

EEA Life Settlements Fund PCC Limited

**Annual Report and Audited Consolidated Financial Statements
for the year ended 31 December 2023**

EEA Life Settlements Fund PCC Limited

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EEA Life Settlements Fund PCC Limited

Directory

Directors

M A Colton (Chairman)
C Daly
A Northgrave
S A Shaw (resigned 27 July 2023)

The address for each of the directors is that of the registered office

Registered Office

1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey
GY1 2HL

Manager (until 31 December 2023)

EEA Fund Management (Guernsey) Limited
(in voluntary liquidation)
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey
GY1 2HL

Administrator, Secretary and Registrar

Apex Fund Administration (Guernsey)
Limited (formerly M J Hudson Fund Services
Guernsey Limited)
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey
GY1 2HL

Independent Valuation Agent

Maple Life Analytics, LLC
4350 East-West Highway
Bethesda
Maryland 20814
USA

Services Provider (from 1 January 2024)

EPIC Investment Partners (Guernsey) Limited
Windsor House
Le Pollet
St Peter Port
Guernsey
GY1 2WF

Investment Adviser

ViaSource Funding Group LLC
106 Allen Road
Bernards Township
New Jersey
07920 USA

Legal Advisers to the Fund (as to Guernsey law)

Walkers (Guernsey) LLP
Block B, Helvetia Court
Les Echelons
St Peter Port
Guernsey
GY1 1AR

Custodian

BNP Paribas S.A., Guernsey Branch
BNP Paribas House
St Julian's Avenue
St Peter Port
Guernsey
GY1 1WA

Sub Custodian

Citizens Bank NA
One Citizens Plaza
JCB 125
Providence
RI 02903 USA

Auditors

Grant Thornton Limited
St James Place
St James Street
St Peter Port
Guernsey
GY1 2NZ

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Investment adviser's report

ViaSource Funding Group, LLC ("ViaSource") is the investment adviser to EEA Life Settlements Fund PCC Limited (the "Fund"), selecting and managing a pool of policies that meet the purchasing criteria outlined in the prospectus. The purchasing criteria were designed to provide a pool of policies that are diversified among insurers, insureds and illnesses, from creditworthy insurance companies and are accurately underwritten for life expectancy. Prior to purchase all policies are certified by Mills, Potoczak and Company, who act as servicing agent, as to meeting the purchasing criteria. The cash reserves and policies purchased are held in the Trust Department of RBS Citizens N.A. and therefore are not part of the assets of the bank. In addition, ViaSource's team of medical professionals tracks the progress of the insureds.

The Fund has purchased a total of 926 policies from 108 different insurers and 729 separate insureds with a total net death benefit of \$1.87 billion. The weighted average current insureds were 93 years old at the end of December 2023.

681 of the policies with a combined Death Benefit of US\$1,298.7 million have matured since inception. The policies that matured did so at 83% (1) of their projected life expectancy and represented 91% of the total Net Death Benefit of policies purchased and 74% of the number of policies purchased. The 83% figure excludes the effects of policies that have not yet matured and includes the latest independent life expectancy estimates (which may serve to increase the original estimates). Increased longevity of insureds is apparent in both of these factors and is the reason for the maturity experience of the Fund.

Since inception a total of 196 files have been sold including 187 policies on 4 September 2015 with a combined net death benefit of US\$437.5 million and revised life expectancies over 48 months were sold. The policies were sold to a independent third party for a premium to their NAV as determined by the independent valuation agent.

Since inception 18 policies with a combined net death benefit of US\$24.3 million have been allowed to lapse due to the policies reaching their expiration date. None of the remaining policies will reach their expiration date before their expected maturity date as determined by the independent valuation agent.

The 31 policies outstanding as of 31 December 2023 had a total net death benefit of US\$103.3 million and an average Face Value of US\$3.3 million (2022: 33 policies with total net death benefit of US\$104 million and an average face value of US\$3.2 million). The majority 79% (39% of policy count) of the active fund are comprised of policies with death benefits of \$5.0 million or greater. These policies had an average life expectancy ("LE") of 253.1 months (with revised LE) from purchase. The weighted average remaining months to LE is 30.1 months. Policies are issued by 17 insurance companies with a weighted average rating of A+ (rated by AM Best).

Valuation Method

An independent third party determines the value of the policies outstanding. The third party utilizes an actuarial present value model which adjusts the life expectancies obtained from independent life expectancy providers and applies a discount rate based upon their experience with independent life expectancy providers. Their adjusted weighted average remaining LE is 39 months (2022: 37.3 months).

Current Market Overview

Currently, financial institutions including security firms, banks and hedge funds are purchasing policies in the market with life expectancies greater than 4 years and varying other criteria including minimum age of insureds. Most firms utilise actuarial models where policies purchased are evaluated on a pool basis with actuarial and probability assumptions allied to the policies to determine the projected return and cash flows from the pools.

ViaSource Funding Group LLC
December 2023

(1) The percentage of life expectancy prior to July 2013 refers to the expected maturity date based on the life expectancy estimates obtained from independent life expectancy providers at the time of purchase. From July 2013 onwards, the expected maturity date is based on the life expectancy estimates obtained from a life expectancy provider in 2013.

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Directors' Report

The Directors present their annual report and the audited consolidated financial statements of EEA Life Settlements Fund PCC Limited ("Company" or "Fund") and its subsidiaries (collectively the "Group") for the year ended 31 December 2023.

Business activities

The Company was registered in Guernsey on 20 June 2005 under The Companies (Guernsey) Law, 2008. The Company's investment objective is to trade the property interest in outstanding life insurance policies issued primarily in the United States and, in respect of the Continuing Cells, to invest in other instruments which provide exposure to life insurance policies with similar characteristics to those currently held by the Company.

Authorisation

The Company has been authorised by the Guernsey Financial Services Commission ("GFSC") under The Protection of Investors (Bailiwick of Guernsey) Law, 2020, as a Class B Scheme subject to The Authorised Collective Investment Schemes (Class B) Rules and Guidance 2021.

At 31 December 2023, there were twenty eight Cells (the "Cells") in operation:

- USD Fund Class X Cell (the "Dollar X Cont Cell"),
- USD Fund Class X Run-Off Cell (the "Dollar X Run-Off Cell"),
- USD Fund Dist Cell (the "Dollar Dist Cont Cell"),
- USD Fund Dist Run-Off Cell (the "Dollar Dist Run-Off Cell"),
- USD Fund Acc Cell (the "Dollar Acc Cont Cell"),
- USD Fund Acc Run-Off Cell (the "Dollar Acc Run-Off Cell"),
- USD Fund Class I Run-Off Cell (the "Dollar I Run-Off Cell"),
- Euro Fund Class X Cell (the "Euro X Cont Cell"),
- Euro Fund Class X Run-Off Cell (the "Euro X Run-Off Cell"),
- Euro Fund Dist Cell (the "Euro Dist Cont Cell"),
- Euro Fund Dist Run-Off Cell (the "Euro Dist Run-Off Cell"),
- Euro Fund Acc Cell (the "Euro Acc Cont Cell"),
- Euro Fund Acc Run-Off Cell (the "Euro Acc Run-Off Cell"),
- Euro Fund Class Y Run-Off Cell (the "Euro Y Run-Off Cell")
- Swedish Krona Fund Class X Cell (the "SEK X Cont Cell")
- Swedish Krona Fund Class X Run-Off Cell (the "SEK X Run-Off Cell")
- Sterling Fund Class X Cell (the "Sterling X Cont Cell"),
- Sterling Fund Class X Run-Off Cell (the "Sterling X Run-Off Cell"),
- Sterling Fund Dist Cell (the "Sterling Dist Cont Cell"),
- Sterling Fund Dist Run-Off Cell (the "Sterling Dist Run-Off Cell"),
- Sterling Fund Acc Cell (the "Sterling Acc Cont Cell"),
- Sterling Fund Acc Run-Off Cell (the "Sterling Acc Run-Off Cell"),
- Meteor Senior Life Settlements Sterling Fund (the "Meteor Cont Cell"),
- Meteor Senior Life Settlements Sterling Fund Run-Off (the "Meteor Run-Off Cell"),
- Meteor Senior Life Settlements Sterling Fund II (the "Meteor II Cont Cell"),
- Meteor Senior Life Settlements Sterling Fund II Run-Off (the "Meteor II Run-Off Cell"),
- WAY Life Settlements Fund Cell (the "WAY Cont Cell"), and
- WAY Life Settlements Fund Run-Off Cell (the "WAY Run-Off Cell").

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Directors' Report (continued)

Group structure

The Group's investments in life policies are held by EEA Life Settlements Inc, a corporation registered in Delaware, USA, which is a wholly owned subsidiary of EEA Life Settlements Master Fund II Limited ("Master Fund II"), a company registered in Guernsey. EEA Life Settlements Master Fund Limited ("Master Fund") and Master Fund II are wholly owned subsidiaries of EEA Life Settlement Holdings Limited, a company registered in Guernsey. The Cells invest in EEA Life Settlement Holdings Limited.

On 1 March 2024, following approval by shareholders, all existing Run-off Cell shares were converted to GBP New Run-off Cell shares and all existing Continuing Cell Shares were converted to GBP New Continuing Shares. The Company now has just two Cells both of which are denominated in GBP.

Results and dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 10.

There were no dividends declared and paid by the Company during the year (2022: Nil).

Directors

The Directors of the Company who served during the year and to date are as stated on page 1.

Directors' interests

The Directors have no disclosable interests in the shares of the Company.

Chris Daly is the Managing Director of ViaSource Funding Group LLC, the Investment Adviser.

Going concern

The Directors, having considered the Group's objectives and available resources along with its projected cash flows, are satisfied that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the consolidated financial statements. The Group has sufficient available cash to meet premium and other obligations for the foreseeable future, irrespective of the suspension of redemptions. The Group therefore continues to adopt the going concern basis in preparing the consolidated financial statements.

Format of report and audited consolidated financial statements

These consolidated financial statements show the results and state of affairs of the Group as a whole which includes the Cells, Master Fund, Master Fund II, EEA Life Settlement Holdings Limited and EEA Life Settlements Inc as at 31 December 2023. The financial statements of the individual Cells are available on request from the Administrator or on the Manager's website.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations. The directors have elected to prepare the financial statements in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ('IASB') and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and in compliance with applicable law.

**EEA Life Settlements Fund PCC Limited
Annual Report and Audited Consolidated Financial Statements
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Directors' Report (continued)

In preparing these consolidated financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures as disclosed in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the consolidated financial statements comply with The Companies (Guernsey) Law, 2008 and The Authorised Collective Investment Schemes (Class B) Rules and Guidance 2021. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulation.

So far as each of the Directors is aware, there is no relevant audit information of which the Group's auditor is unaware, and each has taken all the steps he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Audit Committee

An Audit Committee is in place and comprises the non-executive Directors who are independent of the Manager and Investment Adviser, namely Mark Colton and Ashley Northgrave. The Audit Committee meets at least twice a year according to an annual plan and terms of reference (that are regularly reviewed). The main duties of the Committee include monitoring the integrity of the annual audited financial statements of the Company and the Group, reviewing significant financial reporting issues and the judgements which they contain. The Committee also reviews whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor, and reviews the clarity of disclosures in the Group's financial reports and the context in which statements are made. The Committee considers the auditor's independence, including the extent of any provision of non-audit services, and their remuneration. The Committee also reviews the performance of the Manager, the Administrator, and the Company's other service providers to review the effectiveness of their internal controls and risk management systems. Such reviews include discussions with the external auditor without the Manager or service providers present.

Auditors

Grant Thornton Limited has expressed its willingness to remain in office as auditors of the Company. A resolution for their reappointment will be tabled at the next annual general meeting.



Ashley Northgrave
Director

Date: 24 June 2024

Independent Auditor's Report

To the Members of EEA Life Settlements Fund PCC Limited

Opinion

We have audited the consolidated financial statements of EEA Life Settlements Fund PCC Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Net Assets Attributable to Holders of Participating Shares, the Consolidated Statement of Cash Flows and notes to the consolidated financial statements, including material accounting policies.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended;
- are in accordance with the IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"); and
- comply with The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors for the consolidated financial statements

The directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so

Independent Auditor's Report (continued)

To the Members of EEA Life Settlements Fund PCC Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Independent Auditor's Report (continued)

To the Members of EEA Life Settlements Fund PCC Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Group's consolidated financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

DocuSigned by:

95865AA77FCC440...

Grant Thornton Limited

Chartered Accountants

St Peter Port, Guernsey

27 June 2024
Date:.....

**EEA Life Settlements Fund PCC Limited
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Report of the Custodian

To the Members of EEA Life Settlements Fund PCC Limited

We state in our opinion, EEA Fund Management (Guernsey) Limited (the "Manager"), has managed EEA Life Settlements Fund PCC Limited (the "Company"):

- a) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the principal documents, by the scheme particulars and by the Protection of Investors (Bailiwick of Guernsey) Law, 2020; and
- b) in accordance with the provisions of the principal documents and The Authorised Collective Investment Schemes (Class B) Rules and Guidance 2021.

During 2013, we tendered our resignation as Custodian of the Company and this was communicated to shareholders in the Company's Restructuring Proposal. Pursuant to section 4.06 (1) of The Authorised Collective Investment Schemes (Class B) Rules and Guidance 2021, we are obliged to continue in our role as Custodian of the Company until the Manager appoints a suitable replacement.



BNP Paribas S.A., Guernsey Branch

Date: June 2024

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Consolidated Statement of Comprehensive Income
for the year ended 31 December 2023

	Notes	2023 US\$000	2022 US\$000
Bank interest income		2,136	437
Net (losses)/gains on investments	3	<u>(69)</u>	16,100
Total revenue		2,067	16,537
Net foreign currency gains/(losses)		41	(131)
Expenses	4	<u>(3,733)</u>	(4,271)
Net (loss)/income before tax		(1,625)	12,135
Taxation	6	<u>-</u>	-
Profit/(loss) attributable to holders of participating shares		(1,625)	12,135
Other comprehensive income/(loss) - movement in currency translation reserve		<u>1,226</u>	(339)
Total comprehensive (loss)/income for the year		<u><u>(399)</u></u>	<u>11,796</u>

The above results relate to the continuing operations of the Group.

Consolidated Statement of Changes in Net Assets Attributable to Holders of Participating Shares
for the year ended 31 December 2023

	Note	2023 US\$000	2022 US\$000
Net assets attributable to holders of participating shares at beginning of the year		125,194	120,721
Amounts payable on redemptions	12	(19,488)	(7,323)
Profit/(loss) attributable to holders of participating shares		(1,625)	12,135
Other comprehensive income/(loss) - movement in currency translation reserve		<u>1,226</u>	(339)
Net assets attributable to holders of participating shares at end of the year	12	<u><u>105,307</u></u>	<u>125,194</u>

The notes on pages 13 to 44 form an integral part of these consolidated financial statements.

**EEA Life Settlements Fund PCC Limited
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**Consolidated Statement of Financial Position
as at 31 December 2023**

	Notes	2023 US\$000	2022 US\$000
Assets			
Non-current assets			
Investments at fair value through profit or loss	7	46,529	48,890
Current assets			
Debtors	9	855	26,778
Cash and cash equivalents		<u>58,460</u>	<u>50,307</u>
		<u>59,315</u>	<u>77,085</u>
Total assets		105,844	125,975
Liabilities			
Current liabilities			
Creditors	10	<u>(537)</u>	<u>(781)</u>
Net assets attributable to holders of management and participating shares		<u>105,307</u>	<u>125,194</u>
Attributable to holders of:			
Management shares	11	-	-
Participating shares	12	105,307	125,194

The consolidated financial statements on pages 10 to 44 were approved by the Board of Directors on 24 June 2024 and signed on its behalf by:



Ashley Northgrave
Director
For and on behalf of EEA Life Settlements Fund PCC Limited

The notes on pages 13 to 44 form an integral part of these consolidated financial statements.

**EEA Life Settlements Fund PCC Limited
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**Consolidated Statement of Cash Flows
for the year ended 31 December 2023**

	Notes	2023 US\$000	2022 US\$000
Operating activities			
Profit before taxation		(1,625)	12,135
(Increase)/decrease in debtors		699	(43)
Increase/(decrease) in creditors		(244)	192
Net loss/(gain) on investments	3	69	(16,100)
Net cash outflow from operating activities	14	<u>(1,101)</u>	<u>(3,816)</u>
Investing activities			
Payment of premiums	7	(5,997)	(17,591)
Proceeds from maturity of investments	8	33,513	54,035
Net cash inflow from investing activities		<u>27,516</u>	<u>36,444</u>
Financing activities			
Redemption of participating shares		(19,488)	(7,323)
Net cash outflow from financing activities		<u>(19,488)</u>	<u>(7,323)</u>
Increase in cash and cash equivalents		<u>6,927</u>	<u>25,305</u>
Reconciliation of net cash flow to movement in cash and cash equivalents			
Cash and cash equivalents at start of year		50,307	25,341
Increase in cash and cash equivalents		6,927	25,305
Foreign exchange gain on cash and cash equivalents		1,226	(339)
Cash and cash equivalents at end of year		<u>58,460</u>	<u>50,307</u>

The notes on pages 13 to 44 form an integral part of these consolidated financial statements.

EEA Life Settlements Fund PCC Limited
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Notes to the consolidated financial statements for the year ended 31 December 2023

1 Organisation and Material Accounting Policies

Introduction

EEA Life Settlements Fund PCC Limited (“Company” or “Fund”) was incorporated on 20 June 2005 in Guernsey and is authorised under The Authorised Collective Investment Schemes (Class B) Rules and Guidance 2021. The Company issued its first shares on 10 November 2005 and commenced active operations on that day. The investment objective of the Company is described in Note 15. The Company has no employees.

On 1 January 2014, a Run-Off Cell was created for each active cell and the Euro Y and the Dollar I Cells were closed.

The Company is divided into twenty eight active Cells (collectively the “Cells”):

Dollar X Cont Cell	Euro Dist Run-Off Cell	Sterling Acc Cont Cell
Dollar X Run-Off Cell	Euro Acc Cont Cell	Sterling Acc Run-Off Cell
Dollar Dist Cont Cell	Euro Acc Run-Off Cell	Meteor Cont Cell
Dollar Dist Run-Off Cell	Euro Y Run-Off Cell	Meteor Run-Off Cell
Dollar I Run-Off Cell	SEK X Cont Cell	Meteor II Cont Cell
Dollar Acc Cont Cell	SEK X Run-Off Cell	Meteor II Run-Off Cell
Dollar Acc Run-Off Cell	Sterling X Cont Cell	WAY Cont Cell
Euro X Cont Cell	Sterling X Run-Off Cell	WAY Run-Off Cell
Euro X Run-Off Cell	Sterling Dist Cont Cell	
Euro Dist Cont Cell	Sterling Dist Run-Off Cell	

Group structure

The Group’s investments in life policies are held by EEA Life Settlements Inc, a corporation registered in Delaware, USA, which is a wholly owned subsidiary of EEA Life Settlements Master Fund II Limited (“Master Fund II”), a company registered in Guernsey. EEA Life Settlements Master Fund Limited (“Master Fund”) and Master Fund II are wholly owned subsidiaries of EEA Life Settlement Holdings Limited, a company registered in Guernsey. The Cells invest in EEA Life Settlement Holdings Limited.

Going concern

The Directors, having considered the Group’s objectives and available resources along with its projected cash flows, are satisfied that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. The Group has sufficient available cash to meet premium and other obligations for the foreseeable future, irrespective of the suspension of redemptions. The Group therefore continues to adopt the going concern basis in preparing the consolidated financial statements.

**EEA Life Settlements Fund PCC Limited
Annual Report and Audited Consolidated Financial Statements
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Notes to the consolidated financial statements for the year ended 31 December 2023

1 Organisation and Material Accounting Policies (continued)

Basis of accounting

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the International Accounting Standards Board (IASB). IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets that are not apparent from other sources. Actual results may differ from these estimates. Relevant judgements and estimates are discussed in the later note subtitled "Significant management judgement in applying accounting policies and estimation uncertainty".

The consolidated financial statements are presented in United States Dollars (US\$) and are rounded to the nearest US\$000 unless otherwise indicated.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention except for the measurement of investments which are designated at fair value through profit or loss. The consolidated financial statements are presented in US Dollars (presentational currency of the Group) and not Pound Sterling, the local currency of Guernsey, since the majority of the Group's assets are denominated in US Dollars.

Standards, amendments and interpretations effective on 1 January 2023, which have been adopted by the Group

There are new standards and amendments to existing standards that are effective for the period beginning on 1 January 2023 and have therefore been adopted. None of these standards or amendments have a significant impact on the Group's financial results or position; hence they have not been disclosed.

New standards, amendments and interpretations issued but not yet effective and not early adopted by the Group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries, the Master Fund, Master Fund II, EEA Life Settlements Holdings Limited and EEA Life Settlements Inc. The parent company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over its subsidiary. All subsidiaries have a reporting date of 31 December. The consolidated financial statements of the Group represent the aggregation of the results and financial position of each of the individual Cells and subsidiaries adjusted for the elimination of intra-group transactions and balances. The aggregated financial position of the Company also includes the non-cellular assets and share capital of \$100.

EEA Life Settlements Fund PCC Limited
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for the year ended 31 December 2023

Notes to the consolidated financial statements for the year ended 31 December 2023

1 Organisation and Material Accounting Policies (continued)

Foreign currency translation

Foreign currency assets and liabilities for each cell are translated into the functional currency, which may differ from cell to cell, being the currency in which the shares in each cell are issued, at the rate of exchange ruling at the reporting date. Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Gains and losses arising on revaluation of foreign currency assets and liabilities are recorded in the Consolidated Statement of Comprehensive Income.

For the purpose of the consolidated financial statements, cellular assets and liabilities are translated into the presentation currency (US Dollars) at the rate of exchange ruling at the reporting date. Exchange differences arising on preparation of the consolidated financial statements from the financial statements of Cells maintained in currencies other than US Dollars are recognised in other comprehensive income and are taken to the currency translation reserve. These exchange differences do not affect the value of each Cell.

Income recognition

Bank interest and other income is accounted for on an accruals basis.

Expenditure

Expenses are accounted for on an accruals basis.

Financial instruments

Financial assets

a. Recognition and initial measurement

The Group classifies its financial assets based on both its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

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

Notes to the consolidated financial statements for the year ended 31 December 2023

1 Organisation and Material Accounting Policies (continued)

b. Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- amortised cost
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

(i) Financial assets measured at fair value through profit or loss

Financial assets held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment and listed equity securities at FVOCI. The fair value was determined in line with the requirements of IFRS 13 'Fair Value Measurement'.

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

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Notes to the consolidated financial statements for the year ended 31 December 2023

1 Organisation and Material Accounting Policies (continued)

Investments in life policies are classified as “fair value through profit or loss”. These financial assets are designated as such on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis. Investments are initially recognised at the fair value of the consideration given excluding transaction costs. The valuation basis of investments in life policies is described in note 15.

(ii) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities

(i) Classification and measurement of financial liabilities

The Group’s financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

Notes to the consolidated financial statements for the year ended 31 December 2023

1 Organisation and Material Accounting Policies (continued)

c. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Income Taxes

Tax income/expense recognised in the Statement of Comprehensive Income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in net assets attributable to holders of management and participating shares.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income.

Participating shares

A financial instrument that provides for redemption on a specific date or at the option of the holder meets the definition of a financial liability if the issuer has an obligation to transfer financial assets to the holder of the share. Accordingly the participating shares of the continuing Cells have been classified as financial liabilities in accordance with IAS 32. The participating shares of the run-off Cells may only be redeemed at the absolute discretion of the Directors and are accordingly classified as equity.

Cash and cash equivalents

Cash and cash equivalents consist of cash in bank.

Significant management judgement in applying accounting policies and estimation uncertainty

A) Significant management judgements

When preparing the consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses.

The following are the judgements made by management in applying the material accounting policies of the Group that have the most material effect on these consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2023

1 Organisation and Material Accounting Policies (continued)

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see Note 6).

B) Estimation uncertainty

Fair value measurement

Management have appointed Maple Life Analytics LLC as Independent Valuation Agent. The Independent Valuation Agent uses various valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Independent Valuation Agent bases its assumptions on observable data as far as possible but this is not always available. In that case, the Independent Valuation Agent uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 15).

Contingent liabilities

Provisions for legal disputes or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Notes to the consolidated financial statements for the year ended 31 December 2023

2 Material Agreements

a) Management fee

The Manager is entitled to receive a fee from the Cells at the rate of 1.5% per annum (other than for the Way Cells - 1.95% and Dollar I Cell - 1%) of the Net Asset Value of the Cells, calculated in line with the method set out in the Scheme Particulars. The fee is calculated at the end of each month and is payable monthly in arrears.

b) Performance fee

With effect from 1 May 2015, the Manager and the Investment Adviser both agreed to waive their entitlement to any future performance fees.

c) Custodian fee

The Custodian is entitled to receive a fee at the rate of £14,000 per annum per Cell subject to a minimum of £70,000 per annum for the Company as a whole, payable quarterly in arrears. The aggregate fee payable to the Custodian is charged to the Cells on a pro-rata basis relative to each Cell's Net Asset Value. In addition, the Custodian is entitled to be reimbursed for any out of pocket expenses together with any sub-custodian fees.

d) Administration fee

For acting as administrator of the Fund, Apex Fund Administration (Guernsey) Limited (formerly MJ Hudson Fund Services Guernsey Limited) receives a fee from the Manager consisting of an ad valorem fee at the rate of 0.1% per annum of net assets up to and including US\$250 million; plus 0.075% per annum of net assets in excess of US\$250 million, subject to a minimum fee of £10,000 per annum per cell and an overall minimum fee of £35,000 per annum. From 1 July 2022 to 31 December 2022 the administration fee was reduced from £280,000 to £240,000 per annum. In addition there is a corporate secretarial fee of £10,000 per annum for up to four board meetings per year; plus an administration fee of £4,000 per annum per company in respect of any Affiliate of the Fund to which Apex provides administration services. The total fee shall be capped at a maximum of US\$470,000 per annum.

e) Registration fee

For acting as registrar, Apex Fund Administration (Guernsey) Limited receives a fee from the Group of US\$100,000 per annum and the reimbursement of all out-of-pocket expenses.

With effect from 1 January 2019, the registrar is entitled to charge the Fund fees for processing stock transfer forms of US\$920 per transfer of high risk stock, US\$615 per transfer of complex stock and US\$125 per transfer of simple stock. Such fees shall be capped at a maximum of US\$75,000 per annum.

f) Sub-Custodian fee

The Sub-Custodian is entitled to charge EEA Life Settlements Inc a fixed annual fee of US\$75,000 payable monthly in arrears, and to the reimbursement of all out-of-pocket expenses.

g) Servicing Agent fee

The Servicing Agent is entitled to charge a one time review fee of US\$570 (2022: US\$570) per policy. In addition, there is an annual standing charge of US\$5,000, payable quarterly in advance, subject to a minimum of US\$2,000 per month.

h) Investment Advisory fee

With effect from 1 January 2022 the Investment Advisor is entitled to a fixed fee of \$1,000 per policy per month.

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Notes to the consolidated financial statements for the year ended 31 December 2023

3 Net (loss)/gain on investments	2023	2022
	US\$000	US\$000
Proceeds from maturity of investments	8,289	69,909
Costs of investments matured	(653)	(85,650)
	<hr/>	<hr/>
Realised revenue from maturity of investments	7,636	(15,741)
Movement in unrealised (losses)/gains on on revaluation of investments	(7,705)	31,841
	<hr/>	<hr/>
Net (losses)/ gains on investments during the year	<u>(69)</u>	<u>16,100</u>

Realised gains and losses on maturities and sales of investments are calculated by reference to the historic cost of those investments.

Accumulated unrealised gains or losses on maturities and sales are reversed through "movement in unrealised losses on revaluation of investments".

4 Expenses	2023	2022
	US\$000	US\$000
Management fee (note 2a)	1,483	1,790
Administration fee (note 2d)	-	-
Registration fee (note 2e)	119	138
Investment advisory fee (note 2h)	407	513
Independent valuation agent fee	180	180
General expenses	161	160
Sub-custodian fee (note 2f)	75	75
Audit fee	173	140
Premium payment agent fee	67	67
Custodian fee (note 2c)	486	482
Legal fees	147	442
Professional fees	271	121
Directors' remuneration	140	139
Servicing agent fee (note 2g)	24	24
	<hr/>	<hr/>
	<u>3,733</u>	<u>4,271</u>

"General expenses" includes bank interest, bank charges, D&O insurance premiums, printing costs, the cost of obtaining updated LEs, and other sundry expenses.

5 Dividends

No dividends were declared and paid during the year ended 31 December 2023 or 2022.

EEA Life Settlements Fund PCC Limited
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Notes to the consolidated financial statements for the year ended 31 December 2023

6 Taxation

The Company has obtained exemption from Guernsey Income Tax under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and accordingly is subject to an annual fee of £1,200.

EEA Life Settlements Inc. is subject to US taxation at 21% on the profits arising in that company.

	2023	2022
	US\$000	US\$000
Net (loss)/profit before taxation	(1,625)	12,135
Loss/(income) exempt from tax	(14,484)	2,945
Net (loss)/profit subject to tax	(16,109)	15,080
Tax rate (exempt in Guernsey)	-	-
Adjust for tax rate difference in US of 21%	(3,383)	3,167
Tax effect of:		
Non-taxable unrealised gain/(non-deductible realised loss)	1,596	(7,188)
Deductible interest	(1,143)	-
Taxable operating losses to carry forward	2,930	4,021
Tax expense	-	-
Tax expense comprises:		
- Current tax expense	-	-
- Deferred tax expense	-	-
Tax expense	-	-

EEA Life Settlements Inc.'s net operating losses (NOL's) generated through 31 December 2017 are subject to 20 year carry forward and 2 years carry back period. Any NOLs generated post 31 December 2017 are subject to indefinite carry forward period but with 80% annual limitation. As of 31 December 2023, the net operating losses are US\$267,979,000 and as of 31 December 2022, US\$254,027,000 .

Deferred taxes arise from unrealised gains and losses on life policies, unrelieved allowable expenses and net operating loss carryforward. As at 31 December 2023, the Group calculated a deferred tax asset of US\$56,276,000 and as at 31 December 2022, US\$53,945,000, which has not been recognised as it is not probable that future taxable profits will be available against which the deferred tax asset can be utilised to their full extent.

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Notes to the consolidated financial statements for the year ended 31 December 2023

7 Investments at fair value through profit or loss	2023	2022
	US\$000	US\$000
Fair value at beginning of year	48,890	85,108
Additions (premiums)	5,997	17,591
Proceeds from current year maturity of investments	(8,289)	(69,909)
Realised income/(loss) from maturity of investments	7,636	(15,741)
Movement in unrealised (loss)/income on revaluation of investments	(7,705)	31,841
	<u>46,529</u>	<u>48,890</u>
Fair value at end of year	<u>46,529</u>	<u>48,890</u>

Fair value measurements for the Group are based on Level 3 inputs of the three-level hierarchy system which indicates significant inputs for the asset or liability that are not based on observable market data (unobservable inputs). The valuation basis for the investments in life insurance policies is explained in Note 15. There were no transfers into or out of level 3 classification during the year or prior year.

The valuation is carried out by the Independent Valuation Agent with detailed consultation with and review by the Directors.

The Group has received USD 10.2 million from the successful class action settlement of the Brach Family Foundation, Inc. et al v. AXA Equitable Life Insurance Co. No 16 Civ 740 (JMF) (SDNY). These settlement proceeds have been included in realised income where they relate to matured policies; and in unrealised income where the settlement proceeds relate to current policies.

8 Proceeds from maturity of investments received in year	2023	2022
	US\$000	US\$000
Proceeds relating to current year maturities	650	67,882
Proceeds received relating to prior year maturities (note 9)	25,874	10,000
Proceeds outstanding at year end (note 9)	(650)	(25,874)
Additional proceeds received in the year relating to prior year maturities	7,639	2,027
	<u>33,513</u>	<u>54,035</u>

9 Debtors	2023	2022
	US\$000	US\$000
Investment maturity proceeds receivable	650	25,874
Prepayments	87	808
Bank interest receivable	118	96
	<u>855</u>	<u>26,778</u>

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Notes to the consolidated financial statements for the year ended 31 December 2023

10 Creditors	2023	2022
	US\$000	US\$000
Management fee	113	144
Audit fee	166	137
Registration fees	7	8
Other expenses	58	302
Investment advisory fee	33	38
Custodian fee	124	118
Directors' remuneration	36	34
	<hr/>	<hr/>
	537	781
	<hr/> <hr/>	<hr/> <hr/>

11 Management Shares, Participating Shares and Share Premium

The authorised shares of the Company are as follows:

	2023	2022
	US\$	US\$
Authorised		
100 Management Shares of €1.00 each	122	122
Unlimited number of participating shares of no par value	-	-
	<hr/>	<hr/>
	122	122
	<hr/> <hr/>	<hr/> <hr/>

When the Company was established, the Management Shares were created in order to comply with the then applicable Guernsey Law under which the Participating Shares in issue must be issued with preference over an alternative class of capital. The Management Shares in issue must be issued to the Manager and its representatives.

The Management Shares are not redeemable and do not carry any right to vote (except in relation to a resolution to voluntarily wind up the Company or unless there are no Participating Shares in issue in which case each Management Share carries one vote) or to dividends. Assets not attributable to any particular Cell will constitute the non-cellular assets of the Company for the purposes of the Law. In a winding-up the surplus of any such assets shall be distributed among the holders of Management Shares pro rata to their respective holdings up to the nominal value paid up in the Management Shares.

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Notes to the consolidated financial statements for the year ended 31 December 2023

11 Management shares, Participating Shares and Share Premium (continued)

Participating Shares may normally be issued and redeemed at prices based on the value of the Company's net assets in accordance with the Company's Articles of Incorporation and Scheme Particulars. Participating Shares carry the right to vote at general meetings of the Company and to receive dividends. Holders of Participating Shares are entitled to their pro rata share of the Company's surplus assets after the return of paid up capital on the Management Shares.

On 1 January 2014, a restructuring of the Fund was implemented whereby Continuing Cells and Run-Off Cells were created. For the avoidance of doubt, the whole of the share capital and share premium account is distributable subject to meeting the solvency test criteria and any restrictions in the Company's Articles of Incorporation.

The Continuing Cells are closed to subscriptions. Participating Shares are redeemable at the option of the holder and in accordance with the Fund's Information Memorandum, the relevant supplement(s) and the Fund's Articles of Incorporation on a quarterly basis.

The Run-Off Cells are closed to subscriptions. Participating Shares in the Run-Off Cells may not be redeemed at the option of the shareholder.

Issued share capital

Management shares

No of shares

Balance at 31 December 2023 and 2022

100

The issues and redemptions for the year ended 31 December 2023 and 2022 are set out in the following pages.

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Notes to the consolidated financial statements for the year ended 31 December 2023

11 Management shares, Participating Shares and Share Premium (continued)

Issued share capital
Participating Shares

	Number of Shares			
	Dollar X Cont Cell	Dollar X Run-Off Cell	Dollar Dist Cont Cell	Dollar Dist Run-Off Cell
Balance as at 31 December 2021	50,322	57,805	6,308	8,591
Redeemed during the year	(7,461)	-	(922)	0
Balance as at 31 December 2022	42,861	57,805	5,386	8,591
Balance as at 31 December 2022	42,861	57,805	5,386	8,591
Redeemed during the year	(9,034)	(8,049)	(1,133)	(1,192)
Balance as at 31 December 2023	33,827	49,756	4,253	7,399
		Dollar I Run-Off Cell	Dollar Acc Cont Cell	Dollar Acc Run-Off Cell
Balance as at 31 December 2021		27,555	5,812	3,779
Redeemed during the year		-	(851)	-
Balance as at 31 December 2022		27,555	4,961	3,779
Balance as at 31 December 2022		27,555	4,961	3,779
Redeemed during the year		(3,908)	(1,044)	(522)
Balance as at 31 December 2023		23,647	3,917	3,257

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11 Management shares, Participating Shares and Share Premium (continued)

	Euro X Cont Cell	Euro X Run-Off Cell	Euro Dist Cont Cell	Euro Dist Run-Off Cell
Balance as at 31 December 2021	38,506	26,016	2,585	5,029
Redeemed during the year	(5,649)	-	(369)	-
Balance as at 31 December 2022	<u>32,857</u>	<u>26,016</u>	<u>2,216</u>	<u>5,029</u>
Balance as at 31 December 2022	32,857	26,016	2,216	5,029
Redeemed during the year	(7,015)	(3,612)	(472)	(695)
Balance as at 31 December 2023	<u>25,842</u>	<u>22,404</u>	<u>1,744</u>	<u>4,334</u>
		Euro Acc Cont Cell	Euro Acc Run-Off Cell	Euro Y Run-Off Cell
Balance as at 31 December 2021		3,194	859	3,184
Redeemed during the year		(459)	-	0
Balance as at 31 December 2022		<u>2,735</u>	<u>859</u>	<u>3,184</u>
Balance as at 31 December 2022		2,735	859	3,184
Redeemed during the year		(583)	(116)	(439)
Balance as at 31 December 2023		<u>2,152</u>	<u>743</u>	<u>2,745</u>
	SEK X Cont Cell	SEK X Run-Off Cell	Sterling X Cont Cell	Sterling X Run-Off Cell
Balance as at 31 December 2021	72,479	48,323	109,860	105,320
Redeemed during the year	-	-	(16,749)	-
Balance as at 31 December 2022	<u>72,479</u>	<u>48,323</u>	<u>93,111</u>	<u>105,320</u>
Balance as at 31 December 2022	72,479	48,323	93,111	105,320
Redeemed during the year	(13,698)	(6,514)	(16,882)	(14,431)
Balance as at 31 December 2023	<u>58,781</u>	<u>41,809</u>	<u>76,229</u>	<u>90,889</u>

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Notes to the consolidated financial statements for the year ended 31 December 2023

11 Management shares, Participating Shares and Share Premium (continued)

	Sterling Dist Cont Cell	Sterling Dist Run-Off Cell	Sterling Acc Cont Cell	Sterling Acc Run-Off Cell
Balance as at 31 December 2021	26,402	46,128	113,380	214,350
Redeemed during the year	(3,889)	0	(16,731)	0
Balance as at 31 December 2022	<u>22,513</u>	<u>46,128</u>	<u>96,649</u>	<u>214,350</u>
Balance as at 31 December 2022	22,513	46,128	96,649	214,350
Redeemed during the year	(618)	(6,318)	(21,907)	(29,371)
Balance as at 31 December 2023	<u>21,895</u>	<u>39,810</u>	<u>74,742</u>	<u>184,979</u>
	Meteor Cont Cell	Meteor Run-Off Cell	Meteor II Cont Cell	Meteor II Run-Off Cell
Balance as at 31 December 2021	16,209	32,772	14,979	17,826
Redeemed during the year	(2,387)	-	(2,204)	-
Balance as at 31 December 2022	<u>13,822</u>	<u>32,772</u>	<u>12,775</u>	<u>17,826</u>
Balance as at 31 December 2022	13,822	32,772	12,775	17,826
Redeemed during the year	(2,439)	(4,489)	(2,690)	(2,441)
Balance as at 31 December 2023	<u>11,383</u>	<u>28,283</u>	<u>10,085</u>	<u>15,385</u>
	WAY Cont Cell	WAY Run-Off Cell		
Balance as at 31 December 2021	3,730	8,296		
Redeemed during the year	(264)	-		
Balance as at 31 December 2022	<u>3,466</u>	<u>8,296</u>		
Balance as at 31 December 2022	3,466	8,296		
Redeemed during the year	-	(1,115)		
Balance as at 31 December 2023	<u>3,466</u>	<u>7,181</u>		

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Notes to the consolidated financial statements for the year ended 31 December 2023

12 Net assets attributable to holders of participating shares

	Share premium and capital US\$000	Net losses from operating activities US\$000	Currency translation reserve US\$000
Balance at 31 December 2022	328,447	(193,016)	(10,237)
Redemptions of participating shares	(19,488)	-	-
Net losses from operating activities	-	(1,625)	-
Movement in currency translation reserve	-	-	1,226
Net assets attributable to holders of participating shares at 31 December 2023	308,959	(194,641)	(9,011)
		2023 US\$000	2022 US\$000
Share premium and capital		308,959	328,447
Net losses from operating activities		(194,641)	(193,016)
Currency translation reserve		(9,011)	(10,237)
Net assets attributable to holders of participating shares		105,307	125,194

13 (Loss)/earnings per share

Basic and diluted (loss)/earnings per share have been calculated by dividing the net (loss)/income for the year attributable to participating shareholders by the weighted average number of participating shares in issue during the year.

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Notes to the consolidated financial statements for the year ended 31 December 2023

13 (Loss)/earnings per share (continued)

	Dollar X			
	Cont Cell		Run-Off Cell	
	2023	2022	2023	2022
	US\$000	US\$000	US\$000	US\$000
Net (loss)/income attributable to shareholders	(80)	523	(65)	574
Weighted average number of shares in issue	33,876	46,251	49,955	57,805
Basic and diluted (loss)/earnings per participating share	\$(2.36)	\$11.31	\$(1.30)	\$9.93

	Dollar Dist			
	Cont Cell		Run-Off Cell	
	2023	2022	2023	2022
	US\$000	US\$000	US\$000	US\$000
Net (loss)/income attributable to shareholders	(7)	40	(7)	54
Weighted average number of shares in issue	4,258	5,807	7,428	8,591
Basic and diluted (loss)/earnings per participating share	\$(1.64)	\$6.89	\$(0.94)	\$6.29

	Dollar I	
	Run-Off Cell	
	2023	2022
	US\$000	US\$000
Net (loss)/income attributable to shareholders	(16)	237
Weighted average number of shares in issue	23,743	27,555
Basic and diluted (loss)/earnings per participating share	\$(0.67)	\$8.60

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Notes to the consolidated financial statements for the year ended 31 December 2023

13 (Loss)/earnings per share (continued)

	Dollar Acc			
	Cont Cell		Run-Off Cell	
	2023 US\$000	2022 US\$000	2023 US\$000	2022 US\$000
Net (loss)/income attributable to shareholders	(8)	44	(4)	28
Weighted average number of shares in issue	3,922	5,349	3,269	3,779
Basic and diluted (loss)/earnings per participating share	\$(2.04)	\$8.23	\$(1.22)	\$7.41
	Euro X			
	Cont Cell		Run-Off Cell	
	2023 €000	2022 €000	2023 €000	2022 €000
Net (loss)/income attributable to shareholders	(177)	717	(113)	458
Weighted average number of shares in issue	25,880	35,483	22,493	26,016
Basic and diluted (loss)/earnings per participating share	€(6.84)	€20.21	€(5.02)	€17.60
	Euro Dist			
	Cont Cell		Run-Off Cell	
	2023 €000	2022 €000	2023 €000	2022 €000
Net (loss)/income attributable to shareholders	(9)	31	(14)	59
Weighted average number of shares in issue	1,747	2,386	4,351	5,029
Basic and diluted (loss)/earnings per participating share	€(5.15)	€12.99	€(3.22)	€11.73

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13 (Loss)/earnings per share (continued)

	Euro Acc			
	Cont Cell		Run-Off Cell	
	2023 €000	2022 €000	2023 €000	2022 €000
Net (loss)/income attributable to shareholders	(10)	41	(2)	9
Weighted average number of shares in issue	2,156	2,946	746	859
Basic and diluted (loss)/earnings per participating share	€(4.64)	€13.92	€(2.68)	€10.48

	Euro Y Run-Off Cell	
	2023 €000	2022 €000
	Net (loss)/income attributable to shareholders	(10)
Weighted average number of shares in issue	2,756	3,184
Basic and diluted (loss)/earnings per participating share	€(3.63)	€11.31

	SEK X			
	Cont Cell		Run-Off Cell	
	2023 SEK000	2022 SEK000	2023 SEK000	2022 SEK000
Net (loss)/income attributable to shareholders	(353)	1,763	(207)	1,011
Weighted average number of shares in issue	58,856	72,479	41,969	48,323
Basic and diluted (loss)/earnings per participating share	SEK(6.00)	SEK 24.32	SEK(4.93)	SEK 20.92

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13 (Loss)/earnings per share (continued)

	Sterling X			
	Cont Cell		Run-Off Cell	
	2023	2022	2023	2022
	£000	£000	£000	£000
Net (loss)/income attributable to shareholders	(667)	2,475	(596)	2,298
Weighted average number of shares in issue	76,322	100,562	91,245	105,320
Basic and diluted (loss)/earnings per participating share	£(8.74)	£24.61	£(6.53)	£21.82

	Sterling Dist			
	Cont Cell		Run-Off Cell	
	2023	2022	2023	2022
	£000	£000	£000	£000
Net (loss)/income attributable to shareholders	(110)	448	(197)	754
Weighted average number of shares in issue	21,898	24,275	39,966	46,128
Basic and diluted (loss)/earnings per participating share	£(5.02)	£18.46	£(4.93)	£16.35

	Sterling Acc			
	Cont Cell		Run-Off Cell	
	2023	2022	2023	2022
	£000	£000	£000	£000
Net (loss)/income attributable to shareholders	(801)	2,890	(1,365)	5,267
Weighted average number of shares in issue	74,863	104,256	185,703	214,350
Basic and diluted (loss)/earnings per participating share	£(10.70)	£27.72	£(7.35)	£24.57

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13 (Loss)/earnings per share (continued)

	Meteor			
	Cont Cell		Run-Off Cell	
	2023	2022	2023	2022
	£000	£000	£000	£000
Net (loss)/income attributable to shareholders	(102)	379	(192)	739
Weighted average number of shares in issue	11,397	14,904	28,393	32,772
Basic and diluted (loss)/earnings per participating share	£(8.95)	£25.43	£(6.76)	£22.55

	Meteor II			
	Cont Cell		Run-Off Cell	
	2023	2022	2023	2022
	£000	£000	£000	£000
Net (loss)/income attributable to shareholders	(86)	312	(95)	360
Weighted average number of shares in issue	10,100	13,774	15,445	17,826
Basic and diluted (loss)/earnings per participating share	£(8.51)	£22.65	£(6.15)	£20.20

	WAY			
	Cont Cell		Run-Off Cell	
	2023	2022	2023	2022
	£000	£000	£000	£000
Net (loss)/income attributable to shareholders	(21)	70	(45)	155
Weighted average number of shares in issue	3,466	3,606	7,208	8,296
Basic and diluted (loss)/earnings per participating share	£(6.06)	£19.41	£(6.24)	£18.68

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14 Net cash outflow from operating activities	2023	2022
	US\$000	US\$000
Reconciliation of net loss before investment result to net cash outflow from operating activities		
Income	2,136	437
Expenses	(3,733)	(4,271)
Net foreign currency losses	41	(131)
	<hr/>	<hr/>
Net loss before investment result	(1,556)	(3,965)
Adjustment for non cash items:		
(Increase)/decrease in debtors	699	(43)
Increase/(decrease) in creditors	(244)	192
	<hr/>	<hr/>
Net cash outflow from operating activities	<u>(1,101)</u>	<u>(3,816)</u>

15 Risk Profile

The Group's investment objective is to invest in outstanding life insurance policies issued primarily in the United States and, in respect of the Continuing Cells, to invest in other instruments which provide exposure to life insurance policies with similar characteristics to those currently held by the Group. The Group seeks to achieve medium to long term capital growth.

The Group's material financial instruments comprise:

- life insurance policies held in accordance with the Group's investment objectives as set out above, and
- cash, debtors and creditors that arise directly from the Group's operations, and
- participating shares.

Fair value estimation

The Group measures its investments in life policies at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed by the Directors to be appropriate in the circumstances. The Group has appointed an Independent Valuation Agent who uses a variety of methods and assumptions that are based on the market conditions existing at the reporting date.

Investments in life policies

The Directors consider that there is sufficient market data available to use market based discount rates in the valuation process. The Board has appointed Maple Life Analytics LLC, as an Independent Valuation Agent, to the Fund to value the Group's investments in life policies on this basis.

Notes to the consolidated financial statements for the year ended 31 December 2023

15 Risk Profile (continued)

Life insurance policies are valued on the basis of their estimated present value, taking into account anticipated future death benefits less anticipated future premiums. Each set of cash flows is discounted using the latest life expectancy estimates and a market discount rate which in part reflects the annual return the market expects when buying policies and also the confidence the market has in the accuracy of the life expectancy estimates provided by the life expectancy provider. As a result, the market discount rate may vary depending on the life expectancy provider. The average discount rate used in respect of the valuation is approximately 17.16% (2022: 12.74%).

The estimated remaining life of each life policy is currently calculated by the Independent Valuation Agent by:

1. calculating a degree of mortality impairment needed to match the life expectancy estimate at the date
2. reducing the degree of impairment for especially high multipliers for conservatism, and then
3. applying this level of mortality impairment to the insured's current age.

This process is intended to recognise ageing of the insured, while assuming that the insured's relative degree of impairment is unchanged. This aims to simulate the most likely effects of continuous re-underwriting of the entire portfolio every month.

Realised gains and losses on the disposal or maturity of investments are calculated by reference to the net proceeds received on disposal or maturity and the actual cost, which comprises initial consideration and premiums, attributable to those investments. Profits and losses on investments are included in the Consolidated Statement of Comprehensive Income.

The investment policy is to invest in a diversified portfolio of insurance policies. When choosing and pricing policies the Investment Adviser took into account the life expectancy, the health and the age of the insured, the amount of the premiums needed to keep the policy in force, the rating of the issuing insurance group and the amount of the death benefit. The Manager appointed the Investment Adviser to source and procure the life policies and provide tracking services. Tracking involves appointing medical professionals to contact the care providers of the insureds to determine their current health status and reporting to the Investment Adviser on a quarterly basis.

Notes to the consolidated financial statements for the year ended 31 December 2023

15 Risk Profile (continued)

The main investment restrictions were:

- not to purchase a policy which is issued by an insurance company rated less than 'B' by one of the major rating agencies
- not to purchase a policy which has not yet passed the suicide and contestability period
- not to purchase policies held by insureds diagnosed with the same illness the aggregate face value of which is more than 20 per cent of the total face value of policies held
- not to purchase policies from a single insurance company to an aggregate face value of more than 20 per cent of the total face value of all policies held
- not to purchase policies from an insured whose life expectancy is more than 96 months from the date of purchase
- not to purchase a policy the face value of which represents more than 3.5% of the total value of all policies held
- not to purchase policies from a non United States resident
- not to purchase any policies where the insured has been diagnosed as having AIDS or being HIV positive
- not to purchase a term life policy, the remaining term at the time of the purchase of which is less than 10 years if the life expectancy of the insured is 4 years, or 9 years if the life expectancy of the insured is 3 years or less
- invest in foreign exchange forward contracts, futures contracts and options for the purpose of hedging of the investments only
- not to borrow more than 10% of its net assets for any purpose
- not to invest more than 10% of its net asset value in other collective investment schemes, save in respect of Other Instruments as defined in the Information Memorandum.

Financial risk management and policies

The Scheme Particulars set out a comprehensive set of risk factors associated with the Group's investments, but the main risks arising from the Group's investment in a diversified portfolio of life insurance policies are longevity risk (i.e. the risk that insured lives live longer than expected), market risk, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing these risks and these are summarised below.

Longevity risk

Longevity risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because estimates of the remaining life of the insured lives are incorrect. This risk can be separated into systematic lives risk and specific lives risk as follows:

1. Systematic lives risk - the population as a whole starts to live longer (or the population of lives whose life insurance policies have been traded in the market start to live longer).
2. Specific lives risk - the specific lives purchased by the Group live longer than expected. This may be due to particularly poor experience for the types of lives purchased by the Group or that certain types of lives respond particularly well to treatment.

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15 Risk Profile (continued)

Assumptions are made about the remaining life expectancy of each life based on the methodology described on page 36. There is a risk that the actual experience may unfold in a different way from the assumptions or that new evidence emerges requiring a significant change to the assumptions. There is a rolling programme of life expectancy reviews conducted by third party providers. The results of these reviews are communicated to the Board by the Investment Adviser and where appropriate reflected in the valuations. If the assumptions were changed the valuation of these investments could significantly differ from that shown in the financial statements. As at 31 December 2023, all life expectancy estimates have been made within two years. In previous years, a sizeable minority of policies had life expectancy estimates, for valuation purposes, which were more than two years old. These have since been updated.

As at 31 December 2023, EEA Life Settlements Inc held 31 life settlement assets valued at US\$47 million (2022: 33 policies valued at US\$49 million).

Within the consolidated financial statements, the longevity risk is captured within a relatively high discount rate compared to vanilla financial instruments, the level of which varies by underwriter.

The table below illustrates how the valuation changes should these assumptions be altered. The following are shown:

- a) The valuation included in the consolidated financial statements calculated on the assumptions for risk discount rate and average LEs.
- b) How the valuation varies should the risk discount rates be increased or reduced by 100 bps with the average LEs unchanged
- c) How this value varies should the average LEs increase by 1 year or 2 years with the risk discount rate unchanged.

	2023	2022
	US\$000	US\$000
a) Valuation included in financial statements*	46,529	48,890
b) Valuation if adjust discount rate + 100 bps	45,642	47,757
Valuation if adjust discount rate - 100 bps	47,458	50,084
c) Valuation + 1 year to valuation (a) LE	33,425	46,457
Valuation + 2 years to valuation (a) LE	22,314	32,399

*Calculated using discount rates on average of 17.16% in 2023 and 12.7% in 2022.

Notes to the consolidated financial statements for the year ended 31 December 2023

15 Risk Profile (continued)

Systematic lives risk

There are two parts to this risk.

- (i) Underwriters' estimations of life expectancy are incorrect
- (ii) Systematic improvements in mortality due to medical advancements

All life settlements are underwritten individually, and different life expectancies and uplift factors (the relative increase in mortality required for the life) are determined for each life. The underwriter produces an underwriting report including the life expectancy (LE). The LE can broadly be considered to be the age on which around 50% of lives are expected to die, or the average date that a life might die.

If the underlying insured lives longer than the underwriter expected, the valuation will decrease. This is because profits arising from death benefit are being realised later and total future premiums are underestimated. The reverse is true if the underlying insured dies before the underwriter expected. As seen from the table above, the valuation is highly sensitive to mortality changes.

The second risk is that medical advancements will improve mortality significantly, resulting in profit being delayed and reduced.

Specific lives risk

There is a risk that the underlying lives with acute diseases respond well to treatment which gives rise to the impairment going into remission. If this happens on a large number of lives, the overall LE of the portfolio could be extended and the value of the policies will reduce.

Similarly, there is a risk that the policies purchased by the Group happen to experience particularly poor experience for other reasons (e.g. poor underwriting).

Risk discount rate

The risk discount rate is chosen by the independent valuation agent based on its experience of the Life Settlements Market.

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15 Risk Profile (continued)

Market risk

Market risk comprises foreign currency risk and interest rate risk.

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It is the intention of the Group to hold its investments until maturity, although the Group has the discretion to sell policies if it believes it is in the Group's best interests. In the event that the Group wishes to sell an investment, there is a limited secondary market for such investments. Although the carrying value of investments as at period end is the best estimate of their fair value, it is possible, particularly as a consequence of the impact of past regulatory intervention, that the Group may, on sale, not be able to achieve the fair value used for the purpose of valuing investments in these financial statements particularly in view of the number of policies to be sold as compared with current market volumes.

Foreign currency risk

Each of the Cells invests entirely in the shares of EEA Life Settlements Holdings Limited with the effect that each cell, other than the dollar Cells, is exposed to the currency risks of the underlying investments which are denominated in US Dollars.

The non-US Dollar Cells did not enter into any hedging arrangements in 2023 or 2022 and therefore are exposed to currency risks arising from fluctuations in the US Dollar.

At 31 December 2023, the Group's net currency exposure in investments and net current assets can be analysed as follows:

	Investments	Net current	Total
	US\$000	assets	US\$000
		US\$000	US\$000
US Dollar	46,529	44,345	90,874
Sterling	-	13,447	13,447
Euro	-	887	887
SEK	-	99	99
	<hr/>	<hr/>	<hr/>
	46,529	58,778	105,307
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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Notes to the consolidated financial statements for the year ended 31 December 2023

15 Risk Profile (continued)

At 31 December 2022, the Group's net currency exposure in investments and net current assets can be analysed as follows:

	Investments	Net current	Total
	US\$000	assets	US\$000
		US\$000	US\$000
US Dollar	48,890	64,472	113,362
Sterling	-	10,950	10,950
Euro	-	794	794
SEK	-	88	88
	<u>48,890</u>	<u>76,304</u>	<u>125,194</u>

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash. All cash bears interest at floating rates. The following table sets out the Group's exposure to interest rate risk as at 31 December:

	2023	2022
	US\$000	US\$000
Non- interest bearing	46,847	74,887
Interest bearing - floating rate	<u>58,460</u>	<u>50,307</u>
	<u>105,307</u>	<u>125,194</u>

The interest bearing floating rate assets are denominated in US Dollars. If the US Dollar interest rate increased/decreased by 50 basis points the net income and net assets would increase/decrease by US\$ 292,300 (2022: US\$ 251,535)

The calculations are based on the cash balance at the reporting date and are not representative of the period as a whole. The 50 basis points represents the Directors' assessment of the possible change in interest rates.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. To mitigate this risk the Group aims to build a diversified portfolio of policies and adopts restrictions on the security rating of the insurance companies issuing the policies and the exposure of the Group to any one insurance company. At 31 December 2023, 100% (2022: 100%) of policies were with insurance companies with a rating of 'A' or above. Substantially all cash balances are held with Citizens Bank NA, the sub-custodian, which has a good credit rating (BBB+) and with BNP Paribas (the Custodian, which has an Aa3 credit rating) and, in the opinion of the Directors, whilst it is a risk, does not currently represent a significant credit risk. The carrying amounts of financial assets best represent the maximum credit risk exposure at the end of the reporting period.

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15 Risk Profile (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet its financial commitments. The Investment Adviser has sought to select life insurance policies which are expected to mature within a reasonable time frame. There is minimal or no return on such policies until maturity. There is a secondary market for the life policies but it is not highly regulated or developed and there is no certainty the market will be active. Therefore, there can be no assurance that the liquidity of the investments will always be sufficient to meet redemption requests as and when made.

Except for when share dealing is suspended, Participating Shares in the Continuing Cells are redeemable at the option of the Shareholder on a quarterly basis and in accordance with the Fund's Information Memorandum, relevant Supplement(s) and the Fund's Articles of Incorporation. However, in the event that redemption requests for shares in a Cell exceed the available cash held by a Cell or 10% of the Net Asset Value of the Cell, the Directors shall be entitled at their absolute discretion to refuse to redeem such shares.

The Run-Off Cells are closed to subscriptions and Participating Shares in a Run-Off Cell may not be redeemed at the option of the Shareholder.

The Fund also needs to maintain sufficient resources to fund the ongoing premiums of the policies in order to keep the policies in force. With effect from March 2023, a buffer of 16 months' premium (previously 12 months) has been targeted to ensure that the Fund has sufficient resources to meet the premium obligations. The expected value of premiums for 2024 are US\$10,852,129 as compared with expected value of receipts from maturities of US\$23,867,310. Maturities in subsequent years are expected to more than cover the contemporaneous premium cost.

The estimated maturity profile of the fair value of the insurance policies as at 31 December held is set out below:

	2023	2022
	US\$000	US\$000
0 to 3 months	2,951	2,365
3 to 12 months	15,799	13,378
1 to 2 years	10,732	11,741
2 to 5 years	11,052	12,762
More than 5 years	5,995	8,644
	46,529	48,890
	46,529	48,890

Notes to the consolidated financial statements for the year ended 31 December 2023

15 Risk Profile (continued)

All liabilities other than those relating to Participating Shares of the Continuing Cells are due on demand.

Management of capital

The Manager manages the capital of each Cell in accordance with its investment objectives and policies. The capital of each Cell consists of proceeds from the issue of Participating Shares and the reserve accounts. There are redemption gate provisions in place to ensure that the Company can retain sufficient available cash to meet premium and other obligations for the foreseeable future. The Fund does not have any externally imposed capital requirements.

Fair value measurement

The financial assets measured at fair value are disclosed using a fair value hierarchy that is based on the observability of significant inputs used in making the fair value measurements, as follows:-

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Those involving inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - Those inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All the Group's investments are carried at fair value at the end of the reporting period. The fair value of the financial instruments can be readily determined within a reasonable range of estimates. For certain financial instruments including debtors and creditors the carrying value approximates to fair value due to the immediate or short term nature of those financial instruments.

The fair value used in these financial statements for the value of life policies may not be the value which would be achieved on sale of those policies. The fair value of life insurance policies held is estimated using a valuation technique sensitive to valuation assumptions that are not supported by observable inputs such as the life expectancy of the assured. The valuation is carried out by the Independent Valuation Agent with review by the Directors.

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16 Related party transactions

Transactions with related parties are based on terms equivalent to those that prevail in an arm's length transaction.

Management fees are payable to the Manager. During the year, these amounted to \$1,482,937 (2022: \$1,789,870). As at the year end \$113,060 (2022: \$144,240) was outstanding and due to the Manager.

All routine administration fees are borne by the Manager. During the year these amounted to \$377,591 (2022: \$347,470).

The Directors have no disclosable interests in the shares of the Company. During the year, the Directors received remuneration totalling \$140,187 (2022: \$139,303).

Chris Daly is Managing Director of ViaSource Funding Group LLC, which is the Investment Adviser.

17 Commitments

In order to maintain cover the Company is committed to pay premiums of the life insurance policies acquired which are expected to amount to US\$36 million (2022: US\$42 million) based on estimated life expectancies of the insured calculated consistent with the valuation methodology.

18 Contingent liability

During 2017, Coventry Capital US LLC issued proceedings in the US against EEA Life Settlements Inc., together with individuals representing the Manager, alleging a pattern of fraudulent, bad faith conduct in the negotiation of an agreement to sell the Group's portfolio of life insurance policies. The defendants categorically reject the allegations and have filed defences to that effect. Both sides filed the requisite pleadings in September 2023 and the matter is now being adjudicated. The outcome of the proceedings and amount of any contingent liabilities cannot be predicted or estimated at this stage.

19 Post balance sheet events

From 1 January 2024 the Manager was replaced with a Services Provider, EPIC Investment Partners (Guernsey) Limited, who receive a fee of USD 1,750 per active policy per month.

On 1 March 2024, following approval by shareholders, all existing Run-off Cell shares were converted to GBP New Run-off Cell shares and all existing Continuing Cell Shares were converted to GBP New Continuing Shares. The Company now has just two Cells both of which are denominated in GBP.

From 1 April 2024 the Independent Valuation Agent agreed to a reduction in fees, by replacing monthly reporting by quarterly reporting with fees, per report, of USD 8,000 plus USD 500 per policy.

There have been no other events to report.

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Unaudited Schedule of Investments as at 31 December 2023

File number	Insurance company	Net death benefit US\$000	Fair value US\$000	% of net assets %
19822	State Farm Life	100	(12)	(0.01)
9950A	MetLife	100	(2)	(0.00)
9950B	State Farm Life	192	(5)	(0.00)
11996	US Financial Life	200	(26)	(0.02)
7891B	William Penn	244	50	0.05
16216B	American General Life	250	164	0.16
10065	Lincoln Benefit	296	(35)	(0.03)
19800	MetLife	400	(30)	(0.03)
20448	American General Life	500	175	0.17
19239	Federated Life	733	105	0.10
19182	West Coast Life	750	103	0.10
18570C	United of Omaha	1,000	742	0.70
18570D	United of Omaha	1,000	742	0.70
18570E	United of Omaha	1,000	742	0.70
7891A	New England Financial	1,473	284	0.27
14234A	American General Life	2,000	1,352	1.28
14234B	American General Life	3,000	2,138	2.03
19317	TransAmerica	4,000	1,623	1.54
22412	Transamerica	4,100	1,013	0.96
18984B	American General Life	5,000	1,141	1.08
18984C	Lincoln Benefit	5,000	1,399	1.33
18984D	TransAmerica	5,000	1,729	1.64
18984E	Prudential	5,000	1,148	1.09
19677D	AXA	5,000	1,148	1.09
20255D	AXA	5,000	2,857	2.71
19677	Pacific Life	6,000	450	0.43
18570B	Sun Life Assurance	6,000	4,134	3.93
18965	Lincoln National	10,000	6,477	6.15
17923B	Lincoln Financial	10,000	6,835	6.49
18518B	AXA	10,000	7,514	7.14
19677C	Lincoln Benefit	10,000	2,574	2.44
Total investments		103,338	46,529	44.18
Other net assets			58,778	55.82
Total net assets			105,307	100.00

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Unaudited Schedule of Investment Maturities for the year ended 31 December 2023

File number	Insurance company	Proceeds received US\$000
13892A	American General Life	550
18505B	Primerica	100
Total proceeds received		650
Additional proceeds received from prior year maturities		7,639
Total investment maturities		8,289