

# Life Settlement Assets PLC

**Half-Yearly Report**  
for the six months ended  
30 June 2023

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# Corporate Update



# Introduction

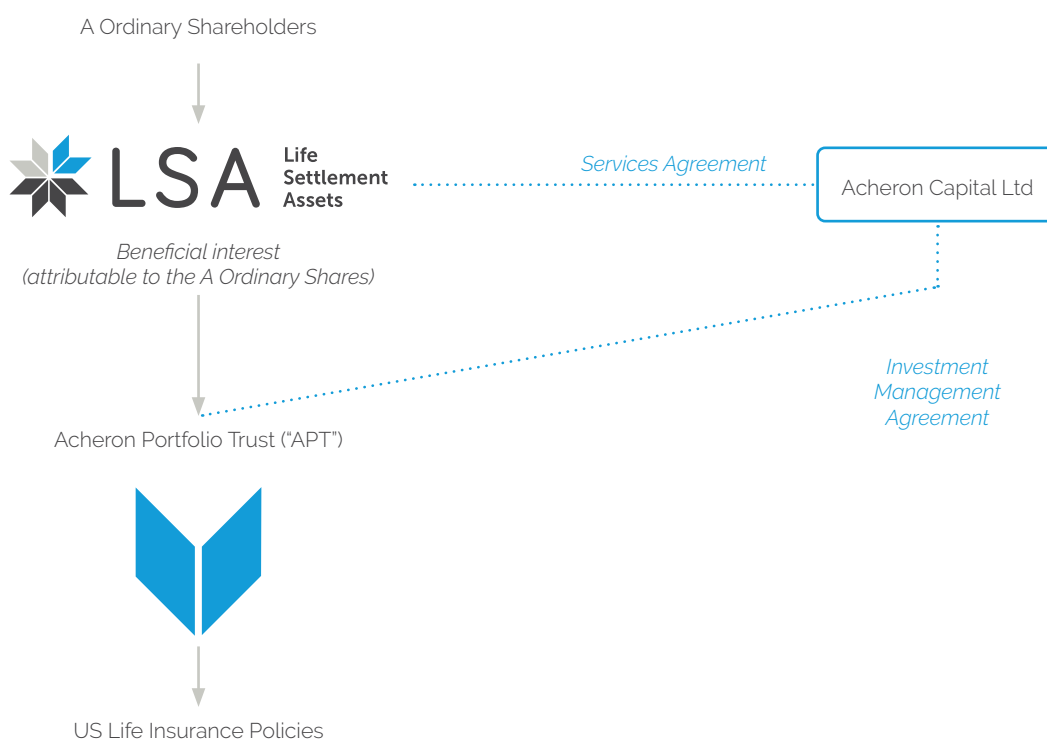
Life Settlement Assets PLC ("LSA" or the "Company") is a closed-ended investment trust company which invests in, and manages, portfolios of whole and fractional interests in life settlement policies issued by life insurance companies operating predominantly in the United States.

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

## COMPANY STRUCTURE

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

The Company structure as at 30 June 2023 was as follows:



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

# Highlights and Company Performance

## HIGHLIGHTS

- Total maturities for the first six months amounted to USD 14.2 million (HY2022: USD 16.3 million), generating gains from life settlement portfolios of USD 5.4 million (HY2022: gains of USD 4.9 million)
- Total net profit of USD 0.9 million (HY2022: profit of USD 0.1 million)

## COMPANY PERFORMANCE

Performance analysis is provided in the tables below.

	As at 30 June 2023	As at 31 December 2022	Percentage change (%)
<b>LSAA</b>			
Net assets attributable to Shareholders (USD '000)	107,776	109,913	(1.9)
Shares in issue	49,826,784	49,826,784	-
NAV per share (USD)	2.16	2.21	(1.9)
Closing share price (USD)	1.56	1.37	13.9
(Discount) to NAV (%)	(27.9)	(38.0)	10.1

	Period ended 30 June 2023	Period ended 30 June 2022	Percentage change (%)
Total maturities (USD '000)	14,190	16,266	(12.8)
Net income from portfolio (USD '000)	5,446	4,892	11.3
Profit for the period (USD '000)	864	101	7.6

# Chairman's Statement

On behalf of the Board, I am pleased to present the Company's half year results for the period ended 30 June 2023.

These results cover a period when market fears of stagflation are accompanied by inflation and rising interest rates. Positively for the Company, the non-correlation of our performance with financial markets works in favour of our investment case. In this context it is worth noting the outperformance of the portfolio when measured against other long duration fixed income assets over the last two years.

## Investment overview

The financial highlights above show the results for the half year to 30 June 2023. As investors are aware, in the first half of 2023 the acquisition of the MBC portfolio of insurance policies in the MBC Trust was completed. However, the Company still awaits confirmation of the final distribution by MBC to its investors, including APT. Confirmation of the value of the portfolio was conducted by the Company's external actuary, and this value has been incorporated into the estimated NAV as at 30 June 2023.

The Company's portfolio has experienced a number of sizeable maturities in the period, with an aggregate value of USD 14.2 million arising from a total of 51 policies.

Policy administration costs are a key component in determining the future returns available on the Company's portfolio and Acheron, continues its review of the policy administration cost base. Whilst the Company's portfolio structure has been somewhat simplified following the MBC acquisition, the overall cost of holding life settlements has, nevertheless, been increasing due to inflationary pressures on all market participants.

## The Life Settlement Market

The secondary market in life settlements continues to be active, with the decorrelation of the asset class (especially in US dollars) attracting investors in search of a safe haven.

## Portfolio

The overall portfolio is subdivided into portfolios exposed to either HIV-positive policy holders or non-HIV positive policy holders. The following table provides information on the Company's policies by exposure to HIV and non-HIV positive insureds as at 30 June 2023.

## HIV and Non-HIV Exposed Policies

	HIV	Non-HIV	Total
Number of policies	4,214	129	4,343
Total gross face value (USD)	413,951,446	83,568,597	497,520,043
Valuation (USD)	51,338,880	22,081,700	73,420,580
Percentage of face	12.4%	26.4%	14.8%

The non-HIV policy component of the portfolio has experienced a high level of maturities, while the HIV policy component had somewhat less. On an aggregated basis, this has meant higher than expected cash receipts, but, with maturities closely reflecting their book values, NAV has not been materially affected.

Maturities in the period up to 30 June 2023 are shown in the table below.

	USD
HIV Maturities	4,014,946
Non-HIV Maturities	10,175,040
Total Maturities	14,189,986

In the period under review the non-HIV segment of the portfolio experienced an estimated AE ("Actual to Expected") ratio of 147%. However, the HIV segment of the portfolio had an estimated AE ratio of 80%. While the Non-HIV portfolio has performed well above expectations, the HIV portfolio has underperformed against expectation during the first half year.

AE*	
HIV	80%
Non-HIV	147%
Total	119%

\* in maturity dollar amounts, estimated until June 2023.

# Chairman's Statement continued

The Board believes results over the long term are the best indicator of underlying performance, and it will continue to monitor performance in the second half to ascertain whether model assumptions remain accurate.

On 30 June 2023, Share Class A had a NAV of USD 2.1630 per share with the NAV performance history shown in the table below.

2023	Jan	Feb	Mar	April	May	Jun	YTD
Total NAV Return	3.87%	(0.85)%	(1.19)%	1.33%	(1.01)%	(1.33)%	0.78%

## Portfolio Composition

Further information on the composition of the portfolio as at 30 June 2023 can be found in the Factsheet on our website <https://www.lsaplc.com/investor-relations/announcements/>.

## Distributions

On 3 February 2023 the Company declared a special dividend of 6.0209 cents per share totalling approximately USD 3.0 million, which was paid on 24 February 2023 to Shareholders on the register on 10 February 2023. The Board anticipates being in a position to make further distributions following receipt of the MBC proceeds, and, in the meantime, Acheron will be evaluating the future potential cashflows from the portfolio in the light of its work on reviewing administration costs.

## Outlook

With the completion of the acquisition and the current assimilation of the acquired policies into the portfolio, the Board remains focussed on assessing the mortality risk in the Company's portfolio. Alongside continuing to make further distributions when maturities occur, controlling costs against the background of the inflationary environment remains a core priority for the Board. At the same time the Board will continue to promote awareness of the relative benefits to investors of the Company's investment case.

## Michael Baines

*Chairman*

26 September 2023

# Key Performance Indicators (KPIs)

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

The Board has adopted the following KPIs which are summarised on page 4 and in note 6 on page 16.

**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.

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

**Running costs** – The Ongoing Charges of the Company for the financial period under review represented 5.0% (year to 31 December 2022: 7.1%) of average net assets. Excluding the servicing and legal costs the ratio would be 2.5%.

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.*



# Directors' Statement of Principal Risks and Uncertainties

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

In accordance with DTR 4.2.7, the Directors consider that the principal risks and uncertainties facing the Company have not materially changed since the publication of the Annual Report and Accounts for the year ended 31 December 2022.

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

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

A more detailed explanation of these risks and the way in which they are managed can be found in the Strategic Report on pages 21 to 23 and in Note 4 to the Financial Statements on pages 63 to 66 of the 2022 Annual Report and Accounts – copies can be found via the Company's website, [www.lsapl.com](http://www.lsapl.com).

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

# Directors' Statement of Responsibilities in Respect of the Financial Statements

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

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

This Half-Yearly Report was approved by the Board of Directors on 26 September 2023 and the above responsibility statement was signed on its behalf by:

**Michael Baines**

*Chairman*

26 September 2023

# Financial Statements



# Condensed Statement of Comprehensive Income

for the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 (unaudited)			Six months ended 30 June 2022 (unaudited)			Year ended 31 December 2022 (audited)		
		Revenue USD '000	Capital USD '000	Total USD '000	Revenue USD '000	Capital USD '000	Total USD '000	Revenue USD '000	Capital USD '000	Total USD '000
<b>Income</b>										
<b>Gains from life settlement portfolios</b>	3									
<b>Realised gains</b>										
Maturities		-	14,190	14,190	-	16,266	16,266	-	27,197	27,197
Acquisition cost of maturities and fair value movement		-	(4,213)	(4,213)	-	(3,644)	(3,644)	-	(10,220)	(10,220)
Sub total		-	9,977	9,977	-	12,622	12,622	-	16,977	16,977
Incurred premiums paid in period on all policies		-	(9,415)	(9,415)	-	(7,944)	(7,944)	-	(15,551)	(15,551)
<b>Unrealised gains</b>										
Fair value adjustments		-	4,554	4,554	-	(89)	(89)	-	6,795	6,795
Income from life settlement portfolios		307	-	307	301	-	301	623	-	623
Other income		23	-	23	6	-	6	9	-	9
Net foreign exchange loss		(1)	-	(1)	(4)	-	(4)	-	-	-
Total income		329	5,116	5,445	303	4,589	4,892	632	8,221	8,853
<b>Operating expenses</b>										
Investment management fees	4	(810)	(743)	(1,553)	(820)	267	(553)	(1,640)	409	(1,231)
Other expenses		(1,927)	-	(1,927)	(3,832)	-	(3,832)	(6,051)	-	(6,051)
(Loss)/profit before finance costs and taxation		(2,408)	4,373	1,965	(4,349)	4,856	507	(7,059)	8,630	1,571
<b>Finance costs</b>										
Interest payable		(1,102)	-	(1,102)	(406)	-	(406)	(972)	-	(972)
<b>(Loss)/profit before taxation</b>		<b>(3,510)</b>	<b>4,373</b>	<b>863</b>	<b>(4,755)</b>	<b>4,856</b>	<b>101</b>	<b>(8,031)</b>	<b>8,630</b>	<b>599</b>
<b>Taxation</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(Loss)/profit for the period</b>		<b>(3,510)</b>	<b>4,373</b>	<b>863</b>	<b>(4,755)</b>	<b>4,856</b>	<b>101</b>	<b>(8,031)</b>	<b>8,630</b>	<b>599</b>
<b>Basic and diluted returns per share</b>										
Return per class A share USD	6	(0.070)	0.087	0.017	(0.095)	0.097	0.002	(0.161)	0.173	0.012

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

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

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

The notes on pages 14 to 19 form part of these financial statements.

# Condensed Statement of Financial Position

as at 30 June 2023

	Notes	As at 30 June 2023 (unaudited) USD '000	As at 30 June 2022 (unaudited) USD '000	As at 31 December 2022 (audited) USD '000
<b>Non-current assets</b>				
Financial assets at fair value through profit or loss				
- Life settlement investments	8	73,421	65,902	62,742
		<b>73,421</b>	65,902	62,742
<b>Current assets</b>				
Maturities receivable		7,518	15,454	7,410
Trade and other receivables		12,180	17	2,051
Premiums paid in advance		4,488	6,277	5,264
Cash and cash equivalents		13,908	25,902	35,907
		<b>38,094</b>	47,650	50,632
<b>Total assets</b>		<b>111,515</b>	113,552	113,374
<b>Current liabilities</b>				
Other payables		(1,557)	(1,556)	(1,522)
Provision for performance fees	9	(2,182)	(2,581)	(1,939)
<b>Total liabilities</b>		<b>(3,739)</b>	(4,137)	(3,461)
<b>Net assets</b>		<b>107,776</b>	109,415	109,913
Represented by				
<b>Capital and reserves</b>				
Share capital	10	498	498	498
Special reserve	11	91,290	94,290	94,290
Capital redemption reserve		213	213	213
Capital reserve		57,727	49,580	53,354
Revenue reserve		(41,952)	(35,166)	(38,442)
<b>Total equity attributable to ordinary Shareholders of the Company</b>		<b>107,776</b>	109,415	109,913
Net Asset Value per share basic and diluted				
Class A shares USD	12	2.16	2.20	2.21

These financial statements were approved by the Board of Directors on 26 September 2023 and signed on its behalf by:

## Michael Baines, Chairman

Registered in England and Wales with Company Registration number: 10918785

The notes on pages 14 to 19 form part of these financial statements.

# Condensed Statement of Changes in Equity

for the six months ended 30 June 2023

	Share capital USD '000	Special reserve USD '000	Capital redemption reserve USD '000	Capital reserve USD '000	Revenue reserve USD '000	Total USD '000
<b>Six months ended 30 June 2023</b>						
Balance as at 31 December 2022	498	94,290	213	53,354	(38,442)	109,913
Comprehensive income/(loss) for the period	-	-	-	4,373	(3,510)	863
<b>Contributions by and distributions to owners</b>						
Dividends paid in period	-	(3,000)	-	-	-	(3,000)
Balance as at 30 June 2023	<u>498</u>	<u>91,290</u>	<u>213</u>	<u>57,727</u>	<u>(41,952)</u>	<u>107,776</u>
Of which:						
- Realised gains				39,813		
- Unrealised gains				17,914		
<b>Six months ended 30 June 2022</b>						
Balance as at 31 December 2021	498	94,290	213	44,724	(30,411)	109,314
Comprehensive income/(loss) for the period	-	-	-	4,856	(4,755)	101
Balance as at 30 June 2022	<u>498</u>	<u>94,290</u>	<u>213</u>	<u>49,580</u>	<u>(35,166)</u>	<u>109,415</u>
Of which:						
- Realised gains				39,752		
- Unrealised gains				9,828		
<b>Year ended 31 December 2022</b>						
Balance as at 31 December 2021	498	94,290	213	44,724	(30,411)	109,314
Comprehensive income/(loss) for the year	-	-	-	8,630	(8,031)	599
Balance as at 31 December 2022	<u>498</u>	<u>94,290</u>	<u>213</u>	<u>53,354</u>	<u>(38,442)</u>	<u>109,913</u>
Of which:						
- Realised gains				40,500		
- Unrealised gains				12,854		

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

The revenue and realised capital reserves are also distributable reserves.

The notes on pages 14 to 19 form part of these financial statements.

# Condensed Cash Flow Statement

for the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 (unaudited) USD '000	Six months ended 30 June 2022 (unaudited) USD '000	Year ended 31 December 2022 (audited) USD '000
<b>Cash flows generated from operating activities</b>				
Profit for the period		863	101	599
Non-cash adjustment				
– movement on portfolios		(341)	3,958	3,650
Investment in life settlement portfolios	8	(11,904)	(53)	(132)
Movements in "policy advances"	8	1,566	18,217	21,764
Interest paid		1,102	406	972
<b>Changes in operating assets and liabilities</b>				
Changes in maturities receivables		(108)	(9,249)	(1,205)
Changes in trade and other receivables		(10,129)	313	(1,721)
Changes in premiums paid in advance		776	248	1,261
Changes in other payables		35	608	574
Changes in performance fee provision		243	(267)	(909)
<b>Net cash (outflows)/inflows from operating activities</b>		<b>(17,897)</b>	14,282	24,853
<b>Cash flow used in financing activities</b>				
Dividends paid		(3,000)	–	–
Interest paid		(1,102)	(406)	(972)
<b>Net cash flows used in financing activities</b>		<b>(4,102)</b>	(406)	(972)
<b>Net changes in cash and cash equivalents</b>		<b>(21,999)</b>	13,876	23,881
<b>Cash balance at the beginning of the period</b>		<b>35,907</b>	12,026	12,026
<b>Cash balance at the end of the period</b>		<b>13,908</b>	25,902	35,907

The notes on pages 14 to 19 form part of these financial statements.

# Notes to the Condensed Financial Statements

for the six months ended 30 June 2023

## 1. GENERAL INFORMATION

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

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

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

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

## 2. IFRS ACCOUNTING POLICIES

### 2.1. Basis of preparation

These condensed interim financial statements have been prepared using the same accounting policies and methods of computation as the 2022 annual financial statements.

The condensed financial statements, which comprise the unaudited results of the Company have been prepared in accordance with UK adopted International Reporting Standards ("IFRS") and 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 July 2022, except to the extent that it conflicts with IFRS. The accounting policies are as set out in the Report and Accounts for the period ended 31 December 2022.

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

The financial information contained in this Half-Yearly financial report does not constitute statutory accounts as defined by the Companies Act 2006. The financial information for the six-months ended 30 June 2023 and 30 June 2022 have not been audited or reviewed by the Company's Auditor. The figures and financial information for the year ended 31 December 2022 are an extract from the latest published audited statements and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and include a report of the Auditor, which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

### 2.2. Going concern

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

# Notes to the Condensed Financial Statements continued

## 3. GAINS FROM LIFE SETTLEMENT PORTFOLIOS

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

The amount of premiums incurred during the period is reflected as a deduction of income from life settlement portfolios. The amount of premiums paid in advance amounted to USD 4,488,000 (30 June 2022: USD 6,277,000, 31 December 2022: USD 5,264,000).

## 4. MANAGEMENT AND PERFORMANCE FEES

	30 June 2023 USD '000	30 June 2022 USD '000	31 December 2022 USD '000
Acheron Capital management fees	810	820	1,640
Performance fees	743	(267)	(409)
	<b>1,553</b>	553	1,231

Under an agreement dated 26 March 2018, the Investment Manager is entitled to a management fee payable by the Trust at an annual rate of no more than 1.5% of the Net Asset Value. Management fees paid during the period amounted to USD 810,000 (30 June 2022: USD 820,000, 31 December 2022: USD 1,640,000).

Until 30 June 2022 the Performance fee in respect of the Trust was an amount equal to 20% of the sum of the distributions made to the holders of the Shares in the Company corresponding to the Trust, in excess of the Performance Hurdle (assessed at the time of each distribution).

The "Performance Hurdle" was 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.

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

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

In consideration of this reduction the Board agreed to release any accrued performance fees payable to ACL held by the Company in excess of USD 1 million, as calculated at 31 January 2023, as a one-off payment. In acknowledgement of the significant work that ACL has had to perform with regard to the legal dispute over a long period, the Directors of LSA agreed to make an advance to ACL on 30 June 2022, subject to an agreed clawback mechanism, of USD 0.5 million, which was credited against the amount to be paid under the above arrangement, following the publication of the 2022 financial results.



# Notes to the Condensed Financial Statements continued

## 5. TAXATION

The Company has an effective UK tax rate of 0% for the year ending 31 December 2023. The estimated effective tax rate is 0% as investment gains are exempt from tax owing to the Company's status as an investment trust and there is expected to be an excess of management expenses over taxable income.

The Company suffers US withholding tax on income received from dividends and interest. The tax charge for the period amounted to USD nil.

### 5.1. Withholding tax on matured policies

In accordance with the taxation treaty between the United States of America and the United Kingdom, withholding tax on matured policies is not due if at least 6% of the average capital stock of the main class of Shares is traded during the previous year on a recognised stock exchange. The Board believes that in the year ended 31 December 2022 the Company fulfilled this requirement.

## 6. RETURN PER SHARE

As stated in Note 10, the share capital of the Company comprises 49,826,784 shares represented by 49,826,784 A Shares. All Shares are fully paid. Neither unpaid shares nor any kind of option are outstanding, so the basic profit/(loss) per share is also the diluted profit/(loss) per share.

	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Earnings per share:			
Revenue return (USD '000)	(3,510)	(4,755)	(8,031)
Capital return (USD '000)	4,373	4,856	8,630
Total return (USD '000)	863	101	599
Weighted average number of shares in the period	49,826,784	49,826,784	49,826,784
Income return per share (USD)	(0.070)	(0.095)	(0.161)
Capital return per share (USD)	0.087	0.097	0.173
Basic and diluted total earnings per share (USD)	0.017	0.002	0.012

## 7. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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

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

The fair value hierarchy has the following levels:

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

The life settlement portfolios of USD 73,421,000 (30 June 2022: USD 65,902,000, 31 December 2022: USD 62,742,000) are classified as level 3.

# Notes to the Condensed Financial Statements continued

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

	30 June 2023 USD '000	30 June 2022 USD '000	31 December 2022 USD '000
Movements of the period are as follows:			
Opening valuation	62,742	88,024	88,024
Acquisitions during the period	11,904	53	132
Proceeds from matured policies	(14,190)	(16,266)	(27,197)
Net realised gains on policies	9,978	12,622	16,977
Movements in cash from policy advances	(1,566)	(18,217)	(21,764)
Escrow rebate	–	(225)	6,795
Movements in unrealised valuation	4,553	(89)	(225)
Closing valuation	73,421	65,902	62,742
Detail at period end			
Acquisition value	95,955	91,409	88,770
Unrealised capital gains	17,914	9,828	12,854
Policy advances	(40,448)	(35,335)	(38,882)
Closing valuation	73,421	65,902	62,742

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

	30 June 2023 USD '000	30 June 2022 USD '000	31 December 2022 USD '000
Elderly life insurance (non HIV) portfolio	22,082	23,770	22,075
HIV portfolio	51,339	42,132	40,667
<b>Balance as at 30 June 2023</b>	<b>73,421</b>	<b>65,902</b>	<b>62,742</b>

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

# Notes to the Condensed Financial Statements continued

## 9. PROVISION FOR PERFORMANCE FEES

	30 June 2023 USD '000	30 June 2022 USD '000	31 December 2022 USD '000
Provision brought forward	1,939	2,848	2,848
Increase/(reduction) in provision during the period (Note 4)	743	(267)	(409)
Performance fee paid during the period	(500)	-	(500)
Provision at the period end	2,182	2,581	1,939

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

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

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

As described in Note 8 on page 67 of the 2022 Annual Report, an advance of USD 500,000 was made on 30 June 2022 as a one-off payment. A further payment of USD 500,000 was advanced during the period as shown in the table above.

## 10. SHARE CAPITAL

At the 30 June 2023, the Company's share capital amounts to USD 498,268 (30 June 2022: USD 498,268, 31 December 2022: USD 498,268), and is represented by 49,826,784 Ordinary Shares of USD 0.01 each.

The issued and fully paid share capital at 30 June 2023 is comprised of 49,826,784 Class A shares.

Class A shares relate to specific investments determined by the Board of Directors or as the case may be, by a general meeting of Shareholders. Each investment is undertaken for the exclusive benefit and risk of the relevant class of shares. All shares have equal voting rights.

## 11. SPECIAL RESERVE

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

# Notes to the Condensed Financial Statements continued

## 12. NET ASSETS AND NET ASSET VALUE PER SHARE CLASS

The net asset value (NAV) is shown below.

	30 June 2023	30 June 2022	31 December 2022
Net assets (USD '000)	107,776	109,415	109,913
Number of shares	49,826,784	49,826,784	49,826,784
NAV per share (USD)	2.16	2.20	2.21

## 13. 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 previously had a member on the Board of Directors and the Trustee of the US trust who was also previously a member of the Board of Directors.

	30 June 2023 USD '000
<b>Per income statement:</b>	
Trustee fees	74
Compagnie Européenne de Révision S.à r.l.	65
Directors' fees	72
<b>Amounts payable per balance sheet:</b>	
Compagnie Européenne de Révision S.à r.l.	51
Directors' fees	14

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

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

Michael Baines 50,000 A Shares.

## 14. POST BALANCE SHEET EVENTS

There are no post balance sheet events to disclose.

# Shareholder Information



# Company Information

## DIRECTORS

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

## REGISTERED OFFICE

115 Park Street  
4th Floor  
London W1K 7AP

## REGISTRARS

[The City Partnership \(UK\) Limited](#)  
The Mending Rooms  
Park Valley House  
Meltham Road  
Huddersfield  
HD4 7BH

## AUDITOR

[BDO LLP](#)  
55 Baker Street  
London  
W1U 7EU

## BROKERS

[Shore Capital and Corporate Limited](#)  
Cassini House  
57 St James's Street  
London  
SW1A 1LD

## TRUST'S INVESTMENT MANAGER

[Acheron Capital Limited](#)  
115 Park Street  
4th Floor  
London W1K 7AP

## COMPANY SECRETARY

[ISCA Administration Services Limited](#)  
Suite 8, Bridge House  
Courtenay Street  
Newton Abbot TQ12 2QS

Email: [lsa@iscaadmin.co.uk](mailto:lsa@iscaadmin.co.uk)  
Telephone: 01392 487056

## FINANCIAL CALENDAR

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

31 December 2023  
April 2024  
June 2024  
30 June 2024  
September 2024  
[www.lsaplc.com](http://www.lsaplc.com)

LEI: [2138003OL2VBXWG1BZ27](#)

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

# Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Company Number: 10918785  
115 Park Street, 4th Floor, London W1K 7AP  
[www.lsapl.com](http://www.lsapl.com)