cash flow statement for the year ended 31 December 2015

	2015 USD	2014 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	-2 555 742	1 717 236
Non cash adjustments:		
- non cash movement on portfolios	557 152	767 011
- interest income	225 467	246
Cash flows from (used in) operations before working capital changes	-1 773 123	2 484 493
Increase in premiums paid in advance	117 370	36 061
Decrease/(Increase) in other receivables and prepayments	68 270	50 122
(Decrease) in trade and other payables	36 386	- 186 187
(Decrease)/Increase in tax payable	6 017	- 94 749
Cash flows from operations	-1 545 080	2 289 741
Finance costs paid	- 225 467	- 246
Net cash from (used in) operating activities	**-1 770 547**	**2 289 494**
CASH FLOWS FROM INVESTING ACTIVITIES	-	
Net cash from (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash on policies	-	- 7 461
Reduction of capital	- 999 833	- 500 000
Net cash used in financing activities	**- 999 833**	**- 507 461**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**-2 770 380**	**1 782 034**
Cash and cash equivalents:		
At beginning of the year	3 588 220	1 806 186
At the end of the year	**817 840**	**3 588 219**

This exhibit does not form part of the audited set of financial statements.

EXHIBIT III

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class D

Net assets

	Note	31/12/2015 USD	31/12/2014 USD
ASSETS			
Current assets			
Premiums paid in advance		1 770 796	1 953 210
Other current assets		-	-
Cash and cash equivalents		1 804 863	2 400 625
		3 575 659	4 353 835
Non-current assets			
Life settlement portfolios		11 099 748	12 310 218
		11 099 748	12 310 218
Current liabilities			
Short term payables		- 1 872	2 077
Accruals		102 437	88 417
Tax provisions		161 065	159 690
Due to Class A and B shares		99 505	71 836
		361 135	322 020
Net assets		14 314 272	16 342 034
Preferred distribution	23	-1 270 280	-1 653 911
		=========	========

This exhibit does not form part of the audited set of financial statements.

EXHIBIT III/1

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class D
Statement of comprehensive income for the year ended 31 December 2015

	31/12/2015 USD	31/12/2014 USD
Income from life-settlement portfolio		
Maturities	3 181 778	4 376 790
Acquisition cost of maturities	- 272 980	- 323 729
Premiums paid	-2 977 541	-2 122 830
Fair value adjustments	- 937 490	3 682 741
Net income from life-settlement portfolio	-1 006 233	5 612 972
Operating expenses	- 513 082	- 449 650
Staff costs		
Wages and salaries	- 2 067	- 2 267
Social security costs	- 281	- 278
	- 2 348	- 2 545
Finance income		
Interest income	7 489	7 721
Other income from matured policies	-	-
Net loss on financial assets held at fair value through profit and loss	-	-
	7 489	7 721
Finance costs		
Interest expenses	- 13 049	- 6 874
Net foreign exchange loss	915	- 1 686
	- 12 134	- 8 561
Profit/(Loss) before tax	-1 526 308	5 159 938
Tax income/(expenses)	- 1 374	- 67 983
Profit/(Loss) for the year	-1 527 682	5 091 955
Other comprehensive income		-
Total comprehensive income for the year	-1 527 682	5 091 955
Total comprehensive income attributable to the owners of the Company	-1 527 682	5 091 955
Basic and diluted profit per share class D	-0,201	0,632
- numerator class D	-1 527 682	5 091 955

bit does not form part of the audited set of financial statements.

EXHIBIT III/2

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class D

Cash flow statement for the year ended 31 December 2015

	2015 USD	2014 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	-1 527 682	5 091 955
Non cash adjustments:		
- non cash movement on portfolios	1 210 470	-3 391 475
- interest income	- 8 601	36
Cash flows from (used in) operations before working capital changes	- 325 813	1 700 516
Increase in premiums paid in advance	182 414	- 979 697
Decrease/(Increase) in other receivables and prepayments	-	50 069
(Decrease)/Increase in trade and other payables	37 741	- 542 647
Increase in tax payable	1 374	67 983
Cash flows from (used in) operations	- 104 283	296 224
Finance costs paid	8 601	- 36
Net cash from (used in) operating activities	**- 95 682**	**296 187**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in life-settlement portfolios	-	-1 983 000
Net cash used in investment activities	**-**	**-1 983 000**
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital increase	- 500 080	-
Subscribed capital uncalled	-	3 420 000
Net cash from financing activities	**- 500 080**	**3 420 000**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**- 595 762**	**1 733 187**
Cash and cash equivalents:		
At beginning of the year	2 400 625	667 438
At the end of the year	**1 804 863**	**2 400 625**

This exhibit does not form part of the audited set of financial statements.

EXHIBIT IV

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class E

Net assets

	Note	31/12/2015 USD
ASSETS		
Current assets		
Premiums paid in advance		884 896
Other current assets		-
Cash and cash equivalents		273 501
Intercompanies		- 1 627
		1 156 770
Non-current assets		
Life settlement portfolios		4 762 950
		4 762 950
Current liabilities		
Short term payables		20 300
Accruals		31 296
Tax provisions		65 846
Due to Class A and B shares		4 994
		122 436
Net assets		5 797 284
Preferred distribution	23	- 539 513

This exhibit does not form part of the audited set of financial statements.

EXHIBIT IV/1

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class E
Statement of comprehensive income for the year ended 31 December 2015

	31/12/2015 USD
Income from life-settlement portfolio	
Maturities	-
Acquisition cost of maturities	-
Premiums paid	- 351 095
Fair value adjustments	3 333 276
Net income from life-settlement portfolio	2 982 181
Operating expenses	- 168 205
Staff costs	
Wages and salaries	- 110
Social security costs	- 15
	- 125
Finance income	
Interest income	-
Other income from matured policies	-
Net loss on financial assets held at fair value through profit and loss	-
	-
Finance costs	
Interest expenses	- 683
Net foreign exchange loss	- 37
	- 720
Profit/(Loss) before tax	2 813 130
Tax income/(expenses)	- 65 846
Profit/(Loss) for the year	2 747 284
Other comprehensive income	
Total comprehensive income for the year	2 747 284
Total comprehensive income attributable to the owners of the Company	2 747 284
Basic and diluted profit per share class E	16,542
- numerator class E	2 747 284

ibit does not form part of the audited set of financial statements.

EXHIBIT IV/2

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class E

Cash flow statement for the year ended 31 December 2015

	2015 USD
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit for the year	2 747 284
Non cash adjustments:	
- non cash movement on portfolios	-3 333 276
- interest income	- 37
Cash flows from (used in) operations before working capital changes	- 586 029
Increase in premiums paid in advance	- 884 896
Decrease/(Increase) in other receivables and prepayments	
(Decrease)/Increase in trade and other payables	58 217
Increase in tax payable	65 846
Cash flows from (used in) operations	-1 346 863
Finance costs paid	37
Net cash from (used in) operating activities	**-1 346 826**
CASH FLOWS FROM INVESTING ACTIVITIES	
Net investments in life-settlement portfolios	-1 429 674
Net cash used in investment activities	**-1 429 674**
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital increase	3 050 000
Subscribed capital uncalled	-
Net cash from financing activities	**3 050 000**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**273 501**
Cash and cash equivalents:	
At beginning of the year	-
At the end of the year	**273 501**

This exhibit does not form part of the audited set of financial statements.

Acheron Portfolio Corporation

Acheron Portfolio Corporation (Luxembourg)
Société Anonyme

Auditor's report
and
annual accounts as at 31 December 2015

Registered office: 37, rue d'Anvers, L-1130 Luxembourg

R.C.S. Luxembourg: B 129.880.

Share capital: USD 684.575,44

To the Shareholders of
ACHERON PORTFOLIO CORPORATION (LUXEMBOURG)
Société Anonyme
37, rue d'Anvers
L-1130 Luxembourg

Grant Thornton Lux Audit S.A.
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

We have audited the accompanying annual accounts of ACHERON PORTFOLIO CORPORATION (LUXEMBOURG) Société Anonyme, which comprise the balance sheet as at December 31, 2015, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises Agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the Réviseur d'Entreprises Agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risks assessments, the Réviseur d'Entreprises Agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of ACHERON PORTFOLIO CORPORATION (LUXEMBOURG) Société Anonyme as of December 31, 2015, and of the results of its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the annual accounts and includes the information required by the law with respect to the corporate governance statement.

Luxembourg, April 29, 2016

Marco CLAUDE
Réviseur d'Entreprises Agréé
Grant Thornton Lux Audit S.A.

Acheron Portfolio Corporation (Luxembourg)

Balance sheet as at 31 December 2015

-expressed in USD-

	Notes	31.12.2015	31.12.2014
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in affiliated undertakings	2	89 731 322	86 667 808
Securities and other financial instruments held as fixed assets	3	106 396 356	105 119 621
		196 127 678	191 787 429
Current assets			
Debtors			
Trade receivables			
a) becoming due and payable within one year	4	107 909	165 831
Amounts owed by affiliated undertakings			
a) becoming due and payable within one year		825 081	825 303
Other receivables			
a) becoming due and payable within one year		6 991	6 991
		939 981	998 125
Cash at bank, cash in postal cheque accounts, cheque and cash in hand		8 317 720	21 293 390
Prepayments	5	12 803 532	12 555 114
Total Assets		218 188 911	226 634 059

The notes to the accounts form an integral part of these annual accounts.

Acheron Portfolio Corporation (Luxembourg)

Balance sheet as at 31 December 2015

-expressed in USD-

	Notes	31.12.2015	31.12.2014
LIABILITIES			
Capital and reserves			
Subscribed capital	6/8	684 575	67 694 044
Share premium and similar premiums	7/8	72 726 970	14 164 742
Reserves	8		
a) legal reserve	8	2 792 000	2 792 000
Profit or loss brought forward	8	53 475 633	48 427 831
Profit or loss for the financial year	8	-3 159 814	5 047 802
		126 519 364	138 126 419
Provisions	9		
Provisions for taxation		285 293	193 184
Other provisions		706 373	702 416
		991 666	895 600
Non subordinated debts	10		
Trade creditors			
a) becoming due and payable within one year		45 215	75 669
Amounts owed to affiliated undertakings	10/11		
b) becoming due and payable after more than one year		90 530 000	87 480 568
Taxe and social security debts			
b) Social security debts		2 116	4 630
Other creditors			
a) becoming due and payable within one year		100 550	51 173
		90 677 881	87 612 040
Total Liabilities		218 188 911	226 634 059

The notes to the accounts form an integral part of these annual accounts.

Acheron Portfolio Corporation (Luxembourg)

Profit and Loss account for the period
from 1 January 2015 to 31 December 2015

-expressed in USD-

	Notes	31.12.2015	31.12.2014
CHARGES			
Other external charges	12	29 423 257	28 003 342
Staff costs			
a) Salaries and wages		40 703	49 244
b) Social Security on salaries and wages		5 528	6 625
Other operating charges		2 362	26 250
Value adjustments			
a) on formation expenses and on tangible and intangible fixed assets		-	4 043
Value adjustments and fair value adjustment in respect of financial fixed assets		-	1 267 102
Interest and other financial charges			
b) other interest and similar financial charges	13	1 062 604	1 044 397
Income tax	14	155 434	202 898
Profit for the financial year		-	5 047 802
Total Charges		30 689 888	35 651 704
INCOME			
Net turnover	15	24 416 247	34 555 642
Other operating income		180 659	150 000
Income from financial current assets			
b) other income from financial current assets		2 327 162	-
Other interest and other financial income			
b) other interest and similar financial income	16	606 006	946 062
Loss for the financial year		3 159 814	-
Total Income		30 689 888	35 651 704

The notes to the accounts form an integral part of these annual accounts.

GENERAL INFORMATION

Acheron Portfolio Corporation (Luxembourg), Société Anonyme, hereafter "the Company" was incorporated on 27 June 2007 and organized under the laws of Luxembourg as a public limited company (société anonyme) for an unlimited period.

The registered office of the Company is established in Luxembourg.

The Company has been admitted to official listing at the Luxembourg Stock Exchange on 21 November 2008, with two securities: AcheronP Cl A ne (ISIN: LU0327662697) and AcheronP Cl B ne (ISIN: LU0338952244).

The Company's financial year starts on 1 January and ends on 31 December.

The main purpose of the Company is the holding of interest in any form whatsoever. The Company may also borrow in any kind or form and issue bonds and notes. The Company may further guarantee, grant loans or otherwise assist the companies in which it holds a direct or indirect participation or form part of the same group of companies.

The main activity of the company during the financial period was to support and fund the acquisition of individual and portfolios of life settlement and mortality related policies. Such insurance policies are located in the United States of America.

Once acquired, the policies are the property of the Acheron Portfolio Trust, a grantor trust established in the Commonwealth of Massachusetts USA, the Lorenzo Tonti 2006 Trust, a trust established in the State of New York, the Avernus Portfolio Trust, a trust established under the laws of the State of Delaware, or Styx Portfolio Trust, a trust established in the State of Delaware on 8 July 2015. Class A Shares, Class B Shares, Class D Shares, and Class E Shares (respectively) are the exclusive beneficiaries of these trusts.

The trusts are managed by Acheron Capital Limited, a London-based company which is authorized and regulated by the Financial Conduct Authority of the United Kingdom. The Acheron Portfolio Trust and the Lorenzo Tonti 2006 Trust are managed in accordance with the terms and conditions of two investment advisory agreements concluded on 20 August 2008 and renewed in June 2012. An investment advisory agreement was concluded on 24 July 2013 for the management of the Avernus Portfolio Trust, and on 12 August 2015 for the management of Styx Portfolio Trust.

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the Law, determined and applied by the Board of Directors.

1.2 Significant accounting policies

The main valuation rules applied by the Company are the following:

1.2.1 Shares in affiliated undertakings

Shares in affiliated undertakings and loans to these undertakings held as fixed assets are valued at purchase price including the expenses incidental thereto.

In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

1.2.2 Securities and other financial instruments held as fixed assets

Life insurance portfolio

Being the final and exclusive beneficiary of the Acheron Portfolio Trust, the Lorenzo Tonti 2006 Trust, the Avernus Portfolio Trust and Styx 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 Trusts are considered as having been undertaken by the Company for its own account.

Insurance policies that are acquired are recognized initially at fair value (the transaction price). If a life insurance policy matures, is surrendered or is sold, the related purchase price is recognized as a cost of sale. Cash borrowed 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. The change in the fair value of the Company's life insurance portfolios represents the main determinant of the Company's performance.

Cash borrowed on policies are deducted from the asset.

1.2.3 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

1.2.4 Prepayments

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

1.2.5 Provisions

Provisions are intended to cover losses or debts the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

1.2.6 Value adjustments

Value adjustments are deducted directly from the related asset.

1.2.7 Foreign currency translation

Transactions expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction.

Cash at bank, short-term assets and liabilities are translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account.

Other assets and liabilities are translated separately, respectively at the lower or at the higher of the values converted at the historical exchange rate or at the values determined on the basis of the exchange rates effective at the balance sheet date. The unrealized exchange losses are recorded in the profit and loss account. The realized exchange gains are recorded in the profit and loss account at the moment of their realization.

1.2.8 Net turnover

The net turnover comprises the amounts derived from maturities of policies included in the insurance portfolios, or from the sale (if any) of such policies. Net acquisition value is recorded as cost of sales (other external charges).

1.2.9 Revenue and expenses recognition

1.2.9.1 Revenues

Revenue comprises the consideration received or receivable in relation with maturities of life settlement policies. The Company recognizes revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity.

The net income derives from maturities or eventually sales of insurance policies net of acquisition value.

Maturities are recognized as revenue when the Company is formerly aware of the termination of an insurance policy, and the insurance company has confirmed the policy was in force until termination or the cash is being transferred to the Company.

1.2.9.2 Premiums

Premiums are considered as maintenance costs for the life insurance portfolios. Premiums are accounted for when paid. However, only the portion of the premiums in relation with the insurance coverage period up to 31 December is recognized as an expense. The remaining amount is shown as premiums paid in advance in the balance sheet.

1.2.9.3 Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

1.3 Consolidation

The Company also prepares consolidated financial statements, including the financial statements of Acheron Portfolio Corporation Ltd; Lorenzo Tonti Ltd and Styx Limited, all of them being Irish companies. Consolidated financial statements are available on the Company's website (acheronportfolio.lu).

NOTE 2 SHARES IN AFFILIATED UNDERTAKINGS

The movements of the year are as follows:

	USD 2015	USD 2014
Gross book value – opening balance	87 218 162	83 798 162
Additions	3 051 000	3 420 000
Disposals	-	-
Gross book value – closing balance	90 269 162	87 218 162
Depreciation – opening balance	-550 353	-556 408
Additions	-	-
Reversal	12 514	6 054
Depreciation – closing balance	-537 839	-550 353
Net book value – closing balance	89 731 322	86 667 808

Undertakings in which the Company holds at least 20% in their share capital are:

Undertaking's name & legal form	Registered Office	Owner ship %	Last balance sheet date	Net equity at the balance sheet date USD)	Profit or loss of the financial year USD
Acheron Portfolio Corporation Ltd	Ireland	100	31/12/15	61 379 112	670
Lorenzo Tonti Ltd	Ireland	100	31/12/15	25 285 861	11 844
Styx Limited	Ireland	100	31/12/15	3 051 000	-

NOTE 3 SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD AS FIXED ASSETS

The movements during 2015 are as follows:

	Investments in life insurance portfolio USD	Loan/debt on portfolios or policies USD	Total USD
Gross book value			
Opening balance	46 390 624	-17 325 780	29 064 844
Additions	2 004 337	-1 211 783	792 554
Disposals / adjustments/ redemptions	-2 216 127	385 661	-1 830 466
Closing balance	46 178 834	-18 151 902	28 026 932
Fair value adjustment			
Opening balance	76 054 777	-	76 054 777
Fair value adjustment	2 314 647	-	2 314 647
Disposals	-	-	-
Closing balance	78 369 424	-	78 369 424
Net book value – closing balance	124 548 258	-18 151 902	106 396 356

The movements during 2014 are as follows:

	Investments in life insurance portfolio USD	Loan/debt on portfolios or policies USD	Total USD
Gross book value			
Opening balance	47 176 938	-16 990 923	30 186 015
Additions	2 021 508	-612 461	1 409 047
Disposals / adjustments/ redemptions	-2 807 822	277 604	-2 530 218
Closing balance	46 390 624	-17 325 780	29 064 844
Fair value adjustment			
Opening balance	77 331 976	-	77 331 976
Fair value adjustment	-1 277 199	-	-1 277 199
Disposals	-	-	-
Closing balance	76 054 777	-	76 054 777
Net book value – closing balance	122 445 401	-17 325 780	105 119 621

Lewis & Ellis, Dallas (USA), the external actuaries and consultants to the Company, have computed the fair market value of the insurance portfolios.

Lewis & Ellis projects cash flows over a given period and then discounts these cash flows to the valuation date. Future cash flows are composed of policy maturities, reflecting any refund of unearned premium upon death and any reduction in death benefit due to policy loans, less future premium payments to maintain policies in force, less per policy expenses associated with managing the portfolio, less future interest payments on policy loans. Present value of cash flow items assumed a discount rate.

Analysis of life insurance portfolios is as follows:

	31.12.2015 USD	31.12.2014 USD
Acquisition value, net of maturities and disposal.	46 178 834	46 390 624
Loan on policies	-18 151 902	-17 325 780
Cumulative gain in fair value	78 369 424	76 054 777
	106 396 356	105 119 621

Analysis of acquisition value:

	31.12.2015 USD	31.12.2014 USD
Balance as at 1.1.	46 390 624	47 176 938
Additions	2 004 337	2 021 508
Matured policies	-2 216 127	-2 807 822
Balance as at 31.12.	46 178 834	46 390 624

NOTE 4 TRADE RECEIVABLES

Trade debtors amounting to USD 107 909 (2014: USD 165 831) are mainly composed of advances payments to service suppliers.

NOTE 5 PREPAYMENTS

Prepayments are mainly composed of premiums paid in advance.

NOTE 6 SUBSCRIBED CAPITAL

At year-end, the capital amounts to USD 684.575 and is represented by 68.457.544 shares of USD 0.01 each. The shares are split as follows:

	A Shares	B Shares	C Shares	D Shares	E Shares	Total
	USD	USD	USD	USD	USD	USD
Balance 1.1.2014	47 446 946	15 096 098	51 000	4 180 000	-	66 774 044
Movements of the period :						
- additional payment	-	-	-	3 420 000	-	3 420 000
- redemption 10/1/2014	-2 000 000	-500 000	-	-	-	-2 500 000
Balance 31.12.2014	45 446 946	14 596 098	51 000	7 600 000	-	67 694 044
Balance 1.1.2015	45 446 946	14 596 098	51 000	7 600 000	-	67 694 044
Movements for the period: shareholders' meeting 22 June 2015:						
- reduction of nominal value	-44 992 477	-14 450 137	-50 490	-7 524 000	-	-67 017 104
- capital increase CE shares	-	-	10	-	-	10
Capital increase E Shares :						
- 11.09 et 13.11	-	-	-	-	7 625	7 625
Balance 31.12.2015	454 469	145 961	520	76 000	7 625	684 575

An extraordinary shareholders' meeting held on 22 June 2015 decided

- to reduce the share capital of the Company through the reduction of the par value of the shares from their existing par value of one USD 1 to USD 0.01 and decided to allocate the amount of USD 67 017 104 to the share premium reserve account.
- to reimburse an amount of USD 0.22 per share of Class A Shares, USD 0.0685 per share of Class B Shares, and USD 0.0658 per share of Class D Shares, to the shareholders from the proceeds available in the dedicated share premium reserve account of the Company
- to create a Class CE Shares and to issue 1 000 CE Shares with a par value of USD 0.01 fully paid-up
- to create a Class E Shares
- to grant the Board of Directors the authorization to issue shares of new classes (except share classes A, B, D and all C) and to grant options to subscribe for shares of any new classes, to such persons and on such terms as it shall see fit and specifically to proceed to such issue without reserving for the existing shareholders a preferential right to subscribe to the shares issued.

As a consequence, the share capital has been increased on 11 September 2015 by the issue of 381 250 E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 187, and on 13 November 2015, by the issue of 381 250 E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 188.

Class C Shares are composed of 25 000 CA Shares, 25 000 CB Shares, 1 000 CD Shares and 1000 CE shares. Class C Shares are entitled to a preferred 20% profit distribution, after a preferred distribution compound at 5% on the aggregate share capital contributions of non C Shares

Class A, Class B, Class D and Class E Shares relate to specific investments determined by the Board of Directors or as the case may be, by a general meeting of Shareholders. Each investment is undertaken for the exclusive benefit and risk of the relevant class of Shares.

The authorized capital amounts to USD 500 000 000. Existing Shareholders have waived their preferential subscription right within the limits of the authorized capital. The Board of Directors is authorized to increase the Company's capital within the limits of the authorized capital for a five year period beginning on 18 July 2015 (the consequence of the General meeting of Shareholders held on 22 June 2015).

Class A and B shares are quoted on the Luxembourg Stock Exchange.

NOTE 7 SHARE PREMIUM ACCOUNT

The movements on the "Share premium account" item during the year are as follows (Note 6):

	USD
Opening balance	14 164 742
- reduction of the nominal value of the shares	67 017 104
- capital increase CE Shares	990
- capital increase E Shares	3 042 375
- repayment share premium	-11 498 241
Closing balance	72 726 970

NOTE 8 MOVEMENTS FOR THE YEAR ON THE CAPITAL, RESERVES AND PROFIT/LOSS ITEMS

The movements for the years 2015 and 2014 are as follows:

	Subscribed capital USD	Share premium USD	Legal reserve USD	Reserve for own shares USD	Interim dividend USD	Profit brought forward USD
Balance as at 1.1.2014	70 194 044	14 164 742	-	-	-1 400 000	52 619 831
Shares buy-back 10/01/2014	-	-	-	2 500 000	-	-2 500 000
Allocation of the year 2013:						
- legal reserve	-	-	2 792 000	-	-	-2 792 000
- final approval dividend 2012	-	-	-	-	1 400 000	-1 400 000
Shareholders' meeting 29/8/2014:						
- cancellation of own shares	-2 500 000	-	-	-2 500 000	-	2 500 000
Balance 31.12.2014	67 694 044	14 164 742	2 792 000	-	-	48 427 831
Uncalled portion of the subscribed capital 1 January 2014:	-3 420 000	-	-	-	-	-
Additional payment:	3 420 000	-	-	-	-	-
Net equity 31.12.2014	67 694 044	14 164 742	2 792 000	-	-	48 427 831

	Subscribed capital USD	Share premium USD	Legal reserve USD	Reserve for own shares USD	Interim dividend USD	Profit brought forward USD
Balance 1.1.2015	67 694 044	14 164 742	2 792 000	-	-	48 427 831
Allocation of the year 2014	-	-	-	-	-	5 047 802
Reduction of nominal value	-67 017 104	67 017 104	-	-	-	-
Capital increase CE Shares	10	990	-	-	-	-
Repayment share premium	-	-11 498 241	-	-	-	-
Capital increase E Shares	7 625	3 042 375	-	-	-	-
Balance 31.12.2015	684 575	72 726 970	2 792 000	-	-	53 475 633

Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed. The allocation to the legal reserve refers to the profit of the year 2012.

Following the provisions of the article 72ter of the law of 19 December 2002 as amended, unrealized profit arising from the valuation of assets at fair value may neither be distributed to shareholders, nor be utilized for an allocation to a legally required reserve.

The Company's reserves include unrealized gains as detailed below:

	31/12/2015 USD	31/12/2014 USD
Fair value gain brought forward	76 054 777	77 331 976
Fair value gain/(loss) for the year	2 314 647	-1 277 199
	78 369 424	76 054 777

NOTE 9 PROVISIONS

Provisions for liabilities and charges are made up as follows:

	31/12/2015 USD	31/12/2014 USD
Provisions for taxation	285 293	193 184
Other provisions	706 373	702 416
Total	991 666	895 600

	31/12/2015 USD	31/12/2014 USD
Accrued audit and accounting fees	116 280	104 616
Accrued legal fees	190 836	375 150
Accrued actuarial fees	63 500	53 770
Director fees and audit committee	116 104	126 000
Consulting fees	150 000	-
Other	69 653	42 880
Total	706 373	702 416

NOTE 10 NON-SUBORDINATED DEBTS

Amounts due and payable for the accounts shown under "Non-subordinated debts" are as follows:

	Within one year USD	After one year and within five years USD	After more than five years USD	Total USD
Trade creditors	45 215	-	-	45 215
Amounts owed to affiliated undertakings	-	90 530 000	-	90 530 000
Social security contributions payable	2 116	-	-	2 116
Other creditors	88 045	-	-	88 045
Total	135 376	90 530 000	-	90 665 376

NOTE 11 AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

Amounts owed to affiliated undertakings are interest free loans.

NOTE 12 OTHER EXTERNAL CHARGES

Other external charges are composed of as follows:

	31/12/2015 USD	31/12/2014 USD
Insurance premiums	21 916 210	20 238 565
Acquisition cost of matured policies and adjustments (note 3)	2 216 127	2 807 822
Portfolio management fees	1 919 810	1 904 529
Legal, accounting and similar expenses	650 797	627 080
Audit fees	72 716	71 104
Servicers' fees	2 097 117	1 807 759
Directors' and audit committee fees	137 090	142 841
Expenses	62 265	71 905
Consulting fees	150 000	162 000
Bank fees	38 578	20 175
Other	162 547	149 562
Total	29 423 257	28 003 342

NOTE 13 OTHER INTEREST AND SIMILAR CHARGES

The other interest payable and similar charges amounting to USD 1 062 604 (2014: USD 1 044 397) are mainly composed of interest on policy loans for an amount of USD 1 005 676 (2014 USD 987 601).

NOTE 14 INCOME TAX

The item "Income Tax" is composed as follows:

	31/12/2015 USD	31/12/2014 USD
Tax provision for the year (Luxembourg)	95 500	40 876
Tax provision for current / previous years (U.S.A.)	59 934	162 022
Total	155 434	202 898

In conformity with the taxation treaty between the United States of America and Luxembourg, 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 an recognized stock exchange. This is the case since 31 December 2009.

Since the incorporation of the Company to the balance sheet date, the Company has adopted a prudent approach and has not recognized a deferred tax asset on the balance sheet as the Board of Directors of the Company is of the opinion that there will not be sufficient taxable profit against which to offset the tax deduction resulting from the temporary differences.

NOTE 15 NET TURNOVER

The net turnover is composed of maturities received on life insurance policies. The Company realized the net turnover on the U.S. territory only (see General information).

NOTE 16 OTHER INTEREST AND SIMILAR FINANCIAL INCOME

The other interest receivable and similar income are composed of as follows:

	31/12/2015 USD	31/12/2014 USD
Interest, cash value and dividends received on policies	566 796	889 872
Interest on bank accounts	19 289	15 005
Interest and fair value adjustment on bonds	-	34 360
Realized exchange gains	19 921	6 825
Total	606 006	946 062

NOTE 17 **STAFF**

The Company employed one part-time staff during 2015.

NOTE 18 **ADVANTAGES AND LOANS GRANTED TO BOARD MEMBERS**

The emoluments granted to the members of the Board of Directors in their capacity, are broken down as follows:

	31/12/2015 USD	31/12/2014 USD
Administrative and managerial bodies	93 163	85 537
Directors' insurance	11 800	15 593
Total	104 963	101 130

The company did not enter into any commitment in respect of retirement pensions for current and former members.

NOTE 19 **TRANSACTIONS WITH RELATED PARTIES**

Transactions with related parties are detailed as follows:

	31.12.2015 USD	31.12.2014 USD
Directors' fees	93163	85 537
Directors' insurance	11 800	15 593
Acheron Capital Ltd, management fees (note 12)	1 919 810	1 904 529
Acheron Capital Ltd, other agreed fees	62 265	71 905
Compagnie Européenne de Révision Sàrl *(Accounting, NAV calculation, consolidation, and company secretary fees)*	233 266	226 589
Shares held by related parties	2 034 280	2 018 280

The Company, Acheron Capital Limited and Compagnie Européenne de Révision have respectively one common director. The Company is of the opinion that transactions with related parties are to be done at arm's length.

NOTE 20 **PREFERRED DISTRIBUTION**

In accordance with article 5 of the Articles of Association, the distributions due to the class CA shares, class CB shares, class CD shares or class CE shares (the "Class C Shares") shall be zero until such time as the aggregate distributions, whether in the form of dividends, share premium distributions, share redemptions, share capital reductions or otherwise paid to the holders of the Non Class C shares compounded at five percent (5%) per annum (from the date of each capital gain distribution to the Non Class C Shares) equals the aggregate share capital contributions of the Non Class C Shares compounded at five percent (5%) per annum (from the date of each distribution to the Non Class C Shares). Thereafter, the distribution due to the Class C Shares shall be equal to 20% of all additional distributions made to the

Non Class C Shares. In the event that a redemption or repurchase in kind is to be performed, the holders of Class C Shares and the Non Class C Shares shall determine in good faith under what terms any remaining potential distributions to Class C Shares shall be performed.

Being a profit distribution, this preferred distribution has not been accrued in the statutory financial statements. The 20% cumulative preferred distribution to Class C Shares amounts to USD 4 210 896 (2014: USD 5 211 038), based on the valuation of the portfolios as at 31 December 2015.

NOTE 21 FATCA

The Law

The Foreign Account Tax Compliance Act ('FATCA') is currently in the focus of many Luxembourg financial services stakeholders. FATCA is a U.S. Law, enacted into law on March 18, 2010, that aims to combat tax evasion from the United States more intensively flushing out U.S. tax evaders worldwide. In brief, this Law introduces a 30% withholding tax on any withholdable payment made to a Foreign Financial Institution (“FFI”), unless such entity complies with specified reporting or certification requirements or qualifies for an exemption. The FFI definition is very extensive and includes banks, insurance undertakings and investment vehicles. Service providers are likely to be indirectly impacted.

FATCA withholding is effective for U.S. payments (any payment of U.S. source income: e.g. dividends, interest and any gross proceeds from the sale or disposition of a security) made after 2014. The 30% withholding is not imposed for purposes of collecting withholding taxes but rather, to ensure that FFIs and other foreign entities disclose information about their U.S. account holders and owners. Therefore, beginning 2014, foreign entities (and their common control affiliates) must either:

- identify and report to the U.S. Internal Revenue Service (“IRS”) information about U.S. Account Holders; or
- pay a 30% withholding tax on all U.S. investment income and gross sale proceeds from U.S. stocks and securities.

Our view and interpretation

The Tax Advisers of Acheron Portfolio Corporation Luxembourg S.A. have performed an in-depth analysis and review of the potential impact of the Law on the Company. The Company would meet the definition of an FFI under the proposed FATCA regulations. The Tax Advisers concludes that the FATCA rules would prove impossible to administrate for a Stock Exchange quoted company like Acheron Portfolio Corporation Luxembourg S.A. The shares of the Acheron Portfolio Corporation Luxembourg S.A. are the “accounts” under the FATCA rules and the Company does not know and cannot know who the holders of its shares are, whether in the U.S. or elsewhere. An intergovernmental Agreement (“IGA”) signed on 23 March 2014 solved this problem by shifting the reporting burden to the clearing houses whose function is to track the beneficial owners of the shares.

NOTE 22 POST BALANCE SHEET EVENTS

No event having an impact or influence on the present financial statements occurred after the balance sheet date.
In accordance with the resolutions of the extraordinary shareholders' meeting held on 22 June 2015 (Note 11), the Company issued 381.250 Class E shares in February 2016.

In March 2016, the Company has been advised of a significant maturity. The face value attributable to the class A amounts to USD 4.1 million, USD 1.7 million for class D, and USD 0.7 million for class E.

Acheron Portfolio Corporation

Statements by the responsible persons

The undersigned:

M. Yves Mertz and M Jean-Michel Paul, on behalf of the board of Directors of Acheron Portfolio Corporation (Luxembourg) S.A., a public limited company, incorporated under the laws of Luxembourg (hereinafter referred to as the "Company"), hereby confirm that to the best of their knowledge, the consolidated and statutory financial statements for the year ended 31 December 2015 have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.

Furthermore, the undersigned declare that the Directors' Report includes a fair view of the development and performance of the business and the Company's position together with a description of the principal risk and uncertainties that it faces.

Luxembourg, 18 April 2016

Yves Mertz
Director

Jean-Michel Paul
Director

Acheron Portfolio Corporation (Luxembourg) SA - 37 rue d'Anvers - L-1130 Luxembourg
RC B 129 880

Acheron Portfolio Corporation

ANNUAL REPORT AS AT 31 DECEMBER 2016

Acheron Portfolio Corporation

ANNUAL REPORT AS AT 31 DECEMBER 2016

Acheron Portfolio Corporation

DIRECTORS' REPORT 2016

Dear Shareholders,

The Directors of Acheron Portfolio Corporation S.A ("Acheron" or the "Company") are pleased to present the consolidated financial results for the year ended 31 December 2016.

This report contains information drawn from the consolidated financial statements, prepared according to the International Financial Reporting Standards (IFRS) as adopted by the European Union. The Company has also prepared stand-alone financial statements that fulfill its Luxembourg corporate reporting obligations. The comments in this report refer to the consolidated financial statements unless otherwise stated.

The value of the life-insurance policies beneficially owned by the Company has been determined by independent U.S. actuaries and reviewed by a second firm of actuaries. These financial statements incorporate the valuation of the life settlement policies by the actuaries at year end.

Overview

The principal activities of the Company are to support and manage portfolios of whole and partial interests in life settlement policies issued by life insurance companies operating in the United States. Acheron acquires both individual life insurance policies and portfolios of such policies via either the secondary market or private placements. The life settlement market enables people to sell their life insurance policies to investors at a higher cash value than they would otherwise receive from insurance companies. An investor acquiring the life insurance policy will continue to pay the premiums until the death of the insured. The insurance company will then pay the face value of the life insurance policy to the investor.

Yves Mertz, Chairman of Acheron said:

"The Board is pleased with the overall performance of the Company as shown by higher maturities collected in 2016 and a distribution of USD 3 million to Class A shareholders. The Board is aware of the high discount of the share price to the NAV and recognizes further action needs to be taken to improve shareholder value. In the year under review, whilst cash flows collected from the maturities of life settlement policies exceeded the premium payments for Share Classes A, B and D, they were insufficient to meet the Company's overheads, leading to an operating cash shortfall of USD 1.3 million. Furthermore, these maturities were below the levels predicted by actuarial models. The Board will use existing cash to acquire additional fractional policies at a deep discount to fair value, and progressively transform them into wholly owned policies, which we believe will generate future shareholder value. The Board believes it would be prudent to keep sufficient cash to cover a portion of next year's premium payments and to carry forward profits to 2017. Distributions are likely to be resumed as maturities are expected to increase in the coming years."

Performance Highlights

- Total maturities of USD 29.5 million (2015: USD 24.5 million), as a result of a higher level of maturities in Class B particularly in the second half of the year;
- Profit of USD 2.9 million (2015: loss of USD 3.2 million) as a result of a higher level of maturities;
- Class A delivered a higher actual to expected ratio in the HIV segment of the portfolio which enabled USD 3.0 million to be distributed to investors from the share premium reserve account;
- Class B delivered maturities of USD 6.7 million (2015: USD 2.0 million), most of which occurred in the second half of the year. As a result, the portfolio delivered an increase in value of USD 0.7 million;
- Class D collected USD 2.8 million of maturities for the year (2015: USD 3.2 million), which exceeded the total premiums for the full year of USD 2.7 million;
- Class E collected USD 1.7 million in maturities. Class E shares is now fully invested and has increased its diversification by purchase of additional policies.

Investment Strategy

Acheron's investment objective is to generate long run returns for investors by investing in the life settlement market. The Company manages portfolios of life settlement products such that the expected value of the policy maturities exceeds the aggregate cost acquiring the policies, including premiums and management fees and other operation costy. Significant parts of the portfolio were acquired in 2007 and 2008, investments thereafter are mainly in fractional policies in which the Company is already a fractional owner.

Acheron has a strong long-term track record and is well positioned to deliver attractive returns.

Acheron has:

- A highly experienced board and investment manager;
- 10 years of delivering strong returns to our investors;
- An actuarially robust pricing policy and portfolio valuation methodologies which deliver an attractive investment performance;
- Delivered an internal rate of return of circa 7% to the original investor in Class A. (The original investor would have invested for a period of 10 years. Past performance does not indicate future performance).

The life settlement market has a low correlation with traditional equity and fixed income capital markets. This, coupled with current low interest rates, can make this an attractive asset class.

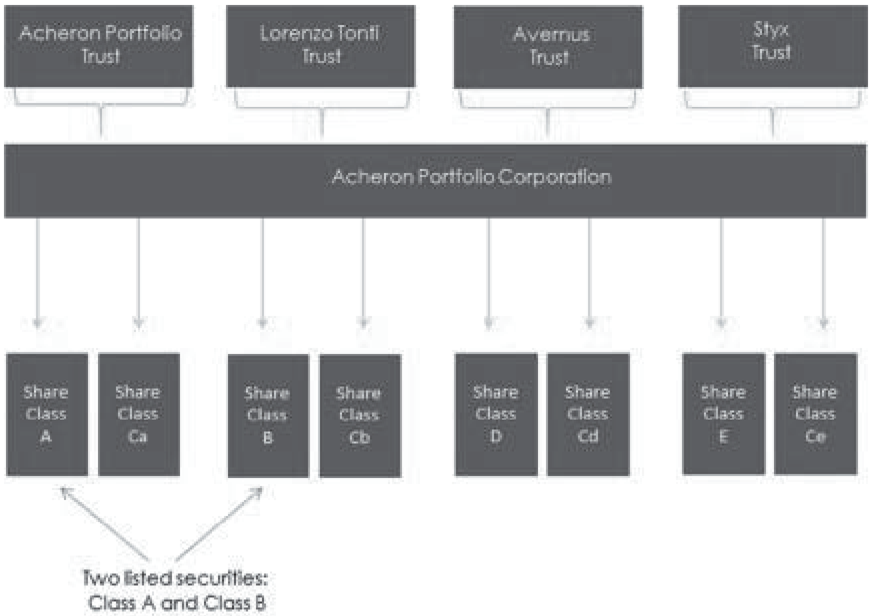
Corporate Structure

Acheron, a Luxembourg domiciled Company, is the beneficiary of four US Trusts which own portfolios of life insurance policies. These Trusts are all managed by Acheron Capital Ltd.

The Company has eight Share Classes, A, Ca, B, Cb, D, Cd, E and Ce. The performance of Share Classes A and Ca are derived from the Acheron portfolio Trust; the performance of Share Classes B and Cb are derived from the performance of Lorenzo Tonti Trust; the performance of Share Classes D and Cd are derived from the Avernus Trust, and the performance of Share Classes E and Ce are derived from the Styx Trust.

The two main share classes of the Company are Share Class A and Share Class B. Share Class A invests in life insurance policies acquired from special or "distressed" situations, with exposure to both HIV and elderly insureds providing significant diversification and uncorrelated risk. Share Class B invests in life insurance policies exposed only to elderly insureds. Share Class D was created in 2013 and its portfolio consists solely of fractional policies where share Classes A and B are already fractional owners. Fractional policies are single life insurance policies initially purchased by multiple investors, each of whom acquired a fractional interest.

Share Classes Ca, Cb, Cd and Ce (the "Class C Shares") are are owned by the investment manager to the Trusts and related parties and are due to be paid 20% of the performance of the associated share class above a 5% compounding hurdle. .



Share Classes A and B are listed on the Luxembourg Stock Exchange since November 2008. Given the trading volume and the number of transactions observed in 2016, the Board believes that the Company will benefit from the Luxembourg-US double taxation treaty in 2017.

The Company is in the process of reviewing the best location to domicile its headquarters and operations in the future to better serve shareholders' interests by moving to a more widely accessible stock exchange but also as we remain mindful of potential tax and other regulatory changes in Luxembourg. The Board has not yet taken any decisions in this regard but will update shareholders as and when appropriate.

Financial results

For the year ended 31 December 2016, the Company generated net income for the life settlement portfolio of USD 9.5 million (2015: USD 2.7 million). The increase in net income was mainly due to higher maturities of USD 29.5 million compared to USD 24.5 million in the previous year. Profit for the year was USD 2.9 million compared to a loss of USD 3.2 million in 2015.

Net income per share amounted to a profit per share of USD 0.034 (2015: loss of USD 0.040) for Class A, a profit per share of USD 0.105 (2015: loss of USD 0.175) for Class B, a loss per share of USD 0.016 (2015: loss of USD 0.201) for Class D, and a loss per share of USD 0.078 (2015: profit of USD 16.542) for class E (newly created in 2015).

Net Asset Value per share class

In 2016, the Net Asset Value (NAV) per share (in USD) decreased from 1.933 to 1.911 for Class A, from 1.716 to 1.714 for Class D and from 6.895 to 5.431 for Class E. The NAV increased from 1.095 to 1.200 for Class B. The decrease in the NAV per share of Class A was primarily attributable to distributions of USD 0.066 per share in July 2016.

Aggregate Net Asset Value by Share Class:

	Class A	Class B	Class D	Class E
December 2016 NAV	86 846 083	17 517 393	13 025 067	8 282 601
December 2015 NAV	87 825 773	15 982 934	13 043 092	5 257 771

Class E shares were issued in November 2015. Aggregate NAV for Class E was increased by two capital contribution calls for a total of USD 3 050 000 in 2016.

Maturities

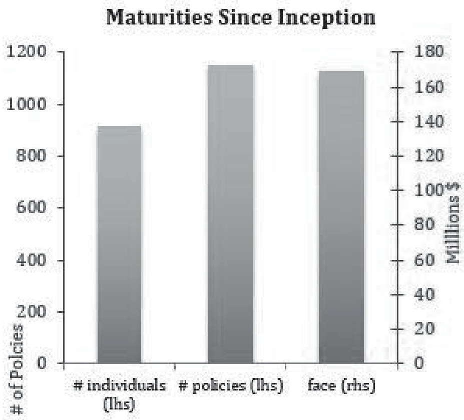
When a life insurance policy matures, Acheron collects the net proceeds. In 2016, maturities collected were USD 29.5 million (2015: USD 24.5 million), of which USD 18.3 million was received by the trust of which Class A is a beneficiary, USD 6.7 million for the trust of which Class B is a beneficiary, USD 2.8 million for the trust of which Class D is a beneficiary and USD 1.7 million for the trust of which Class E is a beneficiary. Maturities represented 125% (2015: 112%) of the premiums paid. The following tables contain information about the maturities between 2009 and 2016, and historical maturities of each individual Share Class.

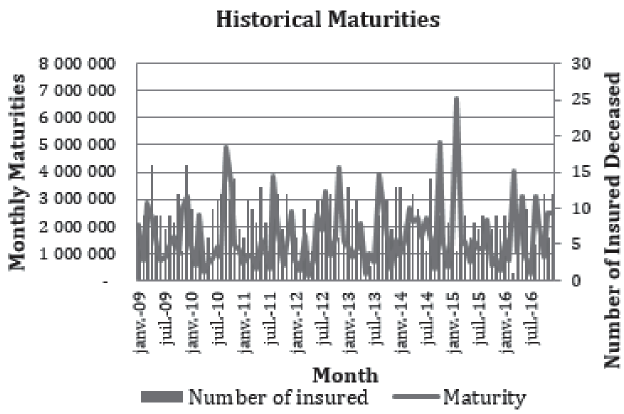
Collected Maturities by Year (in USD million):

Year	Class A	Class B	Class D	Class E	Total
2016	18.3	6.7	2.8	1.7	29.5
2015	19.3	2.0	3.2	0.0	24.5
2014	23.9	6.6	4.4	0.0	34.9
2013	18.2	3.8	0.0	0.0	22.0
2012	16.3	8.7	0.0	0.0	25.0
2011	16.9	4.7	0.0	0.0	21.6
2010	20.8	7.2	0.0	0.0	28.0
2009	15.0	1.6	0.0	0.0	16.6

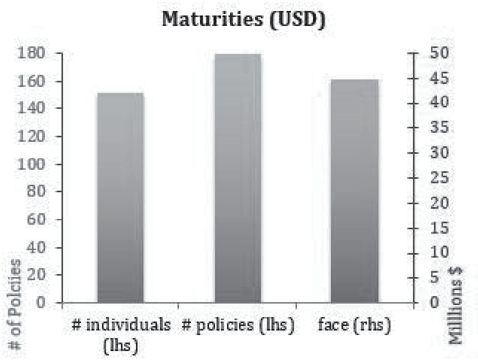
Historical Maturities:

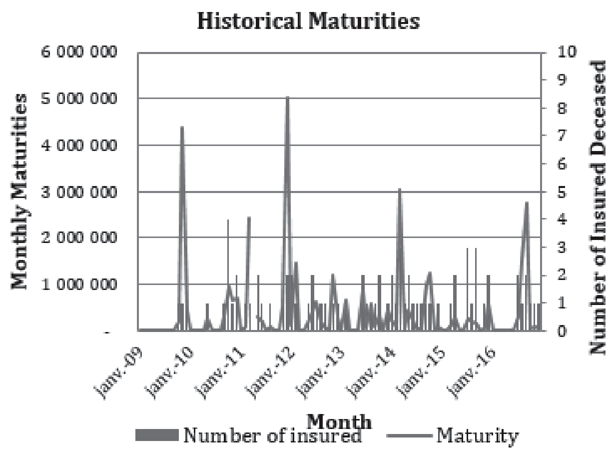
Class A



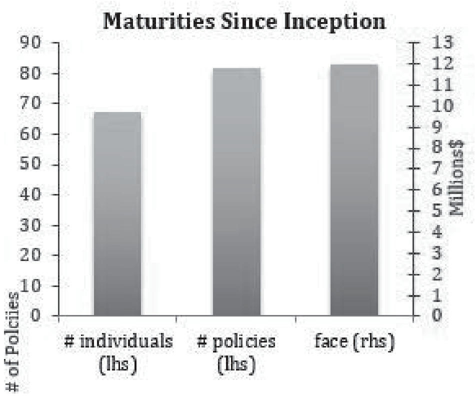


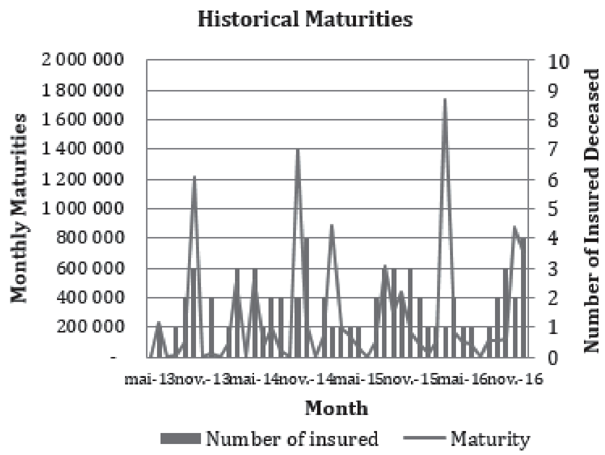
Class B





Class D





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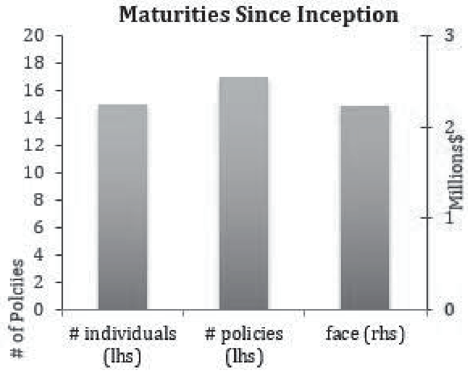
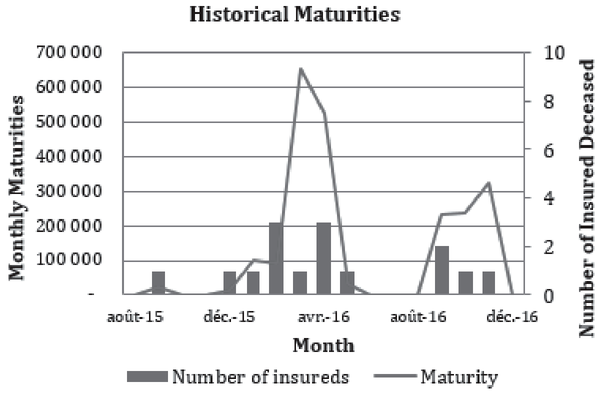
Class E





For 2017, the external actuary's model projects USD 22.6 million, USD 6.1 million, USD 4.8 million and USD 3.6 million of maturities for Class A, B, D and E respectively. Statistically, given the lack of diversification among larger policies, and the general lack of diversification in B, D and E, these projections represent a likely outcome that may or may not be achieved even with a highly reliable forecasting mortality model.

Performance Analysis by Share Class

Class A

USD	2016	2015
Collected maturities	18 316 544	19 310 101
Net income from portfolio	6 462 140	2 826 193
Profit/(Loss) before tax	1 694 632	(1 741 478)
Profit/(Loss) per share	0.034	(0.040)
NAV per share	1.911	1.933

NAV per share reduced to 1.911 during the period (2015: 1.933), notably due to a distribution of USD 0.066 per share to investors from the share premium reserve account. Class A, while not having as many maturities from the large face value policies as expected, had a strong model based on Actual to Expected performance both for HIV and non-HIV policies. This performance reinforces our confidence in the underlying mortality model which has a good track record of making better predictions of the income from its portfolio than the industry standard models.

The elderly segment of the portfolio experienced fewer maturities in the period under review. Class A contains a few large policies for insured who are 90 years old. Consequently, the maturities of the elderly portfolio are highly dependent on the maturities from this group.

Share Class A was not significantly affected by the Cost of Insurance ("COI") increases imposed by insurance companies. Any known adjustments have been incorporated into the Company's valuation model, despite the likely legal challenges taken by the industry to these unilateral moves. In line with previous years, the Company expects the total premiums for 2017 to be materially lower than maturities received. More detail on the COI increases is included in the Investment Manager's Report.

Class B

USD	2016	2015
Collected maturities	6 744 087	2 010 520
Net income/(loss) from portfolio	2 196 718	(2 117 431)
Profit/(loss) before tax	1 590 469	(2 549 725)
Profit/(loss) per share	0.105	(0.175)
NAV per share	1.200	1.095

Class B experienced a reasonable level of maturities in 2016, and most of them occurred in the second half of the year. As a result, the portfolio faced acute liquidity issues at the beginning of the year, but delivered an increase in value at the year end. This was achieved despite the increase in COI imposed by insurance companies, which negatively impacted the valuation and premiums projections.

Class D

USD	2016	2015
Collected maturities	2 827 800	3 181 778
Net income/(loss) from portfolio	486 284	(1 006 233)
Loss before tax	(119 758)	(1 526 308)
Loss per share	(0.016)	(0.201)
NAV per share	1.714	1.716

Class D collected USD 2.8 million in maturities for the year, exceeding the total premiums for the full year of USD 2.7 million.

Class D is exposed to more than 500 policies with a face value of just below USD 50 million. There are a few large policies in Class D: five policies represent USD 8 million of face value and three of these five insureds are 95 or older. As previously indicated, the outcome of this group of policies has a significant impact on the Class D performance.

Class E

USD	2016	2015
Collected maturities	1 658 864	-
Net income from portfolio	368 072	2 982 181
(Loss)/Profit before tax	(103,940)	2 813 130
(Loss)/Profit per share	(0.078)	16.542*
NAV per share	5.431	6.895

* Profit per share for Class E is not comparable as this class was newly created in 2015

Class E collected over USD 1.6 million in maturities in 2016, below the projected total annual premiums of USD 2.4 million. The Class E shares are now fully invested and achieved additional diversification from the purchase of additional policies.

Class E is now exposed to around 300 policies which have total face value of around USD 30 million. Policies on five insureds represent around USD 9 million of face value, four of which are more than 95 years of age.

Risks

The Company has four main sources of risk: actuarial, market, operational and counter-party. These risks can affect the liquidity and the value of the Company's investments.

Investors interested in a detailed description of the financial risks are encouraged to review note 5 of the consolidated accounts.

Actual portfolio mortality rates have fallen within the range predicted by Acheron Capital, the trusts' Investment Manager. These rates are closely monitored by both the trusts' Investment Manager and the Independent Actuary.

The Company manages operational risk by closely monitoring the policy servicers and will take action if and when required. Although the Group employs one member of staff, it has outsourced most of its administrative tasks to external service providers. All service providers are under the supervision of the Board of Directors of the Company.

Other operational risk relate to fraud and legal aspects:

When purchasing or managing life insurance policies, the Company faces risks associated with fraud and other legal challenges regarding the validity of the policies or of the medical data.

The Company regularly updates its data, including confirming certain premium schedules with insurance companies. Nevertheless, this will not necessarily eliminate the risk of fraud, or the impact of any legal or regulatory changes. Furthermore, some insurance companies have been known to unilaterally increase their Cost of Insurance, which is in potential violation of the contracts in place.

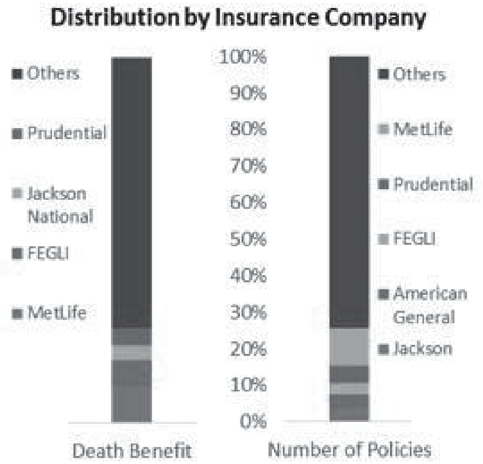
The Company, via the different Trusts, purchases policies issued in the United States. A growing number of states in America regulate life settlement resale transactions. Any change in state or federal law governing the issuance or sale of policies may make it more difficult for the Company to purchase or to sell policies. Such adverse changes might impair the expected recoveries on the policies.

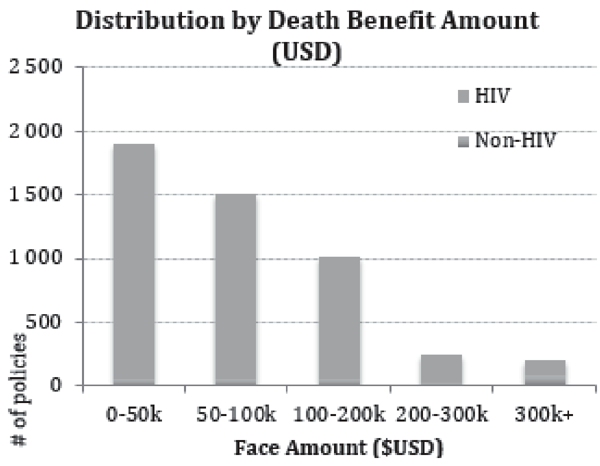
Changes in other laws and/or regulations might also make it more difficult for the Company to purchase or for the Trust to resell the policies. Any such adverse changes may impair the Trust's expected recoveries on the policies and thereby adversely affect the value of the portfolio.

The Company's primary exposure to counter-party risk is through the insurance companies which underwrite the life settlement contracts. In most cases, counter-party risk is *de minimus* because the state guarantees these insurance policies due to their low average face values.

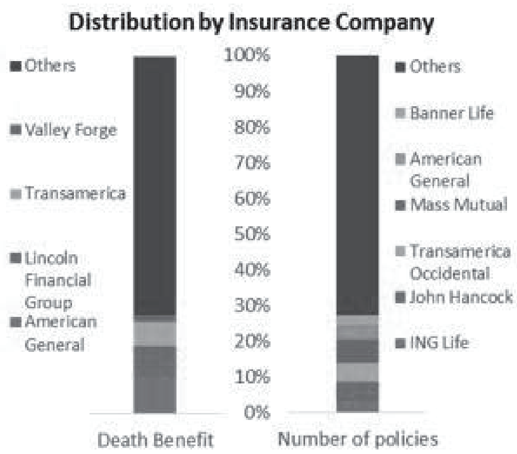
The Company further mitigates counter-party risk by having relatively low exposure to any individual insurer. The graphs below show the number of policies (as at 31 December 2016) that are insured through each insurance company (split by share class).

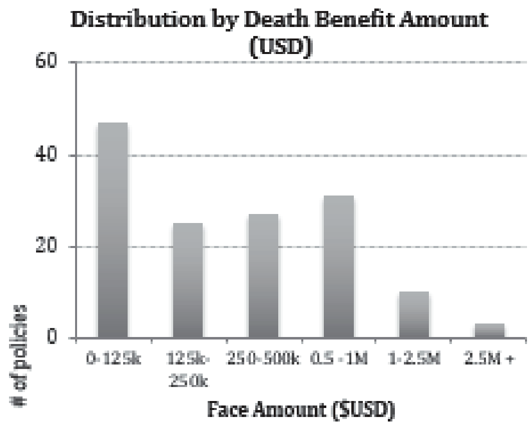
Class A



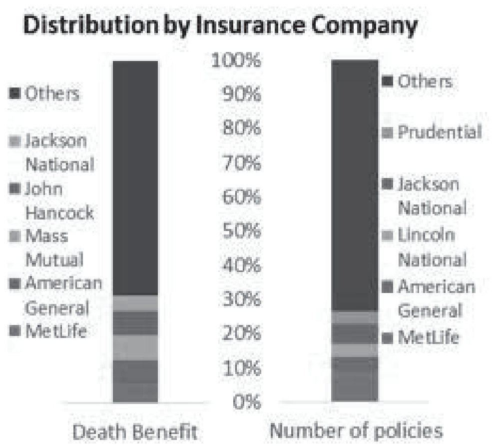


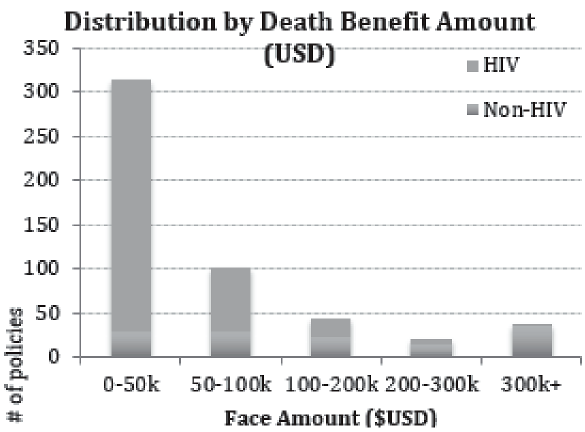
Class B



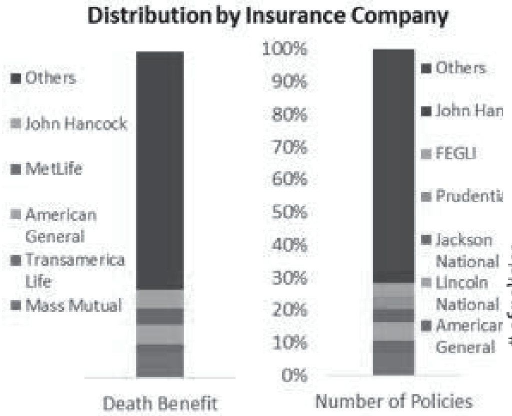


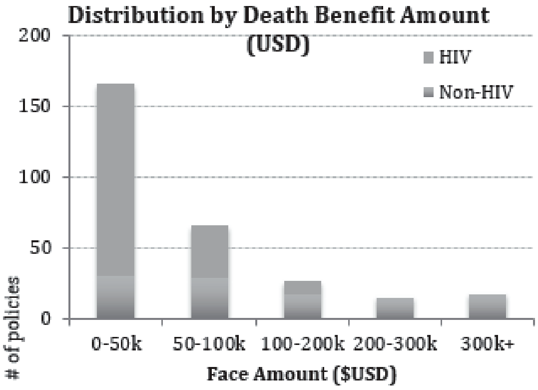
Class D





Class E





Profit allocation

The creation of a dedicated special equity reserve account by the extraordinary shareholders' meeting held on 22 June 2015 provided a way for the Company to distribute excess cash flows to investors which is generated from the life settlement portfolios. In 2016, the cash flow received from maturities in the life settlement policies, although exceeding premium payments for Classes A, B and D, were below those predicted by actuarial models. As a result, net cash flows from operating activities were negative at USD 1.3 million. The Board deemed it appropriate to use existing cash in investing activities (USD 2.4 million) to acquire additional fractional policies at a deep discount to fair value of the policies, and progressively transforming them in to wholly owned policies, generating future shareholder value in the process. The Board believes it would be prudent to keep sufficient cash to cover a portion of next year's premium payments and continue to acquire factional policies. The Board therefore proposes to shareholders not to make any distributions for the financial year 2016 and to carry forward profits to 2017. Distributions are likely to be resumed as maturities are expected to increase in the coming years.

The Board will propose for shareholder approval the following statutory account allocation:

To be allocated:	USD
- profit brought forward	50 315 819
- profit for 2016	2 859 300
Total:	53 175 119
Allocation:	
- carried forward to 2017	53 175 119

The Board believes that the statutory and the consolidated financial statements, as well as this Directors' report, fairly reflect the current financial position of the Company. The Board invites all shareholders and potential investors to visit Acheron's website for additional information (www.acheronportfolio.lu).

The Board will seek shareholders' approval for the statutory and consolidated financial statements, and approval to legally discharge all Board members from their assignment spanning the year ending 31 December 2016.

Other information

In 2016, Acheron Portfolio Corporation did not engage in any research and development activities.

The Company has no exposure to environmental risk.

The Company did not make use of derivate instrument and did not acquired own shares.

The Company has no branch.

An allocation of free shares is not foreseen by the Articles of Association.

There have been no significant events since the year end which have had an impact on the Company's financial position.

Outlook

The external actuary's model project notified maturities of USD 37 million for 2017. This figure represents an estimate based on current mortality assumptions used in the actuary's model. However, exposure to a small number of large face value policies implies that there is likely to be material volatility around this forecast.

Going forward, the Board will focus on generating further shareholder value through the acquisition of additional fractional policies at a deep discount to fair value of the policies, and progressively transforming them in to wholly owned policies.

The Board believes it is in the interests of Shareholders to make further returns of capital to investors, subject to maintaining an appropriate robust capital structure. The Board also continues to assess the appropriateness of distributions based on the maturities received, the required reserves for premium payments and other operational costs.

Luxembourg, 24 April 2017

CORPORATE GOVERNANCE REPORT

The principal assets of the Company are the portfolios of life settlement insurance policies of which it is a beneficiary. The Company is managed by a Board of Directors, with the day-to-day management of the insurance portfolios, accounting, and valuation performed by independent services providers.

The investment management of the Trusts which hold the life settlements portfolios has been delegated to Acheron Capital Ltd. in London. The accounting function has been delegated to Compagnie Européenne de Révision S. à r. l. in Luxembourg. Other important service providers are Litai Assets LLC, Fort Lauderdale and the Asset Servicing Group, Oklahoma City, both servicing life settlement policies interests owned by the trusts. The Company carefully monitors all service providers.

The Company also has one employee based at its offices in Luxembourg.

According to the Articles of Association, the Board of Directors must consist of at least three non-executive members, who need not be shareholders of the Company. Further, the US Trustee, the founder and director of Acheron Capital Ltd. and a partner of Compagnie Européenne de Révision S. à r. l. are also members of the Board of Directors. The Company will be bound by the signature of two Directors.

Details of the Board members are given on page 17.

Directors are elected by the shareholders at the Company's General Meeting, which determines the Board's composition, remuneration and terms of office. A Director's term of office may not exceed six years and the Directors shall hold office until their successors are elected. Directors may be re-elected for successive terms. The Directors are elected by a simple majority of the votes validly cast. Any Director may be removed at any time with or without cause by a General Meeting of shareholders by a simple majority of the votes validly cast.

The General Meeting held on 22 June 2016 set a budget of USD 90 000 for Board members' fees for the year 2016. An amount of USD 94 924 was effectively spent in 2016 in relation with the 2015 mandates. The 2017 budget for Board members' fees is USD 100 000. The budget allocation for 2017 remains subject to the approval of the shareholders.

The Board met five times in 2016, with the attendance rate of the Directors being above 90%. As of 24 April 2017, the Board has met three times in 2017.

The share capital of the Company is distributed among eight Share Classes and are represented by 45 446 946 A Shares, 14 596 098 B Shares, 7 600 000 D Shares, 1 525 000 E shares, and 25 000 CA Shares, 25 000 CB Shares, 1 000 CD Shares and 1 000 CE shares.

The authorized share capital of the Company, including the issued capital, is USD 500,000,000. Shareholders have waived their preferential subscription rights within the limits of the authorized share capital. The Board of Directors is authorized to increase the Company's capital within the limits of the authorized for a period of five years beginning on 18 July 2015.

Each share is entitled to one vote at all General Meetings of shareholders. A shareholder may act at any meeting of shareholders by appointing another person as his or her proxy in writing or by facsimile addressed to the Company in conformity with voting procedures as included in the convening notice.

There exists neither any restriction on voting rights, nor any specific limitation or condition to their exercise. No special control rights exist. A decision affecting the interests of a particular Share Class needs a majority approval of the relevant Share Class.

Shareholders with more than 5% of outstanding shares are entitled to add items to the shareholders' meeting agenda. Such a request must be received by the Company at least 22 days in advance of the meeting.

Two companies control more than 10% of the issued share capital of the Company. One holding is through Credit Suisse Nominee (UK) Ltd for an account owned by Metage Funds Limited and the other holding is by Effil II S.A.

In accordance with article 5 of the Articles of Association, the distributions due to the class CA shares, class CB shares, class CD shares or class CE shares (the "Class C Shares") shall be zero until such time as the aggregate distributions, whether in the form of dividends, share premium distributions, share redemptions, share capital reductions or otherwise paid to the holders of the Non Class C shares compounded at five percent (5%) per annum (from the date of each capital gain distribution to the Non Class C Shares) equals the aggregate share capital contributions of the Non Class C Shares compounded at five percent (5%) per annum (from the date of each distribution to the Non Class C Shares). Thereafter, the distribution due to the Class C Shares shall be equal to 20% of all additional distributions made to the Non Class C Shares. In the event that a redemption or repurchase in kind is to be performed, the holders of Class C Shares and the Non Class C Shares shall determine in good faith under what terms any remaining potential distributions to Class C Shares shall be performed.

At the statutory Annual General Meeting on 22 June 2016, the majority of shareholders approved the annual accounts and the consolidated financial statements as at 31 December 2015. During the same meeting, shareholders also decided to reimburse from the share premium account an amount of USD 0.066 per share to Class A shares.

The subscribed share capital was increased on 5 February 2016 and 4 May 2016 by the issuance of a total of 762 500 Class E shares with a par value of USD 0.01 per share. As a result, all of the 1 525 000 Class E shares subscribed by investors in 2015 have now been issued.

While the Board retains final responsibility on these matters, in 2009, the Board established an Audit Committee to assist the Board in carrying out its responsibilities in reviewing the financial reporting, internal controls and risk management of the Company. The mandate of the Audit Committee has been set out in the Audit Committee Charter.

The Audit Committee is comprised of three members of the Board and one external expert in the areas of financial reporting and audit. This ensures the necessary expertise is available to the audit committee to fulfill its mandate. Current members of the Audit Committee are Messrs Jean Medernach (Chairman), Vincent Dogs, Yves Mertz and Jean-Léon Meunier. The Audit Committee met four times in 2016 with an attendance rate of 100%.

The production of financial information is a straightforward process, based on separate accounting files for the trusts and for each class of shares. Data is consolidated to produce consolidated financial statements. Databases of the policies owned (the main assets) are held separately by the Company, the Trusts Investment Manager and the policy servicers. These data bases are regularly reconciled by the parties involved. The Audit Committee reviews the annual accounts in the presence of the Company's auditor and also reviews the semi-annual accounts independently. The Audit Committee then makes recommendations to the Board of Directors who submits the accounts to the annual meeting of the shareholders for approval.

The Company has adopted the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange.

Board of Directors

Yves Mertz, Chairman of the Board (until 24 April 2017)

Yves Mertz was appointed Chairman of the Board in 2008. He has been a member of the Luxembourg Chartered Accountants Institute and the Luxembourg Independent Auditors Institute since 1984. Prior to joining Compagnie Européenne de Révision, he was founder and partner of Mazars Luxembourg where he acquired extensive experience in the life insurance and reinsurance sectors. He holds a Master degree in finance and EDP processing from the Faculté Universitaire de Mons, Belgium. Yves Mertz is a Belgium national. He is not an independent director because he is an Executive Director of a service provider to the company.

Robert Edelstein, Trustee for Acheron Portfolio Trust

Dr. Edelstein joined the faculty of the University of California at Berkeley in 1985 after being a Professor of Finance at the Wharton School, University of Pennsylvania, and is active in the fields of real estate economics, finance, and property taxation; energy and environmental economics; public finance; and urban financial problems. He has been President and has served on the Board of Directors of the American Real Estate and Urban Economics Association. He is a member of the Board of the Asian Real Estate Society. Dr Edelstein received an A.B., A.M., and Ph.D. in Economics from Harvard University. Robert Edelstein is a United States National. He is not an independent member of the Board because he is the Trustee for Acheron Portfolio Trust, Lorenzo Tonti Portfolio Trust, Avernus Portfolio Trust and Styx Portfolio Trust, all of which are owned beneficially by the Company.

Jean Medernach, Independent Director, Chairman of the Board from 24 April 2017

Jean Medernach is a former US and Luxembourg certified public accountant. Jean has 15 years of experience in public accounting in Luxembourg, Asia and the U.S.A. as well as 12 years as a finance and investment director of a Luxembourg investment company. Jean Medernach was the Chairman of the audit committee until 24 April 2017. Jean Medernach is a Luxembourg national.

Jean-Léon Meunier, Director and Member of the Audit Committee

Jean-Léon Meunier has more than 30 years experience in the insurance sector. He is the co-founder and Managing Director of Pack Assurance Management, a PSA (Professionnel du Secteur des Assurances) agreed under the Luxembourg law for the management of insurance companies and portfolios. He is also the founder and Managing Director of Hepta Consult, an independent office which provides actuarial and consulting services to pensions and life settlements businesses in Luxembourg. Jean-Léon Meunier has a masters degree in actuarial sciences and mathematics from the Université Catholique de Louvain and the Université de Namur respectively.

Jean-Michel Paul, Director

Dr. Jean-Michel Paul founded Acheron Capital Ltd in 2005. He is primarily responsible for devising and modelling the investment strategy of the company. From 2002 to 2005 he was the Senior Analyst responsible for fixed income, life settlement and credit strategies at Atlas Capital Group. From 1998 until 2002, he worked on assignments for a number of institutions, including Rabobank International. Among other academic credentials, Dr Paul has a PhD in both Finance and Real Estate from the University of California at Berkeley and he is a Chartered Financial Analyst. He is a graduate of the Solvay School of Commercial Engineering.

Sadeq Sayeed, Independent Director

Sadeq Sayeed was appointed Chairman of Metage Capital Limited, an investment firm based in London, in March 2011. Prior to this, he was CEO of Nomura Europe in 2008 having joined the company in 2000 as a Special Advisor. In addition, he was Chairman of both the European Management Committee and the European Capital Commitments Committee at Nomura. He has over 30 years of experience in investment banking including arbitrage trading, structured finance, fund management and financial advice. He holds an undergraduate degree in economics with concentration in electrical engineering from Massachusetts Institute of Technology (MIT), as well as a master's degree in finance from MIT's Sloan School. Sadeq Sayed is a British national.

Guner Turkmen, Independent Director

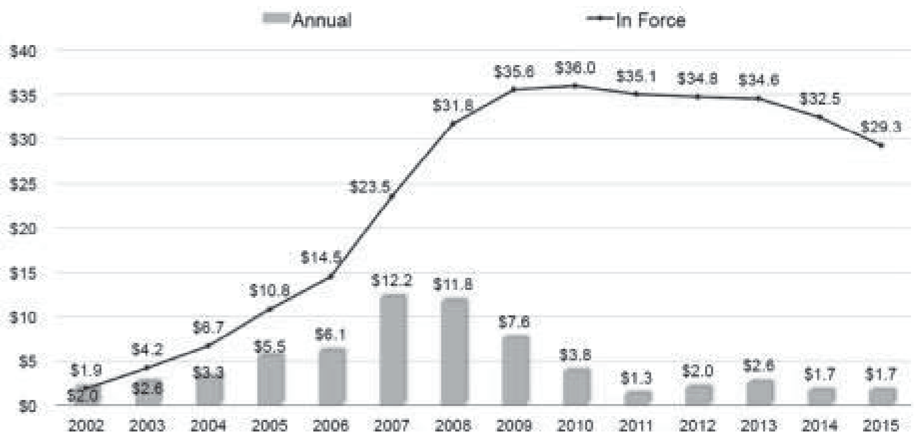
Guner Turkmen has extensive experience in trading, risk and asset management and asset allocation. In 2000 he founded Cougar Asset Management, an independent hedge fund manager. In 2006 he co-founded Union Capital Group and was in charge of asset management through 2011. At the end of 2007, he founded Lake Geneva Investment Partners S.A. Guner Turkmen is a Turkish national.

INVESTMENT MANAGER'S REPORT – (UNAUDITED)

The Life Settlement Market

According to data compiled by the different state insurance departments, the face value of life settlements traded in the secondary market in 2016 remained broadly flat year on year at c.USD 1.65 billion. However, the number of transactions increased by more than 30%, implying that the policies sold have lower average face value. This could be interpreted either as a fall in transactions in large face value policies, or as a consequence of the end of the premium financing market. Either of these factors would indicate a healthier, more sustainable market. Depending on the model, and based on the blended use of the three mainstream medical expectancy providers, the discount rates used to value for individual policies in the secondary market ranged between 15% and 19%, and tertiary market portfolios between 10% and 14%. These yields assume a perfect actual to expected ratio, a far cry from what is actually observed.

Conning Estimate of Annual and In Force U.S. Life Settlement Volumes
$ in billions



Portfolio

The overall Acheron portfolio is subdivided into portfolios exposed to either HIV-positive policy holders or non-HIV positive policy holders. The following table provides information about the end of year breakdown of the Companies policies by Share Class and by exposure to HIV and non-HIV positive insureds. During 2016, Acheron invested in the fractional ownership of additional life-insurance policies, to which it already had exposure at a cost of USD 2.4 million (2015: USD 2.4 million).

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

Share Class A	HIV	Non-HIV	Total
Number of policies	4 615	286	4 901
Total face value	393 689 163	120 105 640	513 794 803
Valuation	40 730 728	34 165 514	74 896 242
Percentage of face value	10.35%	28.45%	14.58%

Share Class B	Non-HIV	Total
Number of policies	145	145
Total face value	62 746 417	62 746 417
Valuation	15 004 106	15 004 106
Percentage of face value	23.91%	23.91%

Share Class D	HIV	Non-HIV	Total
Number of policies	387	140	527
Total face value	15 582 044	31 485 562	47 067 606
Valuation	1 963 497	9 548 056	11 511 553
Percentage of face value	12.60%	30.33%	24.46%

Share Class E	HIV	Non-HIV	Total
Number of policies	182	115	297
Total face value	6 411 611	21 902 876	28 314 487
Valuation	913 827	5 899 419	6 813 246
Percentage of face value	14.25%	26.93%	24.06%

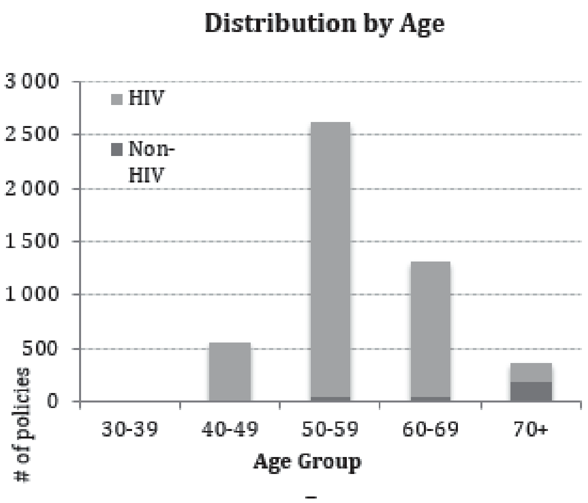
Lewis & Ellis, Inc. (the U.S. Actuaries) provided the 31 December 2016 valuations for all portfolios. Formal reports have been provided for each class of shares and separate reports have been provided for the risks associated with HIV/AIDS and non-AIDS related diseases and conditions.

This year, the Actuaries made some additional improvements to the mortality assumptions. For Non-AIDS policies where additional information on life expectancies is available, the Valuation Basic Table ("VBT") mortality table from 2015 has been used. For AIDS policies, the over-mortality assumptions for people aged 65 or older were reduced, and the age nearest rather than age latest birthday has been used, resulting in a lower fair value policy. For the Class A policies exposed to HIV/AIDS, the Actual to Expected (A/E) ratio was more than 90% for the year, and close to 100% over the last seven years. For non-AIDS related risks, the A/E ratio was more than 98% for the year. For Class B, it was close to 100% for the year and over the last 7 years. Both these ratios are much higher than typically seen in industry studies, where materially lower A/E ratios have been more common. Indeed, we understand that both the independent actuary and the actuarial firm contracted by the Auditor reported that these are the highest A/E ratio that they are aware of for any life settlement portfolio. As such, we believe the mortality assumptions used provide a sound actuarial basis for projecting funds future cash flows.

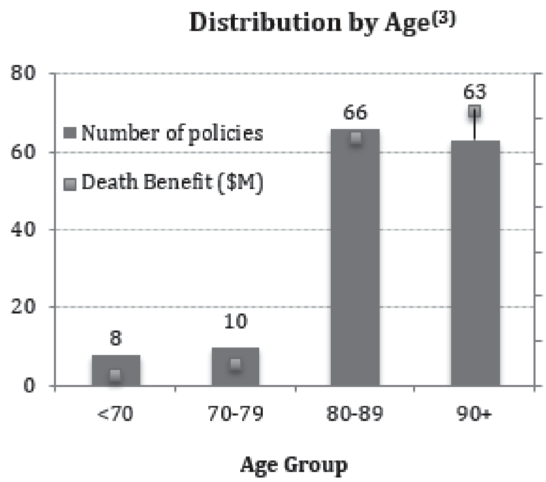
For Non-AIDS policies an unchanged discount rate of 12% was used and for AIDS policies a discount rate of 11% (12% in 2015) was used for the determination of the present value of future cash flows. The lower discount rate used for AIDS policies is justified by further changes implemented in the mortality model as explained above, stable maturities flow and better data. However, the lower discount rate used did not completely compensate for the diminution in the fair value caused by the reduced mortality assumptions. This discount rate reflects current market conditions plus an appropriate premium to consider the particularities of the policies of the Acheron portfolio.

The following graphs give the number of distribution of policies by insured age and issue date:

Share Class A



Share Class B



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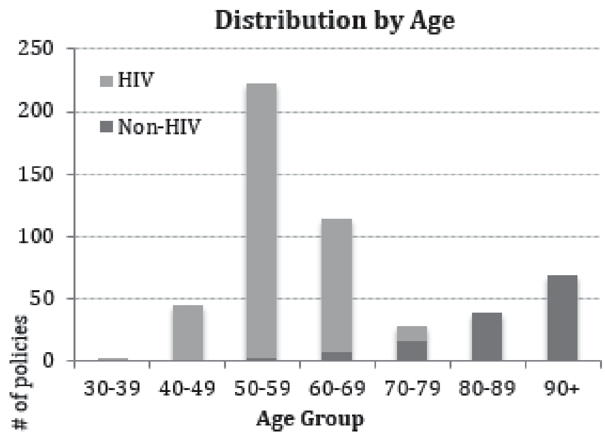
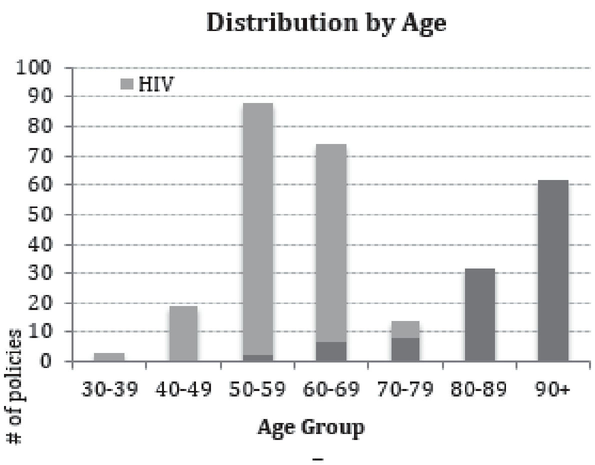
Share Class D



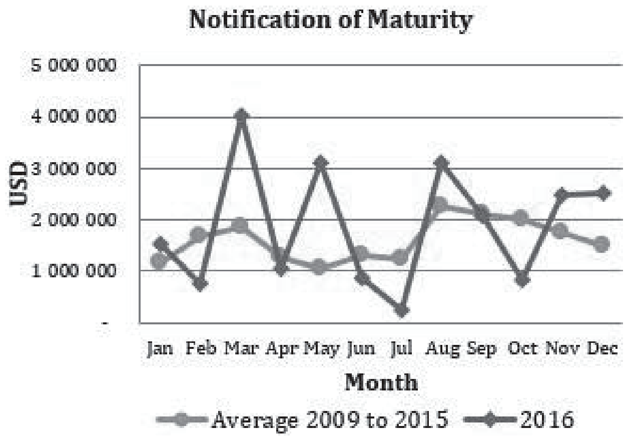
Share Class E



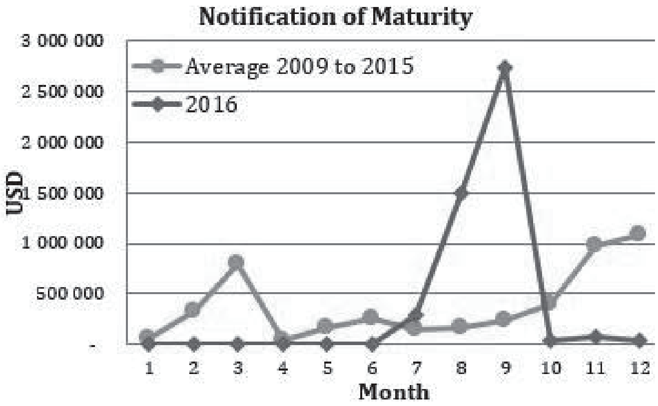
This data suggests that the Company is likely to receive increased cash flows over the next few years. As the age of the insureds within each share class increases, Acheron anticipates significant increases in maturities. For Share Class B's 145 policies, more than forty insureds are aged ninety or over. Similarly, for Class D's 527 policies, eighty insureds are aged ninety or over. Whilst the trend in maturities should be positive, due to the lack of diversification amongst a limited number of large policies in any given year, the maturities received by each share Class is likely to remain volatile.

It should be noted that while the financial accounts reflect the maturities collected, on a day-to-day basis, the focus of the Investment Manager is on notified maturities as a way to assess the underlying performance of the actuarial models. The graphs overleaf show the average number of notifications of maturities for each asset class from 2009 to 2015 and for 2016.

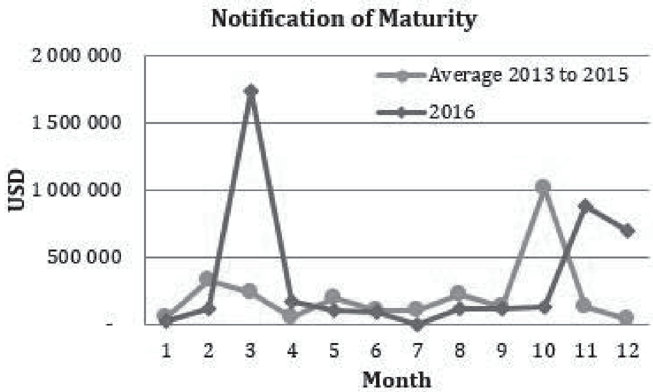
Share Class A



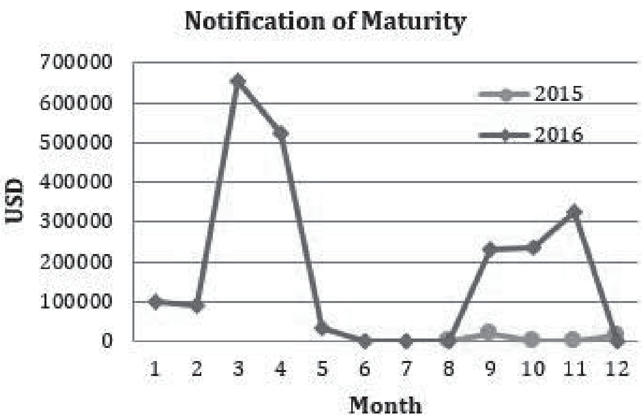
Share Class B



Share Class D



Share Class E



Compared to other firms in the life settlement industry, Acheron's valuation appears conservative. In particular, to the best of our knowledge, the ratio of the valuation to the total face value by age group for share classes A, B and D are below the industry average, while the model's implied life expectancy is above the industry average by age group.

Cost of Insurance and the impact on life settlements

As an investment, the performance of life settlements primarily depends on mortality risk. Life settlements offer an alternative asset class uncorrelated to the mainstream financial markets. It behaves like a negative coupon obligation, with regular and predictable cash outflows, which are mainly premium payments to the insurance companies for keeping policies in force, and of cash inflows, which are the Death Benefits received when the underlying insured individual dies. For the purpose of maximising investment returns, cash outflows are minimised when the lowest premium which is COI is paid

The US has a population of c.325 million with about 10,000 people turning 65 every day and half of these retirees have no savings. A cleansed and restructured life settlement market focused on lower value policies offers a valuable social tool to alleviate financial difficulties amongst the elderly. In response, a number of states have passed new laws regulating and promoting life settlements or are in the process of doing so. A particular development has been allowing seniors to use life settlement proceeds to pay for long-term care without losing Medicaid. This allows the proceeds from the sale of an insurance policy to go directly to a long-term care provider account. These positive long term developments will further improve the Life Settlement market.

The topic of Cost of Insurance (COI) remains the industry's main concern. A total of 13 insurance carriers have now announced COI increases. The prolonged low-interest rate environment has had a negative impact on insurance carriers' investments and as a result, some have attempted to pass on the financial burden to their clients. However, state insurance laws protect insurance holders from such rate increases, especially if it is made in a discriminatory manner. It is widely perceived that the COI increases are indeed discriminatory. Insurance companies certainly did not reduce premiums while mortality was declining and to account for interest rates while not considering the main risk component, is obviously a biased approach designed to boost profits at the expense of policy holders. The COI increases appear to be a clear violation of some state insurance laws. For instance, New York's Financial Agency has confirmed that some insurers have not been implementing the increase in accordance with department policy and state insurance law.

There has been a growing reaction from policy holders as to what is potentially an illegal action imposed by insurance carriers. Complaints have been filed to the regulators by various trade groups, including the Institutional Longevity Markets Association. Furthermore, new lawsuits have been filed against different insurance carriers, including AXA Equitable Life Insurance Co. (AXA) and Transamerica Life Insurance Co. (Transamerica). The different complaints have common grounds, including the high percentage of rate change and the total lack of information or transparency relating to their calculation. If we include the other ongoing COI lawsuits, we estimate there are at least six claims currently pending. Both AXA and Transamerica have tried to file a motion to the court to dismiss their COI increase lawsuits, but both a federal judge in California and another judge in New York have rejected their motion, which provides positive initial indications for these new cases. It is worth remembering that a similar lawsuit adjudicated in 2015 saw Phoenix Life Insurance defeated and required by the New York's Financial Services to roll back its increase. Indeed, as stated by the attorneys involved in both the current AXA case and the 2015 Phoenix case, the arguments at stake are essentially the same, despite the cases being in different states.

The initially embedded Lapse Protection Rider can protect some policies from such rate increase and this is true of some policies issued by Lincoln National and Banner Life. This applies to a few of Acheron's Share Classes, especially in Class B. As the Protection Rider allows the policyholder to pay a minimum premium to keep it in force despite the prevailing COI, the decrease in valuation of such policies and the entire portfolio is largely limited. At the current time, we have not experienced any significant impact on Acheron's portfolios due to the increase in COI. Meanwhile, for the limited number of policies facing such increases, Acheron has engaged with a group of investors who are potentially willing to file claims together in the future.

NAV and Stock Market Capitalization as of End December 2016

	NAV	Stock Market Capitalisation
Share Class A	USD 87 million	USD 43 million
Share Class B	USD 18 million	USD 5 million

The last traded prices of Share Class A and Share Class B as at 31 December 2016 were USD 0.94 and USD 0.31 respectively. This implied a discount between the stock market capitalisaiton of Share Class A and its NAV of about 50% and 70% for Share Class B, although the Share Class B market price is less robust owing to a lower number of trades.

Class A

1. Current NAV break-down

The net asset value of Share Class A as at 31 December 2016, based on the external actuaries portfolio valuation, was of USD 87 million. This includes cash of approximately USD 4.9 million, maturities to be received of USD 5.5 million as well as premiums paid in advance of USD 8.3 million. Further, the value of the wholly owned policies included cash value in excess of USD 13 million.

2. Implied Market Valuation of the portfolio

As of December 2016, Share Class A

-	Market Capitalisation:	USD 43 million
-	Cash and maturities to be received:	USD 10 million
-	Premiums paid in advance:	USD 8 million
-	Estimated Net cash in whole owned Policies:	USD 13 million

Net of the available cash, the maturities to be received and the premiums paid in advance, the implied portfolio valuation at the current stock market price was about USD 24 million. This compares to a portfolio valuation at NAV of about USD 70 million, or a discount of about 65%.

The stock market price implies that the portfolio is worth less than half the value computed by the actuaries. For the sake of this analysis, we will assume that the HIV portfolio has no value. We do this exclusively for comparison purposes; in reality this portfolio has had maturities exceeding premiums consistently for several consecutive years and has consistently been assessed as having material value by the external actuaries as well as the Investment Manager of the Trusts.

3. Life Settlement segment (non HIV) implied valuation compared to other investment vehicles

As of December 2016, Class A

-	Life Settlement face:	USD 116 million
-	Life Settlement average age:	88

Taking the valuation of the life settlement segment this computes to a value of about USD 30 million. This generates a price to face ratio of about 25%. The average age of the Life Settlement segment in our portfolio is above 88[1]. Investment Vehicles in life settlements typically have a materially higher ratio of price to face value ranging from 25% to over 50% for policies where the insureds are more than 80 years old.

4. Valuation vs Expected Distributions

a. *Feasibility of recurring stockholder distributions*

As of December 2016, there has been about USD 22.5 million in notified maturities. The ongoing costs consist of premium payments of over USD 14.2 million and various operating expenses of about USD 4.3 million[2]. Without accounting for the increase of cash in the policies implied by the differential between the cost of insurance and the premium payments, one can infer a free cash flow of about USD 4.0 million for 2016. As a reference, the maturities projected for 2017 for Class A are of USD 21 million and premiums of USD 14 million, which would imply a free cash flow generation of USD 3 million before accounting for the increased cash in the policies.

[1] The average age of the Life Settlement segment, excluding the USD 10 million of non-HIV insured below 70, is 88.2. The weighted average age of the Life Settlement alone is 91 years.
[2] with some volatility, notably because of legal costs

b. Large policies of 94 or over: expected maturity

Insured	Face (USD millions)	Total Face (USD millions)	Age	Expiration Age*
1	9.6	9.6	96	100
2	6.1/2.1/0.9	9.1	97	101/101/101
3	3.5/2.9/0.6/0.6/0.5/0.4	8.5	86	95/100/95/100/100/100
4	3.0/2.6/1.7	7.3	97	115/120/120

Share Class A has a significant concentrated exposure to the elderly. Most of these insured individuals are aged 96 or 97. The total exposure on the largest four policies is about USD 35 million. Actuarially, each insured has a life expectancy of about 3 years[3]. This explains why, while the expected actuarial maturities (calculated by external actuaries) are currently at USD 21 million, lower maturities can be observed, when none of these large policies matures.

However, assuming the maturity of two of these large policies takes place in the next three years, premium payments (currently around USD 3 million for the four large elderly insureds) would decrease materially, allowing further cash to be released from the cash reserve. Conservatively, we would say that the cash reserve could then be reduced by USD 2 million which could be distributed and the annual premiums would decline by USD 1.5 million.

Y1	Y2	Y3	Y4	Y5	Y6	Y7
USD 3 million	USD 3.5 million	USD 25 million	USD 6 million	USD 6.5 million	USD 7 million	USD 7.5 million

Based on this simple cash flow projection model, the current market price would be repaid to stockholders in the form of distributions over the next 6 years.

c. Alternative scenario: one large maturities occur in 2017 and then none until age 100

As a stress test, it is possible to examine the expected distributions if the concentrated elderly insured (aged 96 or above) were all to live to twice the normal life expectancy (6 years), except the smallest one which we will assume matures in 2017. In such case, premium levels would drop as policies expire or reach 100; only then would the premium reserve be reduced.

Y1	Y2	Y3	Y4	Y5	Y6	Y7
USD 10.3 million	USD 3.5 million	USD 4 million	USD 8 million	USD 6.5 million	USD 7 million	USD 7.5 million

Based on this simplified cash flow projection model, the current market price would be wholly repaid through distributions in next 7 years.

5. Ultimate distribution multiples

a. Possible cash generation until maturity

Adjusted Net Death Benefit	USD 435 million
Estimated Premiums to Life Expectancy	USD 125 million
Net Flow retained after Costs and Cash	USD 310 million
Multiple to NAV	3.6
Multiple to Market Capitalisation	7.2

[3] http://life-span.healthgrove.com/l/97/96

The current portfolio is split between the portfolios exposure to insureds with HIV and those with insureds who do not have HIV. The respective sizes of these segments are USD 120 million for life settlements and USD 372 million for HIV. The average age for the non-HIV segment is about 88 years, with a face-weighted average of 91 years. This translates into a Life Expectancy for a normal population (while our population has had material medical problems in the past) of 4.6 years for men and 5.6 years for women[4]. We will here assume a Life Expectancy of 5 years. HIV life expectancy is a more difficult variable to assess. The current average age of the HIV population is about 57 years old; mortality is similar to a population about 20 years older. Therefore, assuming the HIV policies will have the life expectancy of the general male population aged 70, the average life expectancy for HIV policies would be 15 years[5]. The current total premium paid on this portfolio is about USD 14 million[6], while the COI is USD 11 million per year. For this computation, we will retain USD 14 million as a basis for premium projections. We will keep this amount constant in an effort to balance the increased premium payments with the incurred mortality. Assuming that the premium mix remains at USD 8.5 million for life settlement and USD 5.5 million for HIV, this implies total premium payments of USD 125 million[7].

In this simplified model, we would then have death benefits net of various obligations of about USD 436 million[8]. Thus, the total cash projected under this simplified duration mortality model is USD 436 million with a total net cash of USD 311 million. Compared to today's NAV this represents a multiple of 3.6. Compared to today's market capitalization, this represents a multiple of about 7.2.

b. Stressed cash generation until maturity

Using the previous assumptions, we analysed cash generation for the life settlement portfolio where policy holders have a 10-year life expectancy (life expectancy for 78 years old, 10 years younger than our population) and the HIV portfolio population has a 25 year life expectancy (life expectancy of the general population at age 55). Using these actuarial assumptions, death benefits collected after costs would be USD 436 million, with premiums for the whole period in the life settlement segment of USD 85 million and in the HIV segment of USD 138 million. This would result in a multiple to NAV of 2.5 and multiple to market capitalization of 5.

Adjusted Net Death Benefits	USD 436 million
Estimated Premiums to Life Expectancy	USD 223 million
Net Flow retained after Costs and Cash	USD 213 million
Multiple to NAV	2.5
Multiple to Market Cap	5

Class B

1. Current NAV break-up

External Actuaries valued the portfolio of Class B as of end December 2016 at about USD 15 million. To this should be added cash of USD 1.1 million, maturities to be received of USD 0.1 million and premiums paid in advance of USD 1.8 million.

[4]http://life-span.healthgrove.com/l/89/88
[5] http://life-span.healthgrove.com/l/71/70
[6] Actual premium projections as communicated by servicers as of the end of 2016 and for 2017 were USD 5.5 million for HIV and USD 8.9M for life settlements.
[7] On this simplified set of assumptions, one could expect a portfolio premium charge of 5 times USD 8.5 million for the Life settlement segment and 15 times USD 5.5 million for the HIV segment, or USD 125 million.
[8] We reduced the death benefit collected by USD 25 million to reflect the ABC strike price USD 22 million and some potential lapsing policies. To reflect the cash loan subtracted USD 3 million per year for 6 years and half that amount for the remaining 9 years, we further subtracted USD 32 million from the death benefit.

As of December 2016, Class B

-	Portfolio Value	USD 15 million
-	Cash and maturities to be received:	USD 1.2 million
-	Premiums paid in advance:	USD 1.8 million
-	Estimated Net cash in wholly owned Policies & Fractionals:	USD 0.9 million

2. Valuation vs Expected Distributions

a. *Historical Mortality and Distributions*

The mortality experience over the last seven years has been in line with models, achieving an Actual to Expected ratio close to 100% according to the Company's external actuaries. However, the actual to expect historical data reflects huge volatility. We believe this experience reflects both a solid mortality model and the limited diversification of the portfolio.

Given the positive performance over the long term, Class B has so far been able to make three distributions, amounting to a total of USD 5.5 million. The distributions have thus been material, representing close to 50% of the initial share capital which Lorenzo Tonti raised, but volatile, reflecting the small number of life insurance policies in the portfolio. A focus of the management of the portfolio has been to try to rebuild some level of portfolio diversification to limit the mortality volatility.

b. *Feasibility of recurring stockholder distributions*

With a solid mortality model, the long-term cash flow projections support the ongoing distribution of between USD 1 million to USD 2 million per year. However, as experienced at the end of 2015 and beginning of 2016, the limited diversification of the portfolio generates real risk that a series of negative cash flows occur. Indeed recent COI increases have heightened the risk to the Share Class of short term unexpected cash flow needs and have increased the level of the premium reserves required as a number of lapse protection riders were triggered which necessitate increased premium payments.

Negative cash flows with limited premium reserves can generate a situation which results in devastating value destruction, as not paying premiums triggers a lapse of the underlying life insurance policies. As such, no distribution can safely be made until the premium reserves are replenished and ideally increased, to reflect both the observed volatility in mortality and recent experience in COI increases. Once such a reserve has been firmly put in place, distributions can restart in line with the generated cash flow.

Share Class D

The Share Class D, with an exposure to over 500 policies, offers some diversification. Share Class D is overwhelmingly exposed to the elderly segment in terms of value. It has had a fair amount of mortality in 2016, with 20 matured policies, or over USD 4 million in notified maturities. This reflects favorably in comparison to the premiums which stood at around USD 2.7 million for the year. The Share class performance remains exposed however to a few larger exposures to elderly insured. As such, the actual outcome can be strikingly more binary in nature than the distribution would initially imply.

Share Class E

Share Class E has now achieved its initial investment objective. It is exposed to fewer than 300 policies, with most of the value in the Non-HIV portfolio, with policies exposed to elderly insureds. The Share Class incurred 15 notified maturities in 2016, for over USD 2 million in face value. This compares with premiums for the year of USD 2.5 million. As for Share Class D, the Share Class E performance remains exposed to a few larger policies exposed to elderly insureds. The maturities achieved can therefore be more variable in nature than the number of policies might imply.

Going forward

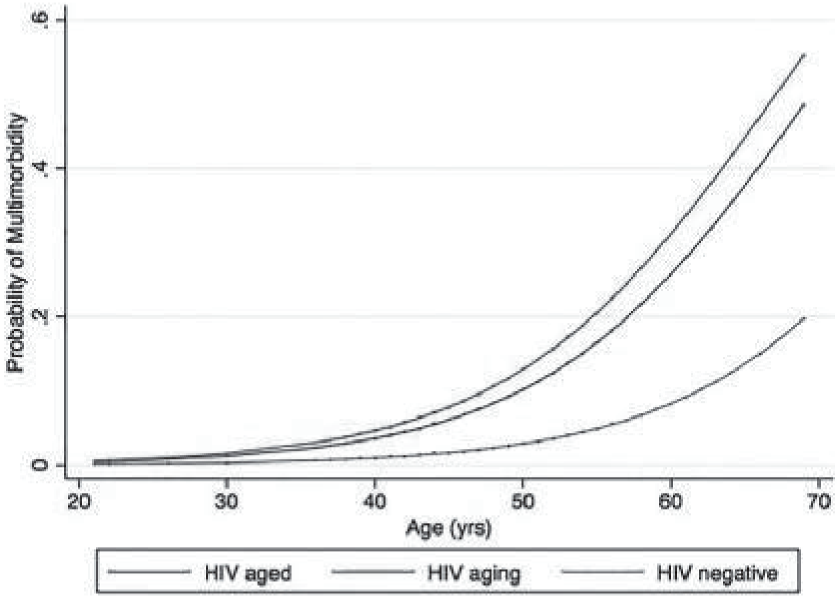
At the end of 2016, one of the market's three major reference underwriting firms, AVS Underwriting, announced it was reviewing its mortality table for an update in Q3 2017. The previous mortality review of this kind was made by life insurance market servicer ITM TwentyFirst in 2013, when life expectancy estimates were extended by 19%. This kind of review has historically increased the expected life expectancy, which resulted in lower bidding prices. As the life expectancy estimate the Company currently uses is a conservatively adjusted internal model based on an adjusted blend of two major underwriting firms (Fasano's and ITM TwentyFirst 's), and taking into account the Company's empirical performance, we do not foresee, at this stage, any direct impact on the portfolio.

In the coming year, the transactions of the tertiary market could be boosted by the sale of the biggest life settlement portfolio held by American International Group Inc, which has about USD 15 billion in face value. Due to the size of the portfolio, it is expected to be broken down and sold in different pieces. The policyholder seems willing to put out their portfolio to extract the best value. The company has also stated that it will retain its policies if they do not receive attractive offers.

As a perspective of the future in this industry, an innovative tool to determine mortality in a pure biological way has caught investors' eyes. The new technology developed in UCLA can use DNA methylation-based predictor to give a "epigenetic age". It can tell if someone is aging at a faster or slower rate compared to the general population, and is considered as a robust estimation of a person's chronological age. Given that the current Life Expectancy estimation is mainly based on empirical statistical results, this biological tool could reflect more quickly the impact of any new medication upon longevity. Such a tool would efficiently complement the current underwriting system.

We have continued to follow the recent research on mortality in general and long term HIV patients in particular. We continue to believe and observe that HIV sufferers age much more rapidly than the general population from a medical perspective, and that this disease has cumulative characteristics so that long term patients have a worse medical status than patients of the same age that recently contracted the disease.

We found a number of cooperative pieces of evidence comforting our long held view in this respect. For instance, Prof. Guaraldi research published in 2015 illustrates the multimorbility across age of different populations.



https://www.ncbi.nlm.nih.gov/pubmed/25874806

Acheron Capital Limited, London

24 April 2017

Acheron Portfolio Corporation

Acheron Portfolio Corporation (Luxembourg)
SociØtØ Anonyme

Auditor’s report
and
consolidated financial statements as at 31 December 2016

Registered office: 37 route d’Anvers, L-1130 Luxembourg
R.C.S. Luxembourg: B 129.880.
Share capital: USD 692 200

To the Shareholders of
ACHERON PORTFOLIO CORPORATION (LUXEMBOURG)
Société Anonyme
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of ACHERON PORTFOLIO CORPORATION (LUXEMBOURG) Société Anonyme and its subsidiaries (together the "Group"), which comprise the statement of consolidated financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises Agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the Réviseur d'Entreprises Agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks assessments, the Réviseur d'Entreprises Agréé considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of Réviseurs d'Entreprises Agréé thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 this fact. We have nothing to report in this regard.

Other matter

The Corporate Governance Statement includes information required by Article 68bis paragraph (1) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and consolidated financial statements of undertakings, as amended.

Report on other legal and regulatory requirements

The management report is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

The information required by Article 68bis paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and consolidated financial statements of undertakings, as amended and included in the Corporate Governance Statement on pages 14 to 16 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 27 April 2017

Christophe CRYNS
Réviseur d'Entreprises Agréé
Grant Thornton Lux Audit S.A.

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Statement of consolidated financial position as at 31 December 2016

	Notes	31/12/2016 USD	31/12/2015 USD
ASSETS			
Non-current assets			
Financial assets at fair value through profit and loss - Life settlement investments	10	108 705 147	106 396 356
		108 705 147	106 396 356
Current assets			
Premiums paid in advance	7	13 361 029	12 603 532
Other receivables and prepayments	8	487 966	330 250
Cash and cash equivalents	9	8 486 449	8 348 514
		22 335 444	21 282 296
Total Assets		131 040 591	127 678 652
LIABILITIES			
Capital and reserves			
Share capital	11	692 200	684 575
Share premium		72 769 846	72 726 970
Reserves		2 792 000	2 792 000
Retained Earnings		53 029 122	50 169 822
		129 283 168	126 373 367
Current liabilities			
Trade and other payables		82 080	150 082
Tax liabilities	19	629 745	431 288
Other liabilities	12	1 045 598	723 915
		1 757 423	1 305 285
Total Liabilities		131 040 591	127 678 652

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Consolidated statement of comprehensive income for the year ended 31 December 2016

	Notes	31/12/2016 USD	31/12/2015 USD
Income from life-settlement portfolio	13		
Maturities		29 547 295	24 502 400
Acquisition cost of maturities		-6 758 869	-2 216 127
Premiums paid		-23 720 328	-21 916 210
Fair value adjustments		10 445 117	2 314 647
Net income from life-settlement portfolio		9 513 215	2 684 710
Other operating income		210 714	180 659
Operating expenses	14	-5 974 167	-5 274 649
Staff costs			
Wages and salaries		- 42 221	- 40 703
Social security costs		- 5 474	- 5 527
		- 47 695	- 46 230
Finance income			
Interest income	15	10 323	19 289
Other income from matured policies	16	503 367	480 642
		513 690	499 931
Finance costs			
Interest expenses	17	-1 134 439	-1 044 255
Net foreign exchange loss		- 19 914	- 4 547
		-1 154 353	-1 048 802
Profit/(Loss) before tax		3 061 404	-3 004 380
Income tax expenses	18	- 202 104	- 156 808
Profit/(Loss) for the year		2 859 300	-3 161 189
Other comprehensive income		-	-
Total comprehensive income for the year		2 859 300	-3 161 189
Total comprehensive income attributable to the owners of the Company		2 859 300	-3 161 189
Basic and diluted profit per share class A	21	0,034	-0,040
- numerator class A		1 554 971	-1 825 049
Basic and diluted profit per share class B	21	0,105	-0,175
- numerator class B		1 534 458	-2 555 742
Basic and diluted profit per share class D	21	-0,016	-0,201
- numerator class D		- 123 464	-1 527 682
Basic and diluted profit per share class E	21	-0,078	16,542
- numerator class E		- 106 665	2 747 284

The notes to the consolidated financial statements form an integral part of these consolidated financial statements

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Consolidated statement of changes in equity for the year ended 31 December 2016

	Share capital	Share premium	Legal reserve	Retained earnings	Total
	USD	USD	USD	USD	USD
Balance as at 1 January 2015	67 694 044	14 164 742	2 792 000	53 331 011	137 981 797
Shareholders' meeting 22 June 2015 :	-	-	-	-	-
- reduction of nominal value	-67 017 104	67 017 104	-	-	-
- capital increase CE shares	10	990	-	-	1 000
- repayment share premium	-	-11 498 241	-	-	-11 498 241
Capital increase E Shares :					
- 11 September 2015	3 812	1 521 187	-	-	1 524 999
- 13 November 2015	3 813	1 521 188	-	-	1 525 001
Loss for the year	-	-	-	-3 161 189	-3 161 189
Balance at 31 December 2015	684 575	72 726 970	2 792 000	50 169 822	126 373 367
Balance as at 1 January 2016	684 575	72 726 970	2 792 000	50 169 822	126 373 367
Shareholders' meeting :	-	-	-	-	-
Capital increase E Shares :					
- 5 February 2016	3 812	1 521 187	-	-	1 524 999
- 4 May 2016	3 813	1 521 188	-	-	1 525 001
Repayment share premium		-2 999 499			-2 999 499
Profit for the year	-	-	-	2 859 300	2 859 300
Balance at 31 December 2016	692 200	72 769 846	2 792 000	53 029 122	129 283 168

The notes to the consolidated financial statements form an integral part of these consolidated financial statements

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Consolitated cash flow statement for the year ended 31 December 2016

	Notes	2016 USD	2015 USD
Cash flow from operating activities:			
Profit/(Loss) for the year		2 859 300	-3 161 189
Non cash adjustments:			
- non cash movement on portfolios		-3 686 248	- 98 520
- interest income		- 640 663	- 282 646
Cash flows from operations before working capital changes		-1 467 611	-3 542 355
(Increase)/Decrease in premium paid in advance		- 757 497	- 398 768
Decrease/(Increase) in other receivable and prepayments		- 157 715	220 778
(Decrease)/Increase in trade and other payable		253 679	1 278
(Decrease)/Increase in tax payable	18/19	198 457	93 484
Cash flows from operations		-1 930 687	-3 625 583
Interest received		640 663	282 646
Net cash flows from operating activities		**-1 290 024**	**-3 342 937**
Cash flow from investing activities:			
Net investment in life-settlement portfolios		-2 444 460	-2 004 336
Net cash used in investing activities		**-2 444 460**	**-2 004 336**
Cash flow from financing activities:			
Cash on policies		3 821 917	826 122
Repayment share premium		-2 999 498	-11 498 241
Capital increase and share premium		3 050 000	3 051 000
Net cash flows from financing activities		**3 872 419**	**-7 621 119**
NET CHANGES IN CASH AND CASH EQUIVALENTS		**137 935**	**-12 968 392**
Cash and cash equivalents:			
At the beginning of the year		8 348 514	21 316 906
At the end of the year		**8 486 449**	**8 348 514**

The notes to the consolidated financial statements form an integral part of these consolidated financial statements

NOTE 1 GENERAL INFORMATION

1.1 Nature of operations

The principal activities of Acheron Portfolio Corporation (Luxembourg), Société Anonyme, ("the Company") and its subsidiaries (together "the Group") (Note 4) are to support and to fund the acquisition of individual and portfolios of life settlement and mortality related policies on the secondary market or in distressed situations (Note 10). Such insurance policies are located in the United States of America ("USA").

Once acquired, the policies are the property of the Acheron Portfolio Trust, a grantor trust established in the Commonwealth of Massachusetts USA, the Lorenzo Tonti 2006 Trust, a trust established in the State of New York, the Avernus Portfolio Trust, a trust established under the laws of the State of Delaware, or Styx Portfolio Trust, a trust established in the State of Delaware on 8 July 2015. Class A Shares, Class B Shares, Class D Shares, and Class E Shares (respectively) are the exclusive beneficiaries of these trusts.

The trusts are managed by Acheron Capital Limited, a London-based company which is authorized and regulated by the Financial Conduct Authority of the United Kingdom. The Acheron Portfolio Trust and the Lorenzo Tonti 2006 Trust are managed in accordance with the terms and conditions of two investment advisory agreements concluded on 20 August 2008 and renewed in June 2012. An investment advisory agreement was concluded on 24 July 2013 for the management of the Avernus Portfolio Trust, and on 12 August 2015 for the management of Styx Portfolio Trust.

The Company's subsidiaries (Note 4) do not carry out any life settlement business.

1.2 General information and statement of compliance with IFRS

The Company is the Group's ultimate parent company.

The Company was incorporated on 27 June 2007 and is organized under the laws of Luxembourg as a public limited company (*société anonyme*) for an unlimited period. The registered office of the Company is 37, route d'Anvers, L-1130 Luxembourg.

The Shares of the Company were first quoted on the Luxembourg Stock Exchange on 21 November 2008. The Shares of Class A and Class B (Note 11) are quoted separately. The Class C Shares, Class D Shares and the Class E Shares (Note 11) are not quoted.

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB) as adopted by the European Union.

The consolidated financial statements for the year ended 31 December 2016 (including comparatives) were approved and authorized for issue by the Board of Directors on 24 April 2017.

NOTE 2 **ACCOUNTING POLICIES**

2.1 Basis of preparation

The consolidated financial statements have been prepared using the accounting policies specified by those IFRS that are in effect at the end of the reporting year (31 December 2016), or which have been adopted early.

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below.

2.2 Changes in accounting policy and disclosures

2.2.1 New standards, amendments and interpretations adopted by the Group

Annual improvements 2010–2012. These amendments include changes from the 2010–2012 cycle of the annual improvements project, that affect seven standards: IFRS 2, "Share-based payment", IFRS 3, "Business Combinations", IFRS 8, "Operating segments", IFRS 13, "Fair value measurement", IAS 7, "Statement of cash flows", IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets". This implies consequential amendments to IFRS 9, "Financial instruments", IAS 37, "Provisions, contingent liabilities and contingent assets", and IAS 39, "Financial instruments – Recognition and measurement".

Amendments to IAS 1, "Disclosure Initiative".

Amendment to IFRS 10, "Consolidated financial statements", IFRS 12 "Disclosure of interests in other entities" and IAS 28, "Associates and joint ventures" on sale or contribution of assets and on investment entities applying the consolidation exception – effective from 1 January 2016.

Annual improvements 2012–2014. These amendments include changes from the 2012–2014 cycle of the annual improvements project, that affect four standards: IFRS 5, "Non-current assets held for sale and discontinued operations", IFRS 7, "Financial instruments: disclosures", IAS 19, "Employee benefits" and IAS 34, "Interim financial reporting". This implies consequential amendments to IFRS 1, "First-time adoption of international financial reporting standards".

2.2.2 Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and amendments have been published but are not effective for the Group's accounting period beginning on 1 January 2016. The Group has yet to assess the impact of the new standards and amendments.

IFRS 9, "Financial instruments" (and related amendment on general hedge accounting) – effective from 1 January 2018. The IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today;

IFRS 14, "Regulatory deferral accounts" – effective from 1 January 2016.

IFRS 15, "Revenue from contracts with customers" applies to all contracts with customers except those that are financial instruments, leases or insurance contracts and introduces a five-step process that the Group will have to follow. IFRS 15 will be effective for reporting periods beginning on or after 1 January 2018.

Amendment to IAS 7, "Statement of cash flows", Disclosure initiative – effective from 1 January 2017.

Amendment to IAS 12, "Income taxes", recognition of deferred tax assets for unrealised losses – effective from 1 January 2017.

IFRS 16, "Leases" defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to recognise nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability for payments. IFRS 16 will be effective for reporting periods beginning on or after 1 January 2019

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements consolidate those of the parent Company and all of its subsidiary undertakings drawn up to 31 December 2016 (Note 4). Subsidiaries are entities over which the Group has control. The Group controls an entity when it has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect these returns through its power over the entity.

All subsidiaries have a reporting date of 31 December 2016.

All transactions and balances between the Group companies, including realized and unrealized gains and losses on transactions are eliminated. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

There was no non-controlling interest (minority interest) at the year end.

3.2 Foreign currency translation

The consolidated financial statements are presented in United States Dollars (USD), which is also the functional currency of the Group.

(a) Annual accounts

Foreign currency transactions are translated into the functional currency of the Group, 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 and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

(b) Consolidated accounts

All companies included in the consolidated accounts have their financial statements prepared in USD.

3.3 Segment reporting

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

Segment information:

The Group's management makes the strategic resource allocations on behalf of the Group. The Group's management has identified that the insurance portfolios or portfolio rights acquired can all be classified as life settlement business and 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 Group's performance is evaluated on an overall basis. The investment objective of the Group is medium-term capital growth. An analysis of expected maturities is given in Note 10.4 of the consolidated financial statements.

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

There were no changes in the reportable segments during the year.

All of the Group's income is from revenue generated on the life settlement portfolios in the USA. The life settlement portfolios are classified as non-current assets.

3.4 Life-settlement portfolios

Being the final and exclusive beneficiary of the Acheron Portfolio Trust, the Lorenzo Tonti 2006 Trust, the Avernus Portfolio Trust and the Styx Portfolio Trust, the Group 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 Trusts are considered as having been undertaken by the Company for its own account.

Insurance policies which are acquired are recognized initially at fair value (the transaction price). If a life insurance policy matures, is surrendered or is sold, the related purchase price is recognized as a cost of sale. Cash borrowed 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 (Note 10).

3.5 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

3.6 Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized 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 derecognized when it is extinguished, discharged, canceled 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 and 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, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets held at fair value through profit or loss.

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets, except for those held at fair value through profit and loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

All incomes and expenses relating to financial assets that are recognized in profit or loss are presented within “finance costs”, “finance income” or “other financial items”.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Financial assets held at fair value through profit or loss

Financial assets held at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition.

Assets in this category are measured at fair value, with gains or losses recognized in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or through using valuation techniques where no active market exists.

The Group has designated the life settlement portfolios as held at fair value through profit and loss.

The Group manages its assets in a way to enhance profits through optimizing the life settlement portfolios, minimizing the premiums payable on the life settlement portfolios, and collecting maturities in order to maximize the cash generated by the portfolio and to distribute such realized profit or available cash to its Shareholders.

Financial liabilities

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

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

3.7 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.

3.8 Tax expenses

Tax expenses recognized in profit or loss mainly comprise the sum of withholding tax and current income tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group 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 is recognized, using the liability method, on temporary differences arising between the tax bases of the Group's assets and liabilities and their carrying amounts in the consolidated 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 realized or the deferred income tax liability is settled.

The Group has adopted a prudent approach and has not recognized a deferred tax asset on the statement of financial position (balance sheet) as the Board of Directors of the Company is of the opinion that there will not be sufficient taxable profits against which to offset the tax deduction resulting from the temporary differences.

3.9 Equity, reserves and dividend payments

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

Share premium includes any premiums received on issue of share capital, or by other means.

Retained earnings include all current and prior period retained profits.

Considering the provisions of the article 72ters of the law of 19 December 2002, as amended, unrealized profit arising from the valuation of assets at fair value may neither be distributed to Shareholders, nor be utilized for an allocation to legally required reserves.

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

3.10 Provisions, contingent liabilities and contingent assets

Provisions are recognized when: the Group 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 recognized as an interest expense.

3.11 Revenue and expenses recognition

3.11.1 Revenues

Revenue comprises the fair value of the consideration received in relation to maturities or to the surrender or sale (if any) of life settlement policies. The Group recognizes revenue when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the entity.

Maturities are recognized as revenue when the Group is formally aware of the maturity of a life insurance policy and the insurance company has confirmed that the life insurance policy was in force at the maturity date or at the time that the cash is received by the Group.

Net income from life settlement portfolios derives from the maturity or the sale of insurance policies less their acquisition value and the change in the valuation of the fair market value of the remaining policies.

3.11.2 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 recognized as an expense. The remaining amount is shown as premiums paid in advance on the balance sheet.

3.11.3 Interest income

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

3.12 Significant management judgement in applying accounting policies.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements relate mainly to the valuation of the investment portfolios and when revenues may be accounted for.

Management also set criteria stating when a life insurance policy can be considered to have matured and when the benefit of a maturity can be attributed to the Group (Note 3.11.1).

For the year end portfolio valuation, the Group relies on models developed by Lewis & Ellis, external independent actuaries (Note 10).

NOTE 4 CONSOLIDATED COMPANIES

The consolidated financial statements of the Group include Acheron Portfolio Corporation (Luxembourg), Société Anonyme, as the parent Company and the following wholly owned subsidiaries:
- Acheron Portfolio Corporation Ltd, Ireland;
- Lorenzo Tonti Ltd, Ireland;
- Styx Limited, Ireland, incorporated on 23 November 2015.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held by the parent Company does not differ from the proportion of ordinary shares held. The subsidiaries have not issued shares, other than ordinary shares.

NOTE 5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the Group's financial performance. Risk management is carried out by the Board of Directors.

Foreign Exchange Risk

Assets, income and most transactions are denominated in USD. Only part of the Company's current expenses is denominated in Euros and is paid as incurred. Consequently the Group believes that it does not have a significant foreign exchange risk.

Interest Rate Risk

Apart from cash, cash equivalents, the assets of the Group 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 projection and cost of insurance (premium projections) are the major factors that affects the valuation of the Group's assets.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are not substantially dependent on changes in market interest rates.

Credit Risk

The primary credit risk faced by the Group relates to solvency of the insurance companies that underwrite the insurance policies, which are the main assets of the Group. 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.

Liquidity risk

Prudent liquidity risk management requires the Group to maintain sufficient cash, cash equivalents and marketable securities for the Group's day-to-day requirements.

A proportion of the Group's investments are in fractional life insurance policies. Fractional life insurance policies are where a number of different investors own interests in a single underlying life insurance policy.

There is a risk that other investors in a given life insurance policy may decide not to continue to pay the premiums associated with their interest and may allow their investment to lapse. In this situation the Group must retain sufficient additional liquidity to buy out the lapsing investors' fractional interests and to bear the associated increase in premium payments in order to ensure that the underlying life insurance policy does not lapse.

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.

Despite the level of maturities during the reporting period, the Group did not face any cash flow problems. The Group is presently not dependent on borrowings to manage and finance its current business. All investments are financed by equity.

Risks associated with actuarial assumptions

Mortality tables are used in the valuation processes of the Group 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 Group's operations and the value of the Shares.
Individuals may live longer than expected by the Group when the respective policies were purchased. In this case, the value of the policy decreases. The Group 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 Group, which may have an adverse effect on the return on the Shares.

The Group 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 verified.

The valuation methods used by different actuaries may vary. The methods used by a 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 a 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 insured.

In some cases, the Group will depend on life expectancy estimate of doctors, disease specific medical mortality models or actuaries. From time to time, the Group may seek the opinion of any of such persons, or rely on such a model to determine life expectancies. The valuation is thus dependent on these estimations or mortality profiles accurately modeling 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. While the Investment Manager and the Valuation Agent attempt to provide reasonable valuations for the policies held by the Trusts, there is no guarantee that these valuations will correspond to the realizable value of the policies.

5.2 Capital risk management

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

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

The Group had cash balances of USD 8.5 million as at 31 December 2016 (2015: USD 8.3 million). Reference is also made to the cash flow statement.

5.3 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 Group uses a variety of methods and makes assumptions that are based on the market conditions that exist at each balance sheet date.

NOTE 6 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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

Notes 10 presents the Group's financial assets and liabilities measured at fair value in accordance with the fair value hierarchy set out in IFRS 13. This hierarchy 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).

Life settlement portfolios are classified as level 3. At year-end, these portfolios were valued by the external actuaries using a computer model (Note 10).

The tables below provide an analysis of the financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

2016	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Life settlement portfolios	-	-	108 705 147	108 705 147
	-	-	108 705 147	108 705 147

2015	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Life settlement portfolios	-	-	106 396 356	106 396 356
	-	-	106 396 356	106 396 356

NOTE 7 PREMIUMS PAID IN ADVANCE

Premiums paid in advance consist of the amount of premiums paid as of 31 December 2016 that relate to the period following the balance sheet date.

NOTE 8 OTHER RECEIVABLES AND PREPAYMENTS

	31.12.2016 USD	31.12.2015 USD
Advance payments	-	200 000
Other receivables from servicers	165 624	107 909
Accrued interest	6 991	6 991
Others debtors	315 351	15 350
	487 966	330 250

NOTE 9 CASH AND CASH EQUIVALENTS

As at 31.12.2016 and 31.12.2015, cash and cash equivalents consist solely of cash held on deposit and on current accounts with banks.

NOTE 10 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS: LIFE-SETTLEMENT PORTFOLIOS

Details of portfolios are as follows:

	31.12.2016 USD	31.12.2015 USD
Acquisition value, net of maturities and disposals	41 864 426	46 178 834
Loans on policies	-21 973 819	-18 151 902
Cumulative gain in fair value	88 814 540	78 369 424
	108 705 147	106 396 356

Development of the acquisition value:

	31.12.2016 USD	31.12.2015 USD
Balance as at 1 January	46 178 834	46 390 624
Additions	2 564 461	2 004 337
Matured policies/disposal/other	-6 878 869	- 2 216 127
Balance as at 31 December	41 864 426	46 178 834

Distribution of the portfolio by class of Shares and by type of risk:

	Class A USD	Class B USD	Class D USD	Class E USD
Life Settlements portfolio	34 645 514	15 004 106	9 548 056	5 899 419
HIV portfolio	40 730 728	-	1 963 497	913 827
Balance as at 31.12.2016	75 376 242	15 004 106	11 511 553	6 813 246

	Class A USD	Class B USD	Class D USD	Class E USD
Life Settlements portfolio	33 542 658	14 303 739	9 261 334	4 165 950
HIV portfolio	42 687 261	-	1 838 414	597 000
Balance as at 31.12.2015	76 229 919	14 303 739	11 099 748	4 762 950

The impact during the financial year on the profit and loss of the remeasurement of the portfolio at fair value is USD 10 445 117 (2015: USD 2 314 647) (Note 13).

Fair market value reflects the view of Lewis & Ellis, Dallas (USA), the external actuaries and consultants to the Group.

Lewis & Ellis (L&E) projects the cash flows from the life insurance portfolios over a 35-year period and then discounts these cash flows back to the valuation date. Future cash flows are composed of life insurance policy maturities, reflecting any refund of unearned premiums upon death and any reduction in the death benefits due to policy loans, less the future premium payments required to maintain the policies in-force and the expenses associated with managing the portfolio and the future interest payable on any policy loans. The present value of the future cash flows assumes a discount rate, which is derived from observations of the discount rates prevailing in the market.

10.1 Main assumptions used to determine the fair value

a) Mortality/Life expectancy

L&E has built its own proprietary general population mortality table. It has done so by utilizing insurance industry and other data available, including the underlying data that went into the construction of the Valuation Basic Table, which has been commonly utilized 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, sex and smoking status.

L&E is also considering the most recent life expectancy reports, when available. Life expectancy reports are medical opinions from specialized 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 and Class B Shares. A key issue with this exercise is the concentration of all Share Classes in certain policies with larger face values. This generates an imbedded 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. On this basis, the Actual to Expected ratio for the life settlement policies on these calculations Class A was about 90% over the last 3 years, close to 99% for 2016. Similarly, Class B, recorded an average unadjusted Actual to Expected ratio of over 98% for the period 2011-2016, but just 88% in 2016.

In the case of specific diseases, such as HIV, L&E has developed an internal specific mortality adjustment that is applied to the general population table it has built. In 2015, L&E updated its HIV model with a focus on the most advanced age mortality. The updated L&E model continues to allow for a yearly increase of the mortality for each additional year that a patient has suffered from HIV, but at a reduced pace for the senior over 65. It is thus an age-based and time-based disease model, with a specifically computed over-mortality applied to each affected individual.

L&E's HIV model continue to be adjusted to fit the observed data over the past years, so that it is by nature consistent with observed experience. One of the modelling challenges is the speculative nature of HIV at the most advance ages given the lack of a population to test any hypothesis on. Another is incurred but not reported maturities (IBNR), particularly with one servicer.
On the ABC portfolio (representing less than 5% of the value of the portfolios), the Board has come to the conclusion that additional monitoring is required to ensure maturities are captured in timely basis.

b) 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 optimization.

Premium projection has been more challenging given the unilateral increases in 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.

c) 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 party 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. Because of this, L&E used their experience in the life settlement market, on the basis that life settlement portfolios are comparable assets.

This year's discount rate of 11% used for the HIV/AIDS portfolios is lower than the 12% discount rate used the last two years. The reason for this change is a significant adjustment to mortality assumptions beyond age 65. The adjustment made the long-term mortality rates lower and thus more conservative. A portfolio-wide discount rate was used which is consistent with past valuations. 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.

The base rate is increased for the following criteria:

- Mortality experience: although the actual-to-expected (A/E) mortality ratio over the last seven years is about 100%, the A/E ratio over the last three years is about 90%;
- Mortality assumptions: this criteria has been lowered in relation with the more conservative mortality assumptions beyond age 65;
- Policy modeling: this parameter reflects some portfolio-wide assumptions that are made to define the premium schedules;
- An additional adjustment has been added to the base rate to account for items not mentioned above.

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, the premium schedules and at least two recent life expectancy opinions are provided. For these valuations, premium schedules were estimated for some of the policies and mortality assumptions were developed using older life expectancy opinions or no life expectancy opinions at all for most of the policies. Given this, the discount rate is subjective but based on the actuaries experience in the life settlement market.

In determining the portfolio values, a portfolio-wide discount rate assumption equal to 12% has been used which is consistent with last year. For the discount rate this year also, 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 expected 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 maintained for the current year, considering the actual performance compared to other portfolios in the market, and considering a risk premium related to the quality of the documentation.

10.2 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.

10.3 Sensitivity analysis.

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

a) Class A

a.1) Discount rate sensitivity

Discount rate - non HIV portfolio	10%	12%	14%	16%
Value of portfolio	$ 36 388 514	**$ 34 645 514**	$ 33 124 514	$ 31 772 514
% of total face amount	30,2%	28,7%	27,5%	26,4%

Discount rate - HIV portfolio	9%	11%	13%	15%
Value of portfolio	$ 47 188 728	**$ 40 730 728**	$ 35 929 728	$ 32 292 728
% of total face amount	12,0%	10,3%	9,1%	8,2%

a.2) Premium assumption sensitivity

Value based on 12% discount rate – non HIV portfolio	Annual premium increase at	
	8%	9%
Value of portfolio	**$ 34 645 514**	$ 34 505 514
% of total face amount	28,7%	28,6%

Value based on 11% discount rate – HIV portfolio	Annual premium increase at	
	8%	9%
Value of portfolio	**$ 40 730 728**	$ 39 890 728
% of total face amount	10,3%	10,1%

a.3) Mortality sensitivity

Value based on 12% discount rate – non HIV portfolio	USD	% of face amount
Value of portfolio as reported	**$ 34 645 514**	28,7%
Value at 90% of current mortality assumption (*)	$ 31 580 514	26,2%
Value at 80% of current mortality assumption	$ 28 242 514	23,4%

(*) Assumption that mortality is only 90% of expected mortality.

Value based on 11% discount rate – HIV portfolio	USD	% of face amount
Value of portfolio as reported	**$ 40 730 728**	10,3%
Value at 90% of current mortality assumption	$ 35 878 728	9,1%
Value at 80% of current mortality assumption	$ 31 094 728	7,9%

b) Class B

b.1) Discount rate sensitivity

Discount rate – (non HIV portfolio)	11%	12%	13%	14%
Value of portfolio	$ 15 577 106	**$ 15 004 106**	$ 14 469 106	$ 13 968 106
% of total face amount	24,8%	23,9%	23,1%	22,3%

b.2) Premium assumption sensitivity

Value based on 12% discount rate	Premiums Increases at 8% Annually	Premiums Increases at 9% Annually
Value of portfolio	**$ 15 004 106**	$ 14 935 106
% of Face Amount	23,9%	23,8%

b.3) Mortality sensitivity

Value based on 12% discount rate	USD	% of face amount
Value of portfolio as reported	**$ 15 004 106**	23,9%
Value at 90% of current mortality assumption	$ 13 334 106	21,2%
Value at 80% of current mortality assumption	$ 11 844 106	18,9%

c) Class D

c.1) Discount rate sensitivity

Discount rate - non HIV portfolio	10%	12%	14%	16%
Value of portfolio	$ 9 992 056	**$ 9 548 056**	$ 9 153 056	$ 8 800 056
% of total face amount	31,7%	30,3%	29,1%	27,9%

Discount rate - HIV portfolio	9%	11%	13%	15%
Value of portfolio	$ 2 405 497	**$ 1 963 497**	$ 1 640 497	$ 1 398 497
% of total face amount	15,4%	12,6%	10,5%	9,0%

c.2) Premium assumption sensitivity

Value based on 12% discount rate – non HIV portfolio	Premiums Increases at 8% Annually	Premiums Increases at 9% Annually
Value of portfolio	**$ 9 548056**	$9 501 056
% of Face Amount	30,3%	30,2%

Value based on 11% discount rate – HIV portfolio	Premiums Increases at 8% Annually	Premiums Increases at 9% Annually
Value of portfolio	**$ 1 963 497**	$1 918 497
% of Face Amount	12,6%	12,3%

c.3) Mortality sensitivity

Value based on 12% discount rate – non HIV portfolio	USD	% of face amount
Value of portfolio as reported	**$ 9 548 056**	30,3%
Value at 90% of current mortality assumption	$ 8 639 056	27,4%
Value at 80% of current mortality assumption	$ 7 645 056	24,3%

Value based on 11% discount rate – HIV portfolio	USD	% of face amount
Value of portfolio as reported	**$ 1 963 497**	12,6%
Value at 90% of current mortality assumption	$ 1 722 497	11,1%
Value at 80% of current mortality assumption	$ 1 483 497	9,5%

d) Class E

d.1) Discount rate sensitivity

Discount rate - non HIV portfolio	10%	12%	14%	16%
Value of portfolio	$ 6 182 419	**$ 5 899 419**	$ 5 646 419	$ 5 419 419
% of total face amount	28,2%	26,9%	25,8%	24,7%

Discount rate - HIV portfolio	9%	11%	13%	15%
Value of portfolio	$ 1 106 827	**$ 913 827**	$ 771 827	$ 663 827
% of total face amount	17,3%	14,3%	12,0%	10,4%

d.2) Premium assumption sensitivity

Value based on 12% discount rate – non HIV portfolio	Premiums Increases at 8% Annually	Premiums Increases at 9% Annually
Value of portfolio	**$ 5 899 419**	$ 5 835 419
% of Face Amount	26,9%	26,6%

Value based on 11% discount rate – HIV portfolio	Premiums Increases at 8% Annually	Premiums Increases at 9% Annually
Value of portfolio	**$ 913 827**	$ 887 827
% of Face Amount	14,3%	13,8%

d.3) Mortality sensitivity

Value based on 12% discount rate – non HIV portfolio	USD	% of face amount
Value of portfolio as reported	**$ 5 899 419**	26,9%
Value at 90% of current mortality assumption	$ 5 306 419	24,2%
Value at 80% of current mortality assumption	$ 4 681 419	21,4%

Value based on 11% discount rate – HIV portfolio	USD	% of face amount
Value of portfolio as reported	**$ 913 827**	14,3%
Value at 90% of current mortality assumption	$ 803 827	12,5%
Value at 80% of current mortality assumption	$ 685 827	10,7%

10.4 Expected maturities

Expected maturities of life-settlement policies can be distributed as follows (in percentage if face value):

Class A	31.12.2016	31.12.2015
Less than 3 months	1.66%	1.52%
From 3 months to 1 year	4.97%	4.57%
From 1 year to 5 years	20.40%	19.41%
More than five years	72.97%	74.50%
	100.00%	100.00%

Class B	31.12.2016	31.12.2015
Less than 3 months	3.20%	3.28%
From 3 months to 1 year	9.61%	9.84%
From 1 year to 5 years	46.49%	42.02%
More than five years	40.70%	44.85%
	100.00%	100.00%

Class D	31.12.2016	31.12.2015
Less than 3 months	3.23%	3.20%
From 3 months to 1 year	9.69%	9.61%
From 1 year to 5 years	36.85%	38.75%
More than five years	50.23%	48.44%
	100.00%	100.00%

Class E	31.12.2016	31.12.2015
Less than 3 months	3.94%	3.97%
From 3 months to 1 year	11.82%	11.90%
From 1 year to 5 years	41.81%	40.52%
More than five years	42.43%	43.61%
	100.00%	100.00%

On a larger population, actuaries use the principles of large numbers and probability applied to a mortality table to derive the expected maturities for a given time frame. On this basis, an expected maturity table was generated for the portfolio which is reflected in this table.

10.5 Distribution of face value per insurance company

Class A: companies assuring at least	2016 Number	2016 Total %	2015 Number	2015 Total %
10 % of the nominal face value	1	11.6	1	10.6
5 % of the nominal face value	1	6.2	1	6.2
2 % to 5 %	13	36.5	12	37.3
0 % to 2 %	316	45.7	338	45.8

Class B: companies assuring at least	2016 Number	2016 Total %	2015 Number	2015 Total %
10 % of the nominal face value	1	11.3	1	12.5
5 % of the nominal face value	5	36.4	4	32.6
2 % to 5 %	7	20.6	10	34.8
0 % to 2 %	42	31.7	35	20.1

Class D: companies assuring at least	2016 Number	2016 Total %	2015 Number	2015 Total %
10 % of the nominal face value	0	-.--	0	-.--
5 % of the nominal face value	5	33.3	6	40.7
2 % to 5 %	7	22.0	8	22.7
0 % to 2 %	124	44.7	131	36.6

Class E: companies assuring at least	2016 Number	2016 Total %	2015 Number	2015 Total %
10 % of the nominal face value	0	-.--	1	10.4
5 % of the nominal face value	7	48.7	6	40.3
2 % to 5 %	8	21.4	8	25.9
0 % to 2 %	84	29.9	72	23.4

NOTE 11 SHARE CAPITAL

At year-end, the Company's share capital amounted to USD 692 200, and is represented by 69 220 044 shares of USD 0.01 each. The share capital is split as follows:

	A Shares USD	B Shares USD	C Shares USD	D Shares USD	E Shares USD	Total USD
Balance 1 January 2015	45 446 946	14 596 098	51 000	7 600 000	-	67 694 044
Movements for the year:						-
- reduction of the nominal value	-44 992 477	-14 450 137	-50 490	-7 524 000	-	-67 017 104
- Capital increase	-	-	10	-	7 625	7 635
Balance as 31 December 2015	454 469	145 961	520	76 000	7 625	684 575
Balance 1 January 2016	454 469	145 961	520	76 000	7 625	684 575
Movements for the year:						-
- Capital increase	-	-	-	-	7 625	7 625
Balance as 31 December	454 469	145 961	520	76 000	15 250	692 200

An extraordinary shareholders' meeting held on 22 June 2015 decided:

- to reduce the share capital of the Company through the reduction of the par value of the shares from their existing par value of one USD 1 to USD 0.01 and decided to allocate the amount of USD 67 017 104 to the share premium reserve account;
- to reimburse an amount of USD 0.22 per share to Class A Shares, USD 0.0685 per share to Class B Shares, and USD 0.0658 per share to Class D Shares, to the shareholders from the proceeds available in the dedicated share premium reserve account of the Company.
- to create a Class CE Shares and to issue 1 000 CE Shares with a par value of USD 0.01 fully paid-up;
- to create a Class E Shares; and
- to grant the Board of Directors the authorization to issue shares of new classes (except share classes A, B, D and all C) and to grant options to subscribe for shares of any new classes, to such persons and on such terms as it shall see fit and specifically to proceed to such issue without reserving for the existing shareholders a preferential right to subscribe to the shares issued.

As a consequence, the share capital was increased on 11 September 2015 by the issue of 381 250 E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 187, and on 13 November 2015, by the issue of 381 250 E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 188.

On 5 February 2016, the share capital was increased by the issue of 381 250 E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 187, and on May 4 2016, by the issue of 381 250 E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 188.

Class C Shares are composed of 25 000 CA Shares, 25 000 CB Shares, 1 000 CD Shares and 1 000 CE shares. Class C Shares are entitled to a preferred 20% profit distribution, after a preferred distribution compounded at 5% on the aggregate share capital contributions of non C Shares (Note 23).

Class A, Class B, Class D and Class E Shares relate to specific investments determined by the Board of Directors or as the case may be, by a general meeting of Shareholders. Each investment is undertaken for the exclusive benefit and risk of the relevant class of Shares.

The authorized capital amounts to USD 500 000 000. Existing Shareholders have waived their preferential subscription right within the limits of the authorized capital. The Board of Directors is authorized to increase the Company's capital within the limits of the authorized capital for a five year period beginning on 18 July 2015 (the consequence of the General meeting of Shareholders held on 22 June 2015).

NOTE 12 OTHER LIABILITIES

Details of the caption are as follows:	31.12.2016 USD	31.12.2015 USD
Audit and accounting fees	188 696	131 576
Legal fees	256 051	190 837
Actuarial fees	255 250	63 500
Services fees	145 000	50 000
Director and audit committee fees	175 255	118 349
Travelling expenses	25 346	19 653
Fees financing project	-	150 000
	1 045 598	723 915

NOTE 13 INCOME FROM LIFE-SETTLEMENT PORTFOLIOS

Details of the income received from the life-settlement portfolios:

	31.12.2016 USD	31.12.2015 USD
Maturities	29 547 295	24 502 400
Acquisition cost of maturities	-6 758 869	- 2 216 127
Incurred premiums	-23 720 328	-21 916 210
Fair value adjustments	10 445 117	2 314 647
	9 513 215	2 684 710

The amount of premiums incurred during the year is reflected as a deduction of Income from life settlement portfolio. The amount of premiums paid in advance amounted to USD 13 361 029 as at 31 December 2016 (2015: USD 12 603 532).

NOTE 14 OPERATING EXPENSES

	31.12.2016 USD	31.12.2015 USD
Acheron Capital management fees	1 878 645	1 919 810
Portfolio servicing fees	2 499 988	2 145 630
Audit fees (*)	79 204	82 448
Legal	328 098	360 014
Administration, including accounting	211 631	200 885
Actuarial fees	306 626	87 383
Directors fees, Directors insurance expenses	117 719	117 303
Audit committee fees	59 069	32 126
Financing project	300 124	150 000
Other expenses	193 064	179 050
	5 974 167	5 274 649

(*) No services were provided by the Company's auditor other than audit of financial statements

NOTE 15 INTEREST INCOME

	31.12.2016 USD	31.12.2015 USD
Bank interest	10 323	19 289
	10 323	19 289

NOTE 16 OTHER INCOME FROM MATURED POLICIES

Details of other income from matured policies are as follows:

	31.12.2016 USD	31.12.2015 USD
Dividend	394 519	381 871
Interest	108 848	98 772
	503 367	480 642

NOTE 17 INTEREST EXPENSES

Other interest payable and similar charges amount to USD 1 134 439 (2015: USD 1 044 255), and is mainly composed of interest on policy loans of USD 1 072 097 (2015: USD 1 005 676).

NOTE 18 TAX EXPENSES

In conformity with the taxation treaty between the United States of America and Luxembourg, 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 recognized stock exchange. This has been the case since 31 December 2009.
The Company is however subject to US income tax on some income from life policies (i.e. dividend and interest income)

Reconciliation of statutory tax effect to effective tax:

	31.12.2016 USD	31.12.2015 USD
Profit/loss for the year	2 859 300	- 3 161 189
Income tax	141 629	96 875
Other tax related charges (US)	60 475	59 933
Profit/ Loss for the year before tax	3 061 404	-3 004 381
Statutory tax rate	29.22 %	29.22 %
Tax expenses using statutory tax rate	894 542	-
Tax effect of non-taxable income/non-deductible expenses	- 752 914	96 875
Income tax	141 629	96 875
Expense for the year:		
Luxembourg income tax	141 629	96 875
Other tax related charges (US)	60 475	59 933
Tax expense / income	202 104	156 808

Since the incorporation of the Company to the balance sheet date the Group has adopted a prudent approach and has not recognized a deferred tax asset on the balance sheet as the Board of Directors of the Company is of the opinion that there will not be sufficient taxable profit against which to offset the tax deduction resulting from the temporary differences of USD 1 197 987 (2015: USD 1 693 365).

NOTE 19 TAX LIABILITIES

Tax provision as at year-end is as follows:

	31.12.2016 USD	31.12.2015 USD
Income tax Luxembourg	569 270	345 404
Income tax USA	60 475	85 884
	629 745	431 288

NOTE 20 TRANSACTIONS WITH RELATED PARTIES

	31.12.2016 USD	31.12.2015 USD
Per profit and loss:		
Directors' fees	100 151	106 538
Acheron Capital Ltd management fees (note 14)	1 878 645	1 919 810
Acheron Capital Ltd, reimbursement of expenses	35 145	62 265
Compagnie Européenne de Révision S.à r.l. *(Accounting, NAV calculation, consolidation, and Company secretary fees)*	188 442	233 266
Per balance sheet:		
Directors' fees	108 500	98 239
Acheron Capital Ltd, reimbursement of expenses	17 998	19 653
Compagnie Européenne de Révision S.à r.l.	100 966	70 660
Shares held by related parties	2 512 751	2 034 280

The Company, Acheron Capital Limited and Compagnie Européenne de Révision Sàrl each have respectively one common Director. All transactions with related parties are undertaken at arm's length.

NOTE 21 NET CONSOLIDATED PROFIT PER SHARE

As stated in Note 11, the capital of the Company is composed of 45 446 946 A Shares, 14 596 098 B Shares, 52 000 C Shares (CA, CB, CD and CE), 7 600 000 D Shares and 1 525 000 E Shares. All Shares are fully paid. Neither unpaid shares nor any kind of option are outstanding, so that the basic profit per share is equivalent to the diluted profit per share.

As the different classes of Shares have specific rights in relation to their investments, the net consolidated profit per share is given for each Share Class:

2016	Class A USD	Class B USD	Class D USD	Class E USD
Profit/loss per share:				
Basic and diluted profit/loss per share	0.034	0.105	-0.016	-0.078
Numerator	1 554 971	1 534 458	-123 465	-106 654
Denominator (weighted average number of shares)	45 446 946	14 596 098	7 600 000	1 361 010
2015				
Profit/loss per share:				
Basic and diluted profit/loss per share	-0.040	-0.175	-0.201	16.542
Numerator	-1 825 049	-2 555 742	-1 527 682	2 747 284
Denominator (weighted average number of shares)	45 446 946	14 596 098	7 600 000	166 077

No profit per share for Class C share has been computed because such shares are entitled only to a preferred profit distribution and are not quoted (Note 23).

NOTE 22 NET CONSOLIDATED ASSETS PER CLASS OF SHARES

The consolidated net assets for each class of Shares are shown below. Net assets for each class of Shares can be reconciled as follows:

	31.12.2016 USD	31.12.2015 USD
Consolidated net assets Class A Shares	88 782 348	90 226 876
Consolidated net assets Class B Shares	17 517 393	15 982 935
Consolidated net assets Class D Shares	14 190 807	14 314 272
Consolidated net assets Class E Shares	8 740 620	5 797 284
Consolidated net assets Class C Shares	52 000	52 000
	129 283 168	126 373 367

NOTE 23 PREFERRED DISTRIBUTION

In accordance with article 5 of the Articles of Association, the distributions due to the class CA shares, class CB shares, class CD shares or class CE shares (the “Class C Shares”) shall be zero until such time as the aggregate distributions, whether in the form of dividends, share premium distributions, share redemptions, share capital reductions or otherwise paid to the holders of the Non Class C shares compounded at five percent (5%) per annum (from the date of each capital gain distribution to the Non Class C Shares) equals the aggregate share capital contributions of the Non Class C Shares compounded at five percent (5%) per annum (from the date of each distribution to the Non Class C Shares). Thereafter, the distribution due to the Class C Shares shall be equal to 20% of all additional distributions made to the Non Class C Shares. In the event that a redemption or repurchase in kind is to be performed, the holders of Class C Shares and the Non Class C Shares shall determine in good faith under what terms any remaining potential distributions to Class C Shares shall be performed.

Being a profit distribution, this preferred distribution has not been accrued in the consolidated financial statements. The 20% cumulative preferred distribution to Class C Shares amounts to USD 3 560 024 (2015: USD 4 210 896), based on the valuation of the portfolios as at 31 December 2016. The amount is detailed by class of shares in the exhibits.

NOTE 24 FATCA

Following the entry into force of the Model I Intergovernmental Agreement concluded between Luxembourg and the United States in relation to FATCA ("IGA") and its implementation in Luxembourg by the law of 24 July 2015 (the "FATCA Law"), Reporting Luxembourg Financial Institutions, such as Acheron Portfolio Corporation Luxembourg S.A., are required to annually report to the Luxembourg tax authority (*administration des contributions directes*) personal and financial information on their Financial Accounts held by one or more Specified U.S. Persons or by a Non-U.S. Entity (i.e. passive non-financial foreign entities) with one or more Controlling Persons that is a Specified U.S. Person.

Such information will be relayed by the Luxembourg tax authorities to the US Internal Revenue Services.

In this context, Acheron Portfolio Corporation Luxembourg S.A. had identified and effectively reported one or more U.S. Reportable Accounts (within the meaning of the FATCA Law) to the Luxembourg tax authority for the year 2015 in 2016 and should also perform a reporting for the year 2016 in 2017.

Consequently, Acheron Portfolio Corporation Luxembourg S.A. should be considered as being in compliance with FATCA and should therefore not be exposed to any U.S. withholding tax or any local fine or penalty in this respect.

NOTE 25 COMMON REPORTING STANDARDS ("CRS")

The Luxembourg law dated 18 December 2015 (the "CRS Law") implemented the EU Directive 2014/107/EU which provides for an automatic exchange of financial account information between Member States of the European Union as well as the OECD's multilateral competent authority agreement on automatic exchange of financing account information signed on 28 October 2014 in Berlin, with effect as of 1st January 2016.

Under the terms of the CRS Law, Acheron Portfolio Corporation Luxembourg S.A. should be treated as a Luxembourg Reporting Financial Institution. As such, it will be required to annually report to the Luxembourg tax authority personal and financial information on Financial Accounts held by one or more Reportable Persons as per the CRS Law or on Controlling Persons of certain non-financial entities which are themselves Reportable Persons. The first reporting under CRS Law should be performed before 30 June 2017 for the year 2016.

Such information will be relayed by the Luxembourg tax authority to the local tax authorities of the Reportable Persons' tax residence.

NOTE 26 POST BALANCE SHEET EVENT

No event having an impact or influence on the present financial statements occurred after the balance sheet date.

NOTE 27 ADDITIONAL INFORMATION

Additional information of exhibits I to IV do not form part of the financial statements.

EXHIBIT I *(unaudited)*
ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class A

Net assets

	Note	31/12/2016 USD	31/12/2015 USD
ASSETS			
Current assets			
Premiums paid in advance		8 335 552	8 630 766
Other current assets		352 256	280 251
Cash and cash equivalents		4 927 464	5 450 309
Intercompany receivable		629 308	203 956
		14 244 580	14 565 282
Non-current assets			
Life settlement portfolios		75 376 242	76 229 919
		75 376 242	76 229 919
Current liabilities			
Short term payables		74 098	48 863
Other liabilities		553 314	444 414
Tax liabilities		211 062	75 047
		838 474	568 325
Net assets		88 782 348	90 226 876
Preferred distribution	23	-1 936 265	-2 401 103
		=========	=========

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EXHIBIT I/1 *(unaudited)*

ACHERON PORTFOLIO CORPORATION (Luxembourg)
CLASS A

Statement of comprehensive income for the year ended 31 December 2016

	Notes	31/12/2016 USD	31/12/2015 USD
Income from life-settlement portfolio	13		
Maturities		18 316 544	19 310 101
Acquisition cost of maturities		-1 847 241	-1 485 048
Premiums paid		-14 206 970	-15 016 775
Fair value adjustments		4 199 807	17 914
Net income from life-settlement portfolio		6 462 140	2 826 193
Other operating income		187 649	20 400
Operating expenses	14	-4 291 558	-4 013 717
Staff costs			
Wages and salaries		- 30 294	- 32 519
Social security costs		- 3 928	- 4 416
		- 34 222	- 36 935
Finance income			
Interest income	15	9 772	10 046
Other income from matured policies	16	472 194	480 642
		481 966	490 688
Finance costs			
Interest expenses	17	-1 096 671	-1 023 196
Net foreign exchange loss		- 14 672	- 4 910
		-1 111 343	-1 028 106
Profit/(Loss) before tax		1 694 632	-1 741 478
Income tax expenses	18	- 139 661	- 83 571
Profit/(Loss) for the year		1 554 971	-1 825 049
Other comprehensive income		-	-
Total comprehensive income for the year		1 554 971	-1 825 049
Total comprehensive income attributable to the owners of the Company		1 554 971	-1 825 049
Basic and diluted profit per share class A	21	0,034	-0,040
- numerator class A		1 554 971	-1 825 049

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EXHIBIT I/2 ***(unaudited)***

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class A

Cash flow statement for the year ended 31 December 2016

	2016 USD	2015 USD
Cash flow from operating activities:		
Profit for the year	1 554 971	-1 825 049
Non cash adjustments:		
- non cash movement on portfolios	-2 352 566	1 467 134
- interest income	- 629 377	- 499 475
Cash flows from (used in) operations before working capital changes	-1 426 972	- 857 390
Decrease in premiums paid in advance	295 213	186 343
(Increase)/Decrease in other receivables and prepayments	- 72 005	152 508
(Decrease) in trade and other payables	- 291 218	- 131 066
Increase in tax payable	136 015	20 247
Cash flows from/(used in) operations	-1 358 967	- 629 357
Finance costs paid	629 377	499 475
Net cash flows from operating activities	**- 729 590**	**- 129 882**
Cash flow from investing activities:		
Net investment in life-settlement portfolios	- 459 731	- 574 663
Net cash flows from investing activities	**- 459 731**	**- 574 663**
Cash flow from financing activities:		
Cash on policies	3 665 974	826 122
Repayment share premium	-2 999 498	-9 998 328
Net cash flows used in financing activities	**666 476**	**-9 172 207**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**- 522 845**	**-9 876 752**
Cash and cash equivalents:		
At beginning of the year	5 450 309	15 327 061
At the end of the year	**4 927 464**	**5 450 309**

EXHIBIT II *(unaudited)*

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class B

Net assets

	Note	31/12/2016 USD	31/12/2015 USD
ASSETS			
Current assets			
Premiums paid in advance		1 819 538	1 317 074
Other current assets		37 950	-
Cash and cash equivalents		1 159 103	817 841
		3 016 591	2 134 914
Non-current assets			
Life settlement portfolios		15 004 106	14 303 739
		15 004 106	14 303 739
Current liabilities			
Short term payables		5 033	82 791
Other liabilities		242 960	145 768
Tax liabilities		185 340	129 330
Intercompany payables		69 971	97 830
		503 304	455 719
Net assets		17 517 393	15 982 934
Preferred distribution	23	-	-

EXHIBIT II/1 ***(unaudited)***

ACHERON PORTFOLIO CORPORATION (Luxembourg)

CLASS B

Statement of comprehensive income for the year ended 31 December 2016

	Notes	31/12/2016 USD	31/12/2015 USD
Income from life-settlement portfolio	13		
Maturities		6 744 087	2 010 520
Acquisition cost of maturities		-4 145 165	- 458 100
Premiums paid		-4 360 969	-3 570 799
Fair value adjustments		3 958 765	- 99 052
Net income from life-settlement portfolio		2 196 718	-2 117 431
Other operating income		10 500	160 259
Operating expenses	14	- 613 275	- 579 644
Staff costs			
Wages and salaries		- 5 400	- 6 006
Social security costs		- 700	- 816
		- 6 100	- 6 821
Finance income			
Interest income	15	191	1 754
Other income from matured policies	16	17 632	-
		17 823	1 754
Finance costs			
Interest expenses	17	- 16 187	- 7 326
Net foreign exchange loss		990	- 515
		- 15 197	- 7 841
Profit/(Loss) before tax		1 590 469	-2 549 725
Income tax expenses	18	- 56 011	- 6 017
Profit/(Loss) for the year		1 534 458	-2 555 742
Other comprehensive income		-	-
Total comprehensive income for the year		1 534 458	-2 555 742
Total comprehensive income attributable to the owners of the Company		1 534 458	-2 555 742
Basic and diluted profit per share class B	21	0,105	-0,175
- numerator class B		1 534 458	-2 555 742

EXHIBIT II/2 ***(unaudited)***

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class B

Cash flow statement for the year ended 31 December 2016

	2016 USD	2015 USD
Cash flow from operating activities:		
Profit for the year	1 534 458	-2 555 742
Non cash adjustments:		
- non cash movement on portfolios	186 400	557 152
- interest income	2 626	225 467
Cash flows from (used in) operations before working capital changes	1 723 484	-1 773 123
(Increase)/Decrease in premium paid in advance	- 502 465	117 370
(Increase)/Decrease in other receivables and prepayments	- 37 950	68 270
(Decrease) in trade and other payables	- 8 425	36 386
(Decrease)/Increase in tax payable	56 011	6 017
Cash flows from operations	1 230 655	-1 545 080
Finance costs paid	- 2 626	- 225 467
Net cash from (used in) operating activities	**1 228 029**	**-1 770 547**
Cash flow from investing activities:		
Net investment in life-settlement portfolios	-1 042 872	-
Net cash from (used in) investing activities	**-1 042 872**	**-**
Cash flow from financing activities:		
Cash on policies	156 106	-
Repayment share premium	-	- 999 833
Net cash used in financing activities	**156 106**	**- 999 833**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**341 262**	**-2 770 380**
Cash and cash equivalents:		
At beginning of the year	817 841	3 588 220
At the end of the year	**1 159 103**	**817 840**

EXHIBIT III *(unaudited)*

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class D

Net assets

	Note	31/12/2016 USD	31/12/2015 USD
ASSETS			
Current assets			
Premiums paid in advance		1 455 219	1 770 796
Other current assets		33 990	-
Cash and cash equivalents		1 450 835	1 804 863
Intercompany receivable		37 138	-
		2 977 182	3 575 659
Non-current assets			
Life settlement portfolios		11 511 553	11 099 748
		11 511 553	11 099 748
Current liabilities			
Short term payables		- 1 458	- 1 872
Other liabilities		134 614	102 437
Tax liabilities		164 772	161 065
Intercompany payables		-	99 505
		297 928	361 135
Net assets		14 190 807	14 314 272
Preferred distribution	23	-1 165 740	-1 270 280
		==========	==========

EXHIBIT III/1 *(unaudited)*

ACHERON PORTFOLIO CORPORATION (Luxembourg)
CLASS D

Statement of comprehensive income for the year ended 31 December 2016

	Notes	31/12/2016 USD	31/12/2015 USD
Income from life-settlement portfolio	13		
Maturities		2 827 800	3 181 778
Acquisition cost of maturities		- 447 127	- 272 980
Premiums paid		-2 682 598	-2 977 541
Fair value adjustments		788 209	- 937 490
Net income from life-settlement portfolio		486 284	-1 006 233
Other operating income		11 232	-
Operating expenses	14	- 604 212	- 513 082
Staff costs			
Wages and salaries		- 4 722	- 2 067
Social security costs		- 612	- 281
		- 5 334	- 2 348
Finance income			
Interest income	15	360	7 489
Other income from matured policies	16	7 708	-
		8 068	7 489
Finance costs			
Interest expenses	17	- 12 057	- 13 049
Net foreign exchange loss		- 3 739	915
		- 15 796	- 12 134
Profit/(Loss) before tax		- 119 758	-1 526 308
Income tax expenses	18	- 3 706	- 1 374
Profit/(Loss) for the year		- 123 464	-1 527 682
Other comprehensive income		-	-
Total comprehensive income for the year		- 123 464	-1 527 682
Total comprehensive income attributable to the owners of the Company		- 123 464	-1 527 682
Basic and diluted profit per share class D	21	-0,016	-0,201
- numerator class D		- 123 464	-1 527 682

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EXHIBIT III/2 ***(unaudited)***

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class D

Cash flow statement for the year ended 31 December 2016

	2016 USD	2015 USD
Cash flow from operating activities:		
Profit for the year	- 123 464	-1 527 682
Non cash adjustments:		
- non cash movement on portfolios	- 341 082	1 210 470
- interest income	- 7 728	- 8 601
Cash flows from (used in) operations before working capital changes	- 472 274	- 325 813
Decrease in premiums paid in advance	315 577	182 414
(Increase) in other receivables and prepayments	- 33 990	-
(Decrease)/Increase in trade and other payables	- 104 052	37 741
Increase in tax payable	3 706	1 374
Cash flows from (used in) operations	- 291 033	- 104 283
Finance costs paid	7 728	8 601
Net cash from (used in) operating activities	**- 283 305**	**- 95 682**
Cash flow from investing activities:		
Net investments in life-settlement portfolios	- 70 560	-
Net cash used in investment activities	**- 70 560**	**-**
Cash flow from financing activities:		
Capital increase	-	- 500 080
Cash on policies	- 163	-
Net cash from financing activities	**- 163**	**- 500 080**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**- 354 028**	**- 595 762**
Cash and cash equivalents:		
At beginning of the year	1 804 863	2 400 625
At the end of the year	**1 450 835**	**1 804 863**

EXHIBIT IV *(unaudited)*

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class E

Net assets

	Note	31/12/2016 USD	31/12/2015
ASSETS			
Current assets			
Premiums paid in advance		1 750 720	884 896
Other current assets		13 770	-
Cash and cash equivalents		947 048	273 501
		2 711 538	1 158 397
Non-current assets			
Life settlement portfolios		6 813 246	4 762 950
		6 813 246	4 762 950
Current liabilities			
Short term payables		4 407	20 300
Other liabilities		114 709	31 296
Tax liabilities		68 572	65 846
Intercompany payables		596 476	6 621
		784 164	124 063
Net assets		8 740 620	5 797 284
Preferred distribution	23	- 458 019	- 539 513

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EXHIBIT IV/1 *(unaudited)*

ACHERON PORTFOLIO CORPORATION (Luxembourg)
CLASS E

Statement of comprehensive income for the year ended 31 December 2016

	Notes	31/12/2016 USD	31/12/2015 USD
Income from life-settlement portfolio	13		
Maturities		1 658 864	-
Acquisition cost of maturities		- 319 337	-
Premiums paid		-2 469 791	- 351 095
Fair value adjustments		1 498 336	3 333 276
Net income from life-settlement portfolio		368 072	2 982 181
Other operating income		1 333	-
Operating expenses	14	- 465 122	- 168 205
Staff costs			
Wages and salaries		- 1 805	- 110
Social security costs		- 233	- 15
		- 2 038	- 125
Finance income			
Interest income	15	-	-
Other income from matured policies	16	5 833	-
		5 833	-
Finance costs			
Interest expenses	17	- 9 525	- 683
Net foreign exchange loss		- 2 493	- 37
		- 12 018	- 720
Profit/(Loss) before tax		- 103 940	2 813 130
Income tax expenses	18	- 2 725	- 65 846
Profit/(Loss) for the year		- 106 665	2 747 284
Other comprehensive income		-	-
Total comprehensive income for the year		- 106 665	2 747 284
Total comprehensive income attributable to the owners of the Company		- 106 665	2 747 284
Basic and diluted profit per share class E	21	-0,078	16,542
- numerator class E		- 106 665	2 747 284

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EXHIBIT IV/2 *(unaudited)*

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class E

Cash flow statement for the year ended 31 December 2016

	2016 USD	2015 USD
Cash flow from operating activities:		
Profit for the year	- 106 665	2 747 284
Non cash adjustments:		
- non cash movement on portfolios	-1 178 999	-3 333 276
- interest income	- 6 185	- 37
Cash flows from (used in) operations before working capital changes	-1 291 849	- 586 029
(Increase) in premium paid in advance	- 865 824	- 884 896
(Increase)/Decrease in other receivables and prepayments	- 13 769	-
Increase in trade and other payables	657 375	58 217
Increase in tax payable	2 725	65 846
Cash flows from (used in) operations	-1 511 342	-1 346 863
Finance costs paid	6 185	37
Net cash from (used in) operating activities	**-1 505 157**	**-1 346 826**
Cash flow from investing activities:		
Net investments in life-settlement portfolios	- 871 296	-1 429 674
Net cash used in investment activities	**- 871 296**	**-1 429 674**
Cash flow from financing activities:		
Capital increase	3 050 000	3 050 000
Subscribed capital uncalled	-	-
Net cash from financing activities	**3 050 000**	**3 050 000**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**673 547**	**273 501**
Cash and cash equivalents:		
At beginning of the year	273 501	-
At the end of the year	**947 048**	**273 501**

Acheron Portfolio Corporation

Acheron Portfolio Corporation (Luxembourg)
Société Anonyme

Auditor’s report
and
annual accounts as at 31 December 2016

Registered office: 37, rue d’Anvers, L-1130 Luxembourg

R.C.S. Luxembourg: B 129.880.

Share capital: USD 692.200

To the Shareholders of
ACHERON PORTFOLIO CORPORATION (LUXEMBOURG)
Société Anonyme
37, rue d'Anvers
L-1130 Luxembourg

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

We have audited the accompanying annual accounts of ACHERON PORTFOLIO CORPORATION (LUXEMBOURG) Société Anonyme, which comprise the balance sheet as at 31 December 2016, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises Agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the Réviseur d'Entreprises Agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risks assessments, the Réviseur d'Entreprises Agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of ACHERON PORTFOLIO CORPORATION (LUXEMBOURG) Société Anonyme as of 31 December 2016, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report and the Corporate Governance Statement but does not include the annual accounts and our report of Réviseurs d'Entreprises Agréé thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 this fact. We have nothing to report in this regard.

Other matter

The Corporate Governance Statement includes information required by Article 68bis paragraph (1) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Report on other legal and regulatory requirements

The management report is consistent with the annual accounts and has been prepared in accordance with the applicable legal requirements.

The information required by Article 68bis paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended and included in the Corporate Governance Statement on pages 14 to 16 is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

Luxembourg, 27 April 2017

Christophe CRYNS
Réviseur d'Entreprises Agréé
Grant Thornton Lux Audit S.A.

Acheron Portfolio Corporation (Luxembourg)

Balance sheet as at 31 December 2016

	Notes	31.12.2016 USD	31.12.2015 USD
ASSETS			
Fixed assets			
Financial assets			
Shares in affiliated undertakings	2	92 749 901	89 731 322
Investments held as fixed assets	3	108 705 147	106 396 356
		201 455 048	196 127 678
Current assets			
Debtors			
Trade debtors			
a) becoming due and payable within one year	4	165 624	107 909
Amounts owed by affiliated undertakings			
a) becoming due and payable within one year		851 355	825 081
Other debtors			
a) becoming due and payable within one year		306 991	6 991
		1 323 970	939 981
Cash at bank and in hand		8 452 021	8 317 720
Prepayments	5	13 361 029	12 803 532
Total Assets		224 592 068	218 188 911

The notes to the accounts form an integral part of these annual accounts.

Acheron Portfolio Corporation (Luxembourg)

Balance sheet as at 31 December 2016

	Notes	31.12.2016	31.12.2015
CAPITAL, RESERVES AND LIABILITIES			
Capital and reserves			
Subscribed capital	6/8	692 200	684 575
Share premium account	7/8	72 769 846	72 726 970
Reserves	8		
a) legal reserve		2 792 000	2 792 000
Profit or loss brought forward	8	50 315 819	53 475 633
Profit or loss for the financial year		2 859 300	-3 159 814
		129 429 165	126 519 364
Provisions	9		
Provisions for taxation		483 750	285 293
Other provisions		1 021 784	706 373
		1 505 534	991 666
Creditors	10		
Trade creditors			
a) becoming due and payable within one year		71 184	45 215
Amounts owed to affiliated undertakings	10		
b) becoming due and payable after more than one year		93 580 000	90 530 000
Other creditors			
b) Social security authoritites		2 909	2 116
c) Other creditors			
i) becoming due and payable within one year		3 276	100 550
		93 657 369	90 677 881
Total (Capital, Reserves and Liabilities)		224 592 068	218 188 911

The notes to the accounts form an integral part of these annual accounts.

Acheron Portfolio Corporation (Luxembourg)

Profit and loss account for the year ending 31st December 2016

	Notes	31.12.2016 USD	31.12.2015 USD
Net turnover	11	29 547 295	24 416 247
Other operating income		210 714	180 659
Staff costs	12		
a) Wages and salaries		- 42 221	- 40 703
b) Social security costs			
bi) relating to pensions		- 2 952	- 2 952
bii) Other social security costs		- 2 522	- 2 576
		- 47 695	- 46 231
Value adjustments in respect of financial assets and of investments held as current assets		10 413 696	2 327 162
Other operating expenses	13	- 36 472 032	- 29 425 619
Other interest receivable and similar income			
b) other interest and similar income	14	519 863	606 006
Interest payable and similar expenses			
b) other interest payable and similar expenses	15	- 1 110 437	- 1 062 604
Tax on profit and loss	16	- 202 104	- 155 434
Profit or loss for the financial year		2 859 300	- 3 159 814
		=========	=========

The notes to the accounts form an integral part of these annual accounts.

GENERAL INFORMATION

Acheron Portfolio Corporation (Luxembourg), Société Anonyme, hereafter "the Company" was incorporated on 27 June 2007 and established under the laws of Luxembourg as a public limited company (société anonyme) for an unlimited period.

The registered office of the Company is in Luxembourg.

The Company was officially listed on the Luxembourg Stock Exchange on 21 November 2008, with two securities: AcheronP Cl A ne (ISIN: LU0327662697) and AcheronP Cl B ne (ISIN: LU0338952244).

The Company's financial year starts on 1 January and ends on 31 December.

The main activity of the Company is to support and fund the acquisition of individual and portfolios of life settlement and mortality related policies. Such insurance policies are located in the United States of America.

Once acquired, the policies are the property of the Acheron Portfolio Trust, a grantor trust established in the Commonwealth of Massachusetts USA, the Lorenzo Tonti 2006 Trust, a trust established in the State of New York, the Avernus Portfolio Trust, a trust established under the laws of the State of Delaware, or Styx Portfolio Trust, a trust established in the State of Delaware on 8 July 2015. Class A Shares, Class B Shares, Class D Shares, and Class E Shares (respectively) are the exclusive beneficiaries of these trusts.

The trusts are managed by Acheron Capital Limited, a London-based company which is authorized and regulated by the Financial Conduct Authority of the United Kingdom. The Acheron Portfolio Trust and the Lorenzo Tonti 2006 Trust are managed in accordance with the terms and conditions of two investment advisory agreements concluded on 20 August 2008 and renewed in June 2012. An investment advisory agreement was concluded on 24 July 2013 for the management of the Avernus Portfolio Trust, and on 12 August 2015 for the management of Styx Portfolio Trust.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the Law, determined and applied by the Board of Directors.

In accordance with the law of 18 December 2015 requiring the modification of the presentation of the balance sheet and the profit and loss account, the figures for the year ended 31 December 2015 have been reclassified to ensure the comparability.

1.2 Significant accounting policies

The main valuation rules applied by the Company are the following:

1.2.1 Shares in affiliated undertakings

Shares in affiliated undertakings are valued at purchase price including the expenses incidental thereto.

In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

1.2.2 Investements held as fixed assets

Life insurance portfolio

Being the final and exclusive beneficiary of the Acheron Portfolio Trust, the Lorenzo Tonti 2006 Trust, the Avernus Portfolio Trust and Styx 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 Trusts are considered as having been undertaken by the Company for its own account.

Insurance policies that are acquired are recognized initially at fair value. If a life insurance policy matures, is surrendered or is sold, the related purchase price is recognized as a cost under "Other operating expenses". Fair value adjustments are shown under "Value adjustments in respect of financial assets and investments held as current assets" in the profit and loss accounts

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.

Cash borrowed on policies is deducted from the asset.

1.2.3 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

1.2.4 Prepayments

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

1.2.5 Provisions

Provisions are intended to cover losses or debts the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

The provision for taxation corresponds to the difference between the tax liability estimated by the Company and any advance payment.

1.2.6 Value adjustments

Value adjustments are deducted directly from the related asset.

1.2.7 Foreign currency translation

Transactions expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction.

Cash at bank, short-term assets and liabilities are translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account.

Other assets and liabilities are translated separately, respectively at the lower or at the higher of the values converted at the historical exchange rate or at the values determined on the basis of the exchange rates effective at the balance sheet date. The unrealized exchange losses are recorded in the profit and loss account. The realized exchange gains are recorded in the profit and loss account at the moment of their realization.

1.2.8 Net turnover

The net turnover comprises the amounts derived from maturities of policies included in the insurance portfolios, or from the sale (if any) of such policies. Net acquisition value is recorded as cost of sales (external charges).

1.2.9 Revenue and expenses recognition

1.2.9.1 Revenues

Revenue comprises the consideration received or receivable in relation with maturities of life settlement policies. The Company recognizes revenue when the amount of revenue can be reliably measured, and is probable that future economic benefits will flow to the entity.

The net income derives from maturities or eventually sales of insurance policies, net of acquisition value.

Maturities are recognized as revenue (“Net turnover”) when the Company is formerly aware of the termination of an insurance policy, and the insurance company has confirmed the policy was in force until termination or the cash is being transferred to the Company.

1.2.9.2 Premiums

Premiums are considered as maintenance costs for the life insurance portfolios. Premiums are accounted for when paid and are included within “Other operating expenses”. However, only the portion of the premiums in relation with the insurance coverage period up to 31 December is recognized as an expense. The remaining amount is shown as premiums paid in advance in the balance sheet.

1.2.9.3 Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

1.3 Consolidation

The Company also prepares consolidated financial statements, including the financial statements of Acheron Portfolio Corporation Ltd; Lorenzo Tonti Ltd and Styx Limited, all of them being Irish companies. Consolidated financial statements are available on the Company's website (www.acheronportfolio.lu).

NOTE 2 SHARES HELD AS FIXED ASSETS

The movements of the year were as follows:

	USD 2016	USD 2015
Gross book value – opening balance	90 269 162	87 218 162
Additions	3 050 000	3 051 000
Disposals	-	-
Gross book value – closing balance	93 319 162	90 269 162
Depreciation – opening balance	-537 839	-550 353
Additions	-31 421	-
Reversal	-	12 514
Depreciation – closing balance	-569 260	-537 839
Net book value – closing balance	92 749 901	89 731 322
	=========	=========

Undertakings in which the Company holds at least 20% in their share capital are as follows:

Undertaking's name, legal form	Registered office	Ownership in %	Last balance sheet date	Net equity at the balance sheet date USD	Profit or loss of the financial year USD
Acheron Portfolio Corporation Ltd	Ireland	100	31/12/16	61 369 343	- 9 769
Lorenzo Tonti Ltd	Ireland	100	31/12/16	25 279 175	- 6 686
Styx Limited	Ireland	100	31/12/16	6 086 034	- 14 966

NOTE 3 INVESTMENTS HELD AS FIXED ASSETS

The movements during 2016 are as follows:

	Investments in life insurance portfolio USD	Loan/debt on portfolios or policies USD	Total USD
Gross book value			
Opening balance	46 178 834	-18 151 902	28 026 932
Additions	2 564 461	-5 863 074	-3 298 613
Disposals / adjustments/ redemptions	-6 878 869	2 041 157	-4 837 712
Closing balance	41 864 427	-21 973 820	19 890 607
Fair value adjustment			
Opening balance	78 369 424	-	78 369 424
Fair value adjustment	10 445 117	-	10 445 117
Disposals	-	-	-
Closing balance	88 814 540	-	88 814 540
Net book value – closing balance	130 678 967	-21 973 820	108 705 147

The movements during 2015 are as follows:

	Investments in life insurance portfolio USD	Loan/debt on portfolios or policies USD	Total USD
Gross book value			
Opening balance	46 390 624	-17 325 780	29 064 844
Additions	2 004 337	-1 211 783	792 554
Disposals / adjustments/ redemptions	-2 216 127	385 661	-1 830 466
Closing balance	46 178 834	-18 151 902	28 026 932
Fair value adjustment			
Opening balance	76 054 777	-	76 054 777
Fair value adjustment	2 314 647	-	2 314 647
Disposals	-	-	-
Closing balance	78 369 424	-	78 369 424
Net book value – closing balance	124 548 258	-18 151 902	106 396 356

Lewis & Ellis, Dallas (USA), the external actuaries and consultants to the Company, have computed the fair market value of the insurance portfolios.

Lewis & Ellis projects cash flows over a given period and then discounts these cash flows to the valuation date. Future cash flows are composed of policy maturities, reflecting any refund of unearned premiums upon death and any reduction in death benefit due to policy loans, less future premium payments to maintain policies in force, less per policy expenses associated with managing the portfolio, less future interest payments on policy loans. Present value of cash flow items assume a discount rate.

Analysis of life insurance portfolios is as follows:

	31.12.2016 USD	31.12.2015 USD
Acquisition value, net of maturities and disposal	41 864 427	46 178 834
Loan on policies	-21 973 820	-18 151 902
Cumulative gain in fair value	88 814 540	78 369 424
	108 705 147	106 396 356

Analysis of acquisition value:

	2016 USD	2015 USD
Balance as at 1.1.	46 178 834	46 390 624
Additions	2 564 451	2 004 336
Matured policies	-6 878 869	-2 216 127
Balance as at 31.12.	41 864 427	46 178 834

NOTE 4 TRADE DEBTORS

Trade debtors amounting to USD 165 624 (2015: USD 107 909) are mainly composed of advances payments to service suppliers.

NOTE 5 PREPAYMENTS

Prepayments are mainly composed of premiums paid in advance.

NOTE 6 SUBSCRIBED CAPITAL

At the year-end, capital amounted to USD 692 200, represented by 692 200 shares of USD 1 each. The shares were split as follows:

	A Shares USD	B Shares USD	C Shares USD	D Shares USD	E Shares USD	Total USD
Balance 1.1.2015	45 446 946	14 596 098	51 000	7 600 000	-	67 694 044
Movements for the period (shareholders' meeting 22 June 2015)::						
- reduction of nominal value	-44 992 477	-14 450 137	-50 490	-7 524 000	-	-67 017 104
- capital increase CE shares	-	-	10	-	-	10
Capital increase E Shares :						
- 11.09 and 13.11.2015	-	-	-	-	7 625	7 625
Balance 31.12.2015	454 469	145 961	520	76 000	7 625	684 575
Balance 1.1.2016	454 469	145 961	520	76 000	7 625	684 575
Capital increase E Shares :						
- 04.02 and 04.05.2016	-	-	-	-	7 625	7 625
Balance 31.12.2016	454 469	145 961	520	76 000	15 2505	692 200

An extraordinary shareholders' meeting held on 22 June 2015 decided:

- to reduce the share capital of the Company through the reduction of the par value of the shares from their existing par value of one USD 1 to USD 0.01 and decided to allocate the amount of USD 67 017 104 to the share premium reserve account;
- to reimburse to the shareholders an amount of USD 0.22 per share of Class A Shares, USD 0.0685 per share of Class B Shares, and USD 0.0658 per share of Class D Shares, from the proceeds available in the dedicated share premium reserve account of the Company;
- to create a Class CE Shares and to issue 1 000 CE Shares with a par value of USD 0.01 fully paid-up;
- to create a Class E Shares; and
- to grant the Board of Directors the authorization to issue shares of new classes (except share classes A, B, D and all C) and to grant options to subscribe for shares of any new classes, to such persons and on such terms as it shall see fit and specifically to proceed to such issue without reserving for the existing shareholders a preferential right to subscribe to the shares issued.

As a consequence, the share capital was increased on 11 September 2015 by the issue of 381 250 Class E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 187, and on 13 November 2015, by the issue of 381 250 Class E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 188.

On 5 February 2016, the share capital has been further increased by the issue of 381 250 Class E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 187, and on 4 May 2016, by the issue of 381 250 Class E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 188.

Class C Shares are composed of 25 000 CA Shares, 25 000 CB Shares, 1 000 CD Shares and 1000 CE shares. Class C Shares are entitled to a preferred 20% profit distribution, after a preferred distribution compound at 5% on the aggregate share capital contributions of non C Shares.

Class A, Class B, Class D and Class E Shares relate to specific investments determined by the Board of Directors or as the case may be, by a general meeting of Shareholders. Each investment is undertaken for the exclusive benefit and risk of the relevant class of Shares.

The authorized capital amounts to USD 500 000 000. Shareholders have waived their preferential subscription rights within the limits of the authorized capital. The Board of Directors is authorized to increase the Company's capital within the limits of the authorized capital for a five year period beginning on 18 July 2015 (the consequence of the General meeting of Shareholders held on 22 June 2015).

Class A and B shares are quoted on the Luxembourg Stock Exchange.

NOTE 7 SHARE PREMIUM ACCOUNT

	31.12.2016 USD	31.12.2015 USD
Opening balance	72 726 970	14 164 742
- reduction of the nominal value of the shares	-	67 017 104
- capital increase CE Shares	-	990
- capital increase E Shares (Note 6)	3 042 375	3 042 375
- repayment share premium	-2 999 499	-11 498 241
Closing balance	72 769 846	72 726 970

NOTE 8 MOVEMENTS FOR THE YEAR ON THE CAPITAL, RESERVES AND PROFIT/LOSS ITEMS

	Subscribed capital USD	Share premium USD	Legal reserve USD	Profit brought forward USD
Balance as at 1.1.2015	67 694 044	14 164 742	2 792 000	48 427 831
Allocation of the profit of year 2014	-	-	-	5 047 802
Reduction of nominal value	-67 017 104	67 017 104	-	-
Capital increase CE Shares	10	990	-	-
Repayment share premium	-	-11 498 241	-	-
Capital increase E Shares	7 625	3 042 375	-	-
Balance 31.12.2015	684 575	72 726 970	2 792 000	53 475 633

	Subscribed capital USD	Share premium USD	Legal reserve USD	Profit brought forward USD
Balance as at 1.1.2016	684 575	72 726 970	2 792 000	53 475 633
Allocation of the year 2015	-	-	-	-3 159 815
Repayment share premium	-	-2 999 499	-	-
Capital increase E Shares (Note 6)	7 625	3 042 375	-	-
Balance 31.12.2016	692 200	72 769 846	2 792 000	50 315 819

Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed. The allocation to the legal reserve refers to the profit of the year 2012.

Following the provisions of the article 72ters of the law of 19 December 2002 as amended, unrealized profit arising from the valuation of assets at fair value may neither be distributed to shareholders, nor be utilized for an allocation to a legally required reserve. The Company's reserves include unrealized gains as detailed below:

	31/12/2016 USD	31/12/2015 USD
Fair value gain brought forward	78 369 424	76 054 777
Fair value loss/gain for the year	10 445 117	2 314 647
	88 814 541	78 369 424

NOTE 9 PROVISIONS

Provisions for liabilities and charges are made up as follows:

	31/12/2016 USD	31/12/2015 USD
Provisions for taxation	483 750	285 293
Other provisions	1 021 784	706 373
Total	1 505 534	991 666

Other provisions	31/12/2016 USD	31/12/2015 USD
Audit and accounting fees	168 867	116 280
Legal fees	259 070	190 836
Actuarial fees	255 250	63 500
Director fees and audit committee	172 599	116 104
Consulting fees	-	150 000
Other	165 998	69 653
Total	1 021 784	706 373

NOTE 10 CREDITORS

Amounts due and payable for the accounts shown under "Non-subordinated debts" are as follows:

	Within one year USD	After one year and within five years USD	After more than five years USD	Total USD
Trade creditors	71 184	-	-	71 184
Amounts owed to affiliated undertakings	-	93 580 000	-	93 580 000
Social security authorities	2 909	-	-	2 909
Other creditors	3 276	-	-	3 276
Total	77 369	93 580 000	-	93 657 369

Amounts owed to affiliated undertakings are interest free loans.

Contractual repayment schedule of the amounts owed to affiliated undertakings:

	31/12/2016 USD	31/12/2015 USD
Repayable on demand	13 700 000	10 650 000
Repayable within one year	39 230 000	-
Repayable after one year	40 650 000	79 880 000
Total	93 580 000	90 530 000

The loans repayable within one year have been extended to 31 December 2018 on 20 March 2017.
The Directors are the opinion that no refund will be requested on a short term basis on the loans repayable on demand. The loans have thus been classified as being due and payable after one year.

NOTE 11 NET TURNOVER

The net turnover is composed of maturities received on life insurance policies. The Company realized the net turnover on the U.S. territory only (see General information).

NOTE 12 STAFF

The Company employed one part-time member of staff during 2016.

NOTE 13 OTHER OPERATING EXPENSES

	31/12/2016 USD	31/12/2015 USD
Insurance premiums	23 720 328	21 916 210
Acquisition cost of matured policies and adjustments (note 3)	6 758 869	2 216 127
Portfolio management fees	1 878 645	1 919 810
Legal, accounting and similar expenses	833 425	650 797
Audit fees	62 620	72 716
Servicers' fees	2 389224	2 097 117
Directors' and audit committee fees	163 106	137 090
Other trusts expenses	35 145	62 265
Other consulting and commercial fees	300 124	150 000
Bank fees	62 263	38 578
Other*	268 283	164 909
Total	36 472 032	29 425 619

*The account now includes a reclassification of USD 2 362 disclosed as other operating charges in the annual accounts at 31 December 2015

NOTE 14 OTHER INTEREST AND SIMILAR FINANCIAL INCOME

	31/12/2016 USD	31/12/2015 USD
Interest, cash value and dividends received on policies	503 367	566 796
Interest on bank accounts	10 737	19 289
Realized exchange gains	5 759	19 921
Total	519 863	606 006

NOTE 15 OTHER INTEREST AND SIMILAR EXPENSES

The other interest payable and similar expenses amounting to USD 1 110 437 (2015: USD 1 062 604) were mainly composed of interest on policy loans for an amount of USD 1 072 097 (2015: USD 1 005 676).

NOTE 16 TAX ON PROFIT OR LOSS

"Income Tax" is composed as follows:

	31/12/2016 USD	31/12/2015 USD
Tax provision for the year (Luxembourg)	141 629	95 500
Tax provision for current / previous years (U.S.A.)	60 475	59 934
Total	202 104	155 434

In conformity with the taxation treaty between the United States of America and Luxembourg, 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 an recognized stock exchange. This is the case since 31 December 2009.

The Company is however subject to US income tax on some income from life policies (i.e. dividend and interest).

Since the incorporation of the Company to the balance sheet date, the Company has adopted a prudent approach and has not recognized a deferred tax asset on the balance sheet as the Board of Directors of the Company is of the opinion that there will not be sufficient taxable profit against which to offset the tax deduction resulting from the temporary differences.

NOTE 17 ADVANTAGES AND LOANS GRANTED TO BOARD MEMBERS AND SUPERVISORY BODY

The emoluments granted to the members of the Board of Directors in their capacity, are broken down as follows:

	31/12/2016 USD	31/12/2015 USD
Administrative and managerial bodies	86 470	93 163
Directors' insurance	17 568	11 800
Audit committee	59 069	32 127
Total	163 107	137 090
	=======	=======

The Company did not enter into any commitment in respect of retirement pensions for current or former members.

NOTE 18 TRANSACTIONS WITH RELATED PARTIES

	31.12.2016 USD	31.12.2015 USD
Per profit and loss:		
Directors' fees	100 151	106 538
Acheron Capital Ltd management fees (note 12)	1 878 645	1 919 810
Acheron Capital Ltd, reimbursement of expenses	35 145	62 265
Compagnie Européenne de Révision S.à r.l. *(Accounting, NAV calculation, consolidation, and Company secretary fees)*	188 442	233 266
Per balance sheet:		
Directors' fees	108 500	98 239
Acheron Capital Ltd, reimbursement of expenses	17 998	19 653
Compagnie Européenne de Révision S.à r.l.	100 966	70 660
Shares held by related parties	2 512 751	2 034 280

The Company, Acheron Capital Limited and Compagnie Européenne de Révision Sàrl each have respectively one common Director. All transactions with related parties are undertaken at arm's length.

NOTE 19 PREFERRED DISTRIBUTION

In accordance with Article 5 of the Articles of Association, the distributions due to the Class CA shares, Class CB shares, Class CD shares or Class CE shares (the "Class C Shares") shall be zero until such time as the aggregate distributions, whether in the form of dividends, share premium distributions, share redemptions, share capital reductions or otherwise paid to the holders of the Non Class C shares compounded at five percent (5%) per annum (from the date of each capital gain distribution to the Non Class C Shares) equals the aggregate share capital contributions of the Non Class C Shares compounded at five percent (5%) per annum (from the date of each distribution to the Non Class C Shares). Thereafter, the distribution due to the Class C Shares shall be equal to 20% of all additional distributions made to the Non Class C Shares. In the event that a redemption or repurchase in kind is to be performed, the holders of Class C Shares and the Non Class C Shares shall determine in good faith under what terms any remaining potential distributions to Class C Shares shall be performed.

Being a profit distribution, this preferred distribution has not been accrued in the annual accounts. The 20% cumulative preferred distribution to Class C Shares amounted to USD 3 334 629 (2015: USD 4 210 896), based on the valuation of the portfolios as at 31 December 2016.

NOTE 20 FATCA

Following the entry into force of the Model I Intergovernmental Agreement concluded between Luxembourg and the United States in relation to FATCA ("IGA") and its implementation in Luxembourg by the law of 24 July 2015 (the "FATCA Law"), Reporting Luxembourg Financial Institutions, such as Acheron Portfolio Corporation Luxembourg S.A., are required to annually report to the Luxembourg tax authority (*administration des contributions directes*) personal and financial information on their Financial Accounts held by one or more Specified U.S. Persons or by a Non-U.S. Entity (i.e. passive non-financial foreign entities) with one or more Controlling Persons that is a Specified U.S. Person.

Such information will be relayed by the Luxembourg tax authorities to the US Internal Revenue Services.

In this context, Acheron Portfolio Corporation Luxembourg S.A. had identified and effectively reported one or more U.S. Reportable Accounts (within the meaning of the FATCA Law) to the Luxembourg tax authority for the year 2015 in 2016 and should also perform a reporting for the year 2016 in 2017.

Consequently, Acheron Portfolio Corporation Luxembourg S.A. should be considered as being in compliance with FATCA and should therefore not be exposed to any U.S. withholding tax or any local fine or penalty in this respect.

NOTE 21 COMMON REPORTING STANDARDS ("CRS")

The Luxembourg law dated 18 December 2015 (the "CRS Law") implemented the EU Directive 2014/107/EU which provides for an automatic exchange of financial account information between Member States of the European Union as well as the OECD's multilateral competent authority agreement on automatic exchange of financing account information signed on 28 October 2014 in Berlin, with effect as of 1st January 2016.

Under the terms of the CRS Law, Acheron Portfolio Corporation Luxembourg S.A. should be treated as a Luxembourg Reporting Financial Institution. As such, it will be required to annually report to the Luxembourg tax authority personal and financial information on Financial Accounts held by one or more Reportable Persons as per the CRS Law or on Controlling Persons of certain non-financial entities which are themselves Reportable Persons. The first reporting under CRS Law should be performed before 30 June 2017 for the year 2016.

Such information will be relayed by the Luxembourg tax authority to the local tax authorities of the Reportable Persons' tax residence.

NOTE 22 POST BALANCE SHEET EVENT

No event having an impact or influence on the present financial statements has occurred since the balance sheet date.

Statements by the responsible persons

The undersigned:

Mr Yves Mertz and Mr Jean Medernach, on behalf of the board of Directors of Acheron Portfolio Corporation (Luxembourg) S.A., a public limited company, incorporated under the laws of Luxembourg (hereinafter referred to as the "Company"), hereby confirm that to the best of their knowledge, the consolidated and statutory financial statements for the year ended 31 December 2016 have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.

Furthermore, the undersigned declare that the Directors' Report includes a fair view of the development and performance of the business and the Company's position together with a description of the principal risk and uncertainties that it faces.

Luxembourg, 24 April 2017

Yves Mertz Director	Jean Medernach Director

Acheron Portfolio Corporation

SEMI-ANNUAL REPORT AS AT 30 JUNE 2017

- DIRECTORS' REPORT
- INTERIM CONSOLIDATED FINANCIAL STATEMENTS
- STATEMENTS BY THE RESPONSIBLE PERSONS

Acheron Portfolio Corporation (Luxembourg) SA - 37 rue d'Anvers - L-1130 Luxembourg

Acheron Portfolio Corporation

Interim Consolidated Results for the Period ended 30 June 2017

Dear Shareholders,

The Directors of Acheron Portfolio Corporation S.A ("Acheron" or the "Company) are pleased to present the consolidated financial results for the half year ended 30 June 2017.

Overview

The principal activities of the Company are to support and manage portfolios of whole and partial interests in life settlement policies issued by life insurance companies operating in the United States. Acheron acquires both individual life insurance policies and portfolios of such policies via either the secondary market or private placements. The life settlement market enables people to sell their life insurance policies to investors at a higher cash value than they would otherwise receive from insurance companies. An investor acquiring the life insurance policy will continue to pay the premiums until the death of the insured. The insurance company will then pay the face value of the life insurance policy to the investor.

Investment Strategy

Acheron's investment objective is to generate long run returns to investors by investing in the life settlement market. The Company manages portfolios of life settlement products such that the expected value of the policy maturities exceeds the aggregate cost of acquiring the policies, including premiums and management fees and other operation costs. Significant parts of the portfolio were acquired in 2007 and 2008; investments thereafter are mainly in fractional policies in which the Company is already a fractional owner.

Acheron has a strong long-term track record and is well positioned to deliver attractive returns.

Acheron has:

- A highly experienced board and investment manager;
- 10 years of delivering strong returns to our investors;
- An actuarially robust pricing policy and portfolio valuation methodologies which deliver an attractive investment performance;
- Delivered an internal rate of return of between 6% and 7% to the original investor in Class A* based on the change in NAV and distributions

*The original investor would have invested in the period from 30 September 2007 to 30 June 2017. Past performance does not indicate future performance.

The life settlement market has a low correlation with traditional equity and fixed income capital markets. This, coupled with current low interest rates, can make this an attractive asset class.

Risk

The Company has four main sources of risk: actuarial, market, operational and counter-party. These risks can affect the liquidity and the value of the Company's investments. Investors interested in a detailed description of these risks are encouraged to review the Company's last annual report.

Key Highlights

- Total maturities of USD 15.1 million (HY2016: USD 13.4 million) as a result of higher maturities in the elderly segment of Class A, Class B and in Class D
- Profit before tax of USD 130,596 (HY2016: USD 33,920)
- Class A delivered maturities of USD 10.1 million (HY2016: USD 9.1 million)
- Class B maturities were USD 1.3 million (HY2016: USD 0.7 million) and the Share Class had a loss of USD 1.3 million (HY2016: USD 1.2 million) despite the higher level of maturities
- Class D delivered USD 2.8 million (HY2016: USD 2.2 million) in maturities in the first six months of 2017
- Class E delivered USD 0.8 million (HY2016: USD 1.4 million) in maturities and the share class had a loss of USD 0.6 million (HY2016: profit of USD 1.0 million)

Post period end

- In August, maturities of a total face value of more than USD 15.5 million were declared for Class A. As a result, maturities are now expected to exceed actual projections for the year
- Classes B, D and E were partly invested in the above-mentioned matured policies in Class A, and revenues are therefore expected to increase. For the month of August, declared maturities were: Class B: USD 1.9 million, Class D: USD 3.6 million, and Class E: USD 2.9 million
- In light of these declared maturities, the Board will consider a distribution, but it remains mindful of the required reserves for premium payments and future investments in fractional policies which will be key to generating long-term shareholder value.

Jean Medernach, Chairman of Acheron, said:

"The performance was mixed in the period under review due to the higher costs of insurance imposed on us by insurance companies and the lack of diversification of policies in Class B. However, Class A will deliver a satisfactory performance for the full year as a result of declared maturities in August of USD15.5 million for the Share Class. Therefore, the Board will consider a distribution when these maturities materialize in cash revenues for the company. However, we remain mindful of preserving cash for premium payments and future investments in fractional policies and transforming them into wholly owned policies, which we believe will be key to generating long term shareholder value.
Our proven valuation model has shown mortality is consistent with our expectations and this has enabled us to deliver attractive investment performances over time. This, coupled with a low correlation to traditional asset classes and low interest rates, means we are confident of the future."

The Life Settlement Market

The life settlement market has continued to generate interest from investors seeking above average returns in a prolonged low interest rate environment. However, poor modelling from some industry participants has resulted in low actual to expected maturities. This combined with other factors, has led to negative cash flow generation which could cause investors to become more risk averse. However, the ageing population and increasing demand for medical care for the elderly continue to create a favorable environment for the life settlements industry.

The low interest rate environment has prompted a number of insurance companies arbitrarily to seek to impose increases in the cost of insurance ("COI"). This continues to have a negative effect on the industry which has resulted in increased premiums and presented itself as a new form of counter-party risk. Despite this enhanced level of uncertainty, if held to maturity, life settlements can provide attractive returns which are largely uncorrelated to traditional asset classes.

Performance Analysis by Share Class

Class A

USD	HY2017	HY2016
Collected maturities	10,117,832	9,112,224
Net income from portfolio	3,287,835	2,696,514
Profit (Loss) before tax	918,470	397,333
Profit (Loss) per share	0.018	0.008
NAV per share	1.934	1.882

NAV per share increased to 1.934 during the period (FY2016: 1.9032).

In the period under review, although the elderly segment of the portfolio experienced slightly higher levels of maturity, it was still not in line with actuarial projections. Class A contains a larger number of policies exposed to the very elderly, with the insured typically being over 90 years old, which means the remainder of 2017 is highly dependent on the maturities in this group.

In August, maturities of a total face value of more than USD 15.5 million were declared for Class A. The maturities were due to two large face value policies which were in line with the Company's expectations for this year. The current estimated actual to expected ratio of maturities in Class A is now close to 100% for the HIV segment and well above 100% for the elderly segment.

Class B

USD	HY2017	HY2016
Collected maturities	1,258,316	663,890
Net income from portfolio	-1,021,226	-883,380
Profit (Loss) before tax	-1,304,447	-1,158,484
Profit (Loss) per share	-0.090	-0.080
NAV per share	1.111	1.015

Class B experienced a significantly higher level of maturities in the period under review, but still short of the actuarial projections. While 10 policies matured in this period, the median face value collected was low. Class B was negatively impacted by increased premiums which resulted from COI increases and an older age group. As a consequence, Class B recorded a higher net loss compared to the previous year.

Class B suffers from a distinct lack of diversification due to a limited number of policies. However, the Board remains convinced that this period of low maturities will be followed by a period of renewed maturities that will increase liquidity.

In light of Class B's lower than expected performance, the Trust's Investment Manager is taking swift and prudent action to increase liquidity and improve its cash position. In order to alleviate the Class's tight cash flow, Acheron Capital has deferred collection of some its management fees for the period under review until such time as performance improves. Once the cash flow situation improves, the Company is considering increasing premium reserves in order to better absorb any potential cash flow volatility which may occur.

Class D

USD	HY2017	HY2016
Collected maturities	2,814,184	2,240,445
Net income from portfolio	1,401,622	40,461
Profit (Loss) before tax	1,117,425	-263,756
Profit (Loss) per share	0.143	-0.035
NAV per share	1.834	1.694

In line with expectations, Class D delivered USD 2.8 million in maturities in the first six months of 2017 (HY2016: USD 2.2 million). The projected total premiums for the full year is USD 2.5 million.

Class D is exposed to 494 policies for a face value of c. USD 42 million. There are a few large policies in Class D, five policies represent USD 8 million of face value and three out of these five policy holders are 95 or older. As previously indicated, the outcome of this limited group of policies will have an impact on the future of Class D's portfolio performance.

Class E

USD	HY2017	HY2016
Collected maturities	844,400	1,381,081
Net income from portfolio	-404,978	1,280,451
Profit (Loss) before tax	-600,851	1,058,827
Profit (Loss) per share	-0.395	0.865
NAV per share	5.136	6.009

NAV per share was USD 5.24 as at December 2016.

Class E experienced low mortality with only USD 0.8 million in maturities in the first six months of 2017. This compares with projected total premiums for the full year of USD 2.1 million.

Class E is now exposed to 269 policies which have a total face value of around USD 26 million. Policies for five insureds represent around USD 9 million of face value, four of which are older than 95.

Outlook and post-reporting date events

The external actuary's model project notified maturities of USD 37 million for 2017. This figure represents an estimate based on current mortality assumptions used in the model. Exposure to large face value policies implies that there is material volatility around this forecast.

In August, maturities of a total face value of more than USD 15.5 million were declared for Class A. As a result, maturities are expected to exceed actual projections for the year.
The Board is encouraged by the Company's proven valuation methodology, which has delivered industry-leading actual to expected ratios, and is therefore confident for the remainder of the year.

Interim consolidated financial statements

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements for the year ended 31 December 2016.

Luxembourg, 25 September 2017

Acheron Portfolio Corporation

Acheron Portfolio Corporation (Luxembourg)
Société Anonyme

Unaudited condensed interim financial statements as at 30 June 2017

Registered office: 37 route d'Anvers, L-1130 Luxembourg
R.C.S. Luxembourg: B 129.880
Share capital: USD 692 200

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Consolidated statement of comprehensive income for the period ended 30 June 2017

	Notes	30/06/2017 USD	31/12/2016 USD
ASSETS			
Non-current assets			
Financial assets at fair value through profit and loss - Life settlement investments	6	109 744 473	108 705 147
		109 744 473	108 705 147
Current assets			
Premiums paid in advance		14 530 877	13 361 029
Other receivables and prepayments		417 101	487 966
Cash and cash equivalents		6 795 460	8 486 449
		21 743 438	22 335 444
Total Assets		131 487 911	131 040 591
LIABILITIES			
Capital and reserves			
Share capital	7	692 200	692 200
Share premium		72 769 846	72 769 846
Reserves		2 792 000	2 792 000
Retained Earnings		53 029 781	53 029 122
		129 283 827	129 283 168
Current liabilities			
Trade and other payables		403 660	82 080
Tax liabilities		699 668	629 745
Other liabilities		1 100 756	1 045 598
		2 204 084	1 757 423
Total Liabilities		131 487 911	131 040 591

The notes to the consolidated financial statements form an integral part of these consolidated financial statements

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Consolidated statement of comprehensive income for the period ended 30 June 2017

	Notes	30/06/2017 USD	30/06/2016 USD
Income from life-settlement portfolio	10		
Maturities		15 034 733	13 397 640
Acquisition cost of maturities		-1 218 751	- 834 951
Premiums paid		-12 121 509	-11 600 855
Fair value adjustments		1 568 780	2 172 212
Net income from life-settlement portfolio		3 263 253	3 134 046
Other operating income		-	23 149
Operating expenses	14	-2 791 932	-2 786 159
Staff costs			
Wages and salaries		- 17 070	- 20 513
Social security costs		- 2 286	- 2 750
		- 19 356	- 23 263
Finance income			
Interest income		4 367	7 219
Other income from matured policies		317 963	232 853
		322 330	240 072
Finance costs			
Interest expenses		- 632 996	- 545 789
Net foreign exchange loss		- 10 703	- 8 136
		- 643 699	- 553 925
Profit (Loss) before tax		130 596	33 920
Income tax expenses		- 129 937	- 56 773
Profit (Loss) for the period		659	- 22 853
Other comprehensive income		-	-
Total comprehensive income for the period		659	- 22 853
Total comprehensive income attributable to the owners of the Company		659	- 22 853
Basic and diluted profit per share class A	12	0,018	0,008
- numerator class A		819 464	371 149
Basic and diluted profit per share class B		-0,090	-0,080
- numerator class B		-1 307 455	-1 161 492
Basic and diluted profit per share class D		0,143	-0,035
- numerator class D		1 090 504	- 265 007
Basic and diluted profit per share class E		-0,395	0,865
- numerator class E		- 601 854	1 032 497

The notes to the consolidated financial statements form an integral part of these consolidated financial statements

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Consolidated statement of changes in equity for the period ended 30 June 2017

	Share capital	Share premium	Legal reserve	Retained earnings	Total
	USD	USD	USD	USD	USD
Balance as at 1 January 2016	**684 575**	**72 726 970**	**2 792 000**	**50 169 822**	**126 373 367**
Capital increase E Shares :					
- 5 February 2016	3 813	1 521 187	-	-	1 525 000
- 4 May 2016	3 812	1 521 188	-	-	1 525 000
Repayment share premium	-	-2 999 499	-	-	-2 999 499
Loss for the period	-	-	-	- 22 853	- 22 853
Balance as at 30 June 2016	692 200	72 769 846	2 792 000	50 146 969	126 401 015
Balance as at 1 January 2017	692 200	72 769 846	2 792 000	53 029 122	129 283 168
Profit for the period	-	-	-	659	659
Balance as at 30 June 2017	692 200	72 769 846	2 792 000	53 029 781	129 283 827

The notes to the consolidated financial statements form an integral part of these consolidated financial statements

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Interim consolitated cash flow statement for the period ended 30 June 2017

	30/06/2017 USD	30/06/2016 USD
Cash flow from operating activities:		
Profit (Loss) for the period	659	- 22 853
Non cash adjustments:		
- non cash movement on portfolios	- 350 029	-1 217 261
Cash flows from (used) in operations before working capital changes	- 349 370	-1 240 114
Changes in premiums paid in advance	-1 169 848	- 141 924
Changes in other receivables and prepayments	108 382	- 152 117
Changes in trade and other payables	341 892	3 383 683
Changes in tax payables	67 252	53 126
Net cash flows from (used) in operating activities	-1 001 692	1 902 654
Cash flow from investing activities:		
Net investment in life-settlement portfolios	- 943 158	- 880 285
Net cash flows from (used) in investing activities	**- 943 158**	**- 880 285**
Cash flow from financing activities:		
Cash on policies	253 861	4 351 378
Repayment share premium	-	-2 999 498
Capital increase and share premium	-	3 050 000
Net cash flows from (used) financing activities	**253 861**	**4 401 880**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**-1 690 989**	**5 424 249**
Cash and cash equivalents:		
At the beginning of the period	8 486 449	8 348 514
At the end of the period	**6 795 460**	**13 772 763**

The notes to the consolidated financial statements form an integral part of these consolidated financial statements

NOTE 1 GENERAL INFORMATION

1.1 Nature of operations

The principal activities of Acheron Portfolio Corporation (Luxembourg), Société Anonyme, ("the Company") and its subsidiaries (together "the Group") (Note 4) are to support and to fund the acquisition of individual and portfolios of life settlement and mortality related policies on the secondary market or in distressed situations (Note 6). Such insurance policies are located in the United States of America ("USA").

Once acquired, the policies are the property of the Acheron Portfolio Trust, a grantor trust established in the Commonwealth of Massachusetts USA, the Lorenzo Tonti 2006 Trust, a trust established in the State of New York, the Avernus Portfolio Trust, a trust established under the laws of the State of Delaware, or Styx Portfolio Trust, a trust established in the State of Delaware. Class A Shares, Class B Shares, Class D Shares, and Class E Shares (respectively) are the exclusive beneficiaries of these trusts.

The trusts are managed by Acheron Capital Limited, a London-based company which is authorized and regulated by the Financial Conduct Authority of the United Kingdom. The Acheron Portfolio Trust and the Lorenzo Tonti 2006 Trust are managed in accordance with the terms and conditions of two investment advisory agreements concluded on 20 August 2008 and renewed in June 2012. An investment advisory agreement was concluded on 24 July 2013 for the management of the Avernus Portfolio Trust, and on 12 August 2015 for the management of the Styx Portfolio Trust.

The Company's subsidiaries (Note 4) do not carry out any life settlement business.

1.2 General information and statement of compliance with IFRS

The Company is the Group's ultimate parent company.

The Company was incorporated on 27 June 2007 and is organized under the laws of Luxembourg as a public limited company (société anonyme) for an unlimited period. The registered office of the Company is 37, route d'Anvers, L-1130 Luxembourg.

The Shares of the Company were first quoted on the Luxembourg Stock Exchange on 21 November 2008. The Shares of Class A and Class B (Note 7) are quoted separately. The Class C Shares, Class D Shares and the Class E Shares are not quoted.

The interim condensed consolidated financial statements of the Company in relation with the six months period ended 30 June 2017 have been prepared in accordance with IAS 34 International Financial Reporting Standards (IFRS). The interim condensed consolidated financial statements do not include all of the information and disclosures which are required in the annual financial statements and should be read in conjunction with the Group's annual financial statement as at 31 December 2016.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements for the year ended 31 December 2016.

These condensed interim consolidated financial statements were authorized for issue by the Company's Board of Directors on 25 September 2017.

2.2 Changes in accounting policy and disclosures

The accounting policies have been consistently applied by the Group entities and are consistent with those used in previous year.

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

The following new standards and amendments have been published by the IASB but are not effective for the Group's accounting period beginning on 1 January 2017. In addition some of these standards are not yet endorsed by the European Union. The Group has yet to assess the impact of the new standards and amendments:

- IFRS 9, "Financial instruments" (and related amendment on general hedge accounting) – effective from 1 January 2018. The IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today;

- IFRS 14, "Regulatory deferral accounts";

- IFRS 15, "Revenue from contracts with customers";

- IFRS 16, "Leases";

- IFRS 17, "Insurance contracts";

- Amendments to IFRS 2, "Share-based payment";

- Amendment to IAS 7, "Statement of cash flows", Disclosure initiative;

- Amendment to IAS 12, "Income taxes", recognition of deferred tax assets for unrealised losses.

2.3 Alternative performance measures

Acheron Portfolio Corporation regularly uses alternative performance measures to present the performance of the Group. These measures may not be comparable to similar measures used by other companies, nor do they correspond to IFRS standards or other accounting principles.

Collected maturities vs declared maturities

Maturities are recognized as revenue when the Group is formally aware of the maturity of a life insurance policy and the insurance company has confirmed that the life insurance policy was in force at the maturity date, or at the time that the cash is received by the Group.

In practice, revenue is recognized when the cash is received by the Group. Therefore, revenue is equivalent to collected maturities.

Declared maturity is rather an actuarial terminology. A maturity is "declared" when the Company is made aware, by any kind of means, of an existing death and thus a maturity that will be collected in the coming weeks or months. Declared maturities are measured by calendar year.

Actual to Expected Ratio

The Actual to Expected Ratio measures the declared maturities compared to the projected maturities based on the actuarial models. A ratio close to 1 indicates a good adequacy of the models.

Net Assets Value (NAV) per share

The Company is publishing monthly financial information including NAV per share. This NAV is calculated by deducting the adjusted value of preferred distribution (Note 15) from the Capital and reserves as shown in the accounts.

The net assets as stated in exhibits I to IV has been calculated before deducting the preferred distribution, the latter being disclosed separately.

NOTE 3 USE OF JUDGMENTS AND ESTIMATES

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements relate mainly to the valuation of the investment portfolios and when revenues may be accounted for.

The management also sets criteria stating when a life insurance policy can be considered to have matured and when the benefit of a maturity can be attributed to the Group.

For the year end portfolio valuation, the Group relies on models developed by Lewis & Ellis, external independent actuaries (Note 6).

Measurement of fair value

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

Notes 6 presents the Group's financial assets and liabilities measured at fair value in accordance with the fair value hierarchy set out in IFRS 13. This hierarchy 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).

Life settlement portfolios are classified as level 3. At year-end, these portfolios were valued by the external actuaries (Note 6).

The tables below provide an analysis of the financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable on a recurring basis at 30 June 2017, 30 June 2016 and 31 December 2016:

Life settlement portfolio	Level 1	Level 2	Level 3	Total
30 June 2017	-	-	109 744 473	109 744 473
30 June 2016	-	-	104 142 524	104 142 524
31 December 2016	-	-	109 265 147	109 265 147

NOTE 4 CONSOLIDATED COMPANIES

The condensed interim consolidated financial statements of the Group include Acheron Portfolio Corporation (Luxembourg), Société Anonyme, as the parent Company and the following wholly owned subsidiaries:

- Acheron Portfolio Corporation Ltd, Ireland;
- Lorenzo Tonti Ltd, Ireland;
- Styx Limited, Ireland.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held by the parent Company does not differ from the proportion of ordinary shares held. The subsidiaries have not issued shares other than ordinary shares.

NOTE 5 **FINANCIAL RISK MANAGEMENT**

5.1 Financial risk factors

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the Group's financial performance. Risk management is carried out by the Board of Directors.

Foreign Exchange Risk

Assets, income and most transactions are denominated in USD. Only part of the Company's current expenses is denominated in Euros and is paid as incurred. Consequently the Group believes that it does not have a significant foreign exchange risk.

Interest Rate Risk

Apart from cash, cash equivalents, the assets of the Group 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 projection and cost of insurance (premium projections) are the major factors that affects the valuation of the Group's assets.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are not substantially dependent on changes in market interest rates.

Credit Risk

The primary credit risk faced by the Group relates to solvency of the insurance companies that underwrite the insurance policies, which are the main assets of the Group. 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.

Liquidity risk

Prudent liquidity risk management requires the Group to maintain sufficient cash, cash equivalents and marketable securities for the Group's day-to-day requirements.

A proportion of the Group's investments are in fractional life insurance policies. Fractional life insurance policies are where a number of different investors own interests in a single underlying life insurance policy.

There is a risk that other investors in a given life insurance policy may decide not to continue to pay the premiums associated with their interest and may allow their investment to lapse. In this situation, the Group must retain sufficient additional liquidity to buy out the lapsing investors' fractional interests and to bear the associated increase in premium payments in order to ensure that the underlying life insurance policy does not lapse.

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.

Despite the level of maturities during the reporting period, the Group did not face any cash flow problems. The Group is presently not dependent on borrowings to manage and finance its current business. All investments are financed by equity.

Risks associated with actuarial assumptions

Mortality tables are used in the valuation processes of the Group 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 Group's operations and the value of the Shares.
Individuals may live longer than expected by the Group when the respective policies were purchased. In this case, the value of the policy decreases. The Group 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 Group, which may have an adverse effect on the return on the Shares.

The Group 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 verified.

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 insured.

In some cases, the Group will depend on life expectancy estimate of doctors, disease specific medical mortality models or actuaries. From time to time, the Group may seek the opinion of any of such persons, or rely on such a model to determine life expectancies. The valuation is thus dependent on these estimations or mortality profiles accurately modeling 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. While the Investment Manager and the Valuation Agent attempt to provide reasonable valuations for the policies held by the Trusts, there is no guarantee that these valuations will correspond to the realizable value of the policies.

5.2 Capital risk management

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

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

The Group had cash balances of USD 6.8 million as at 30 June 2017 (31 December 2016: USD 8.5 million). Reference is also made to the cash flow statement.

5.3 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 Group uses a variety of methods and makes assumptions that are based on the market conditions that exist at each balance sheet date.

NOTE 6 FINANCIAL ASSETS HELD AT FAIR VALUE THOUGH PROFIT OR LOSS: LIFE-SETTLEMENT PORTFOLIOS

Details of portfolios are as follows:

	30.06.2017 USD	31.12.2016 USD
Acquisition value, net of maturities and disposal	41 588 833	41 864 426
Loan on policies	-22 227 680	-21 973 819
Cumulative gain in fair value	90 383 320	88 814 540
	109 744 473	108 705 147

Analysis of acquisition value	30.06.2017 USD	31.12.2016 USD
Opening balance	41 864 426	46 178 835
Additions	1 063 158	2 564 460
Matured policies	-1 218 751	-6 758 869
Other	-120 000	-120 000
Closing balance	41 588 833	41 864 426

Analysis of loans on policies	30.06.2017 USD	31.12.2016 USD
Opening balance	-21 973 819	-18 151 902
Additions	-893 654	-5 863 074
Redemptions/ disposals	639 793	2041 157
Closing balance	-22 227 680	-21 973 819

Fair value adjustment	30.06.2017 USD	31.12.2016 USD
Opening balance	88 814 540	78 369 423
Fair value adjustment	1 568 780	10 445 117
Closing balance	90 383 320	88 814 540

Main assumptions used to determine fair value

For the preparation of the annual audited accounts¸ the value of the life settlement (LS) and HIV portfolios is set by an external actuary. For the end of 2016, the values were thus produced by Lewis and Ellis, a recognized American based actuarial company.
Using these values, Acheron Capital Ltd (the Investment manager of the trusts in which the policies of Class A, B, D and E are kept) resets its internal model at beginning of each year, if necessary. It then produces regular monthly valuations using its internal model. This was again the case in 2017 to produce the mid-year numbers.

The Main assumptions in assessing fair value relate to mortality/life expectancy, projected premiums, and discount rate. The assumptions used to prepare the interim financial statement remain the same as for the year end 31 December 2016.

For the 2017 interim results as for 2016 year end, Acheron Capital Ltd has used a discount rate of 12% for life settlement policies (non HIV) and 11% for the HIV portfolios.

Sensitivity analysis

Acheron Capital Ltd has conducted various sensitivity analyses, which can be summarized as follows:

a) Class A

a.1) Discount rate sensitivity

Discount rate - non HIV portfolio	10%	12%	14%	16%
Value of portfolio	37 137 671	**35 952 872**	34 215 659	32 978 477
% of total face amount	29.8%	28.5%	27.4%	26.4%

Discount rate - HIV portfolio	9%	11%	13%	15%
Value of portfolio	45 925 746	**40 478 547**	36 387 457	33 233 659
% of total face amount	12.5%	11.0%	9.9%	9.0%

a.2) Premium assumption sensitivity

Value based on 12% discount rate – non HIV portfolio	Annual premium increase at	
	8%	9%
Value of portfolio	**35 592 872**	35 509 582
% of total face amount	28.5%	28.5%

Value based on 11% discount rate – HIV portfolio	Annual premium increase at	
	8%	9%
Value of portfolio	**40 478 547**	39 378 255
% of total face amount	11.0%	10.7%

a.3) Mortality sensitivity

Value based on 12% discount rate – non HIV portfolio	USD	% of face amount
Value of portfolio as reported	**35 592 872**	28.5%
Value at 90% of current mortality assumption (*)	31 071 655	24.9%
Value at 80% of current mortality assumption	26 337 506	21.1%

(*) Assumption that mortality is only 90% of expected mortality.

Value based on 11% discount rate – HIV portfolio	USD	% of face amount
Value of portfolio as reported	**40 478 547**	11.0%
Value at 90% of current mortality assumption	34 112 961	9.3%
Value at 80% of current mortality assumption	27 833 831	7.6%

b) Class B

b.1) Discount rate sensitivity

Discount rate - non HIV portfolio	11%	12%	13%	14%
Value of portfolio	15 851 509	**15 368 677**	14 917 423	14 494 307
% of total face amount	26.0%	25.2%	24.5%	23.8%

b.2) Premium assumption sensitivity

Value based on 12% discount rate (non HIV portfolio)	Annual premium increase at	
	8%	9%
Value of portfolio	**15 368 677**	15 350 260
% of total face amount	25.2%	25.2%

b.3) Mortality sensitivity

Value based on 12% discount rate (non HIV portfolio)	USD	% of face amount
Value of portfolio as reported	**15 368 677**	25.2%
Value at 90% of current mortality assumption	13 045 031	21.4%
Value at 80% of current mortality assumption	10 578 833	17.4%

c) Class D

c.1) Discount rate sensitivity

Discount rate - non HIV portfolio	10%	12%	14%	16%
Value of portfolio	9 490 055	**9 130 847**	8 809 944	8 521 142
% of total face amount	33.4%	32.1%	31.0%	30.0%

Discount rate - HIV portfolio	9%	11%	13%	15%
Value of portfolio	2 554 874	**2 175 435**	1 886 245	1 661 088
% of total face amount	16.4%	14.0%	12.1%	10.7%

c.2) Premium assumption sensitivity

Value based on 12% discount rate – non HIV portfolio	Annual premium increase at	
	8%	9%
Value of portfolio	**9 130 847**	9 110 407
% of total face amount	32.1%	32.1%

Value based on 11% discount rate – HIV portfolio	Annual premium increase at	
	8%	9%
Value of portfolio	**2 175 435**	2 101 358
% of total face amount	14.0%	13.5%

c.3) Mortality sensitivity

Value based on 12% discount rate – non HIV portfolio	USD	% of face amount
Value of portfolio as reported	**9 130 847**	32.1%
Value at 90% of current mortality assumption	8 047 704	28.3%
Value at 80% of current mortality assumption	6 900 304	24.3%

Value based on 11% discount rate – HIV portfolio	USD	% of face amount
Value of portfolio as reported	**2 175 435**	14.0%
Value at 90% of current mortality assumption	1 852 630	11.9%
Value at 80% of current mortality assumption	1 520 473	9.8%

d) Class E

d.1) Discount rate sensitivity

Discount rate - non HIV portfolio	10%	12%	14%	16%
Value of portfolio	5 882 346	**5 657 279**	5 455 419	5 272 824
% of total face amount	29.2%	28.1%	27.1%	26.2%

Discount rate - HIV portfolio	9%	11%	13%	15%
Value of portfolio	1 130 993	**980 845**	864 569	772 395
% of total face amount	17.7%	15.4%	13.5%	12.1%

d.2) Premium assumption sensitivity

Value based on 12% discount rate – non HIV portfolio	Annual premium increase at	
	8%	9%
Value of portfolio	**5 657 279**	5 649 813
% of total face amount	28.1%	28.1%

Value based on 11% discount rate – HIV portfolio	Annual premium increase at	
	8%	9%
Value of portfolio	**980 845**	945 679
% of total face amount	15.4%	14.8%

d.3) Mortality sensitivity

Value based on 12% discount rate – non HIV portfolio	USD	% of face amount
Value of portfolio as reported	**5 657 279**	28.1%
Value at 90% of current mortality assumption	4 882 903	24.3%
Value at 80% of current mortality assumption	4 063 896	20.2%

Value based on 11% discount rate – HIV portfolio	USD	% of face amount
Value of portfolio as reported	**980 845**	15.4%
Value at 90% of current mortality assumption	838 695	13.1%
Value at 80% of current mortality assumption	696 982	10.9%

Distribution of face value by insurance company at 30 June 2017

Class A: companies assuring at least	2017 Number	2017 Total %	2016 Number	2016 Total %
Over 10 % of the nominal face value	1	11.5	1	10.5
5 % to 10 %	1	6.0	1	6.4
2 % to 5 %	12	34.7	13	37.3
0 % to 2 %	315	47.8	317	45.8

Class B: companies assuring at least	2017 Number	2017 Total %	2016 Number	2016 Total %
Over 10 % of the nominal face value	1	11.6	1	12.6
5 % to 10 %	5	37.1	4	32.9
2 % to 5 %	7	20.9	10	34.5
0 % to 2 %	37	30.4	35	20.0

Class D: companies assuring at least	2017 Number	2017 Total %	2016 Number	2016 Total %
Over 10 % of the nominal face value	-	-	-	-
5 % to 10 %	4	27.7	6	36.1
2 % to 5 %	8	25.2	9	25.2
0 % to 2 %	121	47.1	124	38.7

Class E: companies assuring at least	2017 Number	2017 Total %	2016 Number	2016 Total %
Over 10 % of the nominal face value	-	-	-	-
5 % to 10 %	6	41.6	7	45.0
2 % to 5 %	9	27.5	6	21.7
0 % to 2 %	80	30.9	87	33.3

NOTE 7 SHARE CAPITAL

At the end of the period, the Company's share capital amounts to USD 692 200, and was represented by 69 220 044 shares of USD 0.01 each. The share capital is split as follows:

	A Shares USD	B Shares USD	C Shares USD	D Shares USD	E Shares USD	Total USD
Balance 1 January 2016	454 469	145 961	520	76 000	7 625	684 575
Movements for the period:						
- Capital Increase	-	-	-	-	7 625	7 625
Balance as 30 June 2016	454 69	145 961	520	76 000	15 250	692 200
Balance 1 January 2017	454 469	145 961	520	76 000	15 250	692 200
Movements for the period:	-	-	-	-	-	-
Balance as 30 June 2017	454 469	145 961	520	76 000	15 250	692 200

The share capital has been increased on 5 February 2016, by the issue of 381 250 E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 187, and on 4 May 2016, by the issue of 381 250 E Shares with a par value of USD 0.01, in addition to a share premium of USD 1 521 188.

As at 30 June 2017, the share capital is composed of 45 446 946 Class A shares, 14 596 098 Class B shares, 7 600 000 D Shares, 1 525 000 Class E shares and 52 000 Class C shares.
Class C Shares is composed of 25 000 CA Shares, 25 000 CB Shares, 1 000 CD Shares and 1 000 CE shares. C Shares are entitled to a preferred 20% profit distribution, after a preferred distribution compounded at 5% on the aggregate share capital contributions of non C Shares (Note 15).

Class A, Class B, Class D and Class E Shares relate to specific investments determined by the Board of Directors or as the case may be, by a general meeting of Shareholders. Each investment is undertaken for the exclusive benefit and risk of the relevant class of Shares.

The authorized capital amounts to USD 500 000 000. Existing Shareholders have waived their preferential subscription right within the limits of the authorized capital. The Board of Directors is authorized to increase the Company's capital within the limits of the authorized capital for a five year period beginning on 18 July 2015 (as a consequence of the General meeting of Shareholders held on 22 June 2015).

NOTE 8 OTHER COMPONENTS OF EQUITY

The movements for the period are explained on page 4: Consolidated statement of changes in equity.

Legal reserve

Considering the provisions of the article 72ters of the law of 19 December 2002 as amended on 30 July 2013, unrealized profit arising from the valuation of assets at fair value may neither be distributed to shareholders, nor be utilized for an allocation to a legally required reserve. The allocation to the legal reserve refers to the profit for the year 2012.

Revaluation

The Company's reserves include unrealized gains as detailed below:

	30.06.2017 USD	30.06.2016 USD
Fair value gain brought forward	88 814 540	78 369 423
Fair value gain for the period	1 568 780	2 172 212
Total	90 383 320	80 541 635

Share premium

	30.06.2017 USD	30.06.2016 USD
Opening balance	72 769 846	72 726 970
Movements of the period		
- repayment (*)	-	-2 999 499
Capital increase E shares:		
- 5 February 2016 (note 7)	-	1 521 187
- 4 May 2016 (note 7)	-	1 521 188
Closing balance	72 769 846	72 769 846

* A shareholders meeting held on 15 June 2016 decided to reimburse an amount of USD 0.066 per class A share to the class A shareholders, out of the special premium reserve. The total amount reimbursed was USD 2 999 499.

NOTE 9 OTHER LIABILITIES

Details of the caption are as follows:	30.06.2017 USD	31.12.2016 USD
Audit and accounting fees	195 383	188 696
Legal fees	246 209	256 051
Actuarial fees	354 750	255 250
Services fees	127 502	145 000
Director and audit committee fees	146 203	175 255
Travelling expenses	30 709	25 346
	1 100 756	1 045 598

NOTE 10 INCOME FROM LIFE-SETTLEMENT PORTFOLIOS

Details of the income received from the life-settlement portfolios:

	30.06.2017 USD	30.06.2016 USD
Maturities	15 034 733	13 397 640
Acquisition cost of maturities	-1 218 751	-834 951
Incurred premiums	-12 121 509	-11 600 855
Fair value adjustments	1 568 780	2 172 212
	3 263 253	3 134 046

Only the amount of premiums incurred during the period is reflected as an expense. The amount of premiums paid in advance amounted to USD 14.5 million as at 30 June 2017 and USD 12.7 million as at 30 June 2016.

NOTE 11 TRANSACTIONS WITH RELATED PARTIES

	30.06.2017 USD	30.06.2016 USD
a) Per profit and loss account:		
Directors' fees and insurance	68 675	43 458
Acheron Capital Ltd management fees	963 240	941 675
Acheron Capital Ltd, reimbursement of expenses	28 113	12 458
Compagnie Européenne de Révision Sàrl *(Accounting, NAV calculation, consolidation, and Company secretary fees)*	105 641	73 310

b) Per balance sheet:

Directors' fees	-	-
Acheron Capital Ltd, reimbursement of expenses	111 402	166 219
Compagnie Européenne de Révision S.à r.l.	-	11 782
Shares held by related parties	2 616 751	2 018 280

The Company, Acheron Capital Limited and Compagnie Européenne de Révision Sàrl each have respectively one common Director. All transactions with related parties are undertaken at arm's length.

NOTE 12 NET CONSOLIDATED PROFIT PER SHARE

The capital of the Company is composed of 45 446 946 A Shares, 14 596 098 B Shares, 52 000 C Shares (CA, CB, CD and CE), 7 600 000 D Shares and 1 525 000 E Shares. All Shares are fully paid. Neither unpaid shares nor any kind of option are outstanding, so that the basic profit per share is equivalent to the diluted profit per share.

As the different classes of Shares have specific rights in relation to their investments, the net consolidated profit per share is given for each Share Class:

30 June 2017	Class A USD	Class B USD	Class D USD	Class E USD
Profit/loss per share:				
Basic and diluted profit/loss per share	0.018	-0.090	0.143	-0.395
Numerator	819 464	-1 307 455	1 090 504	-601 854
Denominator (weighted average number of shares)	45 446 946	14 596 098	7 600 000	1 525 000
30 June 2016				
Profit/loss per share:				
Basic and diluted profit/loss per share	0.008	-0.080	-0.035	0.865
Numerator	371 149	-1 161 492	-265 007	1 032 497
Denominator (weighted average number of shares)	45 446 946	14 596 098	7 600 000	1 194 381

No profit per share for Class C share has been computed because such shares are entitled to a preferred profit distribution and are not listed on any stock exchange

NOTE 13 NET CONSOLIDATED ASSETS PER CLASS OF SHARES

The consolidated net assets for each class of Shares are shown below. Net assets for each class of Shares can be reconciled as follows:

	30.06.2017	31.12.2016
	USD	USD
Consolidated net assets Class A Shares	89 601 813	88 782 348
Consolidated net assets Class B Shares	16 209 936	17 517 393
Consolidated net assets Class D Shares	15 281 312	14 190 807
Consolidated net assets Class E Shares	8 138 766	8 740 620
Consolidated net assets Class C Shares	52 000	52 000
	128 283 826	129 283 168

NOTE 14 OPERATING EXPENSES

External charges are composed of as follows:

	30.06.2017	30.06.2016
	USD	USD
Acheron Capital management fees	963 240	941 675
Portfolio servicing fees	1 261 385	1 163 079
Audit fees	39 239	35 925
Legal	186 546	225 834
Administration, including accounting	107 055	83 947
Actuarial fees	49 500	53 355
Director fees, Directors insurance expenses	68 675	42 877
Audit committee fees	12 000	20 170
Marketing	-	90 124
Other expenses	104 292	129 173
Total	2 791 932	2 786 159

NOTE 15 PREFERRED DISTRIBUTION

In accordance with article 5 of the Articles of Association, the distributions due to the class CA shares, class CB shares, class CD shares or class CE shares (the “Class C Shares”) shall be zero until such time as the aggregate distributions, whether in the form of dividends, share premium distributions, share redemptions, share capital reductions or otherwise paid to the holders of the Non Class C shares compounded at five percent (5%) per annum (from the date of each capital gain distribution to the Non Class C Shares) equals the aggregate share capital contributions of the Non Class C Shares compounded at five percent (5%) per annum (from the date of each distribution to the Non Class C Shares). Thereafter, the distribution due to the Class C Shares shall be equal to 20% of all additional distributions made to the Non Class C Shares. In the event that a redemption or repurchase in kind is to be performed, the holders of Class C Shares and the Non Class C Shares shall determine in good faith under what terms any remaining potential distributions to Class C Shares shall be performed.

Being a profit distribution, this preferred distribution has not been accrued in the consolidated financial statements. The 20% cumulative preferred distribution to Class C Shares amounts to USD 3 378 461 (2016: USD 3 560 024), based on the valuation of the portfolios as at 30 June 2017. The amount is detailed by class of shares in the exhibits.

NOTE 16 OTHER TAXES

During the 2017 taxable period, Acheron Portfolio Corporation (Luxembourg) S.A. expects that it will be exempt from USA withholding tax on the receipt of death benefits arising from the life insurance policies beneficially owned by it by reason of the Income and Capital Tax Treaty between the USA and Luxembourg. Therefore, the Company does not accrue for any USA withholding tax liability in its interim consolidated financial statements for the period ended 30 June 2017.

NOTE 17 FATCA

Following the entry into force of the Model I Intergovernmental Agreement concluded between Luxembourg and the United States in relation to FATCA ("IGA") and its implementation in Luxembourg by the law of 24 July 2015 (the "FATCA Law"), Reporting Luxembourg Financial Institutions, such as Acheron Portfolio Corporation Luxembourg S.A., are required to annually report to the Luxembourg tax authority (*administration des contributions directes*) personal and financial information on their Financial Accounts held by one or more Specified U.S. Persons or by a Non-U.S. Entity (i.e. passive non-financial foreign entities) with one or more Controlling Persons that is a Specified U.S. Person.

Such information will be relayed by the Luxembourg tax authorities to the US Internal Revenue Services.

In this context, Acheron Portfolio Corporation Luxembourg S.A. had identified and effectively reported one or more U.S. Reportable Accounts (within the meaning of the FATCA Law) to the Luxembourg tax authority for the years 2015 in 2016.

Consequently, Acheron Portfolio Corporation Luxembourg S.A. should be considered as being in compliance with FATCA and should therefore not be exposed to any U.S. withholding tax or any local fine or penalty in this respect.

NOTE 18 COMMON REPORTING STANDARDS ("CRS")

The Luxembourg law dated 18 December 2015 (the "CRS Law") implemented the EU Directive 2014/107/EU which provides for an automatic exchange of financial account information between Member States of the European Union as well as the OECD's multilateral competent authority agreement on automatic exchange of financing account information signed on 28 October 2014 in Berlin, with effect as of 1st January 2016.

Under the terms of the CRS Law, Acheron Portfolio Corporation Luxembourg S.A. should be treated as a Luxembourg Reporting Financial Institution. As such, it will be required to annually report to the Luxembourg tax authority personal and financial information on Financial

Accounts held by one or more Reportable Persons as per the CRS Law or on Controlling Persons of certain non-financial entities which are themselves Reportable Persons. The first reporting under CRS Law should be performed before 30 June 2017 for the year 2016.

Such information will be relayed by the Luxembourg tax authority to the local tax authorities of the Reportable Persons' tax residence.

NOTE 19 POST-REPORTING DATE EVENTS

In August the Company received information regarding a number of declared maturities with a total face value of above USD 15.5 million for the benefit of Class A. The matured policies were estimated at approximately USD 5 million in the financial statements as at 30 June 2017. Classes B, D and E were partly invested in the above-mentioned matured policies in Class A, and revenues are therefore expected to increase. For the month of August, declared maturities were: Class B: USD 1.9 million, Class D: USD 3.6 million, and Class E: USD 2.9 million

EXHIBIT I ***(unaudited)***
ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class A

Net assets

	Notes	30/06/2017 USD	31/12/2016 USD
ASSETS			
Current assets			
Premiums paid in advance		9 256 772	8 335 552
Other receivables and prepayments		312 818	352 256
Cash and cash equivalents		3 505 392	4 927 464
Intercompany receivables		947 208	629 308
		14 022 190	14 244 580
Non-current assets			
Financial assets at fair value through profit and loss - Life settlement investments		76 431 389	75 376 242
		76 431 389	75 376 242
Current liabilities			
Trade and other payables		56 906	74 098
Other liabilities		544 807	553 314
Tax liabilities		250 053	211 062
		851 766	838 474
Net assets	13	89 601 813	88 782 348
Preferred distribution	15	-1 726 955	-1 936 265
		=========	=========

EXHIBIT I/1 ***(unaudited)***

ACHERON PORTFOLIO CORPORATION (Luxembourg)
CLASS A
Statement of comprehensive income for the period ended 30 June 2017

	Notes	30/06/2017 USD	30/06/2016 USD
Income from life-settlement portfolio			
Maturities		10 117 832	9 112 224
Acquisition cost of maturities		- 631 215	- 436 673
Premiums paid		-7 512 421	-7 170 085
Fair value adjustments		1 313 639	1 191 048
Net income from life-settlement portfolio		3 287 835	2 696 514
Other operating income		-	12 649
Operating expenses		-2 032 744	-1 988 841
Staff costs			
Wages and salaries		- 12 022	- 14 789
Social security costs		- 1 610	- 1 983
		- 13 632	- 16 772
Finance income			
Interest income		751	6 501
Other income from matured policies		294 431	226 104
		295 182	232 605
Finance costs			
Interest expenses		- 608 712	- 531 241
Net foreign exchange loss		- 9 459	- 7 581
		- 618 171	- 538 822
Profit (Loss) before tax		918 470	397 333
Income tax expenses		- 99 006	- 26 184
Profit (Loss) for the period		819 464	371 149
Other comprehensive income		-	-
Total comprehensive income for the period		819 464	371 149
Total comprehensive income attributable to the owners of the Company		819 464	371 149
Basic and diluted profit per share class A	12	0,018	0,008
- numerator class A		819 464	371 149

EXHIBIT I/2 ***(unaudited)***

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class A

Interim consolitated cash flow statement for the period ended 30 June 2017

	30/06/2017 USD	30/06/2016 USD
Cash flow from operating activities:		
Profit (Loss) for the period	819 464	371 149
Non cash adjustments:		
- non cash movement on portfolios	- 682 424	- 634 375
changes	137 040	- 263 226
Changes in premiums paid in advance	- 921 220	687 139
Changes in other receivables and prepayments	55 428	- 177 431
Changes in trade and other payables	- 359 588	3 128 942
Changes in tax payables	38 991	- 1 086
Net cash flows from (used) in operating activities	**-1 049 349**	**3 374 338**
Cash flow from investing activities:		
Net investment in life-settlement portfolios	- 918 505	- 574 663
Net cash flows from (used) in investing activities	**- 918 505**	**- 574 663**
Cash flow from financing activities:		
Cash on policies	545 782	826 122
Repayment share premium	-	-9 998 328
Net cash flows from (used) financing activities	**545 782**	**-9 172 207**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**-1 422 072**	**-6 372 531**
Cash and cash equivalents:		
At beginning of the period	4 927 464	15 327 061
At the end of the period	**3 505 392**	**8 954 530**

EXHIBIT II ***(unaudited)***

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class B

Net assets

	Notes	30/06/2017 USD	31/12/2016 USD
ASSETS			
Current assets			
Premiums paid in advance		2 254 742	1 819 538
Other receivables and prepayments		24 035	37 950
Cash and cash equivalents		563 941	1 159 103
		2 842 718	3 016 591
Non-current assets			
Financial assets at fair value through profit and loss - Life settlement investments		15 368 677	15 004 106
		15 368 677	15 004 106
Current liabilities			
Trade and other payables		337 882	5 033
Other liabilities		276 113	242 960
Tax liabilities		188 349	185 340
Intercompany payables		1 199 115	69 971
		2 001 459	503 304
Net assets	13	16 209 936	17 517 393
Preferred distribution	15	-	-

EXHIBIT II/1 ***(unaudited)***

ACHERON PORTFOLIO CORPORATION (Luxembourg)
CLASS B
Consolidated statement of comprehensive income for the period ended 30 June 2017

	Notes	30/06/2017 USD	30/06/2016 USD
Income from life-settlement portfolio			
Maturities		1 258 316	663 890
Acquisition cost of maturities		- 218 634	- 131 509
Premiums paid		-2 352 030	-2 010 256
Fair value adjustments		291 124	594 495
Net income from life-settlement portfolio		-1 021 224	- 883 380
Other operating income		-	10 500
Operating expenses		- 276 358	- 279 823
Staff costs			
Wages and salaries		- 2 113	- 2 654
Social security costs		- 283	- 356
		- 2 396	- 3 010
Finance income			
Interest income		47	112
Other income from matured policies		2 932	- 334
		2 979	- 222
Finance costs			
Interest expenses		- 7 542	- 2 492
Net foreign exchange loss		94	- 57
		- 7 448	- 2 549
Profit (Loss) before tax		-1 304 447	-1 158 484
Income tax expenses		- 3 008	- 3 008
Profit (Loss) for the period		-1 307 455	-1 161 492
Other comprehensive income		-	-
Total comprehensive income for the period		-1 307 455	-1 161 492
Total comprehensive income attributable to the owners of the Company		-1 307 455	-1 161 492
Basic and diluted profit per share class B	12	-0,090	0,080
- numerator class B		-1 307 455	-1 161 492

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EXHIBIT II/2 *(unaudited)*

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class B

Interim consolitated cash flow statement for the period ended 30 June 2017

	30/06/2017 USD	30/06/2016 USD
Cash flow from operating activities:		
Profit (Loss) for the period	-1 307 455	-1 161 492
Non cash adjustments:		
- non cash movement on portfolios	- 72 488	- 462 986
Cash flows from (used) in operations before working capital changes	-1 379 943	-1 624 478
Changes in premiums paid in advance	- 435 205	- 64 331
Changes in other receivables and prepayments	13 915	8 583
Changes in trade and other payables	1 495 146	251 595
Changes in tax payables	3 008	85 150
Net cash flows from (used) in operating activities	- 303 079	-1 343 481
Cash flow from investing activities:		
Net investment in life-settlement portfolios	-	-
Net cash flows from (used) in investing activities	**-**	**-**
Cash flow from financing activities:		
Cash on policies	- 292 083	1 368 508
Net cash flows from (used) financing activities	**- 292 083**	**1 368 508**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**- 595 162**	**25 027**
Cash and cash equivalents:		
At beginning of the period	1 159 103	817 841
At the end of the period	**563 941**	**842 868**

EXHIBIT III ***(unaudited)***

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class D

Net assets

	Notes	30/06/2017 USD	31/12/2016 USD
ASSETS			
Current assets			
Premiums paid in advance		1 777 174	1 455 219
Other receivables and prepayments		21 527	33 990
Cash and cash equivalents		2 273 130	1 450 835
Intercompany receivables		242 812	37 138
		4 314 643	2 977 182
Non-current assets			
Financial assets at fair value through profit and loss - Life settlement investments		11 306 282	11 511 553
		11 306 282	11 511 553
Current liabilities			
Trade and other payables		6 424	- 1 458
Other liabilities		141 498	134 614
Tax liabilities		191 691	164 772
		339 613	297 928
Net assets	13	15 281 312	14 190 807
Preferred distribution	15	-1 344 354	-1 165 740

EXHIBIT III/1 ***(unaudited)***

ACHERON PORTFOLIO CORPORATION (Luxembourg)
CLASS D
Consolidated statement of comprehensive income for the period ended 30 June 2017

	Notes	30/06/2017 USD	30/06/2016 USD
Income from life-settlement portfolio			
Maturities		2 814 184	2 240 445
Acquisition cost of maturities		- 202 657	- 166 851
Premiums paid		-1 183 629	-1 418 328
Fair value adjustments		- 26 276	- 614 805
Net income from life-settlement portfolio		1 401 622	40 461
Operating expenses		- 285 078	- 298 560
Staff costs			
Wages and salaries		- 1 916	- 2 262
Social security costs		- 257	- 303
		- 2 173	- 2 565
Finance income			
Interest income		2 972	606
Other income from matured policies		11 300	2 103
		14 272	2 709
Finance costs			
Interest expenses		- 10 550	- 5 334
Net foreign exchange loss		- 669	- 467
		- 11 219	- 5 801
Profit (Loss) before tax		1 117 424	- 263 756
Income tax expenses		- 26 920	- 1 251
Profit (Loss) for the period		1 090 504	- 265 007
Other comprehensive income		-	-
Total comprehensive income for the period		1 090 504	- 265 007
Total comprehensive income attributable to the owners of the Company		1 090 504	- 265 007
Basic and diluted profit per share class D	12	0,143	-0,035
- numerator class D		1 090 504	- 265 007

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EXHIBIT III/2 ***(unaudited)***

ACHERON PORTFOLIO CORPORATION (Luxembourg)

Class D

Interim consolitated cash flow statement for the period ended 30 June 2017

	30/06/2017 USD	30/06/2016 USD
Cash flow from operating activities:		
Profit (Loss) for the period	1 090 504	- 265 007
Non cash adjustments:		
- non cash movement on portfolios	228 933	781 656
Cash flows from (used) in operations before working capital changes	1 319 437	516 649
Changes in premiums paid in advance	- 321 956	- 13 007
Changes in other receivables and prepayments	33 990	- 9 503
Changes in trade and other payables	- 211 227	4 211
Changes in tax payables	25 713	- 72 987
Net cash flows from (used) in operating activities	845 957	425 363
Cash flow from investing activities:		
Net investments in life-settlement portfolios	- 23 825	- 41 679
Net cash flows from (used) in investing activities	**- 23 825**	**- 41 679**
Cash flow from financing activities:		
Cash on policies	163	- 163
Net cash flows from (used) financing activities	**163**	**- 163**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**822 295**	**383 521**
Cash and cash equivalents:		
At beginning of the period	1 450 835	1 804 863
At the end of the period	**2 273 130**	**2 188 384**

EXHIBIT IV ***(unaudited)***

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class E

Net assets

	Notes	30/06/2017 USD	31/12/2016
ASSETS			
Current assets			
Premiums paid in advance		1 242 188	1 750 720
Other receivables and prepayments		8 721	13 770
Cash and cash equivalents		450 998	947 048
Intercompany receivables		9 095	-
		1 711 002	2 711 538
Non-current assets			
Financial assets at fair value through profit and loss - Life settlement investments		6 638 124	6 813 246
		6 638 124	6 813 246
Current liabilities			
Trade and other payables		2 447	4 407
Other liabilities		138 339	114 709
Tax liabilities		69 574	68 572
Intercompany payables		-	596 476
		210 360	784 164
Net assets	13	8 138 766	8 740 620
Preferred distribution	15	- 307 152	- 458 019
		========	========

EXHIBIT IV/1 *(unaudited)*

ACHERON PORTFOLIO CORPORATION (Luxembourg)
CLASS E

Consolidated statement of comprehensive income for the period ended 30 June 2017

	Notes	30/06/2017 USD	30/06/2016 USD
Income from life-settlement portfolio			
Maturities		844 400	1 381 081
Acquisition cost of maturities		- 166 243	- 99 918
Premiums paid		-1 073 428	-1 002 186
Fair value adjustments		- 9 706	1 001 474
Net income from life-settlement portfolio		- 404 977	1 280 451
Operating expenses		- 197 753	- 218 935
Staff costs			
Wages and salaries		- 1 019	- 808
Social security costs		- 136	- 108
		- 1 155	- 916
Finance income			
Interest income		597	-
Other income from matured policies		9 299	4 980
		9 896	4 980
Finance costs			
Interest expenses		- 6 192	- 6 722
Net foreign exchange loss		- 670	- 31
		- 6 862	- 6 753
Profit (Loss) before tax		- 600 851	1 058 827
Income tax expenses		- 1 003	- 26 330
Profit (Loss) for the period		- 601 854	1 032 497
Other comprehensive income		-	-
Total comprehensive income for the period		- 601 854	1 032 497
Total comprehensive income attributable to the owners of the Company		- 601 854	1 032 497
Basic and diluted profit per share class E	12	-0,395	0,865
- numerator class E		- 601 854	1 032 497

EXHIBIT IV/2 ***(unaudited)***

ACHERON PORTFOLIO CORPORATION (Luxembourg)
Class E

Interim consolitated cash flow statement for the period ended 30 June 2017

	30/06/2017 USD	30/06/2016 USD
Cash flow from operating activities:		
Profit (Loss) for the period	- 601 854	1 032 497
Non cash adjustments:		
- non cash movement on portfolios	175 949	- 901 556
Cash flows from (used) in operations before working capital changes	- 425 905	130 941
Changes in premiums paid in advance	508 532	- 751 725
Changes in other receivables and prepayments	5 049	26 234
Changes in trade and other payables	- 582 438	- 1 064
Changes in tax payables	- 460	42 050
Net cash flows from (used) in operating activities	- 495 222	- 553 564
Cash flow from investing activities:		
Net investments in life-settlement portfolios	- 828	- 832 324
Net cash flows from (used) in investing activities	**- 828**	**- 832 324**
Cash flow from financing activities:		
Capital increase	-	3 050 000
Net cash flows from (used) financing activities	**-**	**3 050 000**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**- 496 050**	**1 664 112**
Cash and cash equivalents:		
At beginning of the period	947 048	273 501
At the end of the period	**450 998**	**1 937 613**

Statements by the responsible persons

The undersigned:

M. Yves Mertz and M Jean-Michel Paul, on behalf of the board of Directors of Acheron Portfolio Corporation (Luxembourg) S.A., a public limited company, incorporated under the laws of Luxembourg (hereinafter referred to as the "Company"), hereby confirm that to the best of their knowledge, the interim consolidated financial statements for the period ended 30 June 2017, have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.

Furthermore, the undersigned declare that the Directors' Report includes a fair view of the development and performance of the business and the Company's position together with a description of the principal risk and uncertainties that it faces.

Luxembourg, 25 September 2017

Yves Mertz	Jean-Michel Paul
Director	Director

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