SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Life Partners Position Holder Trust

Form: 10-K

Date Filed: 2020-03-11

Corporate Issuer CIK: 1692144

version="1.0" ?>

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the year ended December 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from to**

Commission file number **000-55783**

Commission file number **000-55784**

Life Partners Position Holder Trust
Life Partners IRA Holder Partnership, LLC

(Exact name of registrant as specified in its charter)

Texas **Texas**	**81-6950788** **81-4644966**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2001 Bryan Street, Suite 1800, Dallas, TX	75201
(Address of principal executive offices)	(Zip Code)

Registrants' telephone number: **(214) 871-2100**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:

Position Holder Trust Interests

(Title of Class)

Continuing Fractional Interests

(Title of Class)

IRA Partnership Interests

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒
(Do not check if a smaller reporting company)	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) Yes ☐ No ☒

The registrants do not have any voting or non-voting equity securities.

APPLICABLE ONLY TO REGISTRANTS

INVOLVED IN BANKRUPTCY PROCEEDINGS

DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

DOCUMENTS INCORPORATED BY REFERENCE

None.

LIFE PARTNERS POSITION HOLDER TRUST
LIFE PARTNERS IRA HOLDER PARTNERSHIP, LLC

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Item 1. Description of Business

Life Partners Position Holder Trust (“Trust”) and Life Partners IRA Holder Partnership, LLC (“IRA Partnership” or "Partnership") were created on December 9, 2016, as a result of bankruptcy proceedings initiated in 2015 by Life Partners Holdings, Inc., a Texas corporation, its wholly-owned subsidiary Life Partners, Inc., a Texas corporation, and its wholly-owned subsidiary LPI Financial Services, Inc., a Texas corporation (collectively, “Debtors”). From 1991 until 2014, Life Partners, Inc. was a specialty financial services company engaged in the business of purchasing individual life insurance policies from third parties by raising money from the offer and sale to investors of “fractional interests” in such policies.

The Bankruptcy Court for the Northern District of Texas created the Trust and IRA Partnership as part of the Debtors’ plan of reorganization to satisfy the claims of a creditor group that was comprised of approximately 22,000 holders of record (“Investors”), of over 100,000 “fractional interests” in life insurance policies on third parties (“Policies”), with a face amount of approximately $2.2 billion as of December 9, 2016. When used in this report, unless otherwise indicated, the terms “Registrants,” “we,” “us” and “our” refers to Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC together. “Trust” or “Position Holder Trust” refers to Life Partners Position Holder Trust. and the “IRA Partnership” refers to Life Partners IRA Holder Partnership, LLC.

The Bankruptcy

The Trust and IRA Partnership were formed pursuant to the Revised Third Amended Joint Plan of Reorganization of Life Partners Holdings, Inc., *et al.*, dated as of October 27, 2016, known as the “Plan,” which was confirmed by the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division on November 1, 2016. The Plan became effective on December 9, 2016.

The primary purpose of the Trust is to liquidate the assets of the Debtors in a manner calculated to conserve, protect and maximize the value of the assets and to distribute the proceeds thereof to the Investors. The Position Holder Trust was established by the Bankruptcy Court as a liquidating trust, treated as a grantor trust for state law and federal income tax purposes. It has no authority to engage in the conduct of a trade or business, except to the extent reasonably necessary and consistent with its liquidating purpose. Upon completion of their liquidating purposes, the Trust and the IRA Partnership will be dissolved.

Detailed background information regarding the bankruptcy proceedings pursuant to which the Plan was developed is included in the Disclosure Statement for Third Amended Joint Plan, dated June 22, 2016.

<u>The Debtors</u>

Life Partners, Inc. was engaged in the business of: (i) acting as a life settlement provider by purchasing individual life insurance policies insuring the lives of terminally ill individuals or seniors from third parties. and (ii) raising money to purchase such policies by selling investment contracts or “fractional interests” to the Investors, including some whom purchased through their individual retirement accounts, or IRAs. Purchases made through an Investor’s IRA were denominated as promissory notes relating to Fractional Interests, called “IRA Notes.” The IRA Notes and Fractional Interests together are called the “Fractional Positions.”

Before the bankruptcy proceedings, Life Partners Holdings, Inc. and Life Partners, Inc. were defendants in numerous lawsuits commenced by the SEC, the State of Texas and certain investors who purchased Fractional Positions, which alleged numerous violations of various federal and state securities laws with respect to the unregistered sale of Fractional Positions and the filing of misleading periodic reports with the SEC. In December 2014, the SEC obtained a $38.7 million judgment against Life Partners Holdings, Inc., as well as judgments aggregating $8 million against two former officers. On January 20, 2015, Life Partners Holdings, Inc. filed for protection under the Bankruptcy Code, followed by Life Partners, Inc. and LPI Financial Services, Inc. The common stock of Life Partners Holdings, Inc. traded on the Nasdaq Global Select stock exchange until Nasdaq delisted it on June 1, 2015.

The Reorganization Plan

During the course of the bankruptcy proceedings, the Chapter 11 Trustee and the Official Committee of Unsecured Creditors developed an amended plan of reorganization, which was confirmed by the Bankruptcy Court. In developing the Plan, the Chapter 11 Trustee and the Debtors negotiated a settlement agreement of pending class action litigation. Under that agreement, Investors who held Fractional Positions were provided with options under the Plan to elect the treatment of their claims against the Debtors. Investors that owed any amounts to the Debtors regarding their Fractional Positions were provided with a "catch-up" process to preserve their Fractional Positions. Investors who paid such amounts by the deadline became eligible to make an election with respect to their Fractional Positions.

On June 24, 2016, the Bankruptcy Court approved the Disclosure Statement for the Plan and authorized the Chapter 11 Trustee and the Official Committee of Unsecured Creditors to solicit votes on the approval and acceptance of the Plan. After a contested confirmation hearing, the Bankruptcy Court confirmed the Plan on November 1, 2016.

The Plan became effective on December 9, 2016. Under the Plan, three new legal entities were created to implement the provisions of the Plan and to take required actions under the Plan:

- *Life Partners Position Holder Trust* – The Position Holder Trust is a liquidating trust that owns the legal title to, and together with the Continuing Fractional Interest Holders, essentially all beneficial and equitable title in the Policies. The Trust will distribute the liquidation proceeds of those assets to the Trust beneficiaries and Continuing Fractional Interest Holders. In satisfaction of their respective claims against the Debtors, the Trust issued: (i) "Continuing Fractional Interests" to the holders of Fractional Interests who elected to continue their previous Fractional Interests in particular life insurance policies. (ii) beneficial interests called "Position Holder Trust Interests" to the holders of Fractional Interests who elected to pool their positions under the Position Holder Trust and (iii) new secured 15-year promissory notes to the IRA Holders, called "New IRA Notes," secured by the right to receive payment from a sinking fund established under the Plan.

- *Life Partners IRA Holder Partnership, LLC* – The IRA Partnership is a Texas limited liability company that issued limited liability company interests to certain IRA Holders in satisfaction of claims against the Debtors. The IRA Partnership holds Position Holder Trust interests that permit holders of IRA Partnership interests to receive proceeds from the liquidation of the Position Holder Trust. The IRA Partnership engages in no other business activity.

- *The Creditors' Trust* – The Plan also gave Investors an option to rescind their purchase of a Fractional Position and become holders of a Creditors' Trust Interest. Life Partners Creditors' Trust ("Creditors' Trust") is a liquidating trust that will (a) pursue litigation and other causes of action assigned to it under the Plan and (b) distribute the net proceeds collected by it to the holders of interests in the Creditors' Trust. The Creditors' Trust is administered by a different trustee.

Financing for the Position Holder Trust

Vida Opportunity Fund, LP, an affiliate of Vida Capital, Inc. ("Vida"), provided a $55 million financing facility ("Exit Loan Facility") on December 9, 2016 to provide for consummation of the reorganization transactions contemplated by the Plan. The Exit Loan Facility was paid in full and terminated in January 2019.

Another Vida affiliate, the Vida Longevity Fund, LP, also provided a $25 million two-year revolving line of credit ("Revolving Line of Credit") on December 9, 2016. The Revolving Line of Credit was paid in full and terminated in January 2019.

To provide for short term capital needs of the Position Holders Trust, if any, effective as of January 30, 2019, the Position Holders Trust entered into a $15 million revolving credit facility with Veritex Community Bank of Dallas, Texas. The Veritex Credit Facility, is secured by a lien on the Position Holder Trust's assets, has an initial 2-year term and, as to any amounts drawn thereunder, shall bear interest at the rate of 6% per annum.

The primary needs for working capital are to pay premiums on Policies and expenses relating to administration of the Trust and its assets. The Plan authorizes the use of collected death benefits, called the "Maturity Funds Facility," from which the Trustee may borrow on a short-term revolving basis to fund its premium reserves. The Trust is also entitled to access the cash surrender value included in the beneficial ownership registered in its name to use for any purpose permitted by the Position Holder Trust Agreement, including to satisfy its share of the premium obligations relating to the Policies. If any such use results in a decrease in the death benefit payable under the related Policy, the decrease will be taken out of the Position Holder Trust's share of the maturity proceeds of the Policy or, if the Trust's share is insufficient, the Trust must make up the difference.

In addition, the Position Holder Trust was required by the Plan to contribute $12 million to the Creditors' Trust over a three-year period which was fully funded in December 2017. The Trust has no further obligations to the Creditors' Trust.

Administration and Operation

The Position Holder Trust will terminate when its Policy assets have all matured, have been abandoned or have been liquidated, and the Trust assets have been distributed in accordance with the Plan. The Plan originally anticipated that the Trust would terminate no later than December 9, 2026, unless extended by the Bankruptcy Court no more than four times, with each extension not exceeding five years. As upon the occurrence of the termination of the Trust and consent of the Bankruptcy Court, the Trustee will be discharged from his duties. Unlike the Trust, however, the IRA Partnership does not have an established termination date but is expected to be wound down by the Trustee as Manager when the liquidation of the Trust is complete.

Eduardo S. Espinosa was initially appointed by the Bankruptcy Court to serve as Trustee of the Position Holder Trust and as the Manager of the IRA Partnership. The Plan also established a Position Holder Trust Governing Trust Board comprised of five members ("Governing Trust Board"): Bert Scalzo, Robert L. Trimble, Mark Redus, Philip R. Loy and Nate Evans. The members of the Governing Trust Board also serve as members of the Advisory Committee of the IRA Partnership ("Advisory Committee"), and as members of the trust board for the Creditors' Trust. The business experience and other information concerning the Trustee and each member of the Governing Trust Board is included in Item 10 below. On August 24, 2018, Marc Redus resigned as a member of the Governing Trust Board. Effective the same day Brent Berry was voted on to the Governing Trust Board to replace Marc Redus. On January 15, 2019, Nate Evans resigned as a member of the Governing Trust Board. Effective March 25, 2019, Glenda Pirie was voted on to the Governing Trust Board to replace Nate Evans. On December 3, 2018, Eduard S. Espinosa was terminated by the Governing Trust Board and replaced with Michael J. Quilling as Trustee. The Board's decision to replace Mr. Espinosa was executed for convenience pursuant to §6.3(a) of the Trust Agreement and not for Cause, as defined in the Trust. See Item 10. Directors, Executive Officers and Corporate Governance for further information on the current Trustee and Governing Trust Board members.

The Position Holder Trust Agreement and the IRA Partnership Agreement contain limitation of liability and indemnification provisions with respect to the Trustee, the Governing Trust Board and the Advisory Committee, their members, designees, or any duly designated agent or representative of the Governing Trust Board and the Advisory Committee. The Trustee, Advisory Committee or Governing Trust Board are each authorized under the Plan to retain and consult with attorneys, accountants and agents, and the Trustee or a member of the Advisory Committee or Governing Trust Board will not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such professionals. Notwithstanding such authority, none of the Trustee, Governing Trust Board nor the Advisory Committee are under any obligation to consult with attorneys, accountants or agents, and a determination to not do so will not result in the imposition of liability on the Trustee, Governing Trust Board or Advisory Committee, or their members and/or designees, unless such determination is based on willful misconduct, gross negligence, or fraud.

The Trust and IRA Partnership have no employees, and none are expected in the future. Vida was appointed as the servicing company under the Plan in connection with the maintenance and collection of benefits of the Policies and to provide investor account services, including maintaining the ownership registers for the Continuing Fractional Interests, Position Holder Trust Interests and IRA Partnership interests. As permitted under the Plan, Vida has subcontracted the servicing agreement to its subsidiary, Magna Servicing, LLC ("Subservicer" or "Servicing Company"). Pursuant to the servicing agreement, fees for servicing the Policies will be paid out of the death benefits paid on Policies that mature in an amount equal to 2.65% of the death benefits paid ("Servicing Fee"). As of September 10, 2019, the Life Partners Position Holder Trust has entered into an agreement with Vida Capital, Inc. and Magna Servicing LLC to effectuate a termination of the policy services provided by them to the Trust, effective October 31, 2020. Pursuant to the agreement, the Trust will pay Vida Capital, Inc. an early termination fee of $2.5 million. As part of the agreement the Trust paid $2.0 million and accrued the remaining $0.5 million of the termination fee as of December 31, 2019. Starting October 31, 2020 a new policy servicing company will take over the responsibility of policy services.

Advanced Trust and Life Escrow Services LTA ("ATLES"), was designated by the Trust to serve as securities intermediary and depository for the Policies. ATLES already served as the named beneficiary on many of the Policies and subsequently acquired Purchase Escrow Services, which had served as named beneficiary on substantially all of the remaining Policies. ATLES will maintain custody and control of the Policies and related deposit accounts pending disbursement of Policy proceeds upon maturity in accordance with instructions provided to it by the Trustee.

Premium Payments and Policy Maturities

Under the Plan, Continuing Fractional Interest Holders who made a Continuing Holder Election retained 95% of their original Fractional Interest, with the other 5% deemed to be contributed to the Position Holder Trust in exchange for a Position Holder Trust Interest. As such, a Continuing Fractional Holder is obligated to pay 95% of the premium payments and Policy expenses allocable to its original Fractional Interest. Holders of Position Holder Trust interests (including the IRA Partnership) are not required to pay premiums allocable to their Contributed Positions. Similarly, Continuing Fractional Interest Holders are not required to pay premiums allocable to their 5% fractional interest deemed contributed to the Trust under the Plan. The Servicing Company will make premium calls to Continuing Fractional Interests Holders by sending premium notice and payment reminders to each as necessary. Premium calls will be made once per year, per policy, and sent at least 120 days prior to the due date for payment of the premiums by the Continuing Fractional Holders. Reminders will be sent if payment in full is not received within 30 days after the notice is sent. The Trustee, however, may divide the Continuing Fractional Interest Holders into twelve groups and bill a different group each month using the same billing and reminder schedule for premium calls as set out above.

Subject to the discretion of the Trustee and the Governing Trust Board, the Servicing Company may provide Policy data and data relating to premiums and maturity funds on a secure Servicing Company website. The data is expected to be updated monthly or as frequently as practical. Policies that mature would be listed with the Policy ID, death benefit and maturity date, as well as an indication if the proceeds have been received.

Upon the occurrence of a payment default by a Continuing Fractional Holder, the Continuing Fractional Holder will be deemed to have made a Position Holder Trust election as to its Continuing Fractional Interest at a discount of 20%, effective as of the payment default date, without any further notice from or other action by the Servicing Company, the Position Holder Trust or any other person. In April 2017, the Bankruptcy Court modified the discount penalty by waiving its application to premiums billed in December 2016 and to the next premium billed for each Continuing Fractional Interest. The failure to pay any other future premium calls, however, will result in the deemed contribution of the Continuing Fractional Interest at the established discount.

Upon maturity of a Policy, the Continuing Fractional Interest Holders relating to the Policy will be entitled to receive the Policy proceeds allocable to each (i.e., 95% of the proceeds payable with respect to each original fractional interest relating to the Policy). The Policy proceeds paid to a Continuing Fractional Interest Holder will be reduced by: (1) the Servicing Fee payable with respect to each such Continuing Fractional Interest, (2) any premium amount advanced by the Position Holder Trust prior to the date of death that is not refunded as a result of the Policy's maturity, and (3) any other out of pocket cost incurred by the Trust in the process of collection of maturity proceeds.

New IRA Notes

An IRA Holder who made a continuing holder election became the holder of a "New IRA Note". The New IRA Notes were structured to qualify as debt with no significant incidents of ownership in life insurance contracts. Consequently, the holders of New IRA Notes should not be viewed as investing directly or indirectly in life insurance contracts, which would disqualify the IRA and cause the IRA to lose its tax-exempt status. If the New IRA Notes are not treated as debt for federal income tax purposes, but as an investment in life insurance contracts, the entire IRA account balance could be deemed distributed to the IRA Holder who would recognize income in the amount of any cash and the fair market value of any property deemed distributed. Further, if the IRA owner is under age 59½, then the deemed distribution would be subject to an additional 10% early withdrawal penalty. Any such disqualification, however, would not adversely affect the terms and conditions of the New IRA Notes.

The terms and conditions of the New IRA Notes include a stated principal amount equal to 32% of the dollar amount of face value associated with the Fractional Interest related to the IRA Note, a fixed interest rate of 3.00%, payable annually in December, a maturity date of December 9, 2031, full recourse against the Position Holder Trust, and security in the form of a segregated sinking fund account.

On August 1, 2019 the Trust redeemed in full all New IRA Notes having a balance of $5,000 or less and made partial redemptions of all remaining Notes equal to 2/15ths of the original balance of the New IRA Notes. The total amount paid was $5.7 million and only funds set aside in a sinking fund established pursuant to the Bankruptcy Plan for that purpose were used. On December 15, 2019 the Trust redeemed in full all New IRA Notes having a balance of $7,500 or less and made partial redemptions of all remaining Notes equal to an additional 2/15th of the outstanding balance of the New IRA Notes. Accrued interest on all New IRA Notes through the redemption dates was paid as well. The total amount paid in connection with the second redemption was $5.9 million again using only funds out of the sinking fund.

Portfolio Information

As of December 31, 2019, the aggregate portfolio ("Portfolio") administered by the Trust (including Continuing Fractional Interests) consisted of 2,896 Policies of which 483 are life settlement policies and 2,413 are viaticals. Life settlements refer herein to life insurance policies on persons without any particular diagnosis of a terminal illness, while viaticals refer to policies in which the insured had been diagnosed with a terminal illness. As of December 31, 2019, the Portfolio's aggregate face value was $1.7 billion, of which $1.5 billion was attributable to life settlements and $243.0 million was attributable to viaticals. As of December 31, 2019, the Portfolio's aggregate fair value was $274.7 million, of which $269.7 million was attributable to life settlements and $5.0 million was attributable to viaticals. See, "Policy Valuation Methodology" below.

The 20 insurance companies representing the largest aggregate positions in the Portfolio as of December 31, 2019 are listed below:

Value Rank	Insurance Company	Carrier Rating	Aggregate Face Value		Aggregate Fair Value	
1	The Lincoln National Life Insurance Company	A+ (Superior)	$ 189,549,915	11.0 %	$ 35,139,600	12.8 %
2	Transamerica Financial Life Insurance Company	A (Excellent)	167,272,406	9.7 %	33,771,702	12.3 %
3	John Hancock Life Insurance Company (U.S.A.)	A+ (Superior)	130,857,696	7.6 %	23,789,592	8.7 %
4	AXA Equitable Life Insurance Company	A (Excellent)	118,697,467	6.9 %	15,987,546	5.8 %
5	John Hancock Life Insurance Company of New York	A+ (Superior)	63,350,000	3.7 %	15,841,999	5.8 %
6	American General Life Insurance Company	A (Excellent)	93,266,405	5.4 %	15,731,824	5.7 %
7	Lincoln Life & Annuity Company of New York	A+ (Superior)	77,120,000	4.5 %	15,208,273	5.5 %
8	Transamerica Life Insurance Company	A (Excellent)	54,713,836	3.2 %	13,656,930	5.0 %
9	Massachusetts Mutual Life Insurance Company	A++ (Superior)	64,184,839	3.7 %	13,112,611	4.8 %
10	Lincoln Benefit Life Company	A- (Excellent)	46,725,000	2.7 %	6,390,611	2.3 %
11	United States Life Insurance Company in the City of New York	A (Excellent)	27,520,860	1.6 %	6,136,234	2.2 %
12	PHL Variable Insurance Company	B (Fair)	35,932,225	2.1 %	5,568,126	2.0 %
13	Delaware Life Insurance Company	A- (Excellent)	32,967,866	1.9 %	5,470,037	2.0 %
14	New York Life Insurance and Annuity Corporation	A++ (Superior)	38,705,000	2.2 %	5,384,004	2.0 %
15	ReliaStar Life Insurance Company	A (Excellent)	36,314,412	2.1 %	5,242,185	1.9 %
16	Pacific Life Insurance Company	A+ (Superior)	26,676,221	1.5 %	5,136,031	1.9 %
17	The Penn Mutual Life Insurance Company	A+ (Superior)	19,935,448	1.2 %	4,867,414	1.8 %
18	Security Life of Denver Insurance Company	NR (Not Rated)	33,511,287	1.9 %	4,774,756	1.7 %
19	Ameritas Life Insurance Corp. of New York	A (Excellent)	23,875,000	1.4 %	4,131,650	1.5 %
20	John Hancock Variable Life Insurance Company	NR (Not Rated)	24,300,000	1.4 %	4,047,496	1.5 %
			$ 1,305,475,883	**75.7 %**	**$ 239,388,621**	**87.2 %**

As of December 31, 2019, the Position Holder Trust's portion of the Portfolio ("PHT Portfolio"), consisted of 2,896 Policies of which 483 are life settlement policies and 2,413 are viaticals. The PHT Portfolio is a subset of the Portfolio. The PHT Portfolio's aggregate face value as of December 31, 2019, was $1.1 billion, of which $938.2 million was attributable to life settlements and $191.3 million was attributable to viaticals, and its aggregate fair value was $172.2 million of which $168.7 million was attributable to life settlements and $3.5 million was attributable to viaticals.

The 20 insurance companies representing the largest aggregate positions in the PHT Portfolio as of December 31, 2019 are listed below:

Value Rank	Insurance Company	Carrier Rating	Aggregate Face Value		Aggregate Fair Value	
1	Transamerica Financial Life Insurance Company	A (Excellent)	$ 108,831,457	9.6 %	$ 21,874,305	12.7 %
2	The Lincoln National Life Insurance Company	A+ (Superior)	117,263,434	10.4 %	21,348,192	12.4 %
3	John Hancock Life Insurance Company (U.S.A.)	A+ (Superior)	78,306,935	6.9 %	14,312,129	8.3 %
4	AXA Equitable Life Insurance Company	A (Excellent)	76,626,510	6.8 %	10,367,645	6.0 %
5	John Hancock Life Insurance Company of New York	A+ (Superior)	41,292,800	3.7 %	10,227,295	5.9 %
6	Lincoln Life & Annuity Company of New York	A+ (Superior)	49,950,105	4.4 %	9,829,969	5.7 %
7	American General Life Insurance Company	A (Excellent)	59,936,685	5.3 %	9,555,885	5.5 %
8	Transamerica Life Insurance Company	A (Excellent)	36,257,204	3.2 %	9,233,309	5.4 %
9	Massachusetts Mutual Life Insurance Company	A++ (Superior)	38,576,979	3.4 %	7,842,641	4.6 %
10	Lincoln Benefit Life Company	A- (Excellent)	30,012,867	2.7 %	4,142,492	2.4 %
11	PHL Variable Insurance Company	B (Fair)	23,015,924	2.0 %	3,553,379	2.1 %
12	United States Life Insurance Company in the City of New York	A (Excellent)	16,306,048	1.4 %	3,435,907	2.0 %
13	Delaware Life Insurance Company	A- (Excellent)	21,976,633	1.9 %	3,434,795	2.0 %
14	ReliaStar Life Insurance Company	A (Excellent)	23,504,701	2.1 %	3,284,047	1.9 %
15	Security Life of Denver Insurance Company	NR (Not Rated)	21,963,400	1.9 %	3,166,762	1.8 %
16	Pacific Life Insurance Company	A+ (Superior)	16,420,013	1.5 %	3,137,402	1.8 %
17	The Penn Mutual Life Insurance Company	A+ (Superior)	12,419,102	1.1 %	3,049,356	1.8 %
18	New York Life Insurnace and Annuity Corporation	A++ (Superior)	23,103,121	2.0 %	3,048,348	1.8 %
19	Ameritas Life Insurance Corp. of New York	A (Excellent)	15,232,754	1.3 %	2,616,082	1.5 %
20	John Hancock Variable Life Insurance Company	NR (Not Rated)	14,947,817	1.3 %	2,501,113	1.5 %
			$ 825,944,489	**72.9 %**	**$ 149,961,053**	**87.1 %**

Approximately 90.8% of the Portfolio's life insurance assets based on fair value were issued by insurance companies with an independently graded investment-grade credit rating of A- (Excellent) or better as of December 31, 2019. The overall composition of life insurance company credit exposure and the composite credit ratings as of December 31, 2019 are set forth below:

Number	Carrier Rating	% of Portfolio Face Value	% of Portfolio Fair Value	% of PHT Portfolio Face Value	% of PHT Portfolio Fair Value
214	A++ (Superior)	7.3 %	7.3 %	6.9 %	6.7 %
1,154	A+ (Superior)	39.7 %	41.0 %	39.5 %	40.4 %
1,184	A | A- (Excellent)	42.5 %	42.5 %	42.8 %	43.4 %
22	B++ (Good)	0.1 %	— %	0.1 %	— %
3	B+ (Good)	— %	— %	— %	— %
29	B (Fair)	2.3 %	2.2 %	2.3 %	2.3 %
2	C++ (Marginal)	— %	— %	— %	— %
288	NR (Not Rated)	8.1 %	7.0 %	8.4 %	7.2 %
2,896		**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

The Portfolio consists of two types of interests: Position Holder Trust interests and Continuing Fractional Holder interests. Most Policies will have both interests because of the Debtors' sale of fractional interests in the Policies. As of December 31, 2019, the Policy holdings of Position Holder Trust interests and Continuing Fractional Holder interests, as well as the aggregate face value and aggregate fair value, broken-out into the various age ranges is summarized below:

Insured's Age (between ages)	Number of Insured	Aggregate Face Value	Aggregate Fair Value	PHT	CFH
90-99	355	$ 1,081,109,344	$ 210,445,153	63 %	37 %
80-89	134	399,298,907	59,885,826	64 %	36 %
70-79	174	21,442,653	1,594,297	75 %	25 %
60-69	892	92,418,529	2,454,322	79 %	21 %
50-59	1,258	124,032,020	422,677	78 %	22 %
40-49	82	7,353,175	(68,067)	77 %	23 %
30-39	1	63,000	(1,442)	86 %	14 %
0-29	—	—	—	—	—
Totals	**2,896**	**$ 1,725,717,628**	**$ 274,732,766**		

Policy Valuation Methodology

In assessing and determining the Portfolio's valuation, the Position Holder Trust retained Lewis & Ellis, Inc. as its principal actuaries. In 2017, the Portfolio's value was estimated using an actuarially based probabilistic approach incorporating net cash flows and life expectancies. This approach applied a monthly mortality scale as generated by the specific life expectancy (LE) and/or a default mortality multiplier of each insured, which is used to project the Portfolio's present value of net cash flows (death benefits less premium payments and 2.65% Servicing Company compensation). The mortality scale is actuarially rolled forward from the LE underwriting date to the valuation date. The Trust does not obtain current medical information for each insured, which would be necessary to update the LEs, due to the significant time and financial burden that would be required.

Accordingly, beginning in December 2017, as LEs became aged, less weight was applied to them and more weight was placed with the default mortality multiplier. A 25% discount was applied quarterly starting 21 months past the underwriting date until the aged LE date is fully discounted and replaced by the default mortality multiplier. A LE that was 24 to 26 months old had a 50% discount, a LE that is 27 to 29 months old was a 75% discount, and a LE greater than or equal to 30 months would solely use the default mortality multiplier. If a Policy did not have a LE, a default mortality multiplier was applied, based on the mortality tables developed by the U.S. Society of Actuaries. The mortality multipliers used are: 110% for males and 90% for females for the life settlements and 350% for the viaticals, regardless of gender.

Beginning in the second quarter of 2018, the Portfolio's value was estimated using the probabilistic approach with no specific LE information. This approach better fits the policies' cash flows (premium payments and death benefits) to a monthly mortality scale as generated by the specific mortality multiplier of each insured. This mortality scale is actuarially rolled forward from the policy settlement date to the valuation date. The Trust discounts these monthly cash flows with interest and survivorship back to our valuation date to arrive at an estimated Policies value. On a quarterly basis, the Trust compares compare actual mortalities to expected mortalities and refine the mortality multipliers as appropriate.

Future changes in the life expectancies and estimated cash flows could have a material effect on the Portfolio's fair value, and the Trust's financial condition and results of operations. See Note 6 to the accompanying financial statements included in Item 8. Financial Statements for additional information on the valuation of life insurance policies.

Dissemination of Information

The Position Holder Trust and IRA Partnership have designated the website at www.lpi-pht.com as the recognized channel of information distribution and a primary reference source for all matters pertaining to the Policies, the Trust Interests and the IRA Notes. The Trust and IRA Partnership routinely disseminate material information regarding the Policies by posting information and materials on the website. Holders of interests in the Trust and IRA Partnership, as well as other persons, are directed to the website www.lpi.pht.com for important information respecting the Policies, Trust and IRA Partnership. In November of 2018, the Governing Trust Board and the Trustee ceased production of a monthly newsletter that had previously been distributed through the website and determined that information previously provided through the newsletter would thereafter be posted directly to the website or contained in the public filings.

Item 1A. Risk Factors.

Not applicable.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Not applicable.

Item 3. Legal Proceedings

Pursuant to the Plan, all causes of action held by the Debtors were assigned to and will be pursued by the Creditors' Trust. Accordingly, other than resolution of disputes relating to certain claims held by Investors in accordance with the Plan and the Position Holder Trust Agreement, the Position Holder Trust and IRA Partnership are not involved in any material legal proceedings, other than as noted below.

Sun Life Assurance Company of Canada v. Advance Trust and Life Escrow Services LTA, (ATLES), as Securities Intermediary, Civil Action No. 6:19-CV-670, filed November 19, 2019 in United States District Court for the Western District of Texas. Sun Life filed suit against ATLES, which, as the securities intermediary, holds title to the policy on behalf of the Trust, to void a $10 Million life insurance policy on the grounds that the policy was a stranger initiated policy without a valid insurable interest under Delaware law. The Trustee believes Sun Life's suit to be without merit. Additionally, the Trustee believes Sun Life's claim is barred by the Confirmation Order and Injunction in the bankruptcy action under which the Trust was formed and has filed a Motion in the United States Bankruptcy Court, Northern District of Texas, Fort Worth Division, Case No. 15-40289 mxm-11 for Order to Show Cause and for Contempt for Sun Life Assurance Company of Canada's Violation of the Confirmation Injunction.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Registrants do not have a class of common equity outstanding. There is no trading market for the Position Holder Trust interests, Continuing Fractional interests or the IRA Partnership interests, which we collectively refer to as the "New Interests," and none is expected to develop. The New Interests cannot be transferred unless the seller delivers an opinion of counsel (acceptable to the Trustee) that the proposed transfer (i) complies with all state and federal securities laws, (ii) will not cause the Trust or the IRA Partnership (as the case may be), to be required to register as an investment company and (iii) will not cause the Trust or the IRA Partnership to be taxed as a corporation. In addition, the Plan forbids the Trust from (a) listing the New Interests on any exchange or quotation system, (b) taking any action, directly or indirectly to develop a trading market, (c) acting as a broker/dealer or (d) disseminating information or otherwise facilitating trading activities.

On November 13, 2018, Life Settlement Liquidity Option, LLC, ("Anchorage") made an offer to purchase up to 19,745,000 interests in the Life Partners Position Holder Trust (the "Trust Interests") and up to 35,545,000 interests in Life Partners IRA Holder Partnership, LLC (the "Partnership Interests") at a purchase price of $0.16 per Unit (the "Offer to Purchase"). CFunds Life Settlement LLC ("Contrarian") subsequently joined as an offeror. The information relating to the Offer was set forth in the Offer to Purchase dated November 13, 2018, as supplemented by Supplement No.1 to the Offer to Purchase filed with the SEC December 20, 2018. The Trustee determined that the Offer to Purchase complies with the Plan, but The Trust and the IRA Partnership expressed no opinion as to whether any investor should accept or reject the Offer to Purchase.

On January 25, 2019, the Offer to Purchase expired. Trust unitholders tendered 44,039,564 Trust Interests and 59,971,429 Partnership Interests were tendered, but a significant portion of the interests tendered contained defects. Ultimately, 41,638,738 Trust Interests and 50,751,792 Partnership Interests were transferred to Anchorage and Contrarian. The unitholders were paid for their interest directly by Anchorage and Contrarian upon transfer.

On November 13, 2019, the Trust made a distribution to Unit holders for the amount of $20.0 million based on the holder's Pro Rata share of the outstanding Units.

The payment of distributions is at the discretion of our Trustee and the Governing Trust Board after taking into account various factors, including our financial condition, maturities, cash flows, premium requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of distributions, and other considerations that our Board deem relevant from time to time.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement Regarding Forward-Looking Statements

The statements in this discussion and analysis concerning expectations regarding the Position Holder Trust's and the IRA Partnership's future performance, liquidity and capital resources, as well as other non-historical statements are forward-looking statements that involve substantial risks and uncertainties. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "would," "should," "targets," "projects" and variations of these words and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements include these words. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and are difficult to predict, that could cause actual results to differ materially from those expressed or forecasted in the forward- looking statements, including the factors set forth below and elsewhere in this report:

- uncertainties and estimates related to the valuation of life insurance policy assets reflected on our financial statements.
- uncertainties and estimates related to our ability to make cash distributions in satisfaction of payment obligations as life insurance policies mature.
- the reliability of assumptions underlying our actuarial models, including life expectancy estimates.
- risks relating to the validity and enforceability of the life insurance policies in our portfolio.
- our reliance on information provided and obtained by third parties.
- increasing cost-of-insurance (premiums) on the life insurance contracts in our portfolio.
- our limited operating history. and
- general economic outlook, including prevailing interest rates.

These forward-looking statements are based on current expectations, estimates and projections about us, our beliefs and our assumptions and the information currently available to us. Although we believe that the assumptions for these forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Consequently, no representation or warranty can be given that the estimates, opinions, or assumptions made in or referenced will prove to be accurate. The actual results of the Trust and IRA Partnership could differ materially from those suggested or implied by any forward-looking statements. We undertake no obligation to update our forward-looking statements.

You should read the following discussion in conjunction with the consolidated financial statements and accompanying notes and the information contained in other sections of this report.

Business Overview

The Position Holder Trust and the IRA Partnership came into existence on December 9, 2016, as a result of the Plan of Reorganization confirmed pursuant to the Chapter 11 bankruptcy proceeding initiated in 2015 by Life Partners Holdings, Inc. The Trust's primary asset is its interest in a life insurance portfolio of 2,896 Policies, with an aggregate fair value of $274.7 million and an aggregate face value of approximately $1.7 billion at December 31, 2019. The Trust's portion of the Portfolio has a fair value of $172.2 million and a face value of $1.1 billion at December 31, 2019. Adjustments in the calculation of aggregate fair value of the Portfolio may occur over time as maturities ensue in the Portfolio and life expectancies change.

The Bankruptcy Court organized the Trust and IRA Partnership in order to liquidate the assets of the Debtors in a manner calculated to conserve, protect and maximize the value of the assets, and to distribute the proceeds thereof in accordance with the Plan. The Trust and IRA Partnership have no other business interests nor operations and will not acquire any additional life insurance policies. The IRA Partnership's sole assets are beneficial interest units in the Trust.

Continuing Operations

While the Position Holder Trust is a liquidating trust with no intent to continue or to engage in a trade or business, the nature of the life insurance policies assets being liquidated are such that it is not practical or advantageous to simply liquidate the Policies by disposing of them. In this regard, there is no viable secondary market for the Policies, nor is there another practical means of disposing of them or monetizing them in the near term.

The Position Holder Trust expects that fulfilling its liquidating purpose will require a significant amount of time. As such, the Trust will have significant ongoing operations during that period due to the nature of its assets and its plan to maximize the proceeds to its beneficiaries by maintaining the majority of its Policies until maturity. As a result, the Trust has concluded that its liquidation is not imminent, in accordance with the definitions under accounting principles generally accepted in the United States and has not applied the liquidation basis of accounting in presenting its financial statements. The Trust will continue to evaluate its operations to determine when its liquidation becomes imminent and the liquidation basis of accounting is required.

The IRA Partnership operations consist entirely of its interests in the operations of the Trust and will continue as long as the Trust is liquidating its assets. The Partnership utilizes the equity method of accounting for its interests in the Trust and recognizes its proportionate interest in the results of the Trust's continuing operations accordingly.

The Trust and IRA Partnership have no employees, and none are expected in the future. Vida was appointed as the servicing company under the Plan in connection with the maintenance and collection of benefits of the Policies and to provide investor account services, including maintaining the ownership registers for the Continuing Fractional Interests, Position Holder Trust Interests and IRA Partnership interests. As permitted under the Plan, Vida has subcontracted the servicing agreement to its subsidiary, Magna Servicing, LLC ("Subservicer" or "Servicing Company"). Pursuant to the servicing agreement, fees for servicing the Policies will be paid out of the death benefits paid on Policies that mature in an amount equal to 2.65% of the death benefits paid ("Servicing Fee"). As of September 10, 2019, the Life Partners Position Holder Trust has entered into an agreement with Vida Capital, Inc. and Magna Servicing LLC to effectuate a termination of the policy services provided by them to the Trust, effective October 31, 2020. Pursuant to the agreement, the Trust will pay Vida Capital, Inc. an early termination fee of $2.5 million. As part of the agreement the Trust paid $2.0 million and accrued the remaining $0.5 million of the termination fee as of December 31, 2019. Starting October 31, 2020 a new policy servicing company will take over the responsibility of policy services.

Results of Continuing Operations

<u>2019 Compared to 2018</u>

Net increase in net assets for the year ended December 31, 2019 was $63.4 million as compared to a net decrease in net assets of $70.5 million for the same period last year. The following are the components of net change in net assets resulting from operations for the years ended December 31, 2019 and 2018:

	Years Ended December 31,		
	2019	**2018**	**Change**
Income (loss)	$ 73,981,532	$ (60,856,963)	$ 134,838,495
Expenses	10,575,682	9,673,691	901,991
Increase (decrease) in net assets	**$ 63,405,850**	**$ (70,530,654)**	**$ 133,936,504**

The following table provides a roll-forward of the fair value of life insurance policies for the years ended December 31, 2019 and 2018:

	2019	2018
Balance at January 1,	**$ 186,251,760**	**$ 272,140,787**
Realized gain on matured policies	106,836,877	64,451,763
Unrealized gain (loss) on policies held	(35,629,018)	(126,667,533)
Change in estimated fair value	**71,207,859**	**(62,215,770)**
Matured policies, net of fees	(129,965,627)	(80,328,756)
Premiums paid	44,748,742	56,655,499
Balance at December 31,	**$ 172,242,734**	**$ 186,251,760**

The change in estimated fair value of the Trust's life insurance Policies includes realized gains (losses) on matured policies in addition to unrealized gains (losses) on policies which are affected by unwinding the discount over time, and changes in valuation assumptions, including mortality, cost of insurance and discount rates. Based upon our planned comparison of actual maturities to projected maturities, management elected to discontinue the use of LEs in favor of default mortality multipliers based on the 2015 Valuation Basic Table which increased the unrealized loss in 2018.

The Trust now uses mortality multipliers as its exclusive method of estimating longevity. On a quarterly basis, management compares actual maturities to projected maturities to refine and validate its analysis. See, Note 6, "Fair Value Measurements" to the accompanying consolidated financial statements in Item 8. Financial Statements for more information on the valuation of life insurance policies.

Expenses

Below is a comparison of expenses from 2019 to 2018.

	Years Ended December 31,			
	2019	2018	$ Change	% Change
Interest expense	$ 861,738	$ 3,278,635	$ (2,416,897)	(74)
Legal fees	2,207,395	2,037,630	169,765	8
Administrative and filing fees	1,036,086	988,026	48,060	5
Insurance	156,628	156,454	174	—
Professional fees	5,008,744	2,794,667	2,214,077	79
Other general and administrative	1,305,091	418,279	886,812	212
Total expenses	**$ 10,575,682**	**$ 9,673,691**	**901,991**	9

The increase in total expenses of $0.9 million is primarily due to the fees totaling $2.5 million to Vida Capital, Inc for termination of the policy services provided by it to the Trust (see Item 1. Description of Business, "Administration and Operations") and additional professional services due to the transition of the Trust management and changes in Trust operations. The additional expenses are offset by a decrease in interest expense due to the pay down of the notes payable balance and recovery of accounts receivable totaling $1.6 million which was previously considered unrecoverable.

Interest expense for the years ended December 31, 2019 and 2018 primarily consisted of interest related to two notes payables. See, Note 5 "Notes Payable" to the accompanying financial statements in Item 8 for more information on the notes payable.

On November 13, 2019, the Trust made a distribution to Unit holders for the amount of $20.0 million based on the holder's Pro Rata share of the outstanding Units.

Results of Operations for the Partnership - 2019

The net increase in net assets for the year ended December 31, 2019 was $38.2 million as compared to a net decrease in net assets of $48.7 million for the same period in the last year.

The Partnership recognizes income on its respective portion of the Trust which is controlled by its investment in the Trust's life insurance Policies and the changes in their aggregate fair value. The primary increase in income and net assets is due to the change in valuation of the investment portfolio as describe above in the section related to the Trust.

On November 13, 2019 the Partnership made a distribution of $12.1 million based on its share of the distribution from the Trust.

2018 Compared to 2017

Net decrease in net assets for the year ended December 31, 2018 was $70.5 million as compared to a net increase in net assets of $35.2 million for the period ended December 31, 2017. The following are the components of net change in net assets resulting from operations for the years ended December 31, 2018 and 2017:

	Years Ended December 31,		
	2018	**2017**	**Change**
(Loss) Income	$ (60,856,963)	$ 50,602,809	$ (111,459,772)
Expenses	9,673,691	15,410,975	(5,737,284)
(Decrease) Increase in net assets	**$ (70,530,654)**	**$ 35,191,834**	**$ (105,722,488)**

The Trust recognizes income on its respective portion of the Policies primarily from changes in their aggregate fair value. The primary increase in income is due to the change in valuation of the investment portfolio as described in Item 8. Financial Statements, Note 6 "Fair Value Measurements" in the accompanying financial statements.

The following table provides a roll-forward of the fair value of life insurance policies for the years ended December 31, 2018 and 2017:

	2018	**2017**
Balance at January 1,	**$ 272,140,787**	**$ 263,579,040**
Realized gain on matured policies	64,451,763	60,812,229
Unrealized gain (loss) on policies held	(126,667,533)	(10,882,132)
Change in estimated fair value	**(62,215,770)**	**49,930,097**
Matured policies, net of fees	(80,328,756)	(78,913,426)
Premiums paid	56,655,499	37,545,076
Balance at December 31,	**$ 186,251,760**	**$ 272,140,787**

The change in estimated fair value of the Trust's life insurance Policies includes realized gains (losses) on matured policies in addition to unrealized gains (losses) on policies which is affected by unwinding the discount over time, and changes in valuation assumptions, including mortality and discount rates.

Expenses

Below is a comparison of expenses from 2018 to 2017.

	Years Ended December 31,			
	2018	**2017**	**$ Change**	**% Change**
Interest	$ 3,278,635	$ 7,083,398	$ (3,804,763)	(54)
Administrative and filing fees	988,026	177,716	810,310	456
Insurance	156,454	105,100	51,354	49
Legal fees	2,037,630	3,649,790	(1,612,160)	(44)
Professional fees	2,794,667	3,744,007	(949,340)	(25)
Other general and administrative expenses	418,279	650,964	(232,685)	(36)
Total expenses	**$ 9,673,691**	**$ 15,410,975**	**$ (5,737,284)**	37

The decrease in total expenses of $5.7 million is primarily due to less interest paid as the notes payable balances have decreased over the same period noted above and less incurred in legal and professional fees due to increased efficiencies in the operations of the Trust. This decrease in cost is partially offset by an increase in the Trust's fees payable to the U.S. Trustee, which is included in administrative and filing fees, while the bankruptcy remains pending.

Interest expense for the years ended December 31, 2018 and 2017 primarily consisted of interest related to two note payables.

Results of Operations for the Partnership - 2018

The net decrease in net assets for the year ended December 31, 2018 was $48.7 million as compared to a net increase in net assets of $11.3 million for the year ended December 31, 2017.

The Partnership recognizes income on its respective portion of the Trust which is controlled by its investment in the Trust's life insurance Policies and the changes in their aggregate fair value. The primary increase in income and net assets is due to the change in valuation of the investment portfolio as describe above in the section related to the Trust.

Investing Activities

During the year ended December 31, 2019, the Position Holder Trust paid premiums on Policies totaling $44.7 million on the PHT Portfolio. In addition, the Trust received $130.0 million from the maturity of life settlements during the year ended December 31, 2019. During the year ended December 31, 2018, the Position Holder Trust paid premiums on Policies totaling $56.7 million on the PHT Portfolio and received maturities of life settlements of $80.3 million.

Financing Activities

The Position Holder Trust paid $16.5 and $31.0 million of its outstanding notes payable during the years ended December 31, 2019 and 2018, respectively.

On November 13, 2019, the Trust made a distribution to Unit holders for the amount of $20.0 million based on the holder's Pro Rata share of the outstanding Units.

Off-Balance Sheet Arrangements

As of December 31, 2019, and 2018, the Position Holder Trust and IRA Partnership had no off-balance sheet arrangements.

Liquidity and Capital Resources

Overview and Cash Flow

The principal source of the Trust's operating liquidity is the Trust's share of the death benefits from the maturity of life insurance policies, interest income and refund of premiums paid on behalf of others. The principal uses of that liquidity include payment of premiums on policies, liquidation of existing debt, payment of general and administrative expenses and distribution to the unit holders, if any.

The primary needs for working capital are to pay premiums on Policies and expenses relating to the administration of the Trust and its assets. The Trust is authorized for the use of collected death benefits, called the "Maturity Funds Facility," from which the Trustee may borrow on a short-term revolving basis to fund its premium reserves. The Trust is also entitled to access the cash surrender value included in the beneficial ownership registered in its name to use for any purpose permitted by the Position Holder Trust Agreement, including to satisfy its share of the premium obligations relating to the Policies. If any such use results in a decrease in the death benefit payable under the related Policy, the decrease will be taken out of the Position Holder Trust's share of the maturity proceeds of the Policy or, if the Trust's share is insufficient, the Trust must make up the difference. Fees for servicing the Policies will be paid out of the death benefits paid on Policies in an amount equal to 2.65% of the death benefits paid. The Trust believes that these financial resources, in addition to proceeds from maturities, line of credit, and Maturity Funds Facility, are sufficient for it to continue its operations and to issue funds, as necessary, throughout the twelve months after the date of this report.

Capital

Loan Facilities

Vida Opportunity Fund, LP, an affiliate of Vida Capital, Inc. provided the $55 million Exit Loan Facility needed to provide for consummation of the reorganization transactions contemplated by the Plan. At the same time, Vida Longevity Fund, LP, also an affiliate of Vida Capital, Inc., provided a $25 million revolving line of credit. Effective as of January 17, 2019, the Life Partners Position Holders Trust paid the remaining balances in full related to the Exit Loan Facility and terminated the $55 Million Exit Loan Facility with Vida Opportunity Fund, LP and the $25 Million Revolving Line of Credit with Vida Longevity Fund, LP. All liens and security interests of the lenders under these loan facilities have been terminated and released.

Outstanding debt at December 31, 2019 was $25.8 million and included $24.9 million secured 15-year promissory note issued by the Trust to the IRA holders ("New IRA Notes"), and $0.9 million to the Chapter 11 trustee, as defined below. Outstanding debt at December 31, 2018 was $42.6 million and included $4.0 million of outstanding principal on the Vida Opportunity Fund, LP loan, $35.9 million of New IRA Notes, and $2.7 million to the Chapter 11 Trustee.

To provide for short term capital needs of the Position Holders Trust, if any, effective as of January 30, 2019, the Position Holders Trust entered into a $15 million revolving credit facility with Veritex Community Bank of Dallas, Texas. The Veritex Credit Facility, is secured by a lien on the Position Holder Trust's assets, has an initial 2-year term and, as to any amounts drawn thereunder, shall bear interest at the rate of 6% per annum. As of December 31, 2019 there is no outstanding balance for the revolving credit facility.

The Plan authorizes the Trustee to use the Maturity Funds Facility to borrow on a short-term revolving basis to fund its premium reserves. The Position Holder Trust is also entitled to access the cash surrender value included in the beneficial ownership registered in its name from time to time to use for any purpose permitted by the Position Holder Trust Agreement, including to satisfy its share of the premium obligations relating to the Policies. If any such use results in a decrease in the death benefit payable under the related Policy, the decrease will reduce the Trust's share of the maturity proceeds of the Policy, or if the Trust's share is insufficient, it must make up the difference.

New IRA Notes

The Debtors' estate included 1,177 security holders who held their positions through their individual retirement accounts ("IRA"), which are prohibited investments for an IRA. As a result, the Plan included a mechanism to resolve the IRA investors' claims by establishing the Partnership and authorizing the issuance of the New IRA Notes.

The Position Holder Trust was authorized to issue New IRA Notes in a principal amount of $63.7 million bearing interest at 3.0% per annum and maturing in 2031. The Trust ultimately issued $35.9 million of New IRA Notes in accordance with the Plan. As of December 31, 2019, there were $24.9 million of New IRA Notes outstanding. Interest is payable annually in December.

If the Trust elects to redeem any New IRA Notes, it must notify the New IRA Note Trustee of the redemption date and the principal amount to be redeemed at least 60 days before the redemption date (unless a shorter period is satisfactory to the trustee). If fewer than all the New IRA Notes are being redeemed, the notice must also specify a record date not less than 15 days after the date of the notice of redemption is given to the New IRA Note trustee. The New IRA Note Trustee will select the notes to be redeemed on a pro rata basis in denominations of $100 principal amount and higher integral multiples of $100.

On August 1, 2019 the Trust redeemed in full all New IRA Notes having a balance of $5,000 or less and made partial redemptions of all remaining Notes equal to 2/15ths of the original balance of those Notes. The total amount paid was $5.7 million and only funds set aside in a sinking fund established pursuant to the Bankruptcy Plan for that purpose were used. On December 15, 2019 the Trust redeemed in full all New IRA Notes having a balance of $7,500 or less and made partial redemptions of all remaining New IRA Notes equal to an additional 2/15th of the outstanding balance of those Notes. Accrued interest on all New IRA Notes through the redemption dates was paid as well. The total amount paid in connection with the second redemption was $5.9 million again using only funds out of the sinking fund.

In 2019 there was a conversion of notes payable to IRA Partnership and Trust units of $0.3 million based on changes to elections for certain unit holders which were in dispute and resolved through settlement, mediation or court order.

Other Notes Payable

On March 28, 2017, the Bankruptcy Court allowed $5.5 million to be paid as compensation for the services rendered by H. Thomas Moran as the Chapter 11 trustee, with fifty percent (50%), or $2.8 million, paid promptly. The remaining amount is to be paid in cash pursuant to the terms of an unsecured promissory note issued by the Trust (the “Moran Note”). The note does not bear interest and the principal amount was scheduled to be paid in three equal annual installments on January 1 of 2019, 2020 and 2021, with the full principal amount paid no later than December 30, 2021, or in full on or after January 1, 2019. On January 11, 2019 the Trust paid the first installment and on December 27, 2019 the Trust paid the second installment. Subsequent to the end of the reporting period, on January 27, 2020 the Trust paid the final installment and the note has now been completely satisfied.

Liquidity

At December 31, 2019, the Position Holder Trust had $80.8 million of cash primarily consisting of $56.2 million held to pay Policy premiums on behalf of the Trust and the continuing fractional holders, $8.9 million held to pay maturities collected and owed to current fractional holders, $14.9 million held as collateral deposits on debt, and $0.8 million was available to pay for operating expenses of the Trust. At December 31, 2018, the Position Holder Trust had $51.9 million of cash primarily consisting of $32.1 million held to pay Policy premiums on behalf of the Trust and the continuing fractional holders, $14.3 million held to pay maturities collected and owed to current fractional holders, $4.8 million held as collateral deposits on debt, and $0.7 million was available to pay for operating expenses of the Trust.

The Trust’s total outstanding liabilities decreased by $23.6 million from $93.7 million at December 31, 2018, to $70.1 million at December 31, 2019. The decrease was mainly attributable to the expenditure of cash to pay outstanding liabilities related to notes payable and a decrease in maturity liabilities.

During the years ended December 31, 2019 and 2018, the Position Holder Trust paid premiums on Policies totaling $44.7 million and $56.7 million, respectively on the PHT Portfolio. Also, for the years ended December 31, 2019 and 2018, there were maturities received of $124.5 million and $75.7 million, respectively.

The Position Holder Trust paid $16.5 million and $31.0 million of its outstanding notes payable during the years ended December 31, 2019 and 2018, respectively. There were no new financing activities during the years ended December 31, 2019 and 2018. Subsequent to the end of the reporting period, on January 27, 2020 the Trust paid the final installment on the note to the initial Trustee and the note has now been completely satisfied.

On November 13, 2019, the Trust made a distribution to Unit holders for the amount of $20.0 million based on the holder's Pro Rata share of the outstanding Units.

The Trust has a liquidity risk associated with the payment of premiums by the continuing fractional interest holders. Under the Plan, the Trust bills continuing fractional interest holders for their share of premiums due over the coming twelve months. If a continuing fractional interest holder fails to pay its share of the premiums on a position, the continuing fractional interest holder defaults and the position is deemed to have been contributed to the Trust in exchange for units. The Trust is then responsible for the premium payments related to the defaulted interest. Therefore, a significant increase in the non-payment by continuing fractional interest holders may adversely affect the liquidity of the Trust.

Critical Accounting Policies

Position Holder Trust

Investments in Life Insurance Policies

The Trust accounts for its interests, net of Continuing Fractional Interests, in life insurance policies at fair value in accordance with ASC 325-30, *Investments in Insurance Contracts* . Any resulting changes in fair value estimates are reflected in operations in the period the change becomes apparent.

Fair Value of Life Insurance Policies

The Trust follows ASC 820, *Fair Value Measurements and Disclosures* , in estimating the fair value of its life insurance policies, which defines fair value as an exit price representing the amount that would be received if an asset were sold or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

As a basis for considering such assumptions, the guidance establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. Level 1 relates to quoted prices in active markets for identical assets or liabilities. Level 2 relates to observable inputs other than quoted prices included in Level 1. Level 3 relates to unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Trust’s investments in life insurance policies are considered to be Level 3 as there is currently no active market where the Trust is able to observe quoted prices for identical assets and the Trust’s valuation model incorporates significant inputs that are not observable.

The Trust’s valuation of life insurance policies is a critical estimate within the financial statements. The Trust currently uses a probabilistic method of valuing life insurance policies, which the Trust believes to be the preferred valuation method in its industry. The Trust calculates the assets’ fair value using a present value technique to estimate the fair value of the projected future cash flows. The most significant assumptions in estimating the fair value are the Trust’s estimate of the insureds’ longevity, anticipated future premium obligations and the discount rate. See Note 6, “Fair Value Measurements” in the accompanying financial statements.

Income Recognition

The Trust’s investments in life insurance policies are its primary source of income. Gain or loss is recognized from ongoing changes in the portfolio’s estimated fair value, including any gains or losses at maturity. Gains or losses from maturities are recognized at receipt of a death notice or verified obituary for an insured party and determined based on the difference between the death benefit and the estimated fair value of the policy at maturity.

Premiums Receivable

The Trust assumed the Debtors’ receivables related to life insurance policy premiums and service fees that were paid to the Debtors on behalf of fractional interest holders prior to the Trust’s effective date. After December 9, 2016, the policy premiums allocable to continuing fractional interest holders are those persons' obligations and not the Trust’s obligations. If a continuing fractional interest holder defaults on future premium obligations, such position is deemed contributed to the Trust in exchange for the number of Units provided by the Plan.

The Trust maintains an allowance for doubtful accounts for estimated losses resulting from the inability to collect premiums and service fees receivable. Such estimates are based on the position holder's payment history and other indications of potential uncollectability. After all attempts to collect a receivable have failed, receivables are written off against the allowance. At December 31, 2019 and December 31, 2018, the allowance for doubtful accounts was $3.2 million and $10.0 million, respectively, and fully offset receivables assumed from the Debtors on the effective date. Outstanding receivable balances may be recoverable pursuant to the Trustee's set-off rights under the Plan.

Maturities Receivable

Maturities receivable consist of the Trust's portion of life insurance policy maturities that occurred, but payment was not yet received as of the reporting period.

Income Taxes

No provision for state or federal income taxes has been made as the liability for such taxes is attributable to the Unit holders rather than the Trust. The Trust is a grantor trust with taxable income or loss passing through to the Unit holders. In certain instances, however, the Trust may be required under applicable state laws to remit directly to state tax authorities amounts otherwise due to Unit holders. Such payments on behalf of the Unit holders are deemed distributions to them.

The Financial Accounting Standards Board (the "FASB") has provided guidance for how uncertain tax positions should be recognized, measured, disclosed, and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Trust's tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable taxing authority. The Trust has no material uncertain income tax positions as of December 31, 2019 or December 31, 2018.

The Trust assumed income tax liabilities of the Debtors at its inception which total approximately $2.9 million. In December 2019, the Trust made the final payment for the assumed income tax liability and the tax liability has now been completely satisfied.

Premium Liability

As of December 31, 2019, and December 31, 2018, the Trust holds $33.2 million and $33.2 million, respectively, in escrow for future payment of premium obligations. To the extent advanced premiums received from continuing fractional holders are not used for premium payments, they are refunded to the respective continuing fractional holder.

Maturity Liability

As of December 31, 2019, and December 31, 2018, the Trust holds $8.3 million and 14.3 million, respectively, of maturities collected on behalf of continuing factional holders pending payment.

Distributions Payable

Distributions payable are distributions declared by the Trust pending payment.

Risks and Uncertainties

The Trust encounters economic, legal, and longevity risk. The main components of economic risk potentially impacting the Trust are market risk, concentration of credit risk, and the increasing cost of insurance risk. The Trust's market risks include interest rate risk and the risk of declines in valuation of the Trust's life insurance policies, including declines caused by the selection of increased discount rates associated with the Trust's fair value model. It is reasonably possible that future changes to estimates involved in valuing life insurance policies could change and materially affect future financial statements. Concentration of credit risk is the risk that an insurance carrier who has issued life insurance policies held by the Trust, does not remit the amount due under those policies due to the carrier's deteriorating financial condition or otherwise. Another credit risk potentially impacting the Trust is the risk continuing fractional holders may default on their future premium obligations, increasing the Trust's premium obligations. The increasing cost of insurance risk includes the carriers' attempts to change a policy's cost of insurance. While some cost of insurance increases are anticipated and taken into consideration in the Trusts forecasts, other cost of insurance increases are unilaterally imposed by the carrier. In the second quarter of 2018, one carrier increased the cost of insurance associated with its policies held by the Trust, representing about $188 million in face value, by approximately 45% over the prior cost of insurance. There is no additional impact in third and fourth quarters of 2018 or in the year 2019 from this carrier.

The main components of legal risk are: (i) the risk that an insurer could successfully challenge its obligation to pay policy benefits at maturity; and (ii) that an insured's family could successfully challenge the Trust's entitlement to an insurance policy's benefits. In either case, there is also risk that the Trust would be unable to recover the premiums it paid towards the insurance policy.

Longevity risk refers to the reasonable possibility that actual mortalities of insureds in the Trust's portfolio extend over longer periods than are anticipated, resulting in the Trust paying more in premiums and delaying its collection of death benefits. Further, increased longevity may encourage additional continuing fraction holders to default on their premium obligations, increasing the Trust's positions and its premium payment burden. The Trust management is still evaluating any potential impact; however, such future revisions could have a material impact on the valuation.

The Trust maintains the majority of its cash in several accounts with a commercial bank. Balances on deposit are insured by the Federal Deposit Insurance Corporation ("FDIC"). However, from time to time the Trust's balances may exceed the FDIC insurable amounts.

IRA Partnership

Equity Method Accounting

The Partnership accounts for its investment in the PHT using the equity method of accounting for its share of earnings or loss less distributions received. The Partnership and the Trust are closely connected, with a common trustee and common management. As a result of this common oversight and control, as well as the Partnership's position as the majority holder of the Trust's beneficial interest units, the Partnership is considered to have significant influence under the provisions of ASC 323, resulting in the application by the Partnership of the equity method of accounting.

Earnings (losses) attributable to the Partnership's interests in the Trust and recognized under the equity method represented approximately $38.4 million at December 31, 2019 and $(48.6) million at December 31, 2018.

Income Taxes

No provision for state or Federal income taxes has been made as the liability for such taxes is attributable to the members rather than the Partnership. The Partnership is a limited liability company with taxable income or loss passing through to the members. In certain instances, however, the Partnership may be required under applicable state laws to remit directly to state tax authorities amounts otherwise due to members. Such payments on behalf of the members are deemed distributions to them.

The Financial Accounting Standards Board (the "FASB") has provided guidance for how uncertain tax positions should be recognized, measured, disclosed, and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Partnership's tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable taxing authority. The Partnership has no material uncertain income tax positions as of December 31, 2019 or December 31, 2018.

Use of Estimates

The preparation of these financial statements, in conformity with generally accepted accounting principles in the United States of America ("GAAP"), requires the Partnership to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from these estimates and such differences could be material.

Risks and Uncertainties

The Partnership, due to the nature of its assets and operations, is subject to significant risks and uncertainties affecting the Trust which encounters economic risk. The two main components of economic risk potentially impacting the Partnership's interest in the Trust are market risk and concentration of credit risk. Market risks include interest rate risk and the risk of declines in valuation of the Trust's life insurance policies, including declines caused by the selection of increased discount rates associated with the Trust's fair value model. Concentration of credit risk is the risk that an insurance carrier who has issued life insurance policies held by the Trust, does not remit the amount due under those policies due to the deteriorating financial condition of the carrier or otherwise. It is reasonably possible that future changes to estimates involved in valuing the Trust's life insurance policies could change and result in material effects on the Partnership's financial position and results of operation.

Distributions Payable

Distributions payable are distributions declared by IRA Partnership pending payment.

Due to Life Partners Position Holders Trust

The Partnership does not have its own cash accounts, and its operating expenses and distributions to its Unit holders are paid on behalf of the Partnership by the Trust. The Partnership settles its liabilities to the Trust through reduction of the funds it receives from distributions made by the Trust.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of potential economic loss principally arising from adverse changes in the fair value of financial instruments. As of December 31, 2019, we did not hold any amount of financial instruments for trading purposes.

Item 8. Financial Statements

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

To the Unit Holders, Trustee, and Governing Trust Board
Life Partners Position Holder Trust

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Life Partners Position Holder Trust (the "Trust") as of December 31, 2019 and 2018, the related statements of operations, changes in net assets, and cash flows for the years ended December 31, 2019 and 2018 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years ended December 31, 2019 and 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

The Trust's management is responsible for these financial statements. Our responsibility is to express an opinion on the Trust’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Plante & Moran, PLLC

We have served as the Trust's auditor since 2017.

Auburn Hills, Michigan
March 11, 2020

LIFE PARTNERS POSITION HOLDER TRUST
BALANCE SHEETS DECEMBER 31,

	2019	2018
Assets		
Cash	$ 772,800	$ 672,138
Maturities receivable	29,547,497	24,111,204
Prepaids and other assets	237,066	481,575
Restricted cash and cash equivalents	79,989,380	51,221,993
Life insurance policies	172,242,734	186,251,760
Total assets	**$ 282,789,477**	**$ 262,738,670**
Liabilities		
Notes payable	$ 25,771,182	$ 42,568,117
Assumed tax liability	—	1,957,240
Premium liability	33,183,289	33,189,624
Maturity liability	8,259,865	14,253,643
Accounts payable	216,169	643,472
Distributions payable	341,568	—
Accrued expenses	2,282,650	1,119,978
Commitments and Contingencies (Note 2)		
Total liabilities	**70,054,723**	**93,732,074**
Net Assets	**$ 212,734,754**	**$ 169,006,596**

See accompanying notes to financial statements

LIFE PARTNERS POSITION HOLDER TRUST
STATEMENT OF OPERATIONS
YEARS ENDED DECEMBER 31,

	2019	2018
Income		
Change in fair value of life insurance policies	$ 71,207,859	$ (62,215,770)
Other income	2,773,673	1,358,807
Total income (loss)	**$ 73,981,532**	**$ (60,856,963)**
Expenses		
Interest expense	$ 861,738	$ 3,278,635
Legal fees	2,207,395	2,037,630
Administrative and filing fees	1,036,086	988,026
Insurance	156,628	156,454
Professional fees	5,008,744	2,794,667
Other general and administrative	1,305,091	418,279
Total expenses	**$ 10,575,682**	**$ 9,673,691**
Net increase (decrease) in net assets resulting from operations	**$ 63,405,850**	**$ (70,530,654)**

See accompanying notes to financial statements

LIFE PARTNERS POSITION HOLDER TRUST
STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31,

	2019	2018
Net assets, beginning of year	$ 169,006,596	$ 238,941,388
Conversion of debt to units (Note 5)	322,323	595,862
Distributions to unit holders	(20,000,015)	—
Net increase (decrease) in net assets resulting from operations	63,405,850	(70,530,654)
Net assets, end of year	$ 212,734,754	$ 169,006,596

See accompanying notes to financial statements

LIFE PARTNERS POSITION HOLDER TRUST
STATEMENT OF CASH FLOWS YEARS ENDED
DECEMBER 31,

	2019	2018
Cash flows from operating activities:		
Net (decrease) increase in net assets resulting from operations	$ 63,405,850	$ (70,530,654)
Adjustments to reconcile net increase in net assets to net cash used in operations:		
Change in fair value of life insurance policies	(71,207,859)	62,215,770
Change in assets and liabilities:		
Prepaids and other assets	244,509	(399,872)
Assumed tax liability	(1,957,240)	(286,062)
Premium liability	(6,335)	2,963,895
Maturity liability	(5,993,778)	(9,390,293)
Accounts payable	(427,303)	608,965
Assumed liabilities	—	(18,293)
Distributions payable	341,568	—
Accrued expenses	1,215,292	625,448
Net cash flows used in operating activities	(14,385,296)	(14,211,096)
Cash flows from investing activities:		
Premiums paid on life settlements	(44,748,742)	(56,655,499)
Net proceeds from maturity of life settlements	124,529,334	75,656,086
Net cash flows provided by investing activities	79,780,592	19,000,587
Cash flows from financing activities:		
Payments on notes payable	(16,527,232)	(31,000,000)
Distributions to unit holders	(20,000,015)	—
Net cash flows used in financing activities	(36,527,247)	(31,000,000)
Net increase (decrease) in cash	28,868,049	(26,210,509)
Cash and cash equivalents, beginning of year	51,894,131	78,104,640
Cash and cash equivalents, end of year	**$ 80,762,180**	**$ 51,894,131**
Supplemental cash flow information:		
Cash	$ 772,800	$ 672,138
Restricted cash and cash equivalents	79,989,380	51,221,993
Total cash and cash equivalents	$ 80,762,180	$ 51,894,131
Cash paid for interest	$ 1,048,103	$ 3,177,567

See accompanying notes to financial statements

Note 1 - Operations and Significant Accounting Policies

Operations

Life Partners Position Holder Trust (the "Trust") was created on December 9, 2016, pursuant to the Revised Third Amended Joint Plan of Reorganization of Life Partners Holdings, Inc., *et al.* (the "Debtors"), dated as of October 27, 2016, which we call the "Plan," that was confirmed by order of the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division on November 1, 2016. Life Partners Holdings, Inc. was the parent company of Life Partners, Inc., a Texas corporation, and its wholly-owned subsidiary LPI Financial Services, Inc., a Texas corporation. From 1991 until 2014, Life Partners, Inc. was a specialty financial services company engaged in the business of purchasing individual life insurance policies from third parties by raising money from the offer and sale to investors of "fractional interests" in such policies. LPI Financial Services, Inc. was organized to bill and collect certain fees charged to investors in connection with the business. Life Partners and LPI Financial Services also filed for protection under Chapter 11 of the Bankruptcy Code.

In connection with its formation and the inception of its activities on December 9, 2016, the Trust issued a total of 1,012,355,948 units of beneficial interest (the "Units") to the fractional interest holders having claims in the Debtors bankruptcy, pursuant to the Plan. Each fractional interest holder received a Unit for each dollar of expected death benefit such holder contributed to the Trust. As of December 31, 2019, there were 9,678 holders of the 1,235,715,080 Units outstanding. As of December 31, 2018, there were 10,442 holders of the 1,237,019,204 Units outstanding. The Trust owns a portfolio of life insurance policies. A portion of the policies is encumbered by the economic interest of continuing fractional interest holders. As of December 31, 2019, the Trust's portion of the portfolio consists of 2,896 life insurance policies, with a fair value of $ 172.2 million and an aggregate face value of approximately $ 1.1 billion. As of December 31, 2018, the Trust's portion of the portfolio consisted of 3,037 life insurance policies, with a fair value of $ 186.3 million and an aggregate face value of approximately $1.3 billion. The fair value of the interests in the life insurance policies owned by continuing fractional interest holders are not reflected in the financial statements of the Trust.

Description of Securities

Units represent beneficial interests in the Trust, and all holders of Units are entitled to receive cash distributions from the Trust in accordance with their respective pro rata shares. A Trust beneficiary's respective ''Pro Rata Share'' means the ratio, expressed as a percentage, of (i) the number of Units which such Trust Beneficiary is the registered owner, to (ii) the total number of Units outstanding as of the measurement date, subject to modification for purposes of distributing any recovered assets.

Under the Plan, the Trustee will distribute at least annually to the Unit holders all of the distributable cash (as defined in the Position Holder Trust Agreement) generated during each calendar year, subject to any reserve established by the Trustee reasonably necessary to maintain the value of the Trust's assets or to meet claims and contingent liabilities. All distributions by the Trust will be made in accordance with such holder's Pro Rata share of the outstanding Units.

On November 13, 2019, the Trust made a distribution to Unit holders for the amount of $20.0 million based on the holder's Pro Rata share of the outstanding Units.

Summary of Significant Accounting Policies

Basis of Presentation

The Trust's primary purpose is the liquidation of the Trust's assets and the distribution of proceeds to its beneficial interest holders. The Trust expects that fulfilling its purpose will require a significant amount of time, and that the Trust will have significant ongoing operations during that period due to the nature of its assets and its plan to maximize the proceeds to its beneficiaries by maintaining the majority of its life insurance policies until maturity. As a result, the Trust has concluded that its liquidation is not imminent, in accordance with the definitions under accounting principles generally accepted in the United States of America and has not applied the liquidation basis of accounting in presenting its financial statements. The Trust will continue to evaluate its operations to determine when its liquidation becomes imminent and the liquidation basis of accounting is required.

Investments in Life Insurance Policies

The Trust accounts for its interests in life insurance policies at fair value in accordance with ASC 325-30, *Investments in Insurance Contracts*. Any resulting changes in fair value estimates are reflected in operations in the period the change becomes apparent.

Fair Value of Life Insurance Policies

The Trust follows ASC 820, *Fair Value Measurements and Disclosures*, in estimating the fair value of its life insurance policies, which defines fair value as an exit price representing the amount that would be received if an asset were sold or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

As a basis for considering such assumptions, the guidance establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. Level 1 relates to quoted prices in active markets for identical assets or liabilities. Level 2 relates to observable inputs other than quoted prices included in Level 1. Level 3 relates to unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Trust's investments in life insurance policies are considered to be Level 3 as there is currently no active market where the Trust is able to observe quoted prices for identical assets and the Trust's valuation model incorporates significant inputs that are not observable.

The Trust's valuation of life insurance policies is a critical estimate within the financial statements. The Trust currently uses a probabilistic method of valuing life insurance policies, which the Trust believes to be the preferred valuation method in its industry. The Trust calculates the assets' fair value using a present value technique to estimate the fair value of the projected future cash flows. The most significant assumptions in estimating the fair value are the Trust's estimate of the insureds' life expectancy and the discount rate. See Note 6, "Fair Value Measurements".

Income Recognition

The Trust's investments in life insurance policies are its primary source of income. Gain or loss is recognized from ongoing changes in the portfolio's estimated fair value, including any gains or losses at maturity. Gains or losses from maturities are recognized at receipt of a death notice or verified obituary for an insured party and determined based on the difference between the death benefit and the estimated fair value of the policy at maturity.

Premiums Receivable

The Trust assumed the Debtors' receivables related to life insurance policy premiums and service fees that were paid by the Debtors on behalf of fractional interest holders prior to the Trust's effective date. After December 9, 2016, the policy premiums allocable to continuing fractional interest holders are those persons' obligations and not the Trust. If a continuing fractional interest holder defaults on future premium obligations, such position is deemed contributed to the Trust in exchange for the number of Units provided by the Plan, as recently modified by the Bankruptcy Court.

The Trust maintains an allowance for doubtful accounts for estimated losses resulting from the inability to collect premiums and service fees receivable. Such estimates are based on the position holder's payment history and other indications of potential uncollectability. After all attempts to collect a receivable have failed, receivables are written off against the allowance. At December 31, 2019 and December 31, 2018, the allowance for doubtful accounts was $3.2 million and $10.0 million, respectively, and fully offset for receivables assumed from the Debtors on the effective date. Outstanding receivable balances may be recoverable pursuant to the Trustee's set-off rights under the Plan.

Maturities Receivable

Maturities receivable consist of the Trust's portion of life insurance policy maturities that occurred, but payment was not received as of the end of the reporting period.

Premium Liability

Premium liabilities are funds in escrow on behalf of continuing fractional holders for future payment of their premium obligations. If such funds are not used for such continuing fractional holder's premium payments, they are refunded to the respective continuing fractional holder.

Maturity Liability

Maturity Liabilities are maturities collected on behalf of continuing factional holders pending payment.

Distributions Payable

Distributions payable are distributions declared by the Trust pending payment.

Income Taxes

No provision for state or Federal income taxes has been made as the liability for such taxes is attributable to the Unit holders rather than the Trust. The Trust is a grantor trust with taxable income or loss passing through to the Unit holders. In certain instances, however, the Trust may be required under applicable state laws to remit directly to state tax authorities amounts otherwise due to Unit holders. Such payments on behalf of the Unit holders are deemed distributions of them.

The FASB has provided guidance for how uncertain tax positions should be recognized, measured, disclosed, and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Trust's tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable taxing authority. The Trust has no material uncertain income tax positions as of December 31, 2019 and 2018.

The Trust assumed income tax liabilities of the Debtors at its inception which totaled approximately $ 2.0 million as of December 31, 2018. In December 2019, the Trust made the final payment for the assumed income tax liability and the tax liability has now been completely satisfied.

Use of Estimates

The preparation of these financial statements, in conformity with generally accepted accounting principles in the United States of America ("GAAP"), requires the Trust to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from these estimates and such differences could be material. The estimates related to the valuation of the life insurance policies represent significant estimates made by the Trust.

Risks and Uncertainties

The Trust encounters economic, legal, and longevity risk. The main components of economic risk potentially impacting the Trust are market risk, concentration of credit risk, and the increasing cost of insurance risk. The Trust's market risks include interest rate risk and the risk of declines in valuation of the Trust's life insurance policies, including declines caused by the selection of increased discount rates associated with the Trust's fair value model. It is reasonably possible that future changes to estimates involved in valuing life insurance policies could change and materially affect future financial statements. Concentration of credit risk is the risk that an insurance carrier who has issued life insurance policies held by the Trust, does not remit the amount due under those policies due to the carrier's deteriorating financial condition or otherwise. Another credit risk potentially impacting the Trust is the risk continuing fractional holders may default on their future premium obligations, increasing the Trust's premium obligations. The increasing cost of insurance risk includes the carriers' attempts to change a policy's cost of insurance. While some cost of insurance increases are anticipated and taken into consideration in the Trusts forecasts, other cost of insurance increases are unilaterally imposed by the carrier. In the second quarter of 2018, one carrier increased the cost of insurance associated with its policies held by the Trust, representing about $188 million in face value, by approximately 45% over the prior cost of insurance. There is no additional impact in 2019 from this carrier.

The main components of legal risk are: (i) the risk that an insurer could successfully challenge its obligation to pay policy benefits at maturity; and (ii) that an insured's family could successfully challenge the Trust's entitlement to an insurance policy's benefits. In either case, there is also risk that the Trust would be unable to recover the premiums it paid towards the insurance policy.

Longevity risk refers to the reasonable possibility that actual mortalities of insureds in the Trust's portfolio extend over longer periods than are anticipated, resulting in the Trust paying more in premiums and delaying its collection of death benefits. Further, increased longevity may encourage additional continuing fraction holders to default on their premium obligations, increasing the Trust's positions and its premium payment burden. The Trust management is still evaluating any potential impact; however, such future revisions could have a material impact on the valuation.

The Trust maintains the majority of its cash and cash equivalents in several accounts with a commercial bank. Balances on deposit are insured by the Federal Deposit Insurance Corporation ("FDIC"). However, from time to time the Trust's balances may exceed the FDIC insurable amounts as such in those cases the cash and cash equivalents are not insured.

Recent Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, "Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement" which modifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The following disclosure requirements were removed from Topic 820 among others: 1) The amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy 2) The policy for timing of transfers between levels. The following disclosure requirements were part of the modifications in Topic 820:1) For investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly. The amendments also clarify that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. Lastly, the following disclosure requirements were added to Topic 820: 1) the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period; 2) the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. For certain unobservable inputs, an entity may disclose other quantitative information (such as the median or arithmetic average) in lieu of the weighted average if the entity determines that other quantitative information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements. The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. We have evaluated the methods and impact of adopting this new standard on our financial statements and believe it to be immaterial.

Note 2 - Commitments and Contingencies

Litigation

In accordance with applicable accounting guidance, the Trust establishes an accrued liability for litigation and regulatory matters when those matters present loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. When a loss contingency is not both probable and estimable, the Trust does not establish an accrued liability. As a litigation or regulatory matter develops, the Trust, in conjunction with any outside counsel handling the matter, evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. Such matters will continue to be monitored for further developments.

Indemnification of Certain Persons

Under certain circumstances, the Trust may be required to indemnify certain persons performing services on behalf of the Trust for liability they may incur arising out of the indemnified persons' activities conducted on behalf of the Trust. There is no limitation on the maximum potential payments under these indemnification obligations, and, due to the number and variety of events and circumstances under which these indemnification obligations could arise, the Trust is not able to estimate such maximum potential payments. The Trust has not made any payments under such indemnification obligations, and no amount has been accrued in the accompanying financial statements for these indemnification obligations of the Trust. The Trust maintains insurance to mitigate its exposure to this contingency risk.

Note 3 - Restricted Cash and Cash Equivalents

The Plan imposes restrictions on the Trust to maintain certain funds in segregated accounts. As of December 31, 2019, and 2018, the Trust has $ 80.0 million and $51.2 million, respectively, in restricted cash and cash equivalents. The restricted cash and cash equivalents accounts are for: monies distributable to the fractional interest holders in policies that matured prior to the Plan becoming effective, maturities, premium reserves, premium obligations, and collateral deposits on debt.

Note 4 - Life Insurance Policies

As of December 31, 2019, the Trust owns an interest in 2,896 policies of which 483 are life settlement policies and 2,413 are viaticals. As of December 31, 2018, the Trust owned an interest in 3,037 policies of which 548 are life settlement policies and 2,489 are viaticals (the “PHT Portfolio”). The PHT Portfolio’s aggregate face value is $1.1 billion as of December 31, 2019 of which $ 938.2 million is attributable to life settlements and $ 191.3 million is attributable to viaticals. The PHT Portfolio’s aggregate face value is $1.3 billion as of December 31, 2018 of which $ 1.1 billion is attributable to life settlements and $ 203.1 million is attributable to viaticals. The PHT Portfolio’s aggregate fair value is $172.2 million as of December 31, 2019 of which $ 168.7 million is attributable to life settlements and $3.5 million is attributable to viaticals. The PHT Portfolio’s aggregate fair value was $ 186.3 million as of December 31, 2018 of which $182.0 million was attributable to life settlements and $ 4.3 million was attributable to viaticals.

Life expectancy reflects the probable number of years remaining in the life of a class of persons determined statistically, affected by such factors as heredity, physical condition, nutrition, and occupation. It is not an estimate or an indication of the actual expected maturity date or indication of the timing of expected cash flows from death benefits. See “Life Insurance policies,” in Note 6, “Fair Value Measurements”. The following table summarizes the Trust's life insurance policies grouped by remaining life expectancy as of:

December 31, 2019:

Remaining Life Expectancy (Years)	Number of Life Insurance Policies	Face Value	Fair Value
0-1	—	$ —	$ —
1-2	1	46,395	32,546
2-3	5	4,956,008	1,243,470
3-4	79	106,480,951	26,699,382
4-5	194	401,541,262	81,093,500
Thereafter	2,617	616,520,712	63,173,836
Total	2,896	1,129,545,328	172,242,734

December 31, 2018:

Remaining Life Expectancy (Years)	Number of Life Insurance Policies	Face Value	Fair Value
0-1	—	$ —	$ —
1-2	1	46,395	5,076
2-3	1	241,667	53,634
3-4	44	50,866,327	15,246,887
4-5	183	339,765,032	75,610,383
Thereafter	2,808	867,471,295	95,335,780
Total	**3,037**	**$ 1,258,390,716**	**$ 186,251,760**

Estimated premiums to be paid by the Trust for its portfolio during each of the five succeeding fiscal years and thereafter as of December 31, 2019, are as follows:

2020	$ 63,074,892
2021	65,483,103
2022	61,597,800
2023	56,599,136
2024	49,116,216
Thereafter	186,761,906
Total	**$ 482,633,053**

The amount of $482.6 million represents the estimated total future premiums payable by the Trust. The Trust is required to pay its portion to keep the life insurance policies in force during the life expectancies of all the underlying insured lives. The estimated total future premium payments could increase or decrease significantly to the extent that insurance carriers increase the cost of insurance on their issued policies or that actual mortalities of insureds differ from the estimated life expectancies. If the continuing fractional holders default on their future premium obligations, the Trust's premium liability may increase.

The Trust anticipates funding the estimated premium payments from maturities of life insurance policies. It also maintains premium reserves and access to lines of credit.

Note 5 - Notes Payable

On December 9, 2016, the Trust obtained a term loan (or the "Exit Loan Facility") from Vida Opportunity Fund, LP, an affiliate of Vida Capital, Inc., for $55.0 million. Interest accrued at 11% of outstanding balance per annum and was paid quarterly. Substantially all of the Trust's assets collateralized the term loan. The Trust made principal payments of $31.0 million in 2018 leaving a balance outstanding on the term loan of $ 4.0 million at December 31, 2018. The maturity date of the term loan was December 9, 2018; however, an extension was agreed to until June 7, 2019. Effective as of January 17, 2019, the Position Holders Trust paid the remaining balance in full related to the Exit Loan Facility and terminated the $55.0 million Exit Loan Facility with Vida Opportunity Fund, LP. All liens and security interests of the lenders under the Exit Loan Facility have been terminated and released.

On December 9, 2016, the Trust entered into a revolving line of credit with Vida Longevity Fund, LP, an affiliate of Vida Capital, Inc., for $ 25.0 million. Interest accrues at 11% of outstanding balance and is paid quarterly. The line of credit matured on December 9, 2018, at which point there was no amount outstanding. As of December 31, 2018, there were no amounts outstanding on the line of credit and the line of credit facility was terminated in January 2019.

To provide for short term capital needs of the Position Holders Trust, if any, effective as of January 30, 2019, the Position Holders Trust entered into a $15.0 million revolving credit facility with Veritex Community Bank of Dallas ("Veritex Credit Facility"), Texas. The Veritex Credit Facility, is secured by a lien on the Position Holder Trust's assets, has an initial 2 year term and, as to any amounts drawn thereunder, shall bear interest at the rate of 6% per annum.

In accordance with the Plan, the Trust issued New IRA Notes of $ 35.9 million in exchange for claims against the Debtor's estate and the incidental interests in life insurance policies. Those policies collateralize the Trust's obligations under the notes. Interest accrues at 3% of outstanding balance and is paid annually in December. Principal is due in full on December 9, 2031. In accordance with the New IRA Notes, beginning in December 2017, the Trust is required to make annual payments to a sinking fund for the principal payment due at maturity. Such fund is included in restricted cash on the accompanying balance sheet.

On August 1, 2019 the Trust redeemed in full all New IRA Notes having a balance of $ 5,000 or less and made partial redemptions of all remaining notes equal to 2/15ths of the original balance of those notes. The total amount paid was $5.7 million and only funds set aside in a sinking fund established pursuant to the Bankruptcy Plan for that purpose were used. On December 15, 2019 the Trust redeemed in full all New IRA Notes having a balance of $7,500 or less and made partial redemptions of all remaining New IRA Notes equal to an additional 2/15th of the outstanding balance of those notes. Accrued interest on all New IRA Notes through the redemption dates was paid as well. The total amount paid in connection with the second redemption was $5.9 million again using only funds out of the sinking fund.

In 2019 there was a conversion of notes payable to IRA Partnership and Trust units of $ 0.3 million based on changes to elections for certain unit holders which were in dispute and resolved through settlement, mediation or court order.

On March 28, 2017, the Trust, was ordered to pay the Chapter 11 trustee's fees totaling $ 5.5 million. The first payment of $2.8 million was paid in 2018. The remaining balance is in the form of a note payable in the amount of $2.8 million and is due in three equal annual payments on January 1 beginning in 2019. The note does not bear interest as ordered by the Court, thus the note has been discounted by $0.2 million, based on an implied interest rate of 3%. On January 11, 2019 the Trust paid the first installment and on December 27, 2019 the Trust paid the second installment. Subsequent to the end of the reporting period, on January 27, 2020 the Trust paid the final installment and the note has now been completely satisfied.

Future scheduled principal payments on the long-term debt are as follows as of December 31, 2019:

Year ending December 31,		**Note Payable**
2020	$	889,968
2021		—
2022		—
2023		—
2024		—
Thereafter		24,881,214
Total	**$**	**25,771,182**

Note 6 - Fair Value Measurements

The Trust carries its life insurance policies at fair value. Fair value is defined as an exit price, representing the amount 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.

Fair value measurements are classified based on the following fair value hierarchy:

Level 1 — Valuation is based on unadjusted quoted prices in active markets for identical assets and liabilities that are accessible at the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 — Valuation is determined from pricing inputs that are other than quoted prices in active markets that are either directly or indirectly observable as of the reporting date. Observable inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 — Valuation is based on inputs that are both significant to the fair value measurement and unobservable. Level 3 inputs include situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value generally require significant management judgment or estimation.

The balances of the Trust's assets measured at fair value on a recurring basis as of December 31, 2019 and 2018, are as follows:

	As of December 31, 2019	As of December 31, 2018
Assets:		
Investments in Life Insurance Policies		
Level 1	$ —	$ —
Level 2	$ —	$ —
Level 3	$ 172,242,734	$ 186,251,760
Total Fair Value	$ 172,242,734	$ 186,251,760

Quantitative Information about Level 3 Fair Value Measurements

Life insurance policies	December 31, 2019	December 31, 2018
Fair Value	$ 172,242,734	$ 186,251,760
Face Value	$ 1,129,545,328	$ 1,258,390,716
Valuation Techniques	Discounted cash flow	Discounted cash flow
Unobservable Inputs	Discount rate, Mortality assumptions	Discount rate, Mortality assumptions
Discount rate range	24.7% - 25.7%	24.8% - 25.8%
Mortality assumptions - 2015 VBT mortality multipliers:		
Life settlements	90% - 110%	90% - 110%
Viaticals	350%	350%

The life insurance policies' fair value estimates were reduced significantly in 2018. The primary cause of the change was the use of standard mortality multipliers for all policies as opposed to using previous life expectancy estimates that were previously determined by the Debtor for certain policies. A secondary cause was the increase in the cost of insurance imposed by certain life insurance companies on a number of policies in the PHT Portfolio.

In assessing and determining the PHT Portfolio's valuation, the Position Holder Trust retained Lewis & Ellis, Inc. as its principal actuaries.

The following is a summary of the methodology used to estimate the assets' fair value measured on a recurring basis and within the above fair value hierarchy. The overall fair value methodology has been consistently applied; however, certain assumptions are revised as appropriate at each reporting period.

Through the first quarter of 2018, the PHT Portfolio's value was estimated using an actuarially based approach incorporating net cash flows and life expectancies as provided by third-party life expectancy providers when they were available. This approach applied a monthly mortality scale as generated by the specific life expectancy ("LE") and/or a default mortality multiplier of each insured which was used to project the PHT Portfolio's present value of net cash flows (death benefits less premium payments and servicing company compensation). The mortality scale was actuarially rolled forward from the LE underwriting date to the valuation date.

The LEs that the Trust holds were issued by life expectancy providers to the Debtor during the course of the bankruptcy. The LEs were approaching, and in some cases exceeding, two years since issuance. As LEs age, they become less reliable because they are based on increasingly out of date medical information. After two years, many industry participants obtain new medical information from insureds and purchase new LEs. The Trust does not purchase new LEs because of the significant time and financial burden that would be required to obtain new medical releases from the insureds and collect their medical records from various doctors, clinics and hospitals.

Because it had a number of LEs that were becoming aged and, thus, less reliable, the Trust began to incrementally phase out the LEs in favor of a mortality multiplier based on the 2015 Valuation Basic Table produced by the U.S. Society of Actuaries ("2015 VBT") beginning in December 31, 2017. Accordingly, as the LEs aged, less weight would be applied to them and more weight would be placed with the default mortality multiplier. A 25% discount would be applied quarterly starting 21 months past the underwriting date until the aged LE date was fully discounted and replaced by the default mortality multiplier. A LE that is 24 to 26 months old would have a 50% discount, an LE that is 27 to 29 months old will have a 75% discount, and an LE greater than or equal to 30 months would only use the default mortality multiplier, as described below. If a policy did not have a LE, or the LE became aged, a default mortality multiplier was used, based on the 2015 VBT. The Trust eliminated reliance on its LEs in favor of the mortality multiplier by the second quarter of 2018.

As a result of its planned comparison of actual to expected mortalities during the second quarter of 2018, the Trust noticed a growing divergence between actual and expected maturities. After further analysis, the Trust determined that the LEs in its possession were less reliable than previously understood and that the mortality multipliers were providing more accurate longevity projections across the portfolio. Accordingly, the Trust's management decided to accelerate its migration towards the mortality multipliers and stop using the LEs.

Beginning in the second quarter of 2018, the PHT Portfolio's value has been estimated using an actuarially based approach incorporating net cash flows and life expectancies as determined by a default mortality multiplier based on the 2015 VBT. A default mortality multiplier for each insured was used to project the PHT Portfolio's present value of net cash flows (death benefits less premium payments and servicing company compensation).

The mortality multipliers used in 2019 and 2018 are 110% for males and 90% for females the life settlements, and 350% for the viaticals regardless of gender. On a quarterly basis, the Trust compares actual mortalities to expected mortalities to refine its analysis.

The exclusive use of the mortality multipliers has had the effect of extending anticipated longevity of the insureds in the PHT Portfolio. As a result, the amount of premiums that the Trust anticipates paying increased as did the anticipated length of time before the receipt of the death benefit. These factors were major contributors to the 2018 reduction in the estimated fair value of the PHT Portfolio.

The Trust is continually assessing and revising the estimates of future maturities and premium obligations. The Trust will continue to monitor historical deaths on a quarterly basis. We will compare actual to expected mortalities to refine our mortality multipliers; such that they reasonably "validate" based on our analysis of trends. An in-depth review of the historical death experience to the mortality tables will be conducted on our third quarter results as an annual process to ensure the Trust information is current for the most accurate estimating process of valuing the investment portfolio.

The servicing company is paid 2.65% of each maturity as compensation. All estimated cash flows of the Policies are net of such compensation.

The monthly net cash flows with interest and survivorship were discounted to arrive at the PHT Portfolio's estimated value as of December 31, 2019 and 2018. Future changes in the longevity estimates and estimated cash flows could have a material effect on the PHT Portfolio's fair value, and the Trust's financial condition and results of operations.

Life Expectancy Sensitivity Analysis

Life expectancy estimates are a significant input in the fair value determination. Future changes in the life expectancy estimates could have a material effect on the Portfolio's fair value, which could have a material effect on its financial condition and results of operations.

The tables below reflect the effect on the PHT Portfolio's fair value if the actual life expectancy experienced is 5% less or 5% more than is currently estimated. If the life expectancy estimates increase by 5% or decrease by 5%, the change in estimated fair value of the life insurance policies would be as follows:

As of December 31, 2019 Life Expectancy Months Adjustment	Average Life Expectancy		Fair Value		Change in Fair Value
-5%		$	188,372,343	$	16,129,609
No change	4.8 years	$	172,242,734		—
+5%		$	155,482,251	$	(16,760,483)

As of December 31, 2018 Life Expectancy Months Adjustment	Average Life Expectancy		Fair Value		Change in Fair Value
-5%		$	202,547,381	$	16,295,621
No change	5.2 years	$	186,251,760		—
+5%		$	169,348,101	$	(16,903,659)

Discount Rate

The discount rate is another significant input in the fair value determination. The Trust's estimate incorporates market factors, the size of the portfolio, and various policy specific quantitative and qualitative factors including known information about the underlying insurance policy, its economics, the insured and the insurer.

The effect of changes in the weighted average discount rate on the death benefit and premiums used to estimate the PHT Portfolio's fair value has been analyzed. If the weighted average discount rate increased or decreased by 2 percent and the other assumptions used to estimate fair value remained the same, the change in estimated fair value would be as follows:

As of December 31, 2019 Rate Adjustment		Fair Value		Change in Fair Value
+2%	$	163,300,406	$	(8,942,328)
No change	$	172,242,734		—
-2%	$	182,200,298	$	9,957,564

As of December 31, 2018 Rate Adjustment		Fair Value		Change in Fair Value
+2%	$	175,204,064	$	(11,047,696)
No change	$	186,251,760		—
-2%	$	198,679,523	$	12,427,763

Future changes in the discount rates used by the Trust to value life insurance policies could have a material effect on the Trust's yield on life settlement transactions, which could have a material adverse effect on the Trust's financial condition and results of operations.

The Trust re-evaluates its discount rates at the end of every reporting period in order to estimate the discount rates that could reasonably be used by market participants in a transaction involving the Trust's life insurance policies. In doing so, the Trust engages third party consultants to corroborate its assessment, engages in discussions with other market participants and extrapolates the discount rate underlying actual sales of insurance policies.

Credit Exposure to Insurance Companies

The following table provides information about the life insurance issuer concentrations that exceed 10% of total death benefit or 10% of total fair value of the Trust's life insurance policies as of December 31, 2019:

Carrier	Percentage of Face Value	Percentage of Fair Value	Carrier Rating
Transamerica Financial Life Insurance Company	9.6%	12.7%	A+
The Lincoln National Life Insurance Company	10.4%	12.4%	A+

December 31, 2018:

Carrier	Percentage of Face Value	Percentage of Fair Value	Carrier Rating
The Lincoln National Life Insurance	10.4%	13.4%	A+
Transamerica Financial Life Insurance	9.6%	13.1%	A+

Changes in Fair Value

The following table provides a roll-forward of the fair value of life insurance policies for the twelve months ended December 31, 2019 and 2018:

	2019	2018
Balance at January 1,	**$ 186,251,760**	**$ 272,140,787**
Realized gain on matured policies	106,836,877	64,451,763
Unrealized gain (loss) on policies held	(35,629,018)	(126,667,533)
Change in estimated fair value	71,207,859	(62,215,770)
Matured policies, net of fees	(129,965,627)	(80,328,756)
Premiums paid	44,748,742	56,655,499
Balance at December 31,	**$ 172,242,734**	**$ 186,251,760**

Other Fair Value Considerations— All assets and liabilities except for the life insurance policies, which includes cash, maturities and premium receivable, notes payable and premium and maturity liability, are accounted for at their carrying value which approximates fair value.

Report of Independent Registered Public Accounting Firm

To the Unit Holders, Manager and Advisory Committee
Life Partners IRA Holder Partnership, LLC

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Life Partners IRA Holder Partnership, LLC (the "Partnership") as of December 31, 2019 and 2018, the related statements of operations, changes in net assets, and cash flows for the years ended December 31, 2019 and 2018, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years ended December 31, 2019 and 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

The Partnership's management is responsible for these financial statements. Our responsibility is to express an opinion on the Partnership’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Plante & Moran, PLLC

We have served as the Partnership's auditor since 2017.

Auburn Hills, Michigan
March 11, 2020

LIFE PARTNERS IRA HOLDER PARTNERSHIP, LLC
BALANCE SHEETS
DECEMBER 31,

	2019	2018
Assets		
Investment in Life Partners Position Holder Trust	$ 128,442,454	$ 102,164,149
Total assets	**$ 128,442,454**	**102,164,149**
Liabilities		
Distributions payable	$ 234,292	$ —
Due to the Life Partners Position Holder Trust	$ 54,740	$ 160,691
Total liabilities	**$ 289,032**	**$ 160,691**
Net assets	**$ 128,153,422**	**$ 102,003,458**

See accompanying notes to financial statements

LIFE PARTNERS IRA HOLDER PARTNERSHIP, LLC
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31,

	2019	2018
Income		
Equity income (loss) from Life Partners Position Holder Trust	$ 38,353,720	$ (48,588,366)
Expenses		
Professional fees	34,992	125,170
Income tax expense	93,348	—
Increase (decrease) in net assets	**$ 38,225,380**	**$ (48,713,536)**

See accompanying notes to financial statements

LIFE PARTNERS IRA HOLDER PARTNERSHIP, LLC
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31,

	2019	2018
Net assets, beginning of year	**$ 102,003,458**	**$ 150,716,994**
Distributions to IRA Partnership unit holders	(12,075,416)	—
Increase (decrease) in net assets	38,225,380	(48,713,536)
Net assets, end of year	**$ 128,153,422**	**$ 102,003,458**

See accompanying notes to financial statements

LIFE PARTNERS IRA HOLDER PARTNERSHIP, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	2019	2018
Cash flows from operating activities		
Net increase (decrease) in net assets resulting from operations	$ 38,225,380	$ (48,713,536)
Adjustments to reconcile net increase (decrease) in net assets to net cash used in operations:		
Change in investment in Life Partners Position Holder Trust	(38,353,720)	48,588,366
Change in assets and liabilities		
Change in distributions payable	234,292	—
Change in due to/from Life Partners Position Holder Trust	(105,952)	125,170
Net cash provided by operating activities	—	—
Cash flows from investing activities:		
Distributions from Life Partners Position Holder Trust	12,075,416	—
Net cash provided by investing activities	12,075,416	—
Cash flows from financing activities:		
Distributions to IRA Partnership unit holders	(12,075,416)	—
Net cash used in financing activities	(12,075,416)	—
Net increase in cash	—	—
Cash at the beginning of the year	—	—
Cash at the end of the year	$ —	$ —

See accompanying notes to financial statements

Note 1 - Operations

The Life Partners IRA Holder Partnership, LLC ("IRA Partnership" or "Partnership") was created on December 9, 2016, pursuant to the Revised Third Amended Joint Plan of Reorganization of Life Partners Holdings, Inc., *et al.* (the “Debtors”), dated as of October 27, 2016, which we call the “Plan,” that was confirmed by order of the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division on November 1, 2016. Life Partners Holdings, Inc. was the parent company of Life Partners, Inc., a Texas corporation, and its wholly-owned subsidiary LPI Financial Services, Inc., a Texas corporation. From 1991 until 2014, Life Partners, Inc. was a specialty financial services company engaged in the business of purchasing individual life insurance policies from third parties by raising money from the offer and sale to investors of “fractional interests” in such policies. LPI Financial Services, Inc. was organized to bill and collect certain fees charged to investors in connection with the business. Life Partners and LPI Financial Services also filed for protection under Chapter 11 of the Bankruptcy Code.

In connection with its formation and the inception of its activities on December 9, 2016, the Partnership issued limited liability company interests (“Member Interests”) in satisfaction of claims against the Debtors. The only assets of the Partnership are beneficial interest units of the Life Partners Position Holder Trust (the "Position Holder Trust" or "Trust"). The Partnership held 746,085,361 and 747,775,628 units as of December 31, 2019 and December 31, 2018, respectively, of the Trust’s outstanding units totaling 1,235,715,080 and 1,237,019,204 as of December 31, 2019 and December 31, 2018, respectively. The sole purpose of the Partnership is to hold Trust interests to permit holders of Partnership Interests to participate in distributions of the proceeds of the liquidation of the Trust. The Partnership was created to allow IRA Holders to hold an interest in an entity classified as a partnership for federal tax purposes, rather than the assets of a grantor trust, such as the Position Holder Trust. The Partnership’s sole asset is its investment in the Trust and it engages in no other business activity.

Note 2 - Significant Accounting Policies

Equity Method Accounting

The Partnership accounts for its investment in the PHT using the equity method of its share of earnings or loss less distributions received. The Partnership and the Trust are closely connected, with a common trustee and common management. As a result of this common oversight and control, as well as the Partnership’s position as the majority holder of the Trust’s beneficial interest units, the Partnership is considered to have significant influence under the provisions of ASC 323, resulting in the application by the Partnership of the equity method of accounting.

Earnings (losses) attributable to the Partnership’s interests in the Trust and recognized under the equity method represented approximately $ 38.4 million at December 31, 2019 and $(48.6) million at December 31, 2018.

On November 13, 2019, the Trust made a distribution to Unit holders for the amount of $20.0 million. The Partnership's portion of the distribution was $12.1 million based on its Pro Rata share of the outstanding Units. Management has determined the distribution to be a return of capital. Subsequently, the Partnership distributed most of the funds received from the Trust to its Unit holders based on their Member Interests.

The following table presents summarized Trust financial data:

Balance Sheet Data:

	December 31 2019	December 31, 2018
Life insurance policies	$ 172,242,734	$ 186,251,760
All other assets	110,546,743	76,486,910
Total Assets	$ 282,789,477	$ 262,738,670
Total Liabilities	$ 70,054,723	$ 93,732,074
Net Assets	$ 212,734,754	$ 169,006,596

Income Statement Data:

	December 31, 2019	December 31, 2018
Change in the fair value of life insurance policies	$ 71,207,859	$ (62,215,770)
Other income	2,773,673	1,358,807
Total income (loss)	$ 73,981,532	$ (60,856,963)
Total expenses	$ 10,575,682	$ 9,673,691
Net increase (decrease) in net assets resulting from operations	$ 63,405,850	$ (70,530,654)

Distributions Payable

Distributions payable are distributions declared by the IRA Partnership pending payment.

Due to Life Partners Position Holders Trust

The Partnership does not have its own cash accounts, and its operating expenses and distributions to its Unit holders are paid on behalf of the Partnership by the Trust. The Partnership settles its liabilities to the Trust through reduction of the funds it receives from distributions made by the Trust.

Income Taxes

No provision for state or Federal income taxes has been made as the liability for such taxes is attributable to the members rather than the Partnership. The Partnership is a limited liability company with taxable income or loss passing through to the members. In certain instances, however, the Partnership may be required under applicable state laws to remit directly to state tax authorities amounts otherwise due by members. Such payments on behalf of the members are deemed distributions to them.

The Financial Accounting Standards Board (the “FASB”) has provided guidance for how uncertain tax positions should be recognized, measured, disclosed, and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Partnership’s tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable taxing authority. The Partnership has no material uncertain income tax positions as of December 31, 2019 or December 31, 2018.

Use of Estimates

The preparation of these financial statements, in conformity with generally accepted accounting principles in the United States of America (“GAAP”), requires the Partnership to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from these estimates and such differences could be material.

Risks and Uncertainties

The Partnership, due to the nature of its assets and operations, is subject to significant risks and uncertainties affecting the Trust which encounters economic risk. The two main components of economic risk potentially impacting the Partnership's interest in the Trust are market risk and concentration of credit risk. Market risks include interest rate risk and the risk of declines in valuation of the Trust’s life insurance policies, including declines caused by the selection of increased discount rates associated with the Trust’s fair value model. Concentration of credit risk is the risk that an insurance carrier who has issued life insurance policies held by the Trust, does not remit the amount due under those policies due to the deteriorating financial condition of the carrier or otherwise. It is reasonably possible that future changes to estimates involved in valuing the Trust’s life insurance policies could change and result in material effects on the Partnership’s financial position and results of operation.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not Applicable

Item 9A. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of our management, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act were effective as of December 31, 2019 to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-13(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2019 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

The Trust and Partnership's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rule 13a-15(f) and 15d-15(f). The Trust and Partnership carried out an evaluation under the supervision and with the participation of the Trust and Partnership's management, including the Trust and Partnership's Chief Executive Officer and Chief Accounting Officer, of the effectiveness of the Trust and Partnership's internal control over financial reporting. The Trust and Partnership's management used the framework in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations (COSO) to perform this evaluation.

The Trust and Partnership's management concluded that the Trust and Partnership's internal control over financial reporting was effective as of December 31, 2019.

This annual report does not include an attestation report of the Trust and Partnership's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Trust and Partnership's registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit the Trust and Partnership to provide only management's report in this annual report.

Item 9B. Other Information

Not applicable.

Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth the name, age and positions of the Trustee and Manager, as well as the members of the Governing Trust Board and Advisory Committee. The Registrants do not have any other officers or employees.

NAME	AGE	POSITION
Michael J. Quilling	**61**	Trustee of Position Holder Trust and Manager of the IRA Partnership
Bert Scalzo	**58**	Governing Trust Board Member, Chairperson of the Governing Trust Board and Advisory Committee Member
Robert L. "Skip" Trimble	**80**	Governing Trust Board Member and Advisory Committee Member
Philip R. Loy	**74**	Governing Trust Board Member and Advisory Committee Member
Glenda Pirie	**56**	Governing Trust Board Member and Advisory Committee Member
Brent Berry	**57**	Governing Trust Board Member and Advisory Committee Member

The members of the Governing Trust Board also serve as the members of the Creditors' Trust Governing Trust Board and as members of the Advisory Committee to the IRA Partnership. There are no family relationships between or among the Trustee or any of the members of the Governing Trust Board. Further, neither the Trustee nor any member of the Governing Trust Board over the previous ten years has: (1) had any bankruptcy petition filed by or against such person or any business entity of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time. (2) had any conviction in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses). (3) been subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities or (4) been subject to any determination or ruling found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission not subsequently reversed, suspended or vacated, finding such person to have violated a federal or state securities or commodities law.

There are no committees of the Governing Trust Board or of the Advisory Committee to the IRA Partnership. The business backgrounds and certain other information about the Trustee and the members of the Governing Trust Board are set forth below:

MICHAEL J. QUILLING – Trustee of Position Holder Trust and Manager of the IRA Partnership

Mr. Quilling was appointed by the Governing Trust Board on December 13, 2018 to replace Eduardo S. Espinosa and to serve as the Trustee of the Position Holder Trust and the sole Manager of the IRA Partnership. Mr. Quilling is an attorney and is the founding partner of Quilling Selander Lownds Winslett & Moser, PC. He has been appointed on numerous occasions by state and federal courts around the country to serve as a receiver for businesses and individuals including several companies involved in the fractionalized life settlement business. The Governing Trust Board selected him due to his substantial experience and knowledge of the life settlement industry.

BERT SCALZO – Member of the Governing Trust Board and Advisory Committee

Mr. Scalzo was appointed to both Boards by the Bankruptcy Court effective as of December 9, 2016. Mr. Scalzo also served as Chairman of the Unsecured Creditors' Committee in the Debtors' bankruptcy. Mr. Scalzo has served since 2015 as a Senior Product Manager Database Tools for IDERA, Inc. where he has developed product roadmaps, designed and implemented features and performed marketing and sales support for multiple leading database tools. From 2014 to 2015, Mr. Scalzo was the Chief Architect Database Solutions for HGST, Inc., a subsidiary of Western Digital Corporation where he was responsible for the design and marketing of flash-based Oracle and MySQL database appliances. Mr. Scalzo was the Chief Architect Database Solutions for Quest Software from 2000 to 2014, where he developed product roadmaps, designed and implemented features and performed marketing and sales support for multiple leading database tools with annual sales of over $800 million per year. We believe that the Bankruptcy Court approved Mr. Scalzo based upon his position as a creditor representative where he spent countless hours talking and corresponding with numerous investors plus his substantial experience and expertise with respect to complex database management tools and systems.

ROBERT L. "SKIP" TRIMBLE - Member of the Governing Trust Board and Advisory Committee

Mr. Trimble was appointed to both Boards by the Bankruptcy Court effective as of December 9, 2016. Mr. Trimble has served as a principal of Catlyn Capital Corp., a Dallas-based real estate investment firm, since 1996. His responsibilities included the negotiation and documentation of the acquisition, financing and disposition of over $3.0 billion of commercial real estate. Mr. Trimble was a partner with the law firm of Winstead, McGuire, Sechrest & Trimble prior to entering the real estate development business in 1981. Mr. Trimble obtained both his economics undergraduate and graduate law degree from Southern Methodist University, where he graduated cum laude from law school. Upon graduation from law school, Mr. Trimble worked as a trial attorney in the Tax Division of the U.S. Department of Justice. We believe that the Bankruptcy Court approved Mr. Trimble based upon his substantial experience and expertise with respect to corporate and transactional legal matters and the life insurance industry.

PHILIP R. LOY – Member of the Governing Trust Board and Advisory Committee

Mr. Loy was appointed to both Boards by the Bankruptcy Court effective as of December 9, 2016. Mr. Loy founded American Viatical Services, LLC, a leading life insurance underwriter and provider of life expectancy reports and served as its President until his retirement in 2016. Prior thereto, Mr. Loy served as a property, casualty, life and health insurance agent for W.S. Pharr & Debtor from 1991 until 1994 and was the owner of Davis & Loy Insurance in Atlanta, Georgia from 1987 until 1991. Mr. Loy has served on the board of directors of the Life Insurance Settlement Association since 1998 and has served on the board of directors of the National Viatical Association from 1997 until 2000. We believe that the Bankruptcy Court approved Mr. Loy based upon his substantial experience and expertise with respect to the life insurance and life settlement industries.

GLENDA PIRIE – Member of the Governing Trust Board and Advisory Committee

Ms. Pirie was appointed to both Boards by the Governing Trust Board to fill the position vacated by the resignation of Mr. Evans. She was an investor in insurance policies sold by Life Partners and holds units in the Trust. She was a member of the Unsecured Creditors Committee during the bankruptcy proceedings and was very active in that role. She has substantial knowledge of the background and operations of the Trust. Mrs. Pirie brings to the board the perspective of the smaller investors of the trust.

BRENT BERRY – Member of the Governing Trust Board and Advisory Committee

Mr. Berry was appointed to both Boards by the Governing Trust Board to fill the position vacated by the resignation of Mr. Redus. He is a real estate investor and financial consultant. Previously he was a software executive and business consultant. He graduated from the University of Wisconsin with a degree in business management. Mr. Berry was selected due to his background and expertise in finance.

Terms of Office

The Trustee may be removed by a vote of four or more members of the Governing Trust Board, with or without Good Cause, or by an order of the Bankruptcy Court for Good Cause after application by one or more members of the Governing Trust Board and upon notice and a hearing. “Good Cause” is defined as a breach of trust committed in bad faith, intentionally or with reckless indifference to the interest of any Position Holder Trust Beneficiary, conviction of a crime (other than traffic violations), or incapacity. In the event of the resignation, removal or death of the Trustee, the Governing Trust Board will appoint a successor upon the vote of three or more members.

The members of the Governing Trust Board have been appointed and approved by the Bankruptcy Court to serve until their death, incapacity, resignation or removal. The chair of the Governing Trust Board is elected by a majority vote of the members of the Governing Trust Board. A member of the Governing Trust Board may be removed at any time for Good Cause by a majority vote of the remaining Governing Trust Board members or by an order of the Bankruptcy Court after application by one or more Governing Trust Board members, the Trustee, the trustee of the Creditors’ Trust, registered owners of more than 30% of the Position Holder Trust interests, including IRA Partnership Interests and New IRA Notes, or registered owners of more than 30% of the Creditors’ Trust interests, and upon notice and a hearing. The Bankruptcy Court has retained jurisdiction for this purpose.

Any vacancy on the Governing Trust Board shall be promptly filled by a majority vote of the remaining members, with input from the Trustee and the trustee of the Creditors’ Trust. In the event of a tie, the chair of the Governing Trust Board will have the deciding vote. If all members of the Governing Trust Board resign or otherwise cease to serve at once, the Trustee shall promptly file a motion with the Bankruptcy Court to appoint successor members to fill all five vacancies. The Governing Trust Board has adopted a code of ethics for the Governing Trust Board or the Trustee or Manager.

Pursuant to the Position Holder Trust Agreement and the IRA Partnership Agreement, the Manager of the IRA Partnership must be the same person as the Trustee, but the Manager may be removed or replaced at any time, with or without cause, and a new Manager selected by, in each case, members of the IRA Partnership holding 75% of the outstanding units thereof.

Financial Experts

As the Trust and the IRA Partnership are not operating entities except to the extent of the management of the liquidation of the Policies, the Governing Trust Board operates without an audit committee. The Board, through the Trustee and the Chief Accounting Officer, engages financial advisors with expertise in the valuation of the Policies.

Item 11. Executive Compensation

The compensation payable to the Trustee and members of the Governing Trust Board and Advisory Committee were approved by the Bankruptcy Court. The Trustee receives compensation of $500 per hour and expense reimbursement for services rendered in his capacity as Trustee and Manager of the IRA Partnership. The Governing Trust Board members receive an annual compensation set by a supermajority of the Governing Trust Board, in the amount of $85,000 (Board Chair) $75,000 (Vice-Chair) and $40,000 (other Board members) per annum, payable monthly in arrears. In addition, Governing Trust Board members receive reimbursement of reasonable and actual out-of-pocket expenses incurred in performing their duties and are entitled to engage their own legal counsel and advisors. The cost of such engagement is to be paid by the Creditors’ Trust and/or Position Holder Trust, as determined and allocated by the Governing Trust Board.

The Position Holder Trust and IRA Partnership do not have any equity-based compensation plans. Also, there are no potential payments that would be due to the Trustee, Manager or members of the Governing Trust Board and Advisory Committee upon termination from their respective positions, except for compensation described above that has accrued and remains unpaid as of the date of termination.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Except for the IRA Partnership which owns more than 5% of the Trust, no individual person, the Trustee or member of the Governing Trust Board or Advisory Committee, nor all of their members as a group, owns more than one percent of the outstanding Position Holder Trust Interests or IRA Partnership Interests, or of all outstanding Continuing Fractional Interests based on the aggregate face amount of death benefit in all Policies. The IRA Partnership holds approximately 60% of the Position Holder Trust Interests. Subsequent to the close of the reporting period, Anchorage and Contrarian, by virtue of the Offer to Purchase described above in Item 5, will own more than one percent of the outstanding Position Holder Trust Interests and the IRA Partnership Interests. As of the date of this report, the exact ownership percentages are unknown.

Item 13. Certain Relationships and Related Transaction, and Director Independence

There have been no transactions or presently proposed transactions to which the Registrants have been or will be participants in which the amount involved exceeded or will exceed $120,000 and any of the members of the Governing Trust Board, Advisory Committee or the Trustee or Manager, or any members of their immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing, has any material interest, direct or indirect. The Registrants are not considered to be a “listed issuer” within the meaning of Item 407 of Regulation S-K and there are no applicable listing standards for determining the independence of the members of the Governing Trust Board or Advisory Committee. Applying the definition of independence set forth in Rule 4200(a)(15) of The Nasdaq Stock Market, Inc., however, all members of the Governing Trust Board and Advisory Committee are considered independent.

Item 14. Principal Accounting Fees and Services

Plante & Moran, PLLC, served as the independent registered public accounting firm for the Position Holder Trust and the IRA Partnership and audited their respective financial statements for the years ended December 31, 2019 and 2018.

Aggregate fees for professional services rendered to us by our independent registered public accounting firm are set forth below.

	Year Ended December 31, 2019	Year Ended December 31, 2018
Audit Fees – Trust	$ 273,100	$ 293,770
Audit Fees - Partnership	27,500	27,262
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total	$ 300,600	$ 321,032

Item 15. Exhibits, Financial Statement Schedules

(a)(1) Financial Statements:

Our financial statements identified in the accompanying Index to Financial Statements at page 22 herein are filed as part of this Annual Report on Form 10-K. (a)(2) Financial Statement Schedules:

The schedules are omitted because they are not applicable, or the required information is shown in the financial statements or notes thereto. (a)(3) Exhibits:

Exhibit No.		Description
31.1***		Rule 13a-14(a) Certification - Quilling
31.2***		Rule 13a-14(a) Certification - Eilat
32.1***		Section 1350 Certification - Quilling
32.2***		Section 1350 Certification - Eilat

*** Filed herewith.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIFE PARTNERS POSITION HOLDER TRUST

Date : March 11, 2020

By: /s/ Michael J. Quilling

Michael J. Quilling
Michael J. Quilling, Trustee

LIFE PARTNERS IRA HOLDER PARTNERSHIP, LLC

Date : March 11, 2020

By: /s/ Michael J. Quilling

Michael J. Quilling

Michael J. Quilling, Manager

Exhibit 31.1

CERTIFICATION

I, Michael J. Quilling, certify that:

1. I have reviewed this annual report on Form 10-K of Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant is made known to me by others within those entities, particularly during the period in which this report is being prepared.

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation. and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting. and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information. and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2020

/s/ Michael J. Quilling

Michael J. Quilling
Trustee, Life Partners Position Holder Trust
Manager, Life Partners IRA Holder Partnership, LLC

Exhibit 31.2

CERTIFICATION

I, Natalie Eilat, certify that:

1. I have reviewed this annual report on Form 10-K of Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant is made known to me by others within those entities, particularly during the period in which this report is being prepared.

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation. and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting. and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information. and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2020

/s/ Natalie Eilat
Natalie Eilat
Chief Accounting Officer, Life Partners Position Holder Trust
Chief Accounting Officer, Life Partners IRA Holder Partnership, LLC

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Reports of Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC on Form 10-K for the period ended December 31, 2019, as filed with the Securities and Exchange Commission ("Report"), I, Michael J. Quilling, Trustee of Life Partners Position Holder Trust and Manager of Life Partners IRA Holder Partnership, LLC certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge: (1) the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934. and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC.

A signed original of this written statement required by Section 906 has been provided to Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC and will be retained by each and furnished to the Securities and Exchange Commission or its Staff upon request.

Date: March 11, 2020

/s/ Michael J. Quilling
Michael J. Quilling
Trustee, Life Partners Position Holder Trust
Manager, Life Partners IRA Holder Partnership, LLC

The foregoing certification is being furnished solely pursuant to 18 U. S. C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Reports of Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC on Form 10-K for the period ended December 31, 2019, as filed with the Securities and Exchange Commission ("Report"), I, Natalie Eilat, Chief Accounting Officer of Life Partners Position Holder Trust and Chief Accounting Officer of Life Partners IRA Holder Partnership, LLC certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge: (1) the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934. and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC.

A signed original of this written statement required by Section 906 has been provided to Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC and will be retained by each and furnished to the Securities and Exchange Commission or its Staff upon request.

Date: March 11, 2020

/s/ Natalie Eilat
Natalie Eilat
Chief Accounting Officer, Life Partners Position Holder Trust
Chief Accounting Officer, Life Partners IRA Holder Partnership, LLC

The foregoing certification is being furnished solely pursuant to 18 U. S. C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.