

Life Settlement Assets PLC

Half-Yearly Report
for the six months ended
30 June 2020

Contents

Strategic Update

Introduction	3
Highlights and Company Performance	4
Chairman's Statement	5
Key Performance Indicators (KPIs)	7
Directors' Statement of Principal Risks and Uncertainties	8
Directors' Statement of Responsibilities in Respect of the Financial Statements	8

Financial Statements

Condensed Statement of Comprehensive Income	10
Condensed Statement of Financial Position	11
Condensed Statement of Changes in Equity	12
Condensed Cash Flow Statement	13
Notes to the Condensed Financial Statements	14

Additional Information

Additional Information	22
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Shareholder Information

Company Information	27
Glossary	28

Strategic Update



Introduction

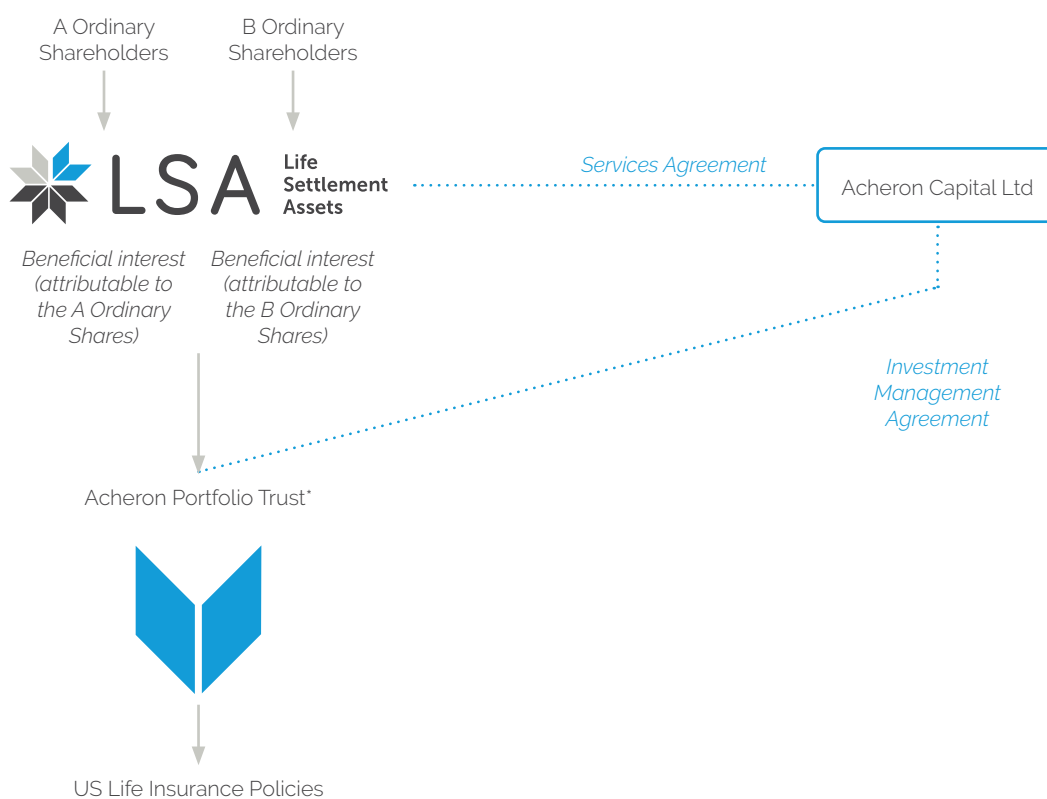
Life Settlement Assets PLC ("LSA" or the "Company") is a closed-ended investment trust company which invests in and manages portfolios of whole and fractional interests in life settlement policies issued by life insurance companies operating predominantly in the United States.

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

COMPANY STRUCTURE

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

Reflecting the development of the Company through the acquisition of portfolios of interests in life settlement policies, where each portfolio was placed into a separate asset trust and reflected by a separate Share Class, as at 30 June 2020 the Company's share structure was as follows:



*Acheron Portfolio Trust, Lorenzo Tonti 2006 Trust, Avernus Portfolio Trust and Styx Portfolio Trust merged into Acheron Portfolio Trust on 31 March 2020.

Highlights and Company Performance

HIGHLIGHTS

- Distributions totalling USD 5.5 million made during the period
- Total maturities for the first six months amounted to USD 12.2 million (HY2019: USD 33.9 million), generating gains from life settlement portfolios of USD 0.6 million (HY2019: gains of USD 15.6 million)
- Total net loss of USD 2.9 million (HY2019: profit of USD 9.2 million)

COMPANY PERFORMANCE

Performance analysis by Share Class is provided in the tables below.

LSAA	As at 30 June 2020	As at 31 December 2019	Percentage change (%)
Net assets attributable to Shareholders (USD '000)	92,639	89,108	(4.0)
Shares in issue	43,724,059	39,891,391	9.6
NAV per share (USD)	2.12	2.23	(4.9)
Closing share price (USD)	1.95	1.78	9.6
(Discount) to NAV (%)	(8.0)	(20.2)	12.2
	As at 30 June 2020	As at 30 June 2019	Percentage change (%)
Total maturities (USD '000)	8,862	23,981	(63.0)
Net income from portfolio (USD '000)	1,004	13,207	(92.4)
(Loss)/profit for the period (USD '000)*	(1,792)	8,036	(122.3)
* This includes a contribution of USD 508,000 in respect of the D & E Share class profit in the period before the merger.			
LSAB	As at 30 June 2020	As at 31 December 2019	Percentage change (%)
Net assets attributable to Shareholders (USD '000)	13,800	14,863	(7.1)
Shares in issue	14,596,098	14,596,098	-
NAV per share (USD)	0.95	1.02	(7.4)
Closing share price (USD)	0.70	0.63	11.1
(Discount) to NAV (%)	(26.3)	(38.2)	11.9
	As at 30 June 2020	As at 30 June 2019	Percentage change (%)
Total maturities (USD '000)	1,448	2,079	(30.3)
Net income from portfolio (USD '000)	(728)	(872)	16.5
Loss for the period (USD '000)	(1,063)	(1,248)	14.8

Chairman's Statement

On behalf of the Board, I am pleased to present the Company's half-year results for the period ended 30 June 2020. I am also very conscious that I am writing against an uncertain economic background as the world tries to deal with the ongoing Coronavirus pandemic ("Covid-19").

Investment Overview

The financial highlights on page 4 show the results for the half year to 30 June 2020.

The NAV of Class A decreased by 4.9% whilst Class B decreased by 7.4% over the period, reflecting a lower than anticipated level of maturities. The Class A Share NAV reduction also reflects the distributions made during the period to Class A Shareholders and the former holders of Class D and E Shares. When adding back the dividends paid to Shareholders during the period, and the effect of the merger with Class D and E Shares, the NAV decreased by 2.0% per A share. Further details on the dividends paid are set out under the paragraph headed "Distributions" below.

The Company has continued with its declared policy of retaining a significant proportion of cash in class A against future investment opportunities. The Board continues to monitor this carefully and to review the decision with its Investment Manager on a regular basis.

The Life Settlement Market

Over the past five years, the life settlement industry has grown both in funds committed to the sector and consumer awareness. In fact, a 2020 industry report showed a 11% increase in policies sold in 2019 compared to 2018, while the face amount of life insurance policies sold increased from USD 3.8 billion to USD 4.4 billion in the same period.

It is somewhat premature to speculate how the Covid-19 Pandemic will impact the Life Settlement Market. As regards the primary market for life insurance policies, there may be an increase in individuals needing to sell policies due to their financial circumstances. Although LSA does not acquire policies directly from the individual holders, there may be an increase in supply at a time when there is greater competition elsewhere for capital in the financial markets, potentially creating purchasing opportunities for LSA in the secondary market.

Structural changes

The proposals to merge the share classes A, D and E as set out in the Circular published by the Company on 2 April 2020, were approved by Shareholders at the class meetings held on 29 April 2020 and the merger was completed on 5 May 2020. Given the very different nature of the structure of Class B, with no exposure to HIV policies, the Board decided not to propose the merger of class B at this stage, although this will be kept under review. As a result of the reconstruction the 8,792,561 D shares and 1,566,603 E shares were re-designated as 2,700,812 and 1,131,856 A shares respectively. The Company now has two classes of shares being A and B shares.

Merging the relatively small D and E Share Classes provided a helpful simplification of the Company's structure. In addition, the A Ordinary Shareholders have already benefitted from improved cash flows which should continue over the next few years. Other

benefits include a reduced focus on HIV-related maturities arising from the inclusion of the D and E Ordinary Share Class portfolios together with the benefit through consolidation of the underlying fractional policies into the larger portfolio.

Furthermore, as mentioned in the Annual Report, on 31 March 2020, the four trusts through which the Company invests in the underlying assets of the Company were merged into a single trust in order to reduce annual operating costs and operational risks.

Portfolio

The overall portfolio is subdivided into portfolios exposed to either HIV-positive policy holders or non-HIV positive policy holders. The following table provides information on the Company's policies by Share Class and by exposure to HIV and non-HIV positive insureds as at 30 June 2020.

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

	HIV	Non-HIV	Total
Share Class A			
Number of policies	4,329	173	4,502
Total face value (USD '000)	372,435	93,297	465,732
Valuation (USD '000)	50,000	19,996	69,996
Percentage of face	13.4%	21.4%	15.0%
Share Class B			
Number of policies	N/A	93	93
Total face value (USD '000)	N/A	44,108	44,108
Valuation (USD '000)	N/A	10,722	10,722
Percentage of face	N/A	24.3%	24.3%

During the first half of 2020 small lots of fractional policies to which the trusts were already exposed totalling 49 fractions in all with a face value of USD 2.2 million, were added to the portfolio.

Maturities

Maturities in the six months ended 30 June 2020, can be seen in the table below.

	Class A	Class B	Class D*	Class E*
HIV Maturities (USD '000)	3,609	N/A	-	-
Non-HIV Maturities (USD '000)	5,253	1,448	1,308	584
Total Maturities (USD '000)	8,862	1,448	1,308	584

* Maturities to 29 February 2020 in Class D and E.

Chairman's Statement continued

While the impact of Covid-19's first wave has been very significant in terms of cases in the US, the impact observed on the Company's portfolio has been small. This may reflect the fact that the estimated number of resulting deaths in the US of between 150k to 200k, whilst a multiple of the yearly influenza casualties, is only a fraction of total deaths observed; a specific geographical distribution not matching the portfolio (concentration of casualties in the north east); and the concentrated nature of the portfolio being non representative. Either way, the mortality observed for the first half of the year has not seen a surge and remains in line with pre-Covid-19 model expectations.

In the period under review, the HIV segment of the portfolio had an estimated AE ("Actual to Expected") of close to 100%. While the HIV portfolio has performed to expectations, the elderly segment of the Share Class B portfolio has shown fewer maturities than had been expected. The elderly segment in Class A was, however, close to 100% of expectation.

AE*	All classes
HIV	94%
Non-HIV	83%

* In maturity dollar amounts, estimated until June.

Portfolio Composition

Further information on the composition of the portfolio of each Share Class as at 30 June 2020 can be found on our website <https://www.lsaplc.com/investor-relations/reports-company-literature>

Distributions

The maturities received in the period were such that the Company was able to make distributions to Shareholders by way of special dividends on 3 April 2020 as follows:

- for A Ordinary Shareholders, a special dividend of 6.267 cents per share totalling USD 2.5 million.
- for D Ordinary Shareholders, a special dividend of 15.922 cents per share totalling USD 1.4 million.
- for E Ordinary Shareholders, a special dividend of 38.299 cents per share totalling USD 0.6 million.

In addition, as part of the restructuring discussed above the following dividends were paid on 30 June 2020:

- for D Ordinary Shareholders, a special dividend of 4.94932 cents per share totalling USD 0.4 million.
- for E Ordinary Shareholders, a special dividend of 35.99451 cents per share totalling USD 0.6 million.

Subsequent to the period end, the Company has declared a further interim dividend of 4.5741 cents per Class A Share totalling USD 2.0 million. The dividend will be paid on 29 October 2020 to all Class A Shareholders on the register on 9 October 2020.

Board Changes

After serving on the Board (and predecessor Company) for a number of years, Franck Mathe, has expressed his intention to step down from the Board at the end of September. Franck has been a strong supporter of the Company and the Board wishes to record its thanks to him for the valuable advice and guidance he has given.

Separately the Board is currently giving consideration to its current composition. At the time LSA listed on the London Stock Exchange in March 2018, the Board's membership largely reflected that of its predecessor company listed in Luxembourg. Accordingly, the Board believes that it is now appropriate to consider the future shape of the Board taking into account the standards and norms applicable to London listed companies. Further announcements in this regard will be made in due course.

Outlook

As stated in the Annual Report, the mortality of the insureds in the portfolio will continue to be the most significant factor that will affect the financial results of the Company. We will continue to follow the recent research on mortality in general and especially on long-term HIV trends.

In the face of the many challenges and uncertainty facing global economies, communities and individuals, as they grapple with the impact of Covid-19, the Board believes that the investment opportunity offered by LSA, and the underpinning effect of its engagement with the life settlement market in the USA, will continue to offer value to Shareholders.

The Board remains confident that both share classes offer our investors important defensive qualities, which remain highly decorrelated from equities and bonds and the current volatility of those markets.

Michael Baines

Chairman

25 September 2020

Key Performance Indicators (KPIs)

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

The Board has adopted the following KPIs which are summarised on page 4:

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

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

Premium/(discount) to NAV – as this measure can be used to monitor the difference between the underlying Net Asset Value and share price.

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

anticipate the level of maturities. The A/E ratio measures the declared maturities compared to the projected maturities based on the actuarial models. A ratio close to 100% indicates maturities correspond exactly to the model. A percentage greater than 100% means the maturities are more than anticipated by the models and less than 100% the opposite is the case.

Profit/(loss) for the period – this is a key measure of financial performance used to assess the fortunes of the Company over each financial period.

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

Directors' Statement of Principal Risks and Uncertainties

The important events that have occurred during the period under review and the key factors influencing the financial statements are set out in the Chairman's Statement on pages 5 and 6.

In accordance with DTR 4.2.7, the Directors consider that the principal risks and uncertainties facing the Company have not materially changed since the publication of the Annual Report and Accounts for the year ended 31 December 2019.

The principal risks faced by the Company include, but are not limited to:

- Mortality risk
- Premium management risk
- Volatility risk
- Fractional premium risk
- Advance age mortality risk
- Discount rate risk
- Modelling risk
- Tax
- Breach of applicable legislative obligations
- Counterparty risk

A more detailed explanation of these risks and the way in which they are managed can be found in the Strategic Report on pages 20 to 23 and in Note 4 to the Financial Statements on pages 62 to 64 of the 2019 Annual Report and Accounts – copies can be found via the Company's website, www.lsaplc.com.

There have been no significant changes in the related party disclosures set out in the Annual Report.

Directors' Statement of Responsibilities in Respect of the Financial Statements

In accordance with Disclosure and Transparency Rule (DTR) 4.2.10 Michael Baines (Chairman), Christopher Casey (Audit Committee Chairman), Robert Edelstein, Franck Mathe, Yves Mertz and Guner Turkmen, the Directors, confirm that to the best of their knowledge:

- The condensed set of financial statements contained within this Half-Yearly financial report have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- The Half-Yearly financial report includes a fair review of the information required by the FCA's Disclosure and Transparency Rule 4.2.7R being disclosure of important events that have occurred during the first six months of the financial year, their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
- The Half Yearly financial report includes a fair review of the information required by the FCA's Disclosure and Transparency Rule 4.2.8R being disclosure of related party transactions during the first six months of the financial year, how they have materially affected the financial position of the Company during the period and any changes therein.

This Half-Yearly Report was approved by the Board of Directors on 25 September 2020 and the above responsibility statement was signed on its behalf by:

Michael Baines
Chairman

25 September 2020

Financial Statements



Condensed Statement of Comprehensive Income

for the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 (unaudited)			Six months ended 30 June 2019 (unaudited)			Year ended 31 December 2019 (audited)		
		Revenue USD '000	Capital USD '000	Total USD '000	Revenue USD '000	Capital USD '000	Total USD '000	Revenue USD '000	Capital USD '000	Total USD '000
Income										
Income from life settlement portfolios		450	-	450	435	-	435	868	-	868
Gains from life settlement portfolios	3	-	555	555	-	15,604	15,604	-	23,381	23,381
Other income		56	-	56	74	-	74	941	-	941
Net foreign exchange loss		(6)	-	(6)	(12)	-	(12)	(17)	-	(17)
Total income		500	555	1,055	497	15,604	16,101	1,792	23,381	25,173
Operating expenses										
Investment management fees	4	(855)	647	(208)	(978)	(2,066)	(3,044)	(1,852)	(3,285)	(5,137)
Other expenses		(3,101)	-	(3,101)	(3,104)	-	(3,104)	(5,994)	-	(5,994)
(Loss)/profit before finance costs and taxation		(3,456)	1,202	(2,254)	(3,585)	13,538	9,953	(6,054)	20,096	14,042
Finance costs										
Interest payable		(617)	-	(617)	(639)	-	(639)	(1,201)	-	(1,201)
(Loss)/profit before taxation		(4,073)	1,202	(2,871)	(4,224)	13,538	9,314	(7,255)	20,096	12,841
Taxation		16	-	16	-	(70)	(70)	(130)	-	(130)
(Loss)/profit for the period		(4,057)	1,202	(2,855)	(4,224)	13,468	9,244	(7,385)	20,096	12,711
Basic and diluted returns per share										
Return per class A share USD	6	(0.092)	0.048	(0.044)	(0.070)	0.247	0.177	(0.135)	0.369	0.234
Return per class B share USD	6	(0.019)	(0.054)	(0.073)	(0.024)	(0.062)	(0.086)	(0.036)	(0.052)	(0.088)
Return per class D share USD	6	n/a	n/a	n/a	(0.042)	0.189	0.147	(0.069)	0.313	0.244
Return per class E share USD	6	n/a	n/a	n/a	(0.160)	0.788	0.628	(0.271)	1.328	1.057

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

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

The total column of this statement is the Statement of Total Comprehensive Income of the Company. The supplementary revenue and capital columns are prepared in accordance with the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC") in October 2019.

The notes on pages 14 to 20 form part of these financial statements.

Condensed Statement of Financial Position

as at 30 June 2020

	Notes	As at 30 June 2020 USD '000	As at 30 June 2019 USD '000	As at 31 December 2019 USD '000
Non-current assets				
Financial assets at fair value through profit or loss				
- Life settlement investments	8	80,718	83,798	78,041
		80,718	83,798	78,041
Current assets				
Maturities receivable		11,110	11,709	3,867
Trade and other receivables		600	1,060	697
Premiums paid in advance		9,552	11,089	9,231
Cash and cash equivalents		14,421	36,564	28,992
		35,683	60,422	42,787
Total assets		116,401	144,220	120,828
Current liabilities				
Other payables		(5,555)	(2,460)	(981)
Provision for performance fees		(4,407)	(4,879)	(5,054)
Total liabilities		(9,962)	(7,339)	(6,035)
Net assets		106,439	136,881	114,793
Represented by				
Capital and reserves				
Share capital	9	583	711	648
Special reserve	10	101,959	133,013	107,458
Capital redemption reserve		128	-	63
Capital reserve		22,712	14,882	21,510
Revenue reserve		(18,943)	(11,725)	(14,886)
Total equity attributable to ordinary shareholders of the Company		106,439	136,881	114,793
Net Asset Value per share basic and diluted				
Class A shares USD	11	2.119	2.194	2.234
Class B shares USD	11	0.945	1.021	1.018
Class D shares USD	11	n/a	1.394	0.831
Class E shares USD	11	n/a	5.386	2.242

These financial statements were approved by the Board of Directors on 25 September 2020 and signed on its behalf by:

Michael Baines, Chairman

Registered in England and Wales with Company Registration number: 10918785

The notes on pages 14 to 20 form part of these financial statements.

Condensed Statement of Changes in Equity

for the six months ended 30 June 2020

	Share capital USD '000	Share premium USD '000	Special reserve USD '000	Capital redemption reserve USD '000	Capital reserve USD '000	Revenue reserve USD '000	Total USD '000
Six months ended 30 June 2020							
Balance as at 31 December 2019	648	-	107,458	63	21,510	(14,886)	114,793
Comprehensive income for the period	-	-	-	-	1,202	(4,057)	(2,855)
Conversion of D shares to A shares	(61)	-	-	61	-	-	-
Conversion of E shares to A shares	(4)	-	-	4	-	-	-
Contributions by and distributions to owners							
Dividends paid in the period	-	-	(5,499)	-	-	-	(5,499)
Balance as at 30 June 2020	583	-	101,959	128	22,712	(18,943)	106,439
Of which:							
- Realised gains					17,492		
- Unrealised gains					5,220		

Six months ended 30 June 2019

Balance as at 31 December 2018	711	133,013	-	-	1,414	(7,501)	127,637
Comprehensive income for the period	-	-	-	-	13,468	(4,224)	9,244
Contributions by and distributions to owners							
Cancellation of share premium account (note 10)	-	(133,013)	133,013	-	-	-	-
Balance as at 30 June 2019	711	-	133,013	-	14,882	(11,725)	136,881
Of which:							
- Realised gains					15,937		
- Unrealised losses					(1,055)		

Year ended 31 December 2019

Balance as at 31 December 2018	711	133,013	-	-	1,414	(7,501)	127,637
Comprehensive income for the year	-	-	-	-	20,096	(7,385)	12,711
Contributions by and distributions to owners							
Cancellation of Share premium account	-	(133,013)	133,013	-	-	-	-
Tender Offer July 2019	(56)	-	(10,050)	56	-	-	(10,050)
Share buybacks for cancellation	(7)	-	(1,005)	7	-	-	(1,005)
Dividends paid in the year	-	-	(14,500)	-	-	-	(14,500)
Balance as at 31 December 2019	648	-	107,458	63	21,510	(14,886)	114,793
Of which:							
- Realised gains					17,619		
- Unrealised gains					3,891		

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

The revenue and realised capital reserves are also distributable reserves.

The notes on pages 14 to 20 form part of these financial statements.

Condensed Cash Flow Statement

for the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 (unaudited) USD '000	Six months ended 30 June 2019 (unaudited) USD '000	Year ended 31 December 2019 (audited) USD '000
Cash flows (used in)/from operating activities				
(Loss)/profit for the period		(2,855)	9,244	12,711
Non-cash adjustment				
- movement on portfolios		1,980	7,379	15,989
- value adjustment on shares in subsidiary		-	-	(360)
Investment in life settlement portfolios	8	(58)	(1,077)	(1,167)
Movements in "policy advances"	8	(4,599)	(286)	(3,050)
Changes in operating assets and liabilities				
Changes in maturities receivables		(7,243)	6,088	13,930
Changes in trade and other receivables		97	(120)	243
Changes in premiums paid in advance		(321)	2,239	4,097
Changes in other payables		4,574	2,510	(1,034)
Changes in performance fee provision		(647)	-	2,241
Changes in liabilities to subsidiary		-	-	360
Net cash (outflows)/inflows (used in)/from operating activities		(9,072)	25,977	43,960
Cash flow used in financing activities				
Dividends paid		(5,499)	-	(14,500)
Tender Offer and buy backs for cancellation		-	-	(11,055)
Net cash flows used in financing activities		(5,499)	-	(25,555)
Net changes in cash and cash equivalents		(14,571)	25,977	18,405
Cash balance at the beginning of the period		28,992	10,587	10,587
Cash balance at the end of the period		14,421	36,564	28,992

The notes on pages 14 to 20 form part of these financial statements.

Notes to the Condensed Financial Statements

for the six months ended 30 June 2020

1. GENERAL INFORMATION

Life Settlement Assets ("Life Settlement Assets" or the "Company") is a public company limited by shares and an investment company under section 833 of the Companies Act 2006. It was incorporated in England and Wales on 16 August 2017 with a registration number of 10918785. The registered office of the Company is 115 Park Street, 4th Floor, London W1K 7AP.

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

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

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

The Ordinary Share Classes D and E were cancelled following the merger of Ordinary Share Classes A, D and E on 5 May 2020.

2. IFRS ACCOUNTING POLICIES

2.1. Basis of preparation

These condensed interim financial statements have been prepared using the same accounting policies and methods of computation as the 2019 annual financial statements.

The condensed financial statements, which comprise the unaudited results of the Company have been prepared in accordance with International Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union. They have also been prepared in accordance with the SORP for investment companies issued by the AIC in October 2019, except to the extent that it conflicts with IFRS. The accounting policies are as set out in the Report and Accounts for the period ended 31 December 2019.

The half-year financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The financial information contained in this Half-Yearly financial report does not constitute statutory accounts as defined by the Companies Act 2006. The financial information for the six-months ended 30 June 2020 and 30 June 2019 have not been audited or reviewed by the Company's Auditor. The figures and financial information for the year ended 31 December 2019 are an extract from the latest published audited statements and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and include a report of the Auditor, which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

Notes to the Condensed Financial Statements continued

2. IFRS ACCOUNTING POLICIES continued

2.2. Changes in accounting policy and disclosures

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

The following new standard has been published but is not effective for the Company's accounting period beginning on 1 January 2020. The Directors do not expect the adoption of the following new standard to have a significant impact on the financial statements of the Company in future periods.

IFRS 17 "Insurance contracts" applies to insurance contracts, including reinsurance contracts issued by an entity; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. IFRS 17 will be effective for reporting periods beginning on or after 1 January 2023. As IFRS 17 is not relevant to the life settlement market, it is expected that it will have no impact on the Company's financial statements.

2.2.1. Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future (being a period of 12 months from the date these financial statements were approved). Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, liabilities from its assets and the ongoing charges, including annual premiums which are approximately 16% of net assets. Therefore, the financial statements have been prepared on the going concern basis and on the basis that approval as an investment trust will continue to be met.

3. GAINS FROM LIFE SETTLEMENT PORTFOLIOS

	30 June 2020 USD '000	30 June 2019 USD '000	31 December 2019 USD '000
Realised gains:			
Maturities	12,202	33,948	58,725
Acquisition cost of maturities and fair value movement	(3,309)	(6,323)	(17,218)
Sub total	8,893	27,625	41,507
Incurred premiums	(9,667)	(10,966)	(19,355)
Unrealised gains/(losses):			
Fair value adjustments	1,329	(1,055)	1,229
	555	15,604	23,381

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

The amount of premiums incurred during the period is reflected as a deduction of income from life settlement portfolios. The amount of premiums paid in advance amounted to USD 9,552,000 (30 June 2019: USD 11,089,000, 31 December 2019: USD 9,231,000).

Notes to the Condensed Financial Statements continued

4. MANAGEMENT AND PERFORMANCE FEES

	30 June 2020 USD '000	30 June 2019 USD '000	31 December 2019 USD '000
Acheron Capital management fees	855	978	1,852
Performance fees	(647)	2,066	3,285
	208	3,044	5,137

Under an agreement dated 26 March 2018, the Investment Manager is entitled to a management fee payable by the Trust at an annual rate of no more than 1.5% of the Net Asset Value for classes A and B. Previously, until the merger of classes A, D and E on 5 May 2020, an annual rate of no more than 1.5% of the Net Asset Value was payable in respect of classes A, B and D and 2% in respect of class E. Management fees paid during the period amounted to USD 855,000 (30 June 2019: USD 978,000, 31 December 2019: USD 1,852,000).

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

The "Performance Hurdle" is met when (from time to time) the aggregate distributions (in excess of the Catch-Up Amount) made to the holders of the corresponding Ordinary Shares compounded at 3% per annum for classes A and B, and, prior to 5 May 2020, 5% for classes D and E (from the date of each distribution) equal the aggregate investment made by the Ordinary Shares in the Company (from time to time) compounded at 3% and 5% respectively.

The "Catch-Up Amount" is an amount equal to the distributions that would have been required to be made to the Predecessor Company's shareholders of the corresponding share class in order for the Accrued Performance Distributions (less, where applicable, any clawback of such Accrued Performance Distributions) to be paid (determined as at 30 June 2020), reduced by an amount equal to any distributions paid to the Predecessor Company's shareholders of the relevant share class prior to the Acquisition.

5. TAXATION

The Company has an effective UK tax rate of 0% for the year ending 31 December 2020. The estimated effective tax rate is 0% as investment gains are exempt from tax owing to the Company's status as an investment trust and there is expected to be an excess of management expenses over taxable income.

The Company suffers US withholding tax on income received from dividends and interest. The tax credit for the period amounted to USD 16,000.

Withholding tax on matured policies

In accordance with the taxation treaty between the United States of America and the United Kingdom, withholding tax on matured policies is not due if at least 6% of the average capital stock of the main class of Shares is traded during the previous year on a recognised stock exchange. The Board believes that in the year ended 31 December 2019 the Company fulfilled this requirement.

Notes to the Condensed Financial Statements continued

6. RETURN PER SHARE

As stated in Note 9, the share capital of the Company comprises 58,320,157 shares represented by 43,724,059 A Shares and 14,596,098 B Shares. Share Classes D and E were cancelled following the merger of Share Classes A, D and E on 5 May 2020. All Shares are fully paid. Neither unpaid shares nor any kind of option are outstanding, so the basic (loss)/profit per share is also the diluted (loss)/profit per share.

As the different classes of Shares have specific rights in relation to their investments, the net (loss)/profit per share is given for each Share Class:

Six months ended 30 June 2020	Class A	Class B	Class D	Class E
Earnings per share:				
Revenue return (USD '000)	(3,776)	(283)	n/a	n/a
Capital return (USD '000)	1,984	(780)	n/a	n/a
Total return (USD '000)	(1,792)	(1,063)	n/a	n/a
Weighted average number of shares in the period	41,070,674	14,596,098	n/a	n/a
Income return per share (USD)	(0.092)	(0.019)	n/a	n/a
Capital return per share (USD)	0.048	(0.054)	n/a	n/a
Basic and diluted total earnings per share (USD)	(0.044)	(0.073)	n/a	n/a
Six months ended 30 June 2019	Class A	Class B	Class D	Class E
Earnings per share:				
Revenue return (USD '000)	(3,207)	(349)	(391)	(276)
Capital return (USD '000)	11,243	(899)	1,757	1,366
Total return (USD '000)	8,036	(1,248)	1,366	1,090
Weighted average number of shares in the period	45,446,946	14,596,098	9,292,561	1,733,269
Income return per share (USD)	(0.070)	(0.024)	(0.042)	(0.160)
Capital return per share (USD)	0.247	(0.062)	0.189	0.788
Basic and diluted total earnings per share (USD)	0.177	(0.086)	0.147	0.628
Year ended 31 December 2019	Class A	Class B	Class D	Class E
Earnings per share:				
Revenue return (USD '000)	(5,768)	(531)	(632)	(454)
Capital return (USD '000)	15,778	(755)	2,852	2,221
Total return (USD '000)	10,010	(1,286)	2,220	1,767
Weighted average number of shares in the year	42,691,999	14,596,098	9,106,812	1,672,113
Income return per share (USD)	(0.135)	(0.036)	(0.069)	(0.271)
Capital return per share (USD)	0.369	(0.052)	0.313	1.328
Basic and diluted total earnings per share (USD)	0.234	(0.088)	0.244	1.057

Notes to the Condensed Financial Statements continued

7. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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

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

The fair value hierarchy has the following levels:

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

The life settlement portfolios of USD 80,718,000 (30 June 2019: USD 83,798,000, 31 December 2019: USD 78,041,000) are classified as level 3.

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

	30 June 2020 USD '000	30 June 2019 USD '000	31 December 2019 USD '000
Movements of the period are as follows:			
Opening valuation	78,041	89,813	89,813
Acquisitions during the period	58	1,077	1,167
Proceeds from matured policies	(12,202)	(33,948)	(58,725)
Net realised gains on policies	8,893	27,625	41,507
Movements in cash from policy advances	4,599	286	3,050
Movements in unrealised valuation	1,329	(1,055)	1,229
Closing valuation	80,718	83,798	78,041
Detail at period end			
Acquisition value	90,113	104,169	93,364
Unrealised capital gains	5,220	1,607	3,891
Policy advances	(14,615)	(21,978)	(19,214)
Closing valuation	80,718	83,798	78,041

Notes to the Condensed Financial Statements continued

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

Distribution of the portfolio by class of Shares and by type of risk:

30 June 2020	Class A USD '000	Class B USD '000	Class D USD '000	Class E USD '000	Total USD '000
Elderly life insurance					
(non HIV) portfolio	19,996	10,722	-	-	30,718
HIV portfolio	50,000	-	-	-	50,000
Balance as at 30 June 2020	69,996	10,722	-	-	80,718

Fair market value reflects the view of Acheron Capital Limited, the Investment Manager of the trust in which the policies of Class A and B are kept.

30 June 2019	Class A USD '000	Class B USD '000	Class D USD '000	Class E USD '000	Total USD '000
Elderly life insurance					
(non HIV) portfolio	20,715	9,832	5,200	2,757	38,504
HIV portfolio	41,773	-	2,484	1,037	45,294
Balance as at 30 June 2019	62,488	9,832	7,684	3,794	83,798

31 December 2019	Class A USD '000	Class B USD '000	Class D USD '000	Class E USD '000	Total USD '000
Elderly life insurance					
(non HIV) portfolio	15,751	10,739	4,527	1,841	32,858
HIV portfolio	42,380	-	1,916	887	45,183
Balance as at 31 December 2019	58,131	10,739	6,443	2,728	78,041

9. SHARE CAPITAL

At the 30 June 2020, the Company's share capital amounts to USD 583,202 (30 June 2019: USD 710,689, 31 December 2019: USD 648,467), and is represented by 58,320,157 Ordinary Shares of USD 0.01 each. Share Classes D and E were cancelled on 5 May 2020 following the merger of Share Classes A, D and E.

	A Shares USD '000	B Shares USD '000	D Shares USD '000	E Shares USD '000	Total USD '000
Balance as at 31 December 2018	455	146	93	17	711
Buybacks and Tender Offer in year	(56)	-	(5)	(2)	(63)
Balance as at 31 December 2019	399	146	88	15	648
Capital reorganisation 5 May 2020	38	-	(88)	(15)	(65)
Balance as at 30 June 2020	437	146	-	-	583

The issued and fully paid share capital at 30 June 2020 is comprised of 43,724,059 Class A shares and 14,596,098 Class B shares.

Class A and Class B 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. All shares have equal voting rights.

As announced on 4 May 2020, the Company undertook a Capital Reorganisation whereby the shares of Classes D & E were merged into Class A shares. A total of 8,792,561 D shares and 1,566,603 E shares were redesignated as 3,832,668 A shares.

Notes to the Condensed Financial Statements continued

10. SPECIAL RESERVE

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

11. NET ASSETS AND NET ASSET VALUE PER SHARE CLASS

The net asset value (NAV) for each Share class is shown below.

30 June 2020	Class A	Class B	Class D	Class E	Total
Net assets (USD '000)	92,639	13,800	-	-	106,439
Number of shares	43,724,059	14,596,098	-	-	58,320,157
NAV per share (USD)	2.119	0.945	-	-	

30 June 2019	Class A	Class B	Class D	Class E	Total
Net assets (USD '000)	99,687	14,901	12,957	9,336	136,881
Number of shares	45,446,946	14,596,098	9,292,561	1,733,269	71,068,874
NAV per share (USD)	2.194	1.021	1.394	5.386	

31 December 2019	Class A	Class B	Class D	Class E	Total
Net assets (USD '000)	89,108	14,863	7,310	3,512	114,793
Number of shares	39,891,391	14,596,098	8,792,561	1,566,603	64,846,653
NAV per share (USD)	2.234	1.018	0.831	2.242	

12. RELATED PARTY TRANSACTIONS

Related parties to the Company are the members of the Board of Directors of the Company, Compagnie Européenne de Révision S.à r.l. as Administrator who has a member on the Board of Directors and the Trustee of the US trust who is also a member of the Board of Directors.

	30 June 2020 USD '000
Per income statement:	
Trustee fees	62
Compagnie Européenne de Révision S.à r.l.	115
Directors' fees	78
Amounts payable per balance sheet:	
Compagnie Européenne de Révision S.à r.l.	50
Directors' fees	23

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

Shares held by related parties (Directors and companies under their control)

Michael Baines 75,000 B Shares.

13. POST BALANCE SHEET EVENTS

Subsequent to the period end, the Company has declared an interim dividend of 4,5741 cents per Class A Share totalling USD 2.0 million. Further details are given in the Chairman's Statement.

Additional Information



Additional Information

Additional information of exhibits I and II do not form part of the financial statements.

EXHIBIT I (UNAUDITED)

Life Settlement Assets PLC

Class A

Statement of Comprehensive Income for the six months ended 30 June 2020

	Six months ended 30 June 2020 USD '000	Six months ended 30 June 2019 USD '000	Year ended 31 December 2019 USD '000
Income			
Income from life settlement portfolios	399	372	752
Gains from life settlement portfolios	605	12,800	18,091
Other income	6	47	601
Net foreign exchange loss	(6)	(12)	(17)
Total income	1,004	13,207	19,427
Operating expenses			
Investment management fees	53	(2,174)	(3,655)
Other expenses	(2,758)	(2,295)	(4,447)
(Loss)/profit before finance costs and taxation	(1,701)	8,738	11,325
Finance costs			
Interest payable	(615)	(632)	(1,185)
(Loss)/profit before taxation	(2,316)	8,106	10,140
Taxation	16	(70)	(130)
(Loss)/profit for the period	(2,300)	8,036	10,010
Contribution from merger of Share Classes D & E	508	-	-
(Loss)/profit for the period	(1,792)	8,036	10,010

Additional Information continued

Additional information of exhibits I and II do not form part of the financial statements.

EXHIBIT I (UNAUDITED)

Life Settlement Assets PLC

Class A

Statement of Financial Position as at 30 June 2020

	As at 30 June 2020 USD '000	As at 30 June 2019 USD '000	As at 31 December 2019 USD '000
Assets			
Non-current assets			
Financial assets at fair value through profit or loss			
– Life settlement investments	69,996	62,488	58,131
	69,996	62,488	58,131
Current assets			
Maturities receivable	10,569	8,099	2,822
Trade and other receivables	491	702	377
Premiums paid in advance	8,151	7,359	6,536
Cash and cash equivalents	13,096	23,263	23,995
Inter class receivables	208	842	219
	32,515	40,265	33,949
Total assets	102,511	102,753	92,080
Current liabilities			
Other payables	(5,465)	(1,580)	(659)
Provision for performance fees	(4,407)	(1,486)	(2,313)
Total liabilities	(9,872)	(3,066)	(2,972)
Net assets	92,639	99,687	89,108
Represented by			
Capital and reserves			
Share capital	437	455	399
Special reserve	83,501	95,006	82,454
Capital redemption reserve	128	–	56
Capital reserve	26,044	13,132	17,667
Revenue reserve	(17,471)	(8,906)	(11,468)
Total equity attributable to ordinary shareholders of the Company	92,639	99,687	89,108

Additional Information continued

Additional information of exhibits I and II do not form part of the financial statements.

EXHIBIT II (UNAUDITED)

Life Settlement Assets PLC

Class B

Statement of Comprehensive Income for the six months ended 30 June 2020

	Six months ended 30 June 2020 USD '000	Six months ended 30 June 2019 USD '000	Year ended 31 December 2019 USD '000
Income			
Income from life settlement portfolios	6	19	31
Losses from life settlement portfolios	(783)	(899)	(755)
Other income	49	8	116
Total income	(728)	(872)	(608)
Operating expenses			
Investment management fees	(111)	(121)	(242)
Other expenses	(223)	(253)	(432)
Loss before finance costs and taxation	(1,062)	(1,246)	(1,282)
Finance costs			
Interest payable	(1)	(2)	(4)
Loss before taxation	(1,063)	(1,248)	(1,286)
Taxation	-	-	-
Loss for the period	(1,063)	(1,248)	(1,286)

Additional Information continued

Additional information of exhibits I and II do not form part of the financial statements.

EXHIBIT II (UNAUDITED)

Life Settlement Assets PLC

Class B

Statement of Financial Position as at 30 June 2020

	As at 30 June 2020 USD '000	As at 30 June 2019 USD '000	As at 31 December 2019 USD '000
Assets			
Non-current assets			
Financial assets at fair value through profit or loss			
– Life settlement investments	10,722	9,832	10,739
	10,722	9,832	10,739
Current assets			
Maturities receivable	541	1,169	513
Trade and other receivables	109	114	113
Premiums paid in advance	1,401	1,828	1,385
Cash and cash equivalents	1,325	2,781	2,269
	3,376	5,892	4,280
Total assets	14,098	15,724	15,019
Current liabilities			
Other payables	(90)	(482)	(122)
Inter class payables	(208)	(341)	(34)
Total liabilities	(298)	(823)	(156)
Net assets	13,800	14,901	14,863
Represented by			
Capital and reserves			
Share capital	146	146	146
Special reserve	18,458	18,459	18,458
Capital reserve	(3,332)	(2,696)	(2,552)
Revenue reserve	(1,472)	(1,008)	(1,189)
Total equity attributable to ordinary shareholders of the Company	13,800	14,901	14,863

Shareholder Information



Company Information

DIRECTORS

Michael Baines – [Chairman](#)
Christopher Casey
Robert Edelstein
Franck Mathé
Yves Mertz
Guner Turkman

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TRUSTS' INVESTMENT MANAGER

[Acheron Capital Limited](#)
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FINANCIAL CALENDAR

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

LEI: [2138003OL2VBXWG1BZ27](#)

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31 December 2020
April 2021
June 2021
30 June 2020
September 2020
www.lsaplc.com

REGISTERED IN ENGLAND AND WALES WITH COMPANY REGISTRATION NUMBER: **10918785**

Glossary

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

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

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

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

"B Ordinary Shares" means the shares with a nominal value of USD 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 board of directors of the Company.

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

"COI" means cost of insurance.

"Company" means Life Settlement Assets PLC.

"D Ordinary Shares" means the shares with a nominal value of USD 0.01 which were cancelled on 5 May 2020.

"E Ordinary Shares" means the shares with a nominal value of USD 0.01 which were cancelled on 5 May 2020.

"FCA" means the UK Financial Conduct Authority.

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

"Investment Manager" means Acheron Capital Limited.

"Merger" means the A/D/E share Merger on 5 May 2020.

"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;
- b. in relation to a particular Share Class, 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; and
- c. in relation to an Ordinary Share of a particular Share Class, 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 Ordinary Shares of the relevant Share Class then in issue (excluding, for the avoidance of doubt, any Ordinary Shares of that Share Class held in treasury).

"Ordinary Shares" means any class of Ordinary Shares issued from time to time including but not limited to, where the context requires, the A Ordinary Shares and the B Ordinary Shares.

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

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

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

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

"Shareholder" means a holder of Ordinary Shares.

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

"Trusts Merger" means the merger of the four Trusts through which the Company invests in the underlying assets of the Company, which took place on 31 March 2020.



Company Number: 10918785
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