

LIFE SETTLEMENT ASSETS PLC
(the "Company" or "LSA")

LEI: 2138003OL2VBXWG1BZ27

Annual Results Announcement for the year ended 31 December 2020

STRATEGIC REPORT

Introduction

LSA, 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, is pleased to announce its financial results for the year ended 31 December 2020. The annual financial report is being made available to be viewed on the Company's website at <https://www.lsapl.com/investor-relations/company-reports/> and will be submitted to and available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>

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

Corporate objective

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

Core competencies

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

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

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

STRATEGIC ISSUES AND REPORTING

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

Basis of preparation

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

Section 172(1) Statement

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

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

In discharging the s172 duties the Board has regard to the factors set out above, although it should be noted that the Company does not have any employees. It also has regard to other factors where relevant. It is acknowledged that every decision the Board make will not necessarily result in a positive outcome for all stakeholders. By considering the Company's purpose and objectives together with its strategic priorities and having a process in place for decision-making, the Board do, however, aim to make sure that decisions are consistent and predictable.

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

During the year, the Board received information to understand the interests and views of the Company's key stakeholders; Shareholders, the Administrator; Acheron as Investment Manager to the Trust, the Trust responsible for the portfolio of each share class and the Servicing Agents. Mr Edelstein, who was a Director of the Company until 31 December 2020, sits as trustee of the Trust and provides regular updates to the Board. This information was distributed in a range of different formats including reports and presentations on the Company's financial and operational performance, non-financial KPIs, risk and the outcomes of specific engagements with stakeholders. As a result, the Board have received useful feedback which allows them to understand the nature of any stakeholder concerns and to comply with the s172 duty to promote the success of the Company. The Board engages with the key stakeholders in a variety of ways, including the publication of Annual and Half-Yearly Reports and Accounts, monthly fact sheets, announcements of results, information provided on the Company's website and at the Annual General Meeting. Shareholders are invited to contact the Directors at any opportunity either via Acheron or through the Company Secretary.

During the year the Board has considered:

- the distribution of cash through dividends to Shareholders and returned USD 7.5 million across all share classes as shown in Note 17;
- the retention of cash as working capital to meet the payment of ongoing premiums to service the portfolio of life policies;
- the assessment of the valuation of the portfolio during the year including selecting an appropriate discount factor based on research available and the mix of policies in the portfolio;
- the advantages and disadvantages of the proposal to merge share classes A, D and E and concluding that the cost savings, strengthening of ownership of the underlying policies and improvement in the marketability of the Company's shares meant that the proposal should be put to a Shareholder vote at a General Meeting. This was subsequently passed by Shareholders on 28 April 2020;
- the outcomes of meetings with the Trustees and Servicing Agents in the United States to protect the Company's interests in the Life Policies held in the Trust; and
- the impact of the Covid-19 pandemic on the Company's operations, that of its service providers and on the valuation of its portfolio and concluding that the effect was expected to continue to be minimal.

In making this assessment, the Board has noted that it has continued to receive all information as expected and has received confirmation from its service providers that operations are continuing as normal.

Employees

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

Community and Environment

As an investment trust, the Company outsources its activities to third parties, has no offices of its own nor any employees. Where possible, meetings are held electronically to reduce the Company's impact on the environment. The Company has minimal greenhouse gas emissions and is not required to report under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 nor the Streamlined Energy & Carbon Reporting regulations. The Company does not make any political or charitable donations.

Service Providers

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

Investment Strategy

The Company seeks to generate long-term returns for investors by investing in the life settlement market, through both of the separate Share Classes. The Company aims to manage its investment in portfolios of life settlement products so that the realised value of the policy maturities exceeds the aggregate cost of acquiring the policies, ongoing premiums, management fees and other operational costs. The Company's investment Objective and Policy are stated on page 19 of the Annual Report.

Investments and underlying assets

As at 31 December 2020 each Share Class was invested in underlying assets as follows:

- Ordinary A Share Class ("LSAA") invests in life insurance policies acquired from special or "distressed" situations, with exposure to both HIV (average age mid to late 50s) and elderly insureds (average age mid to late 80s). This includes policies acquired from the merger, in April 2020, of share classes D and E with share class A. It is a widely diversified portfolio by gender and the number of lives insured with circa 4,400 underlying policies, and exposure to whole and fractional policies.
- Ordinary B Share Class ("LSAB") invests in life insurance policies exposed only to elderly insureds (average age mid to late 80s) with exposure to whole and fractional policies.

Comparative benchmarks and performance

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

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

The performance of the Company against its key performance indicators is shown below.

Ongoing Charges

The Company's total annual costs (investment management fees and other expenses) are 7.1% (2019: 6.2%) of net assets for the year to 31 December 2020.

Dividends/Distributions

As shown in note 17 during the year the Company paid special dividends to LSAA Shareholders of 10.8411 US cents per share (total USD 4.5 million), LSAD Shareholders of 20.87132 US cents per share (total USD 1.8 million) and LSAE Shareholders of 74.29351 US cents per share (total USD 1.2 million).

Chairman's Statement

I am delighted to present my second Annual Report as Chairman of LSA and your Company's third report since its admission to the London Stock Exchange in March 2018. The last year has been one of many challenges, as the Coronavirus pandemic ("Covid-19") has affected the lives of so many people around the world.

Investment Portfolio Overview

As shown in the financial highlights below, the year to 31 December 2020 proved to be a year of continued development for your Company, as the share and trust structure was simplified.

Set against the background of a global pandemic, investors may be surprised to read that policy maturities were actually lower in 2020 than in the previous 12 months, illustrating how the timing of maturities (which will always be the greatest variable in our financial results) can fluctuate in any one year around the long-term expected mean. Further thoughts on the impact of Covid-19 are addressed in the Investment Manager's Report. However, when the year's results are viewed on an averaged, longer term basis, they show an outcome more consistent with forecast expectations, which is also illustrated by aggregating the 2020 results with maturities achieved in the first quarter of 2021.

Maturities

Maturities totalling USD 22.7 million were received during the year. Since 1 January 2021, maturities totalling USD 16.8 million have been notified to the Company, which is significantly above trend.

Dividends

During the year the Company made distributions to Shareholders by way of special dividends totalling:

- USD 4.5 million (10.8411 US cents per A Share);
- USD 1.8 million (20.87132 US cents per D Share); and
- USD 1.2 million (74.29351 US cents per E share)

as shown in Note 17. No dividends were paid on the B Shares.

NAV

The aggregate year end NAV attributable to all share classes was USD 100.2 million, representing a reduction in NAV of 12.7% during the year. However, after taking into account the distributions made to all Shareholders totalling USD 7.5 million during the year, NAV decreased by 6.2% over the year (the NAV results of each continuing share class are shown in the Company performance tables below). As a result of the maturities received since the year end, the aggregate NAV (on an unaudited basis) has increased by 8.3%.

Further detail is contained in the Investment Manager's Report set out in this Strategic Report below.

Costs

The Company continues to manage its cost base carefully. However, in the year under review the Company incurred costs relating to the structural changes referred to below, and legal expenses incurred in the execution of its ongoing risk management strategy to maintain and, where possible, improve the quality of its investment portfolio. At present the Company is involved in ongoing litigation with the trustee of a portfolio of fractional policies in which class A Shareholders have a beneficial interest. The Company has found it necessary to take action to regulate the performance of that trustee, with a view to ensuring that the value of its investment in that portfolio is protected. The Company is anticipating that this action could be successfully resolved in the course of this financial year.

Independent actuarial valuation

As in previous years, given the nature of its asset base, the Company has engaged Lewis & Ellis Inc. to provide an independent actuarial valuation of the portfolio of interests in life policies, and they have confirmed that the approach taken by our Investment Manager is both accurate and represents fair value. Further details can be found in the Investment Manager's Report.

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. A 2020 industry report showed an 11% increase in policies sold in 2019 compared to the previous year, while the face value of life insurance policies sold in that year increased from USD 3.8 billion to USD 4.4 billion.

It is not yet clear how the long-term nature of the life settlement market may change due to the Covid-19 pandemic and other market forces. In the secondary market there may be an increase in individuals needing to sell policies due to their financial circumstances. Although LSA does not acquire policies directly from individual holders, there may be an increase in supply in the secondary market which might impact valuations.

In addition, given volatility in current world markets, investor interest in having exposure to risk which is not correlated to equity returns may increase.

Funds for Investment

In our Half Year Report published in September 2020 it was confirmed the Company would retain a significant proportion of cash in Class A in order to ensure the Company is in a position to take advantage of any opportunities to consolidate our portfolios of fractional policies with the purchase of additional fractions of those policies. If opportunities currently being pursued by our Investment Manager can be concluded, these will add to the longer-term value of our assets.

Structural Changes

As previously reported, on 31 March 2020, the four trusts through which the Company invests in its underlying assets were merged (the "Trusts Merger") in order to reduce annual operating costs and to reduce operational risks without creating cross liabilities. Following completion of the Trusts Merger the Company's life settlement assets are held by a single continuing trust, namely the Acheron Portfolio Trust. It was also reported in the year that the proposals to merge the share Classes A, D and E were approved by Shareholders, following the publication of a circular seeking that approval on 2 April 2020 (the "Merger").

At that time the Board decided not to propose the merger of Class B, due mainly to the different maturity profile of Class B when compared to Class A. However, after further review the Board has now decided that further benefits to all Shareholders can be derived from merging that class into the existing A shares, resulting in a single class of LSA shares for investors. Accordingly, on 30 April 2021 the Company issued a circular to Shareholders to seek approval to merge share class B with share Class A.

Subject to the approval of the proposed merger and immediately prior to its implementation, the Directors will declare a special dividend payable to B Ordinary Shareholders on the register immediately prior to the date of the Merger of an amount equal to approximately USD 2.6 million (USD 0.18 per B Ordinary Share), which will be payable out of the cash held by the B Ordinary Share Class.

Overall, the Board believes that the ongoing simplification of the Company's share class structure resulting from the Merger will provide both improved liquidity for the holders of the merged share classes and also a clearer investment case for new investors in the future.

Board Changes

Earlier in 2020 it was announced that Franck Mathé would be stepping down at the end of September 2020. Franck has been a strong supporter of the Company and a Board member for many years, and we wish to record our thanks to him for the valuable advice and guidance he has given.

Further changes to the Board were announced in December 2020 when Robert Edelstein and Yves Mertz stepped down. Both Robert and Yves have over many years made a significant contribution to the development of the Company, and they step down from the Board with our gratitude and appreciation. We are delighted that the Company will continue to benefit from their advice through their ongoing positions as service providers to the Company as Trustee and Administrator respectively.

Service Providers

Since the appointment of BDO as Auditors and ISCA Administration Services Limited as Company Secretary in 2019, there have been no further changes to the service providers to the Company during this financial year.

Covid-19

The Board wishes to thank the management and staff of all our service providers, who have continued to serve the Company's interests throughout the year in spite of the challenges imposed by the Covid-19 pandemic, including the changed working environment which has created pressures on individuals and families.

Outlook

As we look ahead, the mortality of the insureds underlying the portfolio of policies held by the Company will continue to be the most significant factor affecting the financial results of the Company. The Trust's Investment Manager has demonstrated a consistent approach to mortality and other assumptions, and the portfolio continues to achieve maturities in line with forecasts. We can also see that the results in any one year may be affected by short term timing factors outside the Board's control, which show a more consistent trend viewed on an averaged, longer term basis.

Your Board remains confident that the Company's shares continue to offer investors an important alternative component in their investment strategy, being uncorrelated from the performance of equities and bonds in the financial markets. The Board believes that the investment opportunity offered by LSA, and the underpinning beneficial effect of its engagement with the life settlement market in the USA, will continue to offer value to Shareholders and the market.

Michael Baines
Chairman
30 April 2021

Company Performance

Performance analysis by Share Class is provided in the tables below

LSAA	As at 31 December 2020	As at 31 December*	Percentage change (%)
Net assets attributable to Shareholders (USD '000)	86,989	99,930	(13.0)
Shares in Issue **	43,724,059	43,724,059	(0.0)
NAV per share (USD)	1.99	2.29	(13.1)
Closing share price (USD) ***	1.90	1.78	6.7
Discount to NAV (%)	(4.5)	(22.2)	17.7
Total Maturities (USD '000)	18,761	55,316	(66.1)
Split of maturities - HIV (USD '000)	7,157	6,561	9.1
- non-HIV (USD '000)	11,604	48,755	(76.2)
Total income from portfolio (USD '000)	808	25,781	(96.9)
(Loss)/profit for year (USD '000)	(5,097)	13,997	(136.4)

* To aid comparison these figures have been restated to include the Class D & E share figures as at 31 December 2019.

** As at 31 December 2019, there were 50,250,555 total shares in issue within Class A, D and E. To aid comparison, the post-merger shares in issue of 43,724,059 has been used for 31 December 2019.

*** The 31 December 2019 closing share price reflects the share price of Class A only.

LSAB	As at 31 December 2020	As at 31 December 2019	Percentage change (%)
Net assets attributable to Shareholders (USD '000)	13,211	14,863	(11.1)
Shares in Issue	14,596,098	14,596,098	-
NAV per share (USD)	0.91	1.02	(10.8)
Closing share price (USD)	0.55	0.63	(12.7)
Discount to NAV (%)	(39.6)	(38.2)	(1.4)
Total Maturities (USD '000)	3,974	3,410	16.5
Split of maturities - HIV (USD '000)	n/a	n/a	-
- non-HIV (USD '000)	3,974	3,410	16.5
Total loss from portfolio (USD '000)	(909)	(608)	(49.5)
Loss for year (USD '000)	(1,652)	(1,286)	(28.5)

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:

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.

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

Running Costs – The Ongoing Charges of the Company for the financial year under review represented 7.1% (2019: 6.2%) of average net assets.

Shareholders should note that this ratio has been calculated in accordance with the Association of Investment Companies' ("AIC") recommended methodology, published in May 2012. This figure

indicates the annual percentage reduction in Shareholder returns as a result of recurring operational expenses. Although the Ongoing Charges figure is based on historic information, it does provide Shareholders with a guide to the level of costs that may be incurred by the Company in the future.

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

Investment Manager's Report

The Life Settlement Market

As with every industry, institution, and society in the world, the life risk markets are still trying to assess the impact of the Covid-19 pandemic. 2020 saw a spike in the US national mortality rate. This increase can be attributed to a variety of factors, among them Covid-19 as well as an ageing population. By far, age is the most significant single predictor of mortality for individuals with Covid-19. A study conducted by the CDC Covid-19 Response Team found the mortality risk for patients over 85 was 100 times greater than for patients between 20 and 44. Most of the life settlements population falls within this highest risk cohort (85+), suggesting the settlements population is highly vulnerable to the disease. Clearly, in addition to age, comorbidities also play a role in an individual's mortality risk to Covid-19. The comorbidities in the study included hypertension, diabetes, cardiovascular disease, chronic respiratory disease, and cancer. Of the included comorbidities, cardiovascular disease had the greatest mortality risk. There is also an obvious correlation as comorbidities tend to accumulate as one gets older.

However, the life settlement industry does not appear to have reported large increases in mortality arising from Covid-19, and possibly the opposite. It might appear surprising at first but there are several possible explanations. To start with, although the very real tragedy about lives lost and the wider impact is played out on the nightly news, the data suggests the survival rate for this disease is extremely high. Current statistics indicate survival rates may be substantially greater than 95% in the general population, and greater than 85% in the age cohorts typically involved in the life settlement market. Moreover, the socioeconomic profile of large face amount policyholders is another factor. Looking at the data, deaths from Covid-19 are mainly those nursing home residents, and more specifically people from less advantaged socioeconomic groups. Lastly and probably correlated to the socioeconomic profile, race and ethnicities seem to have been playing a key differentiating factor not so much in the infection rate but in the related outcomes in the US with hospitalisations around three times more likely and death twice as likely.

In fact, it seems possible that, despite Covid-19, mortality rates, at least in the very short term, may have gone down in the US for some segments, and particularly for the wealthiest (and insured) population.

This would be because a more prudent approach to some risks would have been taken. For instance, it is reported that the flu this year is much subdued, no doubt because of all the measures in place to tackle the pandemic. This could have been particularly significant on immunodeficient populations mortality this year. On the other hand, even though we do not yet understand all the long-term effects Covid-19 will have on the lives insureds, it is not unreasonable to assume that this pandemic, even if not reflected in this year's maturities, may have created some long-term increase in mortality risks, be it because of isolation-induced mental health risks, sequels of the infection on surviving patients, or delayed diagnosis due to an overwhelmed health system.

Portfolio Overview

Policy structure

LSA's current portfolio is subdivided into policies exposed to either HIV policy holders or non-HIV policy holders. For Class A Shareholders, the face value is USD 88 million of policies not exposed to HIV while the face value exposed to HIV is USD 379 million. The face value-weighted average age for the

non-HIV segment is about 89 years. This typically translates into a life expectancy for a normal population of five years for men and six years for women. Class B is not exposed to HIV. The total face value is USD 40 million in the Share Class.

HIV life expectancy is a difficult variable to assess. The current face value-weighted average age of the HIV population is about 61 years old; however actual mortality is typically similar to a population materially older, therefore, life expectancy is significantly lower than their non-HIV peer/age group. Nevertheless, great uncertainties remain, as a 'race' is taking place between the cumulative impact of the retrovirus over time and medical advances.

Premiums

The current total premiums paid in the year under review on LSA's portfolios is some USD 18 million annually across all share classes. For next year, we will retain USD 17 million as a basis for premium projections as premiums are slightly reducing as the policies in the portfolio progressively mature.

The anticipated premiums comprise USD 13.2 million for Class A (USD 6.1 million for HIV policy holders and USD 7.1 million for non-HIV policy holders) and USD 3.8 million for Class B.

Fractional interests

During 2020, investments were made in six small portfolios of fractional interests in policies in which the Company is already a fractional owner for a total cost of USD 0.118 million. Fractional policies are single life insurance policies initially purchased by multiple investors, each of whom acquired a fractional beneficial interest. Fractional beneficial ownership does not confer control of the policy, which is typically retained by a trustee who is required to act for the benefit of all fractional owners. In some cases, in order to protect the interests of the policyholders, action (which may include legal action) may be taken by holders of fractional interests to regulate the performance of the relevant trustee so that opportunities for maximising the value of their investments are taken, including (for example) ensuring the premiums on fractional policies continue to be paid and do not lapse. In the case of certain of its fractional interests, mostly held in the Acheron Portfolio Trust (LSAA), LSA is party to such legal proceedings against a trustee with a view to protecting the value of its investments.

Valuations

The following table provides information on the Company's policies by Share Class and exposure to HIV and non-HIV positive insureds, as at 31 December 2020.

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

LSAA	HIV	Non-HIV	Total
Number of policies	4,281	164	4,445
Total face value (net of loans on policies)	378,669,065	88,055,618	466,724,683
Valuation	49,652,000	18,168,000	67,820,000
Percentage of net face value	13.1%	20.6%	14.5%

LSAB	HIV	Non-HIV	Total
Number of policies	n/a	86	86
Total face value	n/a	40,232,954	40,232,954
Valuation	n/a	9,823,000	9,823,000
Percentage of face value	n/a	24.4%	24.4%

The US actuary, Lewis & Ellis Inc., has provided valuations for all portfolios for the year ended 31 December 2020. The valuations used were derived by adopting an actuarial approach.

A/E ratio trends

Lewis & Ellis performed a study into the actual over expected death ratio ("A/E ratio") for the period 2010-2020, based on historical data of the number of matured insureds. Small improvements to the HIV mortality assumptions were made based on 2012-2020 A/E ratio. HIV figures from 2010 and 2011 were removed as the A/E ratios were significantly higher, resulting in a more representative and conservative set of estimates for the future. As a result, both HIV and non-HIV segments reached long-term A/E ratio of circa 100% as shown as is shown in the graphs on page 16 of the Annual Report. In addition, none of the life expectancies ("LEs") from medical underwriters were used in the 2020 valuation. The impact from the end-of-year revaluation is USD -0.6 million in Class A and minimal in Class B. This is consistent with our internal estimations across both share classes.

Maturities

In the year to 31 December 2020, the following maturities were declared:

Maturities (USD)	Class A	Class B
HIV	7,157,000	n/a
Non-HIV	9,712,000	3,974,000
Total	16,869,000	3,974,000

In addition, maturities of USD 1,308,000 and USD 584,000, all of which were non-HIV, were received by Share Classes D and E before the merger with Class A.

The resulting A/E performance was:

A/E*	All classes
HIV	81%
Non-HIV	71%

*in the number of lives, from Lewis & Ellis Inc 2020 reports

A/E*	Class A	Class B
HIV	91%	n/a
Non-HIV	81%	64%

*in dollar amount, compared to the projection from Lewis & Ellis Inc 2019 reports

In relation to these maturities during the year, the non-HIV A/E ratio achieved across the share classes in the number of lives is 71%. The non-HIV A/E ratio in monetary terms is 81% in Class A and 64% in Class B. The non-HIV sub-performance, especially in a year impacted by the Covid-19 pandemic, has been a surprise given the advanced age of the insureds. However, trends such as this can recur for the reasons as outlined as above and may reverse over time.

The ongoing reduction in the size of our non-HIV portfolio in Class B means the maturities will be more irregular as there are only 86 policies in Share Class B. In addition, one insured may have several policies in the portfolio. This increasing concentration means that results are more difficult to predict.

On the other hand, the HIV segment performed under expectation by 19% in the number of lives or 9% in monetary terms in the year under review. The HIV mortality rate in the year under review is indeed the lowest compared to the previous 10 years. However, we have been notified of 20 HIV maturities of 17 insureds for January and February 2021. This is much higher than the 2020 monthly average of 8 HIV maturities or 6 insureds, possibly indicating a return to the mean trend.

Post-reporting date events

In early 2021, the Company was notified of results relating to a number of large non-HIV maturities. These maturities have a total face value of around USD 14.0 million for the benefit of Class A and USD 2.8 million for the benefit of Class B. The impact on the NAV of the Share Class at 28 February 2021 was +6.8% in Class A and +17.8% in Class B. The maturities represent the bulk of the non-HIV maturities projection for 2021. They also exceed the class A total non-HIV maturities received in 2020.

Company Structure

In April 2020, the original Class D and Class E Ordinary Shares were merged into the Class A Ordinary Shares and the assets and liabilities attributable to Classes D and E Ordinary Shares were attributed to the resulting enlarged group of Class A Ordinary Shareholders. Merging the relatively small D and E Ordinary Share Classes provided a helpful simplification of the Company's structure. Also, the A Ordinary Shareholders will now benefit from improved cash flows projections over the next few years and a reduced focus on HIV-related maturities arising from the inclusion of the D and E Ordinary Share Class portfolios.

As stated in the Chairman's Statement, on 30 April 2021, the Company issued a circular to seek Shareholder approval for a merger of the Class B Ordinary Shares with the Class A Ordinary Shares, creating a more efficient portfolio.

Going forward

In the next few years, the non-HIV portfolio will mature much faster than the HIV portfolio which will leave the shares predominantly invested in HIV policies. We will continue to follow the recent research on mortality in general and on long-term HIV patients in particular. The HIV mortality in the portfolio will be the most significant factor that will affect the financial outcome of the Company in the future. This will directly affect cashflow, not only in terms of the maturities level, but also in terms of premiums paid. Other factors, such as unexpected premium change or discount rate, would also have effect on cashflow, and, within a reasonable range, some effect on valuation.

Acheron Capital
30 April 2021

Overview of Strategy and Investment Policy

Investment Objective

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

Investment Policy

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

A Ordinary Share Class (LSAA)

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

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

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

B Ordinary Share Class (LSAB)

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

The Company met this Investment Policy by acquiring the entire beneficial interest in the Lorenzo Tonti 2006 Portfolio Trust from the Predecessor Company shortly after Admission.

Source of Policies

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

Further acquisitions

The Company has previously announced that it intends to retain a larger proportion of cash receipts from policy maturities in order to be in a position to fund potential investment opportunities through the acquisition and consolidation of the remaining fractions or participations of certain of the US trusts and conservatorships in which the Company was already indirectly invested. These opportunities are expected to arise over the forthcoming years as a result of the ageing (and therefore reducing size) of the underlying portfolios in which the Company was invested and as a result of the Investment Manager's proactive steps to protect and maximise the value of the assets. Accordingly, as surplus cash accumulates from policy maturities, the Board will carefully balance the amount that should be distributed to Shareholders and that which should be retained to fund future potential investment opportunities.

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

Investment Controls

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

Hedging and use of derivatives

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

Dividend Policy

The Company has no stated dividend target. The Company aims to distribute a substantial portion of its funds derived from its operations 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.

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

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

Borrowing

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

Policy Advances

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

Cash Management

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

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

Corporate and Operational Structure

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

- the Company's investment policy which determines the diversity of the Company's portfolio. The Board sets limits and restrictions with the aim of reducing risk and maximising returns; and
- the appointment, amendment or removal of the Company's third-party service providers; and ensuring an effective system of oversight over the Company's risk management and corporate governance.

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

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

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

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

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

- *The Trustee:* The Trustee of the Acheron Portfolio Trust is Dr Robert Edelstein who served as a Director of the Company until his retirement on 31 December 2020. Robert will continue in his role as Trustee and will advise the Board directly as required.

- *The Registrar:* With effect from 26 March 2021, The City Partnership (UK) Limited was appointed as the Company's Registrar.

- *Administrator:* Compagnie Européenne de Révision Sàrl has been the Administrator to the Company since its formation and was also the Administrator to the predecessor company.

- *Company Secretary:* ISCA Administration Services Limited was appointed as Company Secretary in December 2019.

- *Tracking and Servicing Agents:* The Trust has appointed a Tracking and Servicing Agent to assess on a regular basis if Consenting Individuals have passed away. If Consenting Individuals have passed away the Tracking and Servicing Agent obtains respective death certificates and ensures that they are delivered to the insurance company that issued the relevant Policy so that applicable death benefits can be claimed. The Trust has entered into a servicing agreement with the Tracking and Servicing Agent detailing the services the Tracking and Servicing Agent will provide. As at the date of this Report, Litai Assets LLC, Fort Lauderdale and the Asset Servicing Group, Oklahoma City, have both been appointed by the Trust to service life settlement policy interests owned by the Trust.

- *Actuary*: The Company engages an actuary 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.

Principal Risks

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

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

Risk	Mitigation
<i>Mortality risk</i> Changes in mortality rates may adversely affect the performance of the Policies held by the Company in respect of a Share Class.	The Investment Manager regularly assesses mortality rates based on available information.
<i>Premium management risk</i> Unanticipated volatility in mortality rates makes liquidity management of premium reserves difficult, as the Company (or the Trust) need to be able to meet premiums and costs at all times. Failure to pay a premium may result in the relevant Policy lapsing and the Company being unable to receive insured sums as a result.	Management monitors cash on an ongoing basis in accordance with the practice and limits set by the Board.
<i>Volatility risk</i> 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.	The Investment Manager seeks to ensure a diversified portfolio of policies.
<i>Fractional premium risk</i> The other parties in a fractional policy may not renew the premium leading to the policy lapsing.	The Investment Manager regularly has first refusal in this event and will decide whether a policy is worth retaining or whether it should be allowed to lapse. If it is considered the policy should be retained, the Company will pay the premium that remains unpaid by the other party. The Company is under no obligation to pay for a policy which it considers is uneconomic.
<i>Fractional Ownership Risk</i> Ownership of fractional policies in the US lies with external trustees who act on behalf of the underlying beneficiaries. Any breakdown in the working relationship between the trustee and beneficiary could jeopardise the interests of the beneficiary.	<p>Close monitoring of the operational procedures of the trustee to ensure payments are made when due.</p> <p>Being prepared to take legal action to defend our beneficial interests, as we are currently doing and as more fully discussed in the Chairman's Statement.</p> <p>Ensuring sufficient cash is held along with the ability to utilise policy loans to ensure beneficial interests not already owned could be purchased if offered for sale by the trustee.</p>

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

	should such counterparty continually or materially breach any of their legislative obligations, or their obligations to the Company more broadly. Additionally, each of the counterparties is subject to regular performance and compliance monitoring by the Investment Manager, as appropriate to their function, to ensure that they are acting in accordance with applicable regulations and are aware of any upcoming regulatory changes which may affect the Company.
<p>Counterparty risk If an insurance company that has issued a Policy in which the Company invests defaults, the Company may not receive one or more payments owing to it.</p>	Insurance companies are required to separate their operations between General Insurance and Life Insurance, meaning the effect on the assets and the risk on Life Settlement policies would be ring-fenced in the event of significant business difficulties. The HIV policies are protected by a State Guarantee up to USD150k-USD200k per policy which covers a significant proportion of these policies. Non-HIV policies tend to be of a higher value than that covered by the State Guarantee and involve some risk, but the insurance industry spreads their risk through re-insurance in many asset backed companies across the world.

Other risks specific to the Company

As described on pages 36 and 37 of the Annual Report, the Board and Audit Committee have an ongoing process of monitoring and reviewing risks and internal controls. The principal risks and mitigations are highlighted above.

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

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

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

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

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

to the Company, or to carry out its obligations to the Company in accordance with the terms of its appointment, could have a material adverse effect on the Company's operations and its ability to meet its investment objective.

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

For a detailed description of the Company's financial risks, please refer to Note 4 of the Annual Report.

Viability Statement and Other Disclosures

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

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

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

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

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

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

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

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

The Company's portfolio consists primarily of U.S. investments, accordingly, the Company believes that the UK's withdrawal from the European Union on 31 December 2020 will not materially affect the prospects for the Company, but the Board will continue to keep developments under review.

In assessing the viability of the Company, the Board has fully considered the risks of the current Covid-19 pandemic and the effect any additional maturities may have on insurance companies within the Life Settlement Market. The potential risk to the Company and the mitigation is shown above under Counterparty risk. The Board has considered the position of the Company in the unlikely event that maturities are not paid out in full. Over the last year the Company has returned cash received from large maturities to Shareholders in the form of dividends. It should be noted that such payments are not fixed and are at the Board's discretion based on the cash available at the time.

The Board have concluded that the effect of the current pandemic on the Company's asset valuation and its ability to service those assets through the payment of premiums is likely to be minimal.

Donations

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

Environment, human rights, employee, social and community issues

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

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

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

Modern Slavery Act

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

Approval

The Strategic Report was approved by the Board of Directors on 30 April 2021 and signed on its behalf by:

Michael Baines

30 April 2021

GOVERNANCE

Extract from Report of the Directors

Share Capital

Following Shareholder approval at the general meeting and class meetings held on 28 April 2020, the Company converted 2,700,812 D Ordinary shares and 1,131,856 E Ordinary shares into 3,832,668 A Ordinary shares. The remaining 6,526,496 D and E shares were re-designated Deferred Shares and subsequently cancelled. At the year-end there were 43,724,059 A Ordinary Shares of \$0.01 each and 14,596,098 B Ordinary Shares of \$0.01 each. All shares are listed on the Specialist Fund Segment of the main market of the London Stock Exchange.

Going Concern

The Financial Statements of the Company have been prepared on a going concern basis. The forecast projections and actual performance are reviewed on a regular basis throughout the period. In assessing the Company's ability to continue as a going concern the Board has fully considered the effect of the current pandemic. Further details are shown in the Viability Statement above. The Directors believe that this is appropriate to prepare the Financial Statements on a going concern basis and that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of the approval of the Financial Statements. The Company is able to meet, from its assets, all of its liabilities including annual premiums and its ongoing charges.

The full Annual Report and Accounts contains the following statement regarding responsibility for the Financial Statements:

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Financial Statements in accordance with International Accounting Standards and in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006 and, as regards the Financial Statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Website publication

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

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

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

Michael Baines
Chairman

30 April 2021

NON-STATUTORY ACCOUNTS

The financial information set out below does not constitute the Company's statutory accounts for the years ended 31 December 2020 or 31 December 2019 but is derived from those accounts. Statutory accounts for the year ended 31 December 2019 have been delivered to the Registrar of Companies and statutory accounts for the year ended 31 December 2020 will be delivered to the Registrar of Companies in due course. The Auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The text of the Auditor's reports can be found in the Company's full Annual Report and Accounts at www.lsapl.com

Life Settlement Assets PLC
Statement of Comprehensive Income
for the year ended 31 December 2020

		2020			2019		
	Notes	Revenue USD'000	Capital USD'000	Total USD'000	Revenue USD'000	Capital USD'000	Total USD'000
Income							
(Losses)/gains from life settlement portfolios	4						
Realised gains							
Maturities		-	22,735	22,735	-	58,725	58,725
Acquisition cost of maturities and fair value movement		-	(6,361)	(6,361)	-	(17,218)	(17,218)
Sub total		-	16,374	16,374	-	41,507	41,507
Incurred premiums paid in year on all policies		-	(18,421)	(18,421)	-	(19,355)	(19,355)
Unrealised gains							
Fair value adjustments		-	1,091	1,091	-	1,229	1,229
Income from life settlement portfolios	5	809	-	809	868	-	868
Other income	6	58	-	58	941	-	941
Net foreign exchange loss		(12)	-	(12)	(17)	-	(17)
Total income/(expense)		855	(956)	(101)	1,792	23,381	25,173
Operating expenses							
Investment management fees	7	(1,674)	1,847	173	(1,852)	(3,285)	(5,137)
Other expenses		(5,873)	-	(5,873)	(5,994)	-	(5,994)
(Loss)/profit before finance costs and taxation		(6,692)	891	(5,801)	(6,054)	20,096	14,042
Finance costs							
Interest payable		(964)	-	(964)	(1,201)	-	(1,201)
(Loss)/profit before taxation		(7,656)	891	(6,765)	(7,255)	20,096	12,841
Taxation	8	16	-	16	(130)	-	(130)
(Loss)/profit for the year		(7,640)	891	(6,749)	(7,385)	20,096	12,711
Basic and diluted returns per share *							
		(USD)	(USD)	(USD)	(USD)	(USD)	(USD)
Return per class A share	9	(0.164)	0.044	(0.120)	(0.128)	0.390	0.262
Return per class B share	9	(0.047)	(0.066)	(0.113)	(0.036)	(0.052)	(0.088)

*The returns per share for the previous year have been restated to reflect the merger of share classes A, D and E.

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 year and therefore the loss for the year is also the total comprehensive loss for the year.

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

The notes form part of these Financial Statements.

Life Settlement Assets PLC
Statement of Financial Position
as at 31 December 2020

	Note	2020 USD'000	2019 USD'000
Non-current assets			
Financial assets at fair value through profit or loss			
- Life settlement investments	10,11	77,643	78,041
		77,643	78,041
Current assets			
Maturities receivable		9,278	3,867
Trade and other receivables		451	697
Premiums paid in advance		8,354	9,231
Cash and cash equivalents		5,825	28,992
		23,908	42,787
Total assets		101,551	120,828
Current liabilities			
Other payables		(1,012)	(981)
Provision for performance fees	12	(339)	(5,054)
Total liabilities		(1,351)	(6,035)
Net assets		100,200	114,793
Represented by			
Capital and reserves			
Share capital		583	648
Special reserve		99,614	107,458
Capital redemption reserve		128	63
Capital reserve		22,401	21,510
Revenue reserve		(22,526)	(14,886)
Total equity attributable to ordinary Shareholders of the Company		100,200	114,793

Net Asset Value per share basic and diluted

Class A shares USD	13	1.99	2.23
Class B shares USD	13	0.91	1.02
Class D shares USD	13	n/a	0.83
Class E shares USD	13	n/a	2.24

These financial statements were approved by the Board of Directors on 30 April 2021 and signed on its behalf by:

Michael Baines, Chairman

Registered in England and Wales with Company Registration number: 10918785

The notes form part of these Financial Statements.

**Statement of Changes in Equity
for the year ended 31 December 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
Balance as at 31 December 2019	648	-	107,458	63	21,510	(14,886)	114,793
Comprehensive loss for the year	-	-	-	-	891	(7,640)	(6,749)
Contributions by and distributions to owners							
Merger D & E classes	(65)	-	-	65	-	-	-
Cost of D & E share class merger	-	-	(345)	-	-	-	(345)
Dividends paid in year	-	-	(7,499)	-	-	-	(7,499)
Balance as at 31 December 2020	583	-	99,614	128	22,401	(22,526)	100,200
Of which:							
Realised gains					20,901		
Unrealised gains					1,500		
	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
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 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 form part of these Financial Statements.

Life Settlement Assets PLC
Cash Flow Statement
for the year ended 31 December 2020

	Note	2020 USD'000	2019 USD'000
Cash flow (used in) / generated from operating activities			
(Loss)/profit for the year		(6,749)	12,711
Non-cash adjustment			
- movement on portfolios		5,269	15,989
- value adjustment on shares in subsidiary		-	(360)
Investment in life settlement portfolios	11	(118)	(1,167)
Movements in "policy advances"	11	(4,753)	(3,050)
Changes in operating assets and liabilities			
Changes in maturities receivables		(5,411)	13,930
Changes in trade and other receivables		246	243
Changes in premiums paid in advance		877	4,097
Changes in other payables		31	(1,034)
Changes in performance provision		(4,715)	2,241
Changes in liabilities to subsidiary		-	360
Net cash (outflows)/inflows used in/ generated from operating activities		(15,323)	43,960
Cash flow from financing activities			
Dividends paid	17	(7,499)	(14,500)
Costs of D & E class merger		(345)	-
Tender offer and share buybacks for cancellation		-	(11,055)
Net cash flows used in financing activities		(7,844)	(25,555)
Net (decrease)/increase in cash and cash equivalents		(23,167)	18,405
Cash balance at the beginning of the year		28,992	10,587
Cash balance at the end of the year		5,825	28,992

Included in cash flow used in operating activities is interest paid, USD 964,000 (2019: USD 1,201,000); dividends and interest received, USD 819,000 (2019: USD 887,000).

The notes form part of these Financial Statements.

**Notes to the Financial Statements
for the year ended 31 December 2020**

1. GENERAL INFORMATION

Life Settlement Assets PLC (“Life Settlement Assets” or the “Company”) is a public company limited by shares and an investment company under section 833 of the Companies Act 2006. It was incorporated in England and Wales on 16 August 2017 with a registration number of 10918785. The registered office of the Company is 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.

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

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

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

The D Ordinary Share Class and E Ordinary Share Class were merged into the A Ordinary Share class on 30 April 2020.

Statement of compliance with IFRS

The Company’s Financial Statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 International Accounting Standards.

2. IFRS ACCOUNTING POLICIES

2.1 Basis of preparation

The Financial Statements have been prepared using the accounting policies specified below and in accordance with IFRS that are in effect at the end of the reporting period or which have been adopted early. The Financial Statements have been prepared on a going concern basis under the historical cost convention except for the measurement at fair value of investments held at fair value through profit or loss. The going concern statement can be found in the Strategic Report above. The Company's activities, together with the material risk factors likely to affect its future development and performance, as well as the Board of Directors' "Viability Statement" are set out in the Strategic Report above. The Board have fully considered the impact of the Covid-19 pandemic in making this assessment.

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, amended standard or interpretation to have a significant impact on the Financial Statements of the Company in future periods.

IFRS 17 "Insurance contracts" applies to insurance contracts, including re-insurance contracts issued by an entity; re-insurance 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 IFRS 17 will have no impact on the Company's Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, all of which have been applied consistently throughout the year, are set out on pages 61 to 65 of the Annual Report.

4.(LOSSES)/GAINS FROM LIFE SETTLEMENT PORTFOLIOS

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

The amount of premiums incurred during the year is reflected as a deduction of income from life settlement portfolios. The amount of premiums paid in advance amounted to USD 8,354,000 (2019: USD 9,231,000) as at 31 December 2020.

5. INCOME FROM LIFE SETTLEMENT PORTFOLIOS

	31 December 2020 USD'000	31 December 2019 USD'000
Dividends	433	339
Interest	376	529
	809	868

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

6. OTHER INCOME

Other income comprises:

	31 December 2020	31 December 2019
	USD'000	USD'000
Other operating income	49	923
Interest income	9	18
	58	941

Other operating income mainly refers to reversal of accrued expenses made by the Predecessor Company and where incurred expenses by the Company were lower.

7. MANAGEMENT FEES AND PERFORMANCE FEES

	31 December 2020	31 December 2019
	USD'000	USD'000
Acheron Capital management fees	1,674	1,852
Performance fees	(1,847)	3,285
	(173)	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 and 1.5% and 2% for class D and E respectively until the date of the merger on 30 April 2020. Management fees paid during the year amounted to USD 1,674,000 (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 30 April 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 31 December 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.

The accrued performance fees (Note 12) include an amount of USD 339,000 (2019: USD 2,813,000) assumed from the Predecessor Company. The performance fee provision has been reduced by USD 1,847,000 in relation to the performance of the portfolio for the year ended 31 December 2020 and reduced by the performance fee paid of USD 2,868,000.

8. TAXATION

	31 December 2020	31 December 2019
	USD'000	USD'000
(Loss)/ profit before taxation	(6,765)	12,841
Theoretical tax at UK Corporation Tax rate of 19% (2019: 19%)	(1,285)	2,440
Effects of:		
Non-taxable capital loss/(gain)	182	(4,442)
Disallowable expenses	-	68
US withholding tax (recovered)/suffered	(16)	130
Excess management expenses and tax losses carried forward	1,103	1,934
	(16)	130

As at 31 December 2020, the Company has tax losses and excess management expenses of USD 22,665,000 (2019: USD 16,861,000) that are available to offset future taxable profits. A deferred tax asset has not been recognised in respect of those losses as due to the Company's status as an investment trust it is not expected to generate taxable income in the future against which such losses can be utilised.

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

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

Withholding tax on matured policies

In accordance with the taxation treaty between the United States of America and the United Kingdom, withholding tax on matured policies is not due if at least 6% of the average capital stock of the main class of Shares is traded during the previous year on a recognised stock exchange. The Board believes that in the period ended 31 December 2020 the Company fulfilled this requirement.

9. RETURN PER SHARE

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

2020	Class A	Class B
Earnings per share:		
Revenue return (USD'000)	(6,960)	(680)
Capital return (USD'000)	1,863	(972)
Total return (USD'000)	(5,097)	(1,652)
Weighted average number of shares during the year	42,404,616	14,596,098
Income return per share (USD)	(0.164)	(0.047)
Capital return per share (USD)	0.044	(0.066)
Basic and diluted total earnings per share (USD)	(0.120)	(0.113)

2019	Class A*	Class B
Earnings per share:		
Revenue return (USD'000)	(6,854)	(531)
Capital return (USD'000)	20,851	(755)
Total return (USD'000)	13,997	(1,286)
Weighted average number of shares during the year	53,470,924	14,596,098
Income return per share (USD)	(0.128)	(0.036)
Capital return per share (USD)	0.390	(0.052)
Basic and diluted total earnings per share (USD)	0.262	(0.088)

* Restated to reflect the merger of share classes D and E with share class A

10. 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 77,643,000 (2019: USD 78,041,000) are classified as level 3. At the year end, these portfolios were valued by the external actuaries using an actuarial model as discussed in Note 14 on pages 73 and 74 of the Annual Report.

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

	31 December 2020 USD'000	31 December 2019 USD'000
Movements of the year are as follows:		
Opening valuation	78,041	89,813
Acquisitions during the year	118	1,167
Proceeds from matured policies	(22,735)	(58,725)
Net realised gains on policies	16,375	41,507
Movements in cash from policy loans	4,753	3,050
Movements in unrealised valuation	1,091	1,229
Closing valuation	77,643	78,041
Detail at year end:		
Acquisition value	90,604	93,364
Unrealised capital gains	1,500	3,891
Policy advances	(14,461)	(19,214)
Closing valuation	77,643	78,041

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

	Class A	Class B	Class D	Class E	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Elderly life insurance (non HIV) portfolio	18,168	9,823	n/a	n/a	27,991
HIV portfolio	49,652	-	n/a	n/a	49,652
Balance at 31 December 2020	67,820	9,823	n/a	n/a	77,643

	Class A	Class B	Class D	Class E	Total
	USD'000	USD'000	USD'000	USD'000	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 at 31 December 2019	58,131	10,739	6,443	2,728	78,041

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

12. PROVISION FOR PERFORMANCE FEES

	31 December 2020	31 December 2019
	USD'000	USD'000
Provision brought forward	5,054	2,813
(Reduction)/increase in provision during the year (Note 7)	(1,847)	3,285
Performance fee paid during the year	(2,868)	(1,044)
Provision at the year end	339	5,054

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

- a crystallisation event as set out in the Investment Management Agreement occurs; or
- distributions to Shareholders exceed the Performance Hurdle as described in Note 7.

As a result, the Performance fee has been treated as a current liability.

The merger of class D and E shares with class A shares in April 2020 was a crystallisation event as set out in the Investment Manager Agreement and, as such, the performance fees for class D and E became payable. As a result, performance fees of USD 2,868,000 (class D: USD 1,944,000 and class E: USD 924,000) were paid in the year.

13. NET ASSETS AND NET ASSET VALUE PER CLASS OF SHARES

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

31 December 2020	Class A	Class B	Class D	Class E	Total
Net assets (USD'000)	86,989	13,211	-	-	100,200
Number of shares	43,724,059	14,596,098	-	-	58,320,157
NAV per share (USD)	1.99	0.91	-	-	

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)	2.23	1.02	0.83	2.24	

14. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At the year end, the Company has no (2019: nil) capital commitments in respect of life settlement portfolios. Life settlements portfolios do require continued payments of insurance premiums unless the Company decides not to renew the policies.

15. RELATED PARTY TRANSACTIONS

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

	31 December 2020 USD'000	31 December 2019 USD'000
Per income statement:		
Trustee fees*	143	124
Compagnie Européenne de Révision S.à r.l.	222	220
Directors' fees*	158	203
Amounts payable per balance sheet:		
Compagnie Européenne de Révision S.à r.l.	86	85
Directors' fees	30	45

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

* Includes within the total non-recurring fees comprising USD nil (2019: USD 50,000) in relation to Trustee fees and USD nil (2019: USD 64,000) in relation to Directors' fees

16. POST BALANCE SHEET EVENTS

On 30 April 2021, the Board issued a Circular proposing the merger of share classes A and B into one share class, subject to Shareholder approval at the class meetings on 26 May 2021. Full details of the proposed merger and the reasons behind it are included in the Circular.

17. DIVIDENDS

The Company has paid the following dividends during the year:

	2020 USD'000
Special capital dividend of 6.267 cents per A share paid on 3 April 2020	2,500
Special capital dividend of 15.922 cents per D share paid on 3 April 2020	1,400
Special capital dividend of 38.299 cents per E share paid on 3 April 2020	600
Special capital dividend of 4.94932 cents per D share paid on 30 June 2020	435
Special capital dividend of 35.99451 cents per E share paid on 30 June 2020	564
Special capital dividend of 4.5741 cents per A share paid on 29 October 2020	2,000
	7,499

	2019 USD'000
Special capital dividend of 5.50 cents per A share	2,500
Special capital dividend of 37.66 cents per D share	3,500
Special capital dividend of 28.43 cents per D share	2,500
Special capital dividend of 259.62 cents per E share	4,500
Special capital dividend of 95.75 cents per E share	1,500
	<u>14,500</u>

No final dividend in respect of the year ended 31 December 2020 will be paid.

18. STATUTORY INFORMATION

These are not full accounts in terms of section 434 of the Companies Act 2006. The Annual Report for the year to 31 December 2020 will be sent to Shareholders shortly and will then be available for inspection at Suite 8, Bridge House, Courtenay Street, Newton Abbot TQ12 2QS, the office of the Company Secretary. Copies of the Annual Report will shortly be available on the Company's website, www.lsapl.com. Statutory accounts will be delivered to the Registrar of Companies after the Annual General Meeting. The audited accounts for the year ended 31 December 2019 contain an unqualified audit report.

19. ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Wednesday, 16 June 2021 at 11.30 a.m. at the offices of ISCA Administration Services Limited, Suite 8, Bridge House Courtenay Street, Newton Abbot, Devon TQ12 2QS.

ADDITIONAL INFORMATION

Additional information of exhibits I to IV do not form part of the Financial Statements.

EXHIBIT I (unaudited) Life Settlement Assets PLC Class A

Statement of Comprehensive Income for the year ended 31 December 2020

	2020			2019		
	Revenue USD'000	Capital USD'000	Total USD'000	Revenue USD'000	Capital USD'000	Total USD'000
Income						
Income from life settlement portfolios	750	-	750	752	-	752
(Losses)/gains from life settlement portfolios	-	(716)	(716)	-	18,091	18,091
Other income	9	-	9	601	-	601
Net foreign exchange loss	(12)	-	(12)	(17)	-	(17)
Total income	747	(716)	31	1,336	18,091	19,427
Operating expenses						
Investment management fees	(1,428)	1,974	546	(1,342)	(2,313)	(3,655)
Other expenses	(5,235)	-	(5,235)	(4,447)	-	(4,447)
(Loss)/profit before finance costs and taxation	(5,916)	1,258	(4,658)	(4,453)	15,778	11,325
Finance costs						
Interest payable	(961)	-	(961)	(1,185)	-	(1,185)
(Loss)/profit before taxation	(6,877)	1,258	(5,619)	(5,638)	15,778	10,140
Taxation	16	-	16	(130)	-	(130)
(Loss)/profit for the year	(6,861)	1,258	(5,603)	(5,768)	15,778	10,010

Transferred from Class D shares on merger	(60)	454	394	-	-	-
Transferred from Class E shares on merger	(39)	151	112	-	-	-
(Loss)/profit for the year	(6,960)	1,863	(5,097)	(5,768)	15,778	10,010

Additional information of exhibits I to IV do not form part of the Financial Statements.

EXHIBIT I (unaudited)
Life Settlement Assets PLC
Class A
Statement of Financial Position as at 31 December 2020

	2020 USD'000	2019 USD'000
Assets		
Non-current assets		
Financial assets at fair value through profit or loss		
- Life settlement investments	67,820	58,131
	67,820	58,131
Current assets		
Maturities receivable	6,713	2,822
Trade and other receivables	387	377
Premiums paid in advance	7,338	6,536
Cash and cash equivalents	3,269	23,995
Inter class receivables	2,640	219
	20,347	33,949
Total assets	88,167	92,080
Current liabilities		
Other payables	(839)	(659)
Provision for performance fees	(339)	(2,313)
Total liabilities	(1,178)	(2,972)
Net Assets	86,989	89,108
Represented by		
Capital and reserves		
Share capital	437	399
Special reserve	81,156	82,454
Capital redemption reserve	128	56
Capital reserve	25,925	17,667
Revenue reserve	(20,657)	(11,468)
Total equity attributable to ordinary Shareholders of the Company	86,989	89,108

Additional information of exhibits I to IV do not form part of the Financial Statements.

EXHIBIT II (unaudited)
Life Settlement Assets PLC
Class B
Statement of Comprehensive Income for the year ended 31 December 2020

	2020			2019		
	Revenue	Capital	Total	Revenue	Capital	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Income						
Income from life settlement portfolios	14	-	14	31	-	31
Losses from life settlement portfolios	-	(972)	(972)	-	(755)	(755)
Other income	49	-	49	116	-	116
Total income	63	(972)	(909)	147	(755)	(608)
Operating expenses						
Investment management fees	(223)	-	(223)	(242)	-	(242)
Other expenses	(518)	-	(518)	(432)	-	(432)
Loss before finance costs and taxation	(678)	(972)	(1,650)	(527)	(755)	(1,282)
Finance costs						
Interest payable	(2)	-	(2)	(4)	-	(4)
Loss before taxation	(680)	(972)	(1,652)	(531)	(755)	(1,286)
Taxation	-	-	-	-	-	-
Loss for the year	(680)	(972)	(1,652)	(531)	(755)	(1,286)

Additional information of exhibits I to IV do not form part of the Financial Statements.

EXHIBIT II (unaudited)
Life Settlement Assets PLC
Class B
Statement of Financial Position as at 31 December 2020

	2020	2019
	USD'000	USD'000
Assets		
Non-current assets		
Financial assets at fair value through profit or loss		
- Life settlement investments	9,823	10,739
	9,823	10,739
Current assets		
Maturities receivable	2,565	513
Trade and other receivables	64	113
Premiums paid in advance	1,016	1,385
Cash and cash equivalents	2,556	2,269
	6,201	4,280
Total assets	16,024	15,019
Current liabilities		
Other payables	(173)	(122)
Inter class payables	(2,640)	(34)
Total liabilities	(2,813)	(156)
Net assets	13,211	14,863

Represented by
Capital and reserves

Share capital	146	146
Special reserve	18,458	18,458
Capital reserve	(3,524)	(2,552)
Revenue reserve	(1,869)	(1,189)
Total equity attributable to ordinary Shareholders of the Company	13,211	14,863

Additional information of exhibits I to IV do not form part of the Financial Statements.

EXHIBIT III (unaudited)
Life Settlement Assets PLC
Class D

Statement of Comprehensive Income for the period to 29 February 2020*

	2020			2019		
	Revenue USD'000	Capital USD'000	Total USD'000	Revenue USD'000	Capital USD'000	Total USD'000
Income						
Income from life settlement portfolios	34	-	34	50	-	50
Gains from life settlement portfolios	-	553	553	-	3,396	3,396
Other income	-	-	-	111	-	111
Total income	34	553	587	161	3,396	3,557
Operating expenses						
Investment management fees	(15)	(99)	(114)	(148)	(544)	(692)
Other expenses	(78)	-	(78)	(638)	-	(638)
(Loss)/profit before finance costs and taxation	(59)	454	395	(625)	2,852	2,227
Finance costs						
Interest payable	(1)	-	(1)	(7)	-	(7)
(Loss)/profit before taxation	(60)	454	394	(632)	2,852	2,220
Taxation	-	-	-	-	-	-
(Loss)/profit for the period	(60)	454	394	(632)	2,852	2,220
Transferred to A shares on merger	60	(454)	(394)	-	-	-

*The Class D shares merged with Class A shares on 30 April 2020. In accordance with the merger prospectus, the attributable NAVs used in the merger were based on the audited NAVs at 31 December 2019, as adjusted for subsequent maturities and other trading events to 29 February 2020.

Additional information of exhibits I to IV do not form part of the Financial Statements.

EXHIBIT IV (unaudited)
Life Settlement Assets PLC
Class E

Statement of Comprehensive Income for the period to 29 February 2020*

	2020			2019		
	Revenue USD'000	Capital USD'000	Total USD'000	Revenue USD'000	Capital USD'000	Total USD'000
Income						

Income from life settlement portfolios	11	-	11	35	-	35
Gains from life settlement portfolios	-	179	179	-	2,649	2,649
Other income	-	-	-	113	-	113
Total income	11	179	190	148	2,649	2,797
Operating expenses						
Investment management fees	(8)	(28)	(36)	(120)	(428)	(548)
Other expenses	(42)	-	(42)	(477)	-	(477)
(Loss)/profit before finance costs and taxation	(39)	151	112	(449)	2,221	1,772
Finance costs						
Interest payable	-	-	-	(5)	-	(5)
(Loss)/profit before taxation	(39)	151	112	(454)	2,221	1,767
Taxation	-	-	-	-	-	-
(Loss)/profit for the period	(39)	151	112	(454)	2,221	1,767
Transferred to A shares on merger	39	(151)	(112)	-	-	-

*The Class E shares merged with Class A shares on 30 April 2020. In accordance with the merger prospectus, the attributable NAVs used in the merger were based on the audited NAVs at 31 December 2019, as adjusted for subsequent maturities and other trading events to 29 February 2020.

Contact details for further enquiries:

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DISCLAIMER

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

NATIONAL STORAGE MECHANISM

A copy of the 2020 Annual Report and Accounts will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM, which is situated at:

<https://data.fca.org.uk/#/nsm/nationalstoragemechanism>