

20th December 2022

**RE: Completion of Fund Termination and Winding Up
Life Settlements Wholesale Fund (ARSN 110 346 695)**

The Board of GI Asset Management Limited (AFSL 432510) (**Responsible Entity, “our”, “we”, “us”**) writes to inform you of the completion of the wind up the Life Settlements Wholesale Fund (the **“Fund”**).

On 6th December 2022, we completed the winding up of the Fund.

All units in the Fund were fully redeemed and proceeds of the redemption were paid on or before 30th September 2022. Payments were made via Perpetual Trustee Company Limited, the Fund’s appointed custodian since its inception. A copy of the transaction statement was sent to each unit holder when the payment was made.

We now attach a copy of the Fund’s audited financial report & auditor’s report, prepared for the period since the date of the last financial report (FYE 30 June 2022) and completion of winding up.

The Responsible Entity has notified the Australian Securities and Investments Commission that the winding up of the Fund has been completed. The Fund has now ceased to exist as a managed investment scheme and unitholders no longer have an interest in the Fund.

Unit holders with no bank accounts or updated contact details.

The Fund had some unitholders who did not advise us on their current contact and banking details, despite numerous reminders. As such, on completion of the winding up, any unclaimed or undistributed funds from the Fund was paid to Australian Securities and Investments Commission (“ASIC”) to be dealt with under Part 9.7 of the Corporations Act.

Unclaimed money received by ASIC is transferred to the Commonwealth of Australia Consolidated Revenue Fund. It is available to be claimed at any time by the rightful owner and there is no time limit on claims.

Those concerned may use the unclaimed money search on ASIC’s Moneysmart website at <https://moneysmart.gov.au/find-unclaimed-money>

If the name being searched has unclaimed money, you will see the details of how to make a claim.

On behalf of the Board of GI Asset management, thank you for your support in this Fund.

Yours sincerely,



Stephanie Nolan
Chief Executive Officer

LIFE SETTLEMENTS WHOLESale FUND

ARSN 110 346 695

ANNUAL REPORT for the stub period from 1 July to 6 December 2022

This annual report covers Life Settlements Wholesale Fund as a consolidated entity and is presented in United States Dollars.

The responsible entity of Life Settlements Wholesale Fund is GI Asset Management Limited (incorporated in Australia).

The responsible entity's registered office is:

'HQ ROBINA' Suite 14 Level 1, 58 Riverwalk Avenue, Robina, QLD 4226

Life Settlements Wholesale Fund

Directors' Report for the stub period from 1 July to 6 December 2022

The directors of GI Asset Management Limited (the Responsible Entity or GIAM), the Responsible Entity of Life Settlements Wholesale Fund (the Fund), present this report together with the consolidated financial report of the Fund, for the stub period from 1 July to 6 December 2022 and the auditor's report thereon.

Principal Activities

The Fund is a registered managed investment scheme domiciled in Australia. The Fund was constituted on 2 August 2004 and was registered as a managed investment scheme by the Australian Securities and Investments Commission on 18 August 2004.

In the past the principal activity of the Fund was to hold and manage a portfolio of Life Settlement Policies through direct investment. Subsequently the Fund invested indirectly in Life Settlement Policies by holding shares in the GIS General Fund, the first approved sub-fund of Global Insurance Settlements Funds PLC. The Global Insurance Settlements Funds PLC, is a listed Irish company specialising in life settlements and registered as a Qualifying Investor Fund with the Central Bank of Ireland.

All investors have been redeemed, the number of investors has decreased from 215 to 0 as such.

In June 2022 GIS General Fund sold its entire portfolio of life settlements, and during the stub period in July and August, it paid out the balance of net assets attributable to the share holders. The directors of the Responsible Entity have resolved to wind up the Fund in an orderly manner in the first half of the 2023 financial year and these financial statements represent the final financial statements of the Fund. Refer to the review of operating activities below for further information.

Basis of preparation of financial statements - orderly wind down basis

As outlined above, the directors of the Responsible Entity resolved to wind up the fund in an orderly manner in the first half of the 2023 financial year and these represent the final financial statements of the Fund. As such, the directors consider it appropriate to prepare the financial report for the period to 6 December 2022 on a basis other than a going concern basis, which would be based on an orderly wind down of operations. The comparative disclosures for 30 June 2022 were prepared on a consistent basis.

The reason why the Fund is prepared on this basis has been set out in note 2(c) of the financial statements. In determining the appropriate accounting policies to adopt on an orderly wind down basis, the directors of the Responsible Entity have assumed that the most likely wind down scenario would involve the orderly realisation of the Fund's assets rather than immediate liquidation.

As at 6 December 2022, the Fund's assets have been realised, the liabilities have been settled and the residual proceeds have been distributed to unitholders.

Life Settlements Wholesale Fund

Directors' Report (continued) for the stub period from 1 July to 6 December 2022

Directors

The directors of GI Asset Management Limited, the Responsible Entity, during the financial period and up to the date of this report were:

Ian Sidney Cotton - Appointed 28 November, 2012

Director and Chairman residing in the United States of America, aged 84. Formerly a Chartered Accountant, Chairman of a listed company and partner of Deloitte Touche Tomatsu.

Stephen George Knott - Appointed 28 November, 2012

Compliance Director and Member of the Investment Management Committee of the Life Settlements Wholesale Fund, aged 65.

R. Laken Mitchell III - Appointed 28 November, 2012

Director residing in the United States of America, aged 72. Current President and founder of CMG Surety LLC and CMG Life Services, Inc, (Tennessee, USA) and has served as a director and/or officer of a number of investment ventures. A former Assistant Attorney General of Tennessee, USA.

Robert White - Appointed 28 November, 2012

Director, aged 59, residing in the United States of America. Chief Operations Officer of CMG Surety LLC and CMG Life Services, Inc.

Stephanie Jane Nolan - Appointed 28 November, 2012

Director, aged 54, residing in Australia. Chief Executive Officer of GI Asset Management Limited and General Manager of LSI Management Limited. Member of the Investment Management Committee of the Life Settlements Wholesale Fund.

Review of Operations

As at 6 December 2022 the Fund owns Nil shares (30 June 2022: 14,137,316) in GIS General Fund and has had a movement in net assets attributable to unit holders from \$6,409,242 at 30 June 2022 to Nil as at 6 December 2022.

On June 24th 2022 the investors of the GIS General Fund signed a resolution granting GI Asset Management the permission to sell the remaining lifeselements portfolio, setting a sale reserve price of \$49,552,592. On June 30th 2022 the portfolio was sold for \$50,000,000. In July 95% of the shares in the GIS General Fund were redeemed for \$6,066,535, with the remaining 5% redeemed in August. As at 6 December 2022, there is no remaining investment in GIS General Fund.

Results

The performance of the Fund as represented by the results of its operations was as follows:

	06-December-2022	30-June-2022
	\$	\$
Net operating profit/(loss) before increase/(decrease) in net assets attributable to unit holders	(78,750)	(2,248,271)

Life Settlements Wholesale Fund

Directors' Report (continued) for the stub period from 1 July to 6 December 2022

Unit Prices (Ex-distribution)	06-December-2022		30-June-2022	
	\$AUD	\$USD	\$AUD	\$USD
Issue price	-	-	0.6237	0.3539
Redemption price	-	-	0.6205	0.3521

The basis for valuation of the Fund's assets is disclosed in Note 2 to the financial statements.

In prior periods, the Fund allocated all the gains and losses on its foreign exchange hedging to the AUD Units, in order to reduce the exposure of AUD Units to foreign currency exchange rate fluctuations. The above differential between the AUD Unit price equivalent and US Dollar Unit price reflects this allocation. During the current and prior period the Fund has not entered into any foreign exchange hedges.

Units on Issue

The movement in units on issue in the Fund during the period is disclosed in Note 8 of the financial statements.

The Responsible Entity and its associates have not held any units in the Fund during the financial period, other than as disclosed in Note 14.

Amounts attributable to unit holders	06-December-2022	30-June-2022
	\$	\$
Value of Net Assets	-	6,409,242

Valuation methodology

In prior periods, the primary element in determining the value of the Fund was the value of the shares held in the GIS General Fund. The GIS General Fund redemption price is determined by its administrator and was then reviewed and approved by GI Asset Management Limited (GIAM) monthly.

In prior periods the value of the Life Settlements held by the GIS General Fund has been determined by the Investment Manager (GIAM) on a monthly basis. The valuation was based on the "probabilistic approach", an actuarial method that fits the policies' cash flows (premium payments and death benefits) to a monthly mortality scale as generated by the specific life expectancy of each insured. This mortality scale was actuarially rolled forward from the life expectancy underwriting date to the valuation date. The valuations were subject to independent verification by an Independent Actuarial firm at intervals of not more than 6 months.

On 30 June 2022 the GIS General Fund sold its entire portfolio of life settlements. The 30 June 2022 share price was determined using the net sale proceeds and included an accrual for wind-up costs of the GIS General Fund. GIS General Fund investors were paid out in full during July and August and therefore the Fund realised its full investment during the period to 6 December 2022.

Expenses

The Fund did not have any employees during the period. All fees and expenses applicable to the Fund under its constitution were met by the Fund during the reporting period. The following fees were paid/payable to the Responsible Entity out of Fund property during the financial period:

	06-December-2022	30-June-2022
	\$	\$
Responsible entity's fees	2,442	38,108

Life Settlements Wholesale Fund

Directors' Report (continued) for the stub period from 1 July to 6 December 2022

Significant Changes in the State of Affairs and After Balance Date Events

On 30 June 2022 the GIS General Fund sold its entire portfolio of life settlements. GIS General Fund investors were paid out in full during July and August. As such, the Fund realised its investment in GIS General Fund post year end with proceeds amounting to \$6,388,865 received. Subsequent to this, the Fund paid out all unitholder funds in August amounting to \$6,330,615 and as at the date of this report there are no unitholders remaining in the Fund. These financial statements represent the final accounts of the Fund.

Environmental Regulation

The operations of the Fund are not subject to any significant environmental regulation under either Commonwealth, State or Territory legislation.

Options

No options were granted over un-issued units during or since the end of the financial period by the Fund. No options remain unexercised at the date of this report.

Indemnifying Officer or Auditor

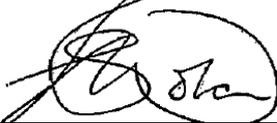
No insurance premiums were paid out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The Fund has not indemnified any auditor of the Fund.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included on page 6 and forms part of the directors' report for the financial period ended 6 December 2022.

Signed in accordance with a resolution of the Board of Directors of GI Asset Management Limited:



Stephanie Jane Nolan, Director

Dated: 16th December 2022



Lead Auditor's Independence Declaration
under Section 307C of
the Corporations Act 2001

To the Directors of GI Asset Management Limited, the Responsible Entity of Life Settlements Wholesale Fund.

I declare that, to the best of my knowledge and belief, in relation to the audit of Life Settlements Wholesale Fund for the financial period 1 July 2022 to 6 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Adam Twemlow

Partner

Gold Coast

16 December 2022

Life Settlements Wholesale Fund

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Life Settlements Wholesale Fund

Consolidated Statement of Comprehensive Income for the stub period from 1 July to 6 December 2022

	Notes	06-December-2022 USD	30-June-2022 USD
Income			
Net changes in fair value of investments	7	3,040	(2,124,839)
Interest income	4	5,632	8
Foreign exchange gains/(losses)		(7,268)	365
Other operating income		-	-
Total income		1,404	(2,124,466)
Expenses			
Responsible entity's fees	14	2,442	38,108
Other operating expenses	5	77,712	85,697
Total expenses		80,154	123,805
Loss from operating activities before finance costs		(78,750)	(2,248,271)
Finance costs			
Distribution expense to unit holders	9	-	-
Change in net assets attributable to unit holders/Total Comprehensive Income Loss	8	(78,750)	(2,248,271)

The above Consolidated Statement should be read in conjunction with the accompanying notes.

Life Settlements Wholesale Fund

**Consolidated Statement of Changes in Equity
for the stub period from 1 July to 6 December 2022**

The Fund's net assets attributable to unit holders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As the Fund has no equity, no items of changes in equity have been presented for the current or comparative year.

The above Consolidated Statement should be read in conjunction with the accompanying notes.

Life Settlements Wholesale Fund

Consolidated Statement of Financial Position as at 6 December 2022

	Notes	06-December-2022 USD	30-June-2022 USD
Assets			
Cash and cash equivalents	10	-	94,139
Financial assets held at fair value through profit or loss	11	-	6,385,826
Total assets		-	6,479,965
Liabilities			
Trade and other payables	12	-	70,723
Total liabilities (excluding net assets attributable to unit holders of the parent)		-	70,723
Net assets attributable to unit holders	8	-	6,409,242
Represented by:			
Net assets attributable to unit holders at redemption price		-	6,377,196
Adjustments arising from:			
Buy sell spread		-	32,046
	8	-	6,409,242

The above Consolidated Statement should be read in conjunction with the accompanying notes.

Life Settlements Wholesale Fund

Consolidated Statement of Cash Flows for the stub period from 1 July to 6 December 2022

	Notes	06-December-2022 USD	30-June-2022 USD
Cash flows from operating activities			
Operating expenses paid		(150,876)	(119,971)
Interest received		5,632	8
Maturity proceeds		-	-
Realised gain/(loss) on foreign currency exchange		(7,268)	(1,546)
Net cash flows from/(used in) operating activities	15(a)	<u>(152,512)</u>	<u>(121,509)</u>
Cash flows from investing activities			
Proceeds from redemptions in GIS General Fund		6,388,865	-
Advance of loan to GIS General Fund		-	-
Net cash flows from investing activities		<u>6,388,865</u>	<u>-</u>
Cash flows from financing activities			
Payments on redemptions of redeemable units		(6,330,492)	-
Payments of distribution		-	-
Net cash flows from/(used in) financing activities		<u>(6,330,492)</u>	<u>-</u>
Net increase/(decrease) in cash held		(94,139)	(121,509)
Cash and cash equivalents at the beginning of the period		94,139	215,648
Cash and cash equivalents at the end of the period	15(b)	<u>-</u>	<u>94,139</u>

The above Consolidated Statement should be read in conjunction with the accompanying notes.

Life Settlements Wholesale Fund

Notes to the financial statements for the stub period from 1 July to 6 December 2022

1 General information

Life Settlements Wholesale Fund (the Fund) is a registered managed investment scheme under the Corporations Act 2001. The Fund was constituted on 2 August, 2004. The Fund will terminate on 2 August, 2084, unless terminated earlier in accordance with the provisions of the Fund Constitution. The Fund is a for-profit entity primarily involved in investing in investment funds which invest in life policies.

The consolidated financial statements of the Fund as at and for the period from 1 July 2022 to 6 December 2022 comprise the Fund and its subsidiaries (together referred to as 'Group' and individually as 'Group Entities').

The Responsible Entity of the Fund is GI Asset Management Limited. The Responsible Entity's registered office is: 'HQ ROBINA' Suite 14 Level 1, 58 Riverwalk Avenue, Robina, QLD 4226.

2 Basis of preparation

(a) Statement of Compliance

This general purpose consolidated financial report has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Fund and the Group also comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial report was approved by the Board of Directors of the Responsible Entity on 16 December 2022.

(b) Basis of Measurement

The consolidated financial report has been prepared on a historical cost basis modified by the revaluation of selected financial instruments for which the fair value basis of accounting has been applied.

(c) Basis of preparation other than going concern

The directors of the Responsible Entity have resolved to wind up the Fund in an orderly manner in the first half of the 2023 financial year and this represents the final financial statements of the Fund as at 6 December 2022. As such the Fund is not considered a going concern and accordingly, the directors consider it appropriate to prepare the financial statements on a basis other than a going concern, which is a realisation basis. The comparative disclosures for 30 June 2022 were prepared on a consistent basis.

The directors have applied the requirements of paragraph 25 of AASB 101 Presentation of Financial Statements which states that "when the financial report is not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial report is prepared and the reason why the entity is not regarded as a going concern". Given the uncertainties that may exist in valuing assets and liabilities on an orderly realisation basis, it is possible that the valuation of the assets and liabilities included in these financial statements (including the associated unit price) may differ from actual results, and additional costs or other issues may arise.

In adopting a basis of preparation other than going concern, the directors have continued to apply the requirements of Australian Accounting Standards.

At 30 June 2022, the Fund had shares in GIS Fund of \$6,385,826, cash and cash equivalents of \$94,139, unpaid compulsory redemptions and trade payables of \$70,723, including distributions payable of Nil. In July 2022, 95% of the shares in GIS Fund were redeemed for \$6,066,535, with the remaining 5% redeemed in August 2022 for \$322,330. In the period, all unit holders were redeemed in full, either directly or through payment on their behalf to ASIC's Unclaimed Moneys Fund. There are no remaining investors in the Fund and the Fund has a \$Nil net asset position. The residual funds of \$32,407 have been transferred to GIAM, in consideration of GIAM assuming the liability and taking on the responsibility to pay the residual wind-up costs of the Fund and any further costs associated with the de-registration.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

2 Basis of preparation (continued)

(c) Basis of preparation other than going concern (continued)

This note should be read in conjunction with Note 17 which outlines that the Fund has a contingent liability for withholding tax which, if it became payable, would have a material adverse impact on the Fund.

GISF status

On June 24th 2022 the investors of the GIS General Fund signed a resolution granting GI Asset Management Limited the permission to sale the remaining lifeselements portfolio, setting a sale reserve price of \$49,552,592. On June 30th 2022 the portfolio was sold for \$50,000,000. In July 95% of the shares in the GIS Genral Fund were redeemed, with the remaining 5% redeemed in August. The GIS General Fund is in the process of being wound-up in accordance with the investors resolution on 24th June 2022.

As at 30 June 2022, GISF had cash funds of \$50,822,485, receivables of \$19,478, trade payables of \$2,498,259, loans plus accrued interest owing of \$10,504,201 and outstanding redemption requests of Nil. During this stub period, the Fund has repaid the loan and redeemed all investors, leaving sufficient cash to pay residual liabilities.

On 7th February 2020, GISF entered into a Credit and Security Agreement with Leadenhall Life II DAC. The permitted purposes of the loan was for the payment of premiums on life insurance policies, the repayment of other credit facilities which are outstanding, the payment of costs and expenses, and the distribution of amounts to members. The facility limit was US\$23M and the loan was available for 3 years, with a maturity date of 10th February 2023. On 30th June 2022, the Leadenhall loan balance was \$10,504,201 (2021: \$12,520,142). GISF terminated the loan agreement with Leadenhall Life II DAC on 1 July 2022 and all associated debt is extinguished as at the date of this report.

A final set of financial statements have been prepared for GISF for the 15 months to 30 September 2022 showing Nil Net Assets, a Board Meeting was held on 15 December 2023 to approve these financials and the liquidation of the Fund. At 30 September 2022, GISF has cash funds of \$65,162, receivables of \$13,463, payables of \$78,625, loans plus accrued interest owing of Nil and outstanding redemption requests of Nil.

On 3 December 2013, due to the uncertainty of the timing of cash flows from GISF, the directors of the Responsible Entity declared Life Settlements Wholesale Fund a Non Liquid Managed Investment Scheme. This declaration has the effect that unit holders have no right to withdraw from the Fund unless there is a stated withdrawal offer open for acceptance by unit holders on certain terms. As at 6 December 2022 there are no remaining unitholders in the Fund.

3 Summary of significant accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented and have been consistently applied by Group entities, unless otherwise stated in the following text.

(a) Change in accounting policy

As outlined in note 2(c), the Fund changed its basis of preparation of these financial statements to be on an alternative basis, which was on an orderly wind down basis of operations. The comparative disclosures for 30 June 2022 was prepared on a consistent basis.

There were no other accounting policies and/or changes to existing policies adopted during the financial period which had a material impact to the preparation of the financial statements.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

3 Summary of significant accounting policies (continued)

(b) Financial instruments

Non-derivative financial assets

Recognition and initial measurement

The Fund initially recognises trade receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Fund becomes a party to the contractual provisions of the instrument.

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss.

Classification and subsequent measurement

Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Impairment of financial assets

The Fund recognises expected credit losses ('ECLs') on:

- Financial assets measured at amortised cost;

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Other debt securities and bank balances for which credit risk (i.e the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows the Fund expects to receive).

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

3 Summary of significant accounting policies (continued)

At each reporting date, the Fund assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at fair value through other comprehensive income, the loss allowance is charged to profit or loss and is recognised in other comprehensive income.

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-derivative financial liabilities

Financial liabilities are measured at amortised cost.

The Fund initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Fund becomes a party to the contractual provisions of the instrument.

The Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise loans and borrowings and trade and other payables.

(c) Interest income and expenses

Interest income comprises income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Interest expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(d) Net assets attributable to unit holders

Units are redeemable at the unit holder's option and are therefore classified as financial liabilities. The units can be put back to the Fund at any time subject to particular unit class restrictions for cash equal to a proportionate share of the Fund's net asset value. Unit prices are repriced on a monthly basis on the Net Asset Value of the Fund. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if unit holders exercised their right to put the units back to the Fund. Because the Fund's redemption unit price is based on different valuation principles to that applied in financial reporting, a valuation difference exists, which has been treated as a separate component of net assets attributable to unit holders.

Changes in the value of this financial liability are recognised in the income statement as they arise.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

3 Summary of significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Expenses

All expenses, including Responsible Entity fees and custodian fees, are recognised in the profit or loss on an accrual basis.

(g) Income tax

Under current legislation, the Fund is not subject to Australian income tax provided the taxable income of the Fund is fully distributed either by way of cash or reinvestment (i.e. unit holders are presently entitled to the income of the Fund).

Where net income is not fully distributed, income tax is payable by the Fund at the rate of 45% plus 1.5% Medicare levy.

Financial instruments measured at fair value may include unrealised capital gains. Should such a gain be realised, the portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unit holders but are retained in the Fund to be offset against any future realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unit holders.

The benefits of imputation credits and foreign tax paid are passed on to unit holders, who must complete their own assessment as to whether they can claim these tax benefits.

The Fund currently may incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the income statement. Refer Note 17 for further details on US withholding tax.

(h) Distributions

In accordance with the Fund Constitution, the Fund fully distributes taxable income to unit holders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders and as a liability where not paid. Distributions paid are included in cash flows from financing activities in the statement of cash flows.

(i) Increase/decrease in net assets attributable to unit holders

Non-distributable income is included in net assets attributable to unit holders and may consist of unrealised changes in the net fair value of financial instruments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. These items will be included in the determination of distributable income in the same year in which it becomes assessable for tax. Movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as financing costs.

(j) Foreign currency transactions

Functional and presentation currency

These consolidated financial statements are presented in United States dollars, which is the Fund's functional currency and the functional currency of all the entities within the Group.

The United States dollar is considered by management to better reflect the Fund's current relevant underlying transactions, events and circumstances.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

3 Summary of significant accounting policies (continued)

(j) Foreign currency transactions (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate at that date. Foreign exchange gains and losses resulting from the settlement and from the translations at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income and reported on a net basis. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the foreign currency closing exchange rates ruling at the dates that the fair values were determined. Foreign currency exchange differences relating to investments at fair value through profit or loss are included in gains and losses on investments. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents are presented separately in the statement of comprehensive income.

(k) Receivables

Receivables may include amounts for interest. Interest is accrued at the reporting date from the time of last payment using the effective interest rate method. Amounts are generally received within 30 days of being recorded as receivables.

(l) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at balance date.

(m) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

(n) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate that changes depending on the split between resident and non resident unit holders. The investment management fees, custodial fees and other expenses have been recognised in the income statements net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(o) Dividends and distribution income

Dividends and distribution income are recognised when the right to receive income is established.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

3 Summary of significant accounting policies (continued)

(p) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and the basis of preparation is included in the following notes:

- note 2(c) - basis of preparation
- note 11 - financial assets held at fair value through profit and loss
- note 13 - financial instruments
- note 17 - withholding tax contingent liability

(q) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from involvement with the entity and has the power to effect those returns through power over the entity. The financial statements of subsidiaries are included into the consolidated financial statements from the date that control commences until the date control ceases.

Where the Fund establishes a new subsidiary to effect a restructuring through the transfer of assets and liabilities to that subsidiary and no independent parties are involved, the assets and liabilities are recognised in the consolidated financial statements at the carrying amounts of the transferring entity.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

4 Interest income

Interest income for financial assets that are not at fair value through profit and loss:

	6 December 2022			30 June 2022		
	Av bal	\$	Av int rate	Av bal	\$	Av int rate
Cash and cash equivalents	2,648,673	5,632	0.2%	148,549	8	0.0%

This table shows the average balance for each of the major categories of interest-bearing assets, the amount of interest revenue and the average interest rate. The balances are calculated using monthly balances.

	06-December-2022	30-June-2022
Interest on cash and cash equivalents and receivables	5,632	8

5 Other operating expenses

Other operating expenses comprises the following:

	06-December-2022	30-June-2022
Legal and professional fees	8,830	3,829
Custodial fees	17,850	34,553
Audit fees	33,656	26,577
Other expenses	17,376	20,739
	<u>77,712</u>	<u>85,697</u>

6 Auditor's remuneration

During the periods the following fees were paid or payable for services provided by the auditor of the Fund:

	06-December-2022	30-June-2022
Audit services:	KPMG	KPMG
Audit and review of the financial statements	45,000	30,300
Audit of the compliance plan	-	5,550
	<u>45,000</u>	<u>35,850</u>

7 Gains and losses from financial assets held at fair value through profit and loss

	06-December-2022	30-June-2022
<i>Designated at fair value through profit and loss</i>		
Net unrealised gains/(losses) on financial assets held at fair value through profit and loss taken to account through the statement of comprehensive income	-	(2,124,839)
Net realised gains/(losses) on financial assets held at fair value through profit and loss taken to account through the statement of comprehensive income	3,040	-
Total net gains/(losses) on financial assets held at fair value through profit and loss taken to account through the statement of comprehensive income	<u>3,040</u>	<u>(2,124,839)</u>

Gains and losses presented above exclude interest income, dividend income and interest expense.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

8 Net assets attributable to unitholders

As stipulated within the Fund Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

The Fund considers its capital to be Unitholders' Funds. The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The objective of the Fund was to provide unitholders with returns in accordance with the Product Disclosure Statement (PDS). The Fund aimed to deliver this objective mainly through investing indirectly in a diversified portfolio of Life settlements in accordance with the limitations set by the PDS. The directors of the Responsible Entity have resolved to wind down the Fund in an orderly manner in the first half of the 2023 financial year.

In order to protect the Unitholders of Australian Dollar denominated Ordinary Units (AUD Units) from exposure to fluctuations in their Unit price due to foreign currency exchange rate fluctuations, the Fund from time to time enters into spot foreign exchange contracts to hedge the impact to these unitholders of fluctuations in the Australian / US Dollar exchange rate. During the current and prior period the Fund has not entered into any hedges. In prior periods any gain or losses on spot foreign exchange contracts have been allocated to the Unitholders in AUD Units, separately to the allocation of the Net Asset Value of the Fund to all unitholders. The differential between the translated AUD Unit price and US Dollar Unit price reflects this allocation.

Parent Entity - 6 December 2022	Ordinary Units		USD Units		Reserves	Total	
	No.	\$	No.	\$	\$	No.	\$
Opening balance	7,064,048	231,438	9,534,730	113,133,722	(106,955,918)	16,598,778	6,409,242
Applications	-	-	-	-	-	-	-
Redemptions	(7,064,048)	(2,998,103)	(9,534,730)	(3,332,389)	-	(16,598,778)	(6,330,492)
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	(78,750)	-	(78,750)
Closing balance	-	(2,766,665)	-	109,801,333	(107,034,668)	-	-

Parent Entity - 30 June 2022	Ordinary Units		USD Units		Reserves	Total	
	No.	\$	No.	\$	\$	No.	\$
Opening balance	7,064,048	231,438	9,534,730	113,133,722	(104,707,647)	16,598,778	8,657,513
Applications	-	-	-	-	-	-	-
Redemptions	-	-	-	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	(2,248,271)	-	(2,248,271)
Closing balance	7,064,048	231,438	9,534,730	113,133,722	(106,955,918)	16,598,778	6,409,242

All unit classes are rated equally in respect of rights to distributions and voting rights however there are differences as explained in the table.

Class	Region	Currency	Upfront Commission
Ord	Australasia	AUD	0%
USD	Global	USD	Max 10%

Note: Ordinary units trade in AUD but movements are presented in the USD functional currency.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

8 Net assets attributable to unitholders (continued)

Cumulative Increase/(decrease) in net assets attributable to unit holders

	06-December-2022	30-June-2022
Increase/(decrease) in net assets attributable to unit holders	(78,750)	(2,248,271)
Opening balance	(106,955,918)	(104,707,647)
Closing balance	(107,034,669)	(106,955,918)

- (1) The reserve represents the cumulative increase/(decrease) in the net assets attributed to unit holders.
(2) Unitholders were redeemed in full at the date of this report.

9 Distributions to unit holders

	06-December-2022	30-June-2022
Distribution paid and payable	-	-

- (1) The Company paid out unitholder funds in August amounting to \$6,330,615.

10 Cash and cash equivalents

	06-December-2022	30-June-2022
Cash at bank	-	94,139
These accounts are interest bearing.	-	94,139

11 Financial assets held at fair value through profit and loss

	06-December-2022	30-June-2022
GIS General Fund Shares	-	6,385,826
	-	6,385,826

GIS General Fund Shares value is calculated by its Administrator. On 30 June 2022 the GIS General Fund sold its entire portfolio of life settlements for \$50,000,000. The 30 June 2022 share price was determined using the net sale proceeds and included an accrual for wind-up costs of the GIS General Fund. GIS General Fund investors were paid out in full during July and August. In July 95% of the shares in the GIS General Fund were redeemed, 13,430,450 shares at price of 0.4517, proceeds of \$6,066,535, with the remaining 5% redeemed in August, 706,866 shares at a price of 0.4560, proceeds of \$322,330.

In prior years GIS General Fund used two processes to satisfy themselves that the policy held by it are valued appropriately:

- The fund uses ClariNet an Industry recognised valuation software package. The software uses a probabilistic valuation methodology that individually computes each life policy's value based on Face Value (Known and fixed), Premium burden (supplied by issuing insurance company), and an independent Underwriters Life Expectancy report (or a blend of multiple underwriters reports.) It also requires input of a suitable discount rate; and
- The valuations are subject to independent verification by an Independent Actuarial firm on a semi-annual basis.

12 Trade and other payables

	06-December-2022	30-June-2022
Trade and other payables	-	70,723
Distribution payable	-	-
Total trade and other payables	-	70,723

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

13 Financial instruments

The Fund is exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Fund to manage these risks are discussed below.

(a) Credit Risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract. Concentrations of credit risk are minimised primarily by:

- counterparties, together with the respective credit limits, are approved; and
- transactions are undertaken with a large number of counterparties.

The carrying amounts of financial assets best represent the maximum credit risk exposure at balance sheet date.

At 30 June 2022 the following financial assets were exposed to credit risk:

Cash and cash equivalents, trade and other receivables and assets held at fair value through profit and loss.

Total carrying amount of financial assets exposed to credit risk amounted to Nil (30 June 2022: \$6,479,965).

The Fund's cash is held with the following counterparties:

	06-December-2022	30-June-2022
National Bank of Australia	-	94,139
	-	94,139

The Fund monitors risk by monitoring credit ratings of the above banks on a monthly basis, as reported by AM Best, Standard and Poor's, Moody's or Fitch. If the credit quality of the above bank deteriorates significantly the Investment Manager will move the cash holdings to another bank.

The Group's maximum exposure to credit risk for financial assets at the reporting date by geographic region was:

	06-December-2022	30-June-2022
Australia	-	21,881
United States of America	-	6,458,084
	-	6,479,965

The financial assets in the United States of America geographic region include the following:

USD Bank Accounts	-	72,257
Sundry Debtors & loans receivable	-	-
Investment in GIS General Fund	-	6,385,826
	-	6,458,083

The Fund in the past indirectly invested in secure or better rated as determined by AM Best life insurance policies in the United States of America through its investment of Nil (30 June 2022: \$6,385,826) in the GIS General Fund an Irish listed entity. On 30 June 2022 the GIS General Fund sold its entire portfolio of life settlements for \$50,000,000. The 30 June 2022 share price was determined using the net sale proceeds and included an accrual for wind-up costs of the GIS General Fund. GIS General Fund investors were paid out in full during July and August. In July 95% of the shares in the GIS General Fund were redeemed, 13,430,450 shares at price of 0.4517, proceeds of \$6,066,535, with the remaining 5% redeemed in August, 706,866 shares at a price of 0.4560, proceeds of \$322,330.

Impairment losses

None of the Fund's loans and receivables are past due or renegotiated (2021: Nil). There are no impairment or expected credit losses at 30 June 2022 (2021: Nil).

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

13 Financial instruments (continued)

(a) Credit Risk (continued)

GISF Credit Risk monitoring processes

The Fund's credit risk exposure primarily reflects to counterparty credit risk in GISF. The GISF credit monitoring processes are outlined below. The Fund monitors the results of these monitoring processes and therefore, these processes are relevant to the Fund.

Prior to 30 June 2022 monthly reviews were performed to ascertain if AM Best have upgraded, downgraded or are currently reviewing any insurance company, in addition to monitoring the ratings of insurance companies via other major ratings agencies such as S&P and Moody's. The National Association of Insurance Commissioner's announcements on regulatory issues are monitored to identify if there are announcements of any concern to the portfolio.

The Post Portfolio Management Report which includes the Credit Ratings of the insurer was reviewed on a monthly basis and the board was notified of any exceptions. The Compliance Director identified if there was any exceptions.

Where ratings have downgraded to a Vulnerable Rating, the GISF Board would ascertain the exposure of Insurance Company to the overall portfolio i.e. by policy count and by % of Face Value.

As at 30 June 2022, GIS General Fund did not own any policies, as they were sold at balance date for \$50,000,000. As at the date of this report all investments have been realised and all unitholder funds paid out respectively.

(b) Foreign exchange risk

The Group's total net exposure to fluctuations in foreign currency exchange rates at the balance sheet date was as follows:

	06-December-2022	30-June-2022
	AUD Items	AUD Items
All amounts stated in USD	\$	\$
Assets		
Cash and cash equivalents	-	21,881
Total Assets	-	21,881
Liabilities		
Trade and other payables	-	68,049
Total Liabilities	-	68,049
Net assets attributable to unit holders	-	(46,168)

Sensitivity analysis

A 10 percent strengthening in the Australian dollar against the US dollar during the year ended 30 June 2022 would have increased/(decreased) profit or loss by the amounts shown below. A 10 percent weakening in the Australian dollar against the US dollar during the year ended 30 June would have the equal but opposite effect to the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	06-December-2022	30-June-2022
Australian Dollar	-	4,617

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

13 Financial instruments (continued)

The Group is exposed to foreign exchange risk as it may enter into transactions denominated in currencies other than its functional currency. The currency of transactions denominated in a currency other than the functional currency is the Australian dollar (AUD). In order to protect the Unitholders of Australian Dollar denominated Ordinary Units (AUD Units) from exposure to fluctuations in their Unit price due to foreign currency exchange rate fluctuations, the Fund from time to time has entered into spot foreign exchange contracts to hedge the impact to these unitholders of fluctuations in the Australian / US dollar exchange rate. The operations increased the foreign exchange risk to the Fund as a whole as they were entered into to protect the Australian dollar position of these specific unitholders rather the US dollar position of the Fund, however as all of the gains/losses on these transactions are allocated to AUD Unitholders, the hedging operations did not increase the residual foreign currency risk for the US dollar unitholders.

(c) Liquidity and cash flow risk

Liquidity risk is the risk that the Fund will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with settling financial instruments including meeting unit holder redemption requests. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate.

At the end of November 2013 the Directors reviewed the status of the Fund and its liquidity provisions. Having regard to the prevailing conditions, the Board was of the unanimous opinion that it was in the best interests of the unit holders that the Fund be declared a Non Liquid managed investment scheme effective as of 3rd December 2013.

Previously, the Fund has an obligation to make ongoing cash payments including:

- Payment of redemption requests approved when a withdrawal offer is open for acceptance by unitholders.
- Payment of operating costs of the Fund, including management fees; and
- Payment of distributions.

On 30 June 2022 the GIS General Fund sold its entire portfolio of life settlements for \$50,000,000. The 30 June 2022 share price was determined using the net sale proceeds and included an accrual for wind-up costs of the GIS General Fund. GIS General Fund investors were paid out in full during July and August. In July 95% of the shares in the GIS General Fund were redeemed, 13,430,450 shares at price of 0.4517, proceeds of \$6,066,534, with the remaining 5% redeemed in August, 706,866 shares at a price of 0.4560, proceeds of \$322,330. The directors of the Responsible Entity plan to wind up the Fund in an orderly manner in the first half of the 2023 financial year and these represent the final financial statements of the Fund.

As at 6 December 2022 the value of unpaid redemption requests was Nil (30 June 2022: Nil). There are no unitholders remaining in the fund.

The following are the contractual maturities of financial liabilities, excluding interest payments:

	06-December-2022				30-June-2022			
	Contractual cashflows	3 months to 1 year	Less than 3 months	On call	Contractual cashflows	3 months to 1 year	Less than 3 months	On call
Trade and other payables	-	-	-	-	70,722	-	70,722	-
Net assets attributable to Unitholders (1)	-	-	-	-	6,409,242	-	-	6,409,242
	-	-	-	-	6,479,964	-	70,722	6,409,242

(1) When the Fund is not liquid, unit holders have no right to withdraw from the Fund unless there is a stated withdrawal offer open for acceptance by unit holders on certain terms.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

13 Financial instruments (continued)

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

In prior years, the majority of the Fund's financial assets are non-interest-bearing. Interest-bearing financial assets and interest-bearing financial liabilities mature or reprice in the short-term, no longer than 12 months. As a result, the Fund is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents of the Fund are invested in short-term deposit accounts with the term to maturity of up to 3 months.

The Funds' exposure to interest rate risk and the weighted average effective interest rate is set out in the following table:

	Weighted Average		Variable rate instruments		Fixed rate instruments		Total	
	6/12/2022	30/06/2022	6/12/2022	30/06/2022	6/12/2022	30/06/2022	6/12/2022	30/06/2022
Financial Assets			\$	\$	\$	\$	\$	\$
Cash and cash equivalents (AU)	1.50%	1.50%	-	21,881	-	-	-	21,881
Cash and cash equivalents (USI)	0.03%	0.30%	-	72,257	-	-	-	72,257
Totals			-	94,139	-	-	-	94,139

Sensitivity analysis

An increase of 100 basis points in interest rates throughout the period, which is considered a reasonably possible change in interest rates, would increase the net assets attributable to unitholders and the profit or loss from operating activities of the Fund by an immaterial amount (30 June 2022: \$941). A decrease of 100 basis points would have the opposite effect.

(e) Other market price risk

In prior years market price risk was the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting instruments traded in the market.

In prior years the majority of the Fund's financial instruments were carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions would directly affect net investment income.

This risk was managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market price risk analysis was conducted regularly on a total portfolio basis.

Sensitivity analysis

In prior years the redemption price of GIS General Fund is impacted by changes in the value of the life settlement policies held in GIS General Fund. An increase or decrease of 3 percent in market prices including changes in market discount rates of life settlements as at the reporting date would increase the net assets attributable to unitholders and the profit or loss from operating activities of the Fund by \$Nil as GISF doesn't hold any policies (30 June 2022: Nil).

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

13 Financial instruments (continued)

(f) Estimation of fair values

The carrying amount of financial assets and financial liabilities included in the balance sheet approximate fair value. The methods used in determining the fair values of financial instruments are discussed in note 3(b).

Fair value measurements recognised in the statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- 1 Fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 2 Fair value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- 3 Fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6 December 2022	Level 1	Level 2	Level 3	Total
Financial assets held at fair value through profit and loss	-	-	-	-
Total	-	-	-	-
30 June 2022	Level 1	Level 2	Level 3	Total
Financial assets held at fair value through profit and loss	-	-	6,385,826	6,385,826
Total	-	-	6,385,826	6,385,826

All financial assets held at fair value through profit and loss relate to its investment in GISF. The 30 June 2022 the GISF share price was determined using the net sale proceeds of the portfolio of life policies and included an accrual for wind-up costs of the GIS General Fund. In prior years a probabilistic valuation methodology was used to value the portfolio of life policies.

<i>Reconciliation of level 3 fair value measurements of financial assets</i>	06-December-2022	30-June-2022
Opening Balance	6,385,826	8,510,664
Total gains or losses for the period included in profit or loss	3,039	(2,124,838)
Dividends reinvested	-	-
Redemptions	(6,388,865)	-
Closing Balance	-	6,385,826

Sensitivity analysis

Fair value measurements designated as level 3 carry the highest level of estimation when determining fair value. Changing one or more of the inputs to reasonably possible alternative assumptions could change fair value significantly.

In prior years the Fund invested in life settlement policies indirectly through its investment in the GIS General Fund. The redemption price of GIS General Fund was impacted by changes in the value of the life settlement policies held in GIS General Fund. The most significant factor in determining fair value of the life settlement policies was the discount factor applied. A discount rate indexing methodology was applied using a base discount rate of 11%. The indexing methodology allocated a discount rate to each policy depending on certain characteristics (e.g. size of face, length of LE, Carrier etc.). This discount methodology was determined as the most appropriate basis based on levels currently being experienced in the market for quality portfolios of policies.

On 30 June 2022 the GIS General Fund sold its entire portfolio of life settlements for \$50,000,000. The 30 June 2022 share price was determined using the net sale proceeds and included an accrual for wind-up costs of the GIS General Fund. GIS General Fund investors were paid out in full during July and August. In July 95% of the shares in the GIS General Fund were redeemed, 13,430,450 shares at price of 0.4517, proceeds of \$6,066,534, with the remaining 5% redeemed in August, 706,866 shares at a price of 0.4560, proceeds of \$322,330. As the portfolio has been sold we haven't considered possible alternative base discount factors at year-end.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

14 Related party transactions

Responsible Entity

The Responsible Entity of Life Settlements Wholesale Fund is GI Asset Management Limited (GIAM). The Responsible Entity's registered office is 'HQ ROBINA' Suite 14 Level 1, 58 Riverwalk Avenue, Robina, QLD 4226. GIAM was appointed Responsible Entity on 1 May 2013. GIAM may invest in the Fund from time to time.

The Constitution for the Fund provides that the Responsible Entity (and people or entities associated with it) may enter into a transaction with the Fund or with a person dealing with the Fund, or have an interest in any such transaction.

Related Parties

The Responsible Entity considers that all transactions involving related parties are conducted on arms length terms. Where future related party transactions occur, the Responsible Entity will endeavour to ensure that contracts are entered strictly on an arms length basis. More information on the nature of the relationship with these entities is outlined below:

Life Settlements Funds Limited (LSFL)

LSFL is the sole shareholder of the Responsible Entity. As the parent entity LSFL benefits from all fees earned by the Responsible Entity. The Responsible Entity employs LSFL to provide the administration services to the Fund. LSFL does not seek reimbursement from the Fund for any costs incurred in providing the administration function to the Fund.

Ian Sidney Cotton

Ian Cotton (a director of the Responsible Entity) is a shareholder of Reid Ventures Pty Ltd. Reid Ventures Pty Ltd beneficially owns ordinary shares in LSFL and as such Ian Cotton will benefit from management fees earned by the Responsible Entity.

All of the above transactions have been conducted on arms length terms and conditions.

Stephen George Knott

Stephen Knott (a director of the Responsible Entity) is a director and shareholder of Anchorage Capital Pty Ltd. Anchorage Capital Pty Ltd beneficially owns ordinary shares in LSFL and as such Stephen Knott will benefit from management fees earned by the Responsible Entity.

All of the above transactions have been conducted on arms length terms and conditions.

Richard Laken Mitchell III

Laken Mitchell (a director of the Responsible Entity) is a director and shareholder of CMG Surety LLC and CMG Life Services, Inc (CMG). CMG beneficially owns ordinary shares LSFL and as such Laken Mitchell will benefit from management fees earned by the Responsible Entity and any transactions entered into with CMG.

All of the above transactions have been conducted on arms length terms and conditions.

Stephanie Jane Nolan

Stephanie Nolan (a director of the Responsible Entity) is a beneficiary and trustee of The Nolan Superannuation Fund. The Nolan Superannuation Fund beneficially owns ordinary shares in LSFL and as such Stephanie Nolan will benefit from management fees earned by the Responsible Entity.

All of the above transactions have been conducted on arms length terms and conditions.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

14 Related party transactions (continued)

Robert Dwyane White

Robert White (a director of the Responsible Entity) is a director and shareholder of CMG Surety LLC and CMG Life Services, Inc (CMG). CMG beneficially owns ordinary shares in LSFL and as such Robert White will benefit from management fees earned by the Responsible Entity and any transactions entered into with CMG.

All of the above transactions have been conducted on arms length terms and conditions.

CMG Life Services, Inc (CMG)

CMG is a major shareholder of Life Settlements Funds Limited and will benefit from fees paid to it or its wholly owned subsidiary (being the Responsible Entity) by the Fund or by GISF.

The Responsible Entity considers that all transactions involving CMG are conducted on arms length terms.

LSI Management Limited (LSIM)

LSIM is a director related entity of Life Settlements Funds Limited (LSFL) and GI Asset Management Limited and benefited from fees paid to it by GIS General Fund (GISF). Management fees due to LSIM by GISF in the current period of Nil (30 June 2022: \$735,949).

LSIM pays the responsible entity GIAM an investment management fee for GISF, the total management fee paid to GIAM during the period by LSIM was Nil (30 June 2022: \$630,000) and Nil (30 June 2022: \$50,000) was outstanding at period end.

Key management personnel

The Fund does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Fund and this is considered the key management personnel. The directors of the Responsible Entity during the period were key management personnel of that entity and their names are Ian Sidney Cotton, Stephen George Knott, Richard Laken Mitchell III, Robert White and Stephanie Nolan.

Responsible Entity's/manager's fees and other transactions

For the period ended 6 December 2022, in accordance with the Constitution, the Responsible Entity received a total fee of up to 0.45% (net of GST, net of RITC available to the Fund) of gross assets of the Fund (30 June 2022: 0.45%).

All expenses in connection with the preparation of accounting records and the maintenance of the register have been borne by the Responsible Entity.

All related party transactions are conducted on normal terms and conditions. The transactions during the period and amounts payable at period end that directly or indirectly impact the performance of the Fund were as follows:

	06-December-2022	30-June-2022
Management fees paid by GISF to LSIM	\$ -	\$ 735,949
Management fees paid by LSWF to Responsible Entity	2,442	38,108

At balance date, Nil (30 June 2022: \$2,673) remained owing to the Responsible Entity.

The portfolio sale resolution allowed for a success fee to be paid to GIAM as Investment Manager, it was contingent on timing and adjusted depending on the result. A success fee of \$1,263,809 was paid by GISF in August 2022.

The residual cash funds of \$32,407 within the Fund have been transferred to GIAM, in consideration of GIAM assuming the liability and taking on the responsibility to pay the residual wind-up costs of the Fund and any further costs associated with the de-registration.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

14 Related party transactions (continued)

Units in the Fund held by related parties

Unit Holder	Number of Units held at period end	Interest Held
6 December 2022		
Anchorage Superannuation Fund	-	0.000%
Life Investment Services Pty Ltd (HK)	-	0.000%
	<hr/>	<hr/>
	-	0.000%
30 June 2022		
Anchorage Superannuation Fund	28,568	0.172%
Life Investment Services Pty Ltd (HK)	373,867	2.252%
	<hr/>	<hr/>
	402,435	2.424%

Key management personnel unit holdings

Other than those disclosed above, key management personnel of Life Settlements Funds Limited and GI Asset Management Limited held no units in the Fund.

Key management personnel compensation

Key management personnel are paid by Life Settlements Funds Limited. Payments made from the Fund to the Responsible Entity did not include any amounts attributable to the compensation of key management personnel. No payments were made to Life Settlements Funds Limited as compensation of key management personnel.

Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Investments

The Fund did not hold any investment in Life Settlements Funds Limited and GI Asset Management Limited or its affiliates during the year.

Other transactions within the Fund

Apart from those details disclosed in this note, no director has entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at period end.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

15 Reconciliation of net profit/(loss) to net cash flows from operating activities.

(a) Reconciliation of net profit/(loss) to net cash flows from operating activities

	Parent Entity	
	06-December-2022	30-June-2022
Net profit/(loss) before distributions to unit holders	(78,750)	(2,248,271)
<i>Adjustments for:</i>		
Net change in fair value of investments through P&L	(3,040)	2,124,839
Dividends received	-	-
Distribution paid	-	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	-	-
Increase/(decrease) in payables	(70,722)	1,923
Net cash flows from operating activities	(152,512)	(121,509)

(b) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and investment in money market instruments, net of outstanding bank overdrafts.

Cash shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	06-December-2022	30-June-2022
Bank account balances	-	94,138
Term Deposits	-	-
	-	94,138

16 Events occurring after the balance sheet date

The required documents to wind up the Fund have been lodged with ASIC and following the issuance of these financial statements the fund will be legally de-registered.

17 Withholding tax

Life policies can be held to maturity or sold on the secondary market. In the year ended 30 June 2012 life policies were transferred out of the Fund in Australia to the GIS General Fund in Ireland, primarily to increase the marketability of the product offering. LSFL has had advice that where a policy is sold prior to maturity there is no withholding tax liability. However, there is uncertainty regarding the interpretation of US taxation legislation and its application to the Fund and if challenged there is a significant risk that the income on maturing policies in years prior to the transfer could be subject to US withholding tax of 30% of the net proceeds, i.e. death benefits less acquisition costs and premium.

If the net proceeds are subject to any US withholding tax, the maximum withholding tax payable at year end by the Fund is estimated at approximately \$26,370,000 excluding interest and penalties (30 June 2022: \$26,370,000) and would have a material adverse effect on the net assets of the Fund. The maximum withholding tax payable of \$26,370,000 may reduce over time if the period available for US taxation authorities to challenge the Fund's interpretation expires under the Statute of Limitations.

Life Settlements Wholesale Fund

Notes to the financial statements (continued) for the stub period from 1 July to 6 December 2022

18 Controlled entities

CMG/Life Settlements Fund Trust

The Fund controls 100% of the CMG/Life Settlements Fund Trust which is a bare trust domiciled in the United States of America. The Trust was formed in order to hold encumbered policies. All encumbrances in relation to policies held by the Trust were repaid on 18 October 2007 with full ownership of these policies being transferred to the Fund. Consequently the Trust during the year ended 30 June 2022 and the subsequent stub period to 6 December 2022 was inactive and had no assets, liabilities, income or expenses.

As at, and throughout the financial year ended 30 June 2022 and the subsequent stub period to 6 December 2022 the parent entity of the Group was Life Settlements Wholesale Fund.

	Life Settlements Wholesale Fund	
	06-December-2022	30-June-2022
Result of the parent entity		
Profit/(loss) for the period	(78,750)	(2,248,271)
Other comprehensive income	-	-
Total comprehensive income for the period	<u>(78,750)</u>	<u>(2,248,271)</u>
Financial position of parent entity at period end		
Total assets	-	6,479,965
Total liabilities	-	<u>(70,723)</u>
Total net assets attributable to unit holders	-	6,409,242

The directors are of the opinion that apart from the potential withholding tax noted on Note 17 there are no contingencies that existed at, or subsequent to year-end.

19 Economic dependency

The Fund was dependent on the GIS General Fund located in Ireland which provided the majority of the cash inflows to the Fund. Refer note 2(c) for the year ended 30 June 2022 and the subsequent stub period to 6 December 2022.

Life Settlements Wholesale Fund

Directors' Declaration for the stub period from 1 July to 6 December 2022

In the opinion of the directors of GI Asset Management Limited the responsible entity of the Life Settlements Wholesale Fund (the Fund):

- (a) The financial statements and notes, as set out on pages 8 to 31, are in accordance with the Corporations Act 2001, including:
 - i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - ii) giving a true and fair view of the Group's financial position as at 6 December 2022 and of its performance for the period from 1 July 2022 to 6 December 2022;
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in note 2(a); and
- (c) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable. As outlined in Note 2(c) GI Asset Management Limited has assumed the outstanding liabilities of the Fund at 6 December 2022 and has agreement to take on the responsibility to pay the residual wind-up costs of the Fund and any further costs associated with the de-registration.

Signed in accordance with a resolution of the directors of GI Asset Management Limited:



Stephanie Jane Nolan, Director

Dated: 16th December 2022



Independent Auditor's Report

To the unitholders of Life Settlements Wholesale Fund

Opinion

We have audited the **Financial Report** of Life Settlements Wholesale Fund (the Fund).

In our opinion, the accompanying **Financial Report** of the Fund is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 6 December 2022 and of its financial performance for the period 1 July 2022 to 6 December 2022; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 6 December 2022.
- Statement of profit or loss and other comprehensive income for the period then ended.
- Statement of changes in equity, and Statement of cash flows for the period then ended.
- Notes including a summary of significant accounting policies.
- Directors Declaration.

The **Group** consists of the Fund and the entities it controlled at the period-end or from time to time during the financial period.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter

We draw your attention to Note 2(c) of the financial statements which describes that the financial statements have been prepared on a basis other than going concern as the Fund has been wound down in the current period ended 6 December 2022. The Fund is no longer considered a going concern. Our opinion is not modified in respect of this matter.



Other Information

Other Information is financial and non-financial information in Life Settlements Wholesale Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of GI Asset Management Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of GI Asset Management Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and the Fund's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.



A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf.

This description forms part of our Auditor's Report.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'Adam Twemlow', with a long horizontal stroke extending to the right.

Adam Twemlow

Partner

Gold Coast

16 December 2022