IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
ACandS, Inc.,	)	Case No. 02-12687 (KG)
	)	
Debtor.	)	

ACANDS ASBESTOS SETTLEMENT TRUST'S NOTICE OF FILING OF ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

Pursuant to Article 5.1 of the Debtor's Second Plan of Reorganization and Section 2.2(c) of the ACandS Asbestos Settlement Trust Agreement (the "**Trust Agreement**"), the Trustee of the ACandS Asbestos Settlement Trust (the "**Trust**"), The Honorable Elizabeth W. Magner (the "**Trustee**"), hereby gives notice of the filing of the Trust's Annual Report for the year ended December 31, 2019 (the "**Annual Report**"), a copy of which is attached hereto as Exhibit 1.

Consistent with Sections 2.2(c), 4.5(c), 5.6, and 6.5 of the Trust Agreement, the Annual Report includes a copy of the Trust's financial statements for the year ended December 31, 2019; the opinion and report from the independent auditors for the Trust; a summary of the number and type of claims disposed of during the year ended December 31, 2019; and a report of the total fees and expenses paid to the Trustee, the Trust Advisory Committee, and the Future Claimants' Representative for the year ended December 31, 2019. In addition, as required by Section 2.2(c)(i) of the Trust Agreement, a copy of the Annual Report has been provided to the Trust Advisory Committee and the Future Claimants' Representative. Last, pursuant to Section 2.2(c)(iii) of the Trust Agreement, this report is available for inspection by the public through the records of the Bankruptcy Court, and a copy has been provided to the office of the United States Trustee for the District of Delaware.

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Dated: April 30, 2020

Respectfully submitted,

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EXHIBIT 1

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ACandS ASBESTOS SETTLEMENT TRUST

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

Pursuant to Article 5.1 of the Debtor's Second Plan of Reorganization (the "**Plan**") and Section 2.2(c) of the ACandS Asbestos Settlement Trust Agreement (the "**Trust Agreement**"), the Trustee of the ACandS Asbestos Settlement Trust (the "**Trust**"), The Honorable Elizabeth W. Magner (the "**Trustee**"), makes the following Annual Report for the year ended December 31, 2019 (the "**Annual Report**").

A. Financial Statements

Section 2.2(c)(i) of the Trust Agreement requires the Annual Report to include the following:

> [F]inancial statements of the Trust (including, without limitation, a balance sheet of the Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustee and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with generally accepted accounting principles.

Attached as Exhibit 1.A is a copy of the ACandS Asbestos Settlement Trust Special Purpose Financial Statements (the "**Audited Financial Statements**") for the year ended December 31, 2019 (the "**Reporting Period**"). The auditor for the Trust, EisnerAmper LLP, has provided an opinion regarding the fairness of the financial statements' presentation and their conformity with generally accepted accounting principles. The auditor's opinion expressly provides that it is intended for the use of this Court.

B. Claims Summary

Section 2.2(c)(ii) of the Trust Agreement requires the Annual Report to include a summary regarding the number and type of claims disposed of during the period covered by the

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financial statements. Verus Claims Services, LLC, acts as the Trust's claims processing agent. Attached as Exhibit 1.B is a summary of claims processed and paid by the Trust in 2019. During the Reporting Period, the Trust received 25,828 claims, approved 16,399 claims, and paid 12,074 claims for a total aggregate amount of $18,083,373. An additional 13,924 claims were either rejected or withdrawn during the Reporting Period.

C. Trustee Fees

Section 4.5(c) of the Trust Agreement states that the Annual Report shall include a description of the amounts paid to the Trustee in 2019. The Audited Financial Statements attached as Exhibit 1.A set forth the amount paid in fees and expenses to the Trustee during the Reporting Period.[1]

D. Trust Advisory Committee Fees

Section 5.6 of the Trust Agreement provides that the Annual Report shall include a description of the amounts paid to the Trust Advisory Committee (the "**TAC**") in 2019. The Audited Financial Statements set forth the amount paid in fees and expenses to the TAC members during the Reporting Period.[2] The members of the TAC are Matthew Bergman, Brian O. Blevins, Jr., John D. Cooney, Steven Kazan, Joseph F. Rice, Armand J. Volta, Jr., and Perry Weitz.

E. Future Claimants' Representative Fees

Section 6.5 of the Trust Agreement provides that the Annual Report shall include a description of the amounts paid to the Future Claimants' Representative (the "**FCR**") in 2019.

[1] *See* Audited Financial Statements at 13.
[2] *Id.*

The Audited Financial Statements set forth the amount paid in fees and expenses to the FCR during the Reporting Period.[3] The FCR is Lawrence Fitzpatrick.

F. Trust Investments

Throughout the Reporting Period, the Trustee continued to retain the services of the Concord Advisory Group, Ltd. as the Trust's investment advisor to provide advice on investment policies, asset allocation, liquidity management, and the Trust's selection and oversight of its investment manager. The Trustee also met regularly with the Trust's investment manager, Brown Brothers Harriman & Co. (**"BBH"**), regarding its management of the Trust's fixed income and equity investments.

G. Other

1. Successor Trustee

Judge Alfred M. Wolin resigned as Trustee effective as of December 31, 2019. Pursuant to Section 4.3 of the Trust Agreement, effective as of January 1, 2020, the TAC and FCR jointly appointed Judge Elizabeth W. Magner to serve as the successor Trustee for an initial term of three (3) years.

2. Amendment to Trust Agreement

In accordance with the requirements of Section 7.3 of the Trust Agreement, Trustee Magner, with the consent of the TAC and FCR, adopted the Fourth Amendment to the Trust Agreement. This amendment, effective as of January 1, 2020, revised Sections 4.3(a), 4.3(c), 4.5(a), and 7.6(a) of the Trust Agreement. Sections 4.3(a) and 4.3(c) were amended to revise the provisions regarding the appointment of a successor Trustee and the terms of service of a successor Trustee, respectively. Section 4.5(a) was amended to adjust the compensation levels

[3] *Id.*

of the Trustee, and Section 7.6(a) was amended to update the notice instructions of the Trust Agreement to reflect Trustee Magner's contact information.

3. Payment Percentage

Pursuant to Section 4.2 of the Trust Distribution Procedures ("**TDP**"), the Trustee is required to reconsider the payment percentage at least once every three years. In 2011, the Trustee retained Ankura Consulting Group, LLC ("**Ankura**") to conduct an initial analysis of the payment percentage. Since that time, Ankura has continued to monitor factors affecting the payment percentage on behalf of the Trustee. During the Reporting Period, there was no adjustment to the current payment percentage of 7.2%. A formal review of the payment percentage is underway in 2020.

4. Civil Investigative Demand

In September 2018, the United States Department of Justice ("**DOJ**") served a Civil Investigative Demand ("**CID**") on the Trust pursuant to the False Claims Act. Several other asbestos trusts were served with almost identical demands. The stated focus of this CID is to determine whether the Medicare Program has been reimbursed in accordance with Medicare Secondary Payer Act for payments made by asbestos settlement trusts. The Trust engaged counsel to assist it with its response to the CID. The Trust responded to the written interrogatories propounded by the DOJ on December 30, 2019.

H. Meetings

In fulfillment of the meeting requirements contained in the Trust Agreement, during the Reporting Period the Trustee held quarterly meetings with the TAC, FCR, Trust counsel, and other Trust professionals on the following dates: February 12, 2019, May 21, 2019, September 24, 2019, and November 19, 2019.

I. Additional Information

For additional information regarding the Trust's financials or operations, please contact its General Counsel, Keating Muething & Klekamp PLL, One East Fourth Street, Suite 1400, Cincinnati, Ohio 45202, attention: Bethany P. Recht. Additional information is available on the Trust's website: http://www.acandsasbestostrust.com.

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Exhibit 1.A

Audited Financial Statements

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ACANDS ASBESTOS SETTLEMENT TRUST

SPECIAL-PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2019
(with independent auditors' report thereon)



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ACANDS ASBESTOS SETTLEMENT TRUST

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INDEPENDENT AUDITORS' REPORT

To the Trustee of
ACandS Asbestos Settlement Trust

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of ACandS Asbestos Settlement Trust (the "Trust"), which comprise the special-purpose statement of assets, liabilities and net claimants' equity as of December 31, 2019, and the related special-purpose statements of changes in net claimants' equity and cash flows for the year then ended, and the related notes to the special-purpose financial statements.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of accounting as described in Note B; this includes determining that the special-purpose accounting methods adopted by the Trustee is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EISNERAMPER

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets, liabilities and net claimants' equity of ACandS Asbestos Settlement Trust as of December 31, 2019, and its changes in net claimants' equity and its cash flows for the year then ended, in accordance with the special-purpose accounting methods described in Note B.

Basis of Accounting

We draw attention to Note B of the special-purpose financial statements, which describes the basis of accounting. The financial statements are prepared using special-purpose accounting methods adopted by the Trustee, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restriction on Use

This report is intended solely for the information and use of the management of the Trust, the Trustee, the beneficiaries of the Trust, and the United States Bankruptcy Court for the District of Delaware, and is not intended to be, and should not be, used by anyone other than these specified parties.

EisnerAmper LLP

EISNERAMPER LLP
Iselin, New Jersey
April 28, 2020

ACANDS ASBESTOS SETTLEMENT TRUST

Special-Purpose Statement of Assets, Liabilities and Net Claimants' Equity
December 31, 2019

ASSETS	
Cash and cash equivalents	$ 5,460,395
Investments:	
Investments	189,176,372
Income receivable	1,102,213
Total investments	190,278,585
Other assets:	
Prepaid expenses and other assets	29,838
Total other assets	29,838
Total assets	$ 195,768,818
LIABILITIES AND NET CLAIMANTS' EQUITY	
Liabilities:	
Settled claims payable	$ 11,458,853
Accounts payable	211,104
Federal income tax payable	15,100
Total liabilities	11,685,057
Net claimants' equity	184,083,761
Total net claimants' equity	184,083,761
Total liabilities and net claimants' equity	$ 195,768,818

The accompanying notes are an integral part of these special-purpose financial statements

ACANDS ASBESTOS SETTLEMENT TRUST

Special-Purpose Statement of Changes in Net Claimants' Equity
Year Ended December 31, 2019

Additions:	
Contributions - insurance	$ 1,148,538
Investment income, net:	
Interest and dividends income and accretion of fixed maturities, net	6,601,872
Realized gain on sale of securities, net	4,292,783
Change in net unrealized gain on investment securities	12,000,467
Miscellaneous income	41,219
Total investment income, net	22,936,341
Total additions	24,084,879
Deductions:	
Claims settled	24,164,694
Operating expenses	2,013,188
Investment advisory fees	327,253
Federal income tax	1,805,237
Total deductions	28,310,372
Net decrease in net claimants' equity	(4,225,493)
Net claimants' equity - beginning	188,309,254
Net claimants' equity - ending	$ 184,083,761

The accompanying notes are an integral part of these special-purpose financial statements

ACANDS ASBESTOS SETTLEMENT TRUST

Special-Purpose Statement of Cash Flows
Year Ended December 31, 2019

Cash flows from operating activities:	
Net decrease in net claimants' equity	**$ (4,225,493)**
Adjustments to reconcile net decrease in net claimants' equity to net cash used in operating activities:	
Net realized gain on investment securities	**(4,292,783)**
Principal paydowns	**966,892**
Change in net unrealized gain on investment securities	**(12,000,467)**
Accretion of fixed maturities, net	**(356,777)**
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:	
Accrued interest on investment securities	**(12,845)**
Prepaid federal income taxes	**780,137**
Prepaid expenses and other assets	**17,403**
Settled claims payable	**5,987,099**
Accounts payable	**(69,552)**
Federal income tax payable	**15,100**
Net cash used in operating activities	**(13,191,286)**
Cash flows from investing activities:	
Proceeds from sale of investments	**151,971,481**
Purchases of investments	**(136,694,720)**
Net cash provided by investing activities	**15,276,761**
Net increase in cash and cash equivalents	**2,085,475**
Cash and cash equivalents - beginning	**3,374,920**
Cash and cash equivalents - ending	**$ 5,460,395**
Supplemental disclosure:	
Federal income taxes paid	**$ 1,010,000**
State income taxes paid	**$ 1,726**

The accompanying notes are an integral part of these special-purpose financial statements

Notes to Special-Purpose Financial Statements
December 31, 2019

NOTE A - DESCRIPTION OF BUSINESS

ACandS Asbestos Settlement Trust (the "Trust"), organized pursuant to the laws of the State of Delaware, was established on July 31, 2008 pursuant to the Second Plan of Reorganization of ACandS, Inc. (the "Debtor"). The Trust is a "qualified settlement fund" pursuant to the meaning of Section 1.468B-1 et seq. to the Treasury Regulations promulgated under Section 468B of the Internal Revenue Code. The Trust will assume all Asbestos Personal Injury Claims (whether now existing or arising at any time hereafter) and use Trust assets to pay holders of such Asbestos Personal Injury Claims in accordance with the Asbestos Settlement Trust Agreement and the Asbestos Settlement Trust Distribution Procedures ("TDP").

In addition, the Trust satisfies the pre-petition bankruptcy claims in accordance with the Bankruptcy Code.

The Trust was initially funded with cash, rights to proceeds from asbestos insurance policies, insurance settlement rights, and 100% of the common stock of the Debtor post reorganization whose accounts had been consolidated in the special-purpose financial statements.

On May 15, 2014, the Trust filed a certificate of dissolution for the Debtor, with a statutory three-year wind down period. On May 15, 2017, the Debtor transferred all of its assets to the Trust.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation:

The Trust's financial statements are prepared using special-purpose accounting methods adopted by the Trustee which differ from accounting principles generally accepted in the United States of America ("U.S. GAAP"). The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the net assets available for the payment of claims and related operating expenses of the Trust. Because the accompanying special-purpose financial statements and transactions are not based upon U.S. GAAP, accounting treatment by other parties for these same transactions may differ as to timing and amount.

The special-purpose accounting methods include the following:

Net Claimants' Equity
Net claimants' equity represents funds available to pay asbestos and bankruptcy related claims that have been submitted but not processed or not yet submitted. Trust expenses are also paid from net claimants' equity. Under U.S. GAAP, net claimants' equity would be reduced for estimates of amounts to be paid for claims that have been submitted, but not processed or not yet submitted.

Claim Expense
Claims are expensed in the period in which the confirmed claims are settled. Under U.S. GAAP, a liability would be recorded for an estimate of the amount to be paid for claims that have been incurred but not yet reported, and for those claims that have been submitted but not yet approved for payment by the Trust.

As stated within the TDP, in each year, the Trust shall be empowered to pay out all of the income earned during the year, together with a portion of its principal, calculated so that the application of Trust funds over its life shall correspond with the needs created by the estimated initial backlog of claims and the anticipated future flow of claims (the "Maximum Annual Payment"). The Trust's distributions to all claimants (excluding holders of Pre-Petition Liquidated Claims) for that year shall not exceed the Maximum Annual Payment determined for that year. The Maximum Annual Payment shall be allocated and used to satisfy all liquidated Trust Claims, subject to the Claims Payment Ratio.

Settled claims payable in the special-purpose statement of assets, liabilities and net claimants' equity reflects claims approved but unpaid at December 31, 2019.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[1] Basis of presentation: (continued)

Payment for Services
Payments for services to be received over an extended period in the future are expensed as paid since these amounts are no longer available for the payment of claims. Under U.S. GAAP, an asset would be recorded and amortized over the period in which the related benefits are received.

Unrealized Gains and Losses on Investment Securities
Net unrealized gains and losses relating to investment securities are recorded as a net addition or deduction in the special-purpose statement of changes in net claimants' equity. Under U.S. GAAP, these gains or losses would be recorded as a separate component of net claimants' equity as accumulated other comprehensive income.

[2] Use of estimates:

The preparation of financial statements in conformity with the special-purpose accounting methods adopted by the Trustee requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the special-purpose financial statements and the reported amounts of additions and deductions to net claimants' equity during the reported period. Actual results could differ from those estimates.

[3] Cash and cash equivalents:

The Trust maintains its cash, which at times may exceed federally insured limits, with financial institutions. The Trust has not experienced any losses in such accounts, and management does not believe it is exposed to any significant credit risk on cash.

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

[4] Investments:

The Trust's investment securities are used to satisfy claims and are carried at fair value. Net realized and unrealized gains and losses relating to investment securities are recorded as a net addition or deduction in the special-purpose statement of changes in net claimants' equity. Realized investment gains and losses on investment securities are recorded based on the security's original cost. Investment income is recognized when earned.

[5] Income taxes:

The Trust has elected to be treated as a Qualified Settlement Fund under the Internal Revenue Code and Regulations. As a result, the Trust is subject to federal income taxes based on modified gross income, which is exclusive of unrealized gains or losses and claims settled incurred during the year. In the opinion of management, the Trust is not subject to state income taxes, and therefore, the special-purpose financial statements do not include any provision or liability for state income taxes. However, federal income tax expense for the year ended December 31, 2019 was $1,805,237.

The Trust files income tax returns in the United States federal jurisdiction. Income tax returns filed prior to 2016 are closed under statute of limitations. There are no uncertain income tax positions taken by the Trust as of December 31, 2019 and no income tax-related interest or penalties have been accrued for 2019.

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Fair value measurements:

The Trust values its investments in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 focuses on the price that would be received to sell the asset, which is referred to as the exit price. FASB ASC 820 provides guidance on how to measure fair value, when required, under existing accounting standards. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - Observable inputs that reflect quoted prices for identical assets in active markets that the Trust has the ability to access at the measurement date.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset; or
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs reflecting the Trust's estimates of the assumptions that market participants would use in pricing the asset (including assumptions about risk).

The Trust has classified its investments in accordance with FASB ASC 820, as more fully disclosed in Note C.

NOTE C - INVESTMENTS

Investment securities carried at fair value as of December 31, 2019 are as follows:

	December 31, 2019			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturity investments:				
Municipal bonds	$ 93,054,347	$ 11,002,255	$ (11,637)	$ 104,044,965
Corporate bonds	21,074,227	937,828	(37,867)	21,974,188
Asset-backed securities	11,407,734	51,828	(3,712)	11,455,850
Commercial mortgage-backed securities	2,000,000	-	(3,101)	1,996,899
Equities:				
Mutual funds	22,932,562	26,771,908	-	49,704,470
Total	$ 150,468,870	$ 38,763,819	$ (56,317)	$ 189,176,372

NOTE C - INVESTMENTS (CONTINUED)

The unrealized losses and fair values of investment securities in an unrealized loss position for less than twelve months and twelve months or longer as of December 31, 2019, are shown below:

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Fixed maturity investments:						
Municipal bonds	$2,366,333	$ (11,637)	$ -	$ -	$2,366,333	$ (11,637)
Corporate bonds	1,924,522	(37,867)	-	-	1,924,522	(37,867)
Asset-backed securities	3,646,118	(3,712)	-	-	3,646,118	(3,712)
Commercial mortgage-backed securities	1,996,899	(3,101)	-	-	1,996,899	(3,101)
Total	$9,933,872	$ (56,317)	$ -	$ -	$9,933,872	$ (56,317)

The Trust held eleven securities that were in an unrealized loss position as of December 31, 2019, none of which had been in an unrealized loss position for a period of twelve months or longer.

The Trust regularly reviews the carrying value of its investments for declines that could be considered other-than-temporary. Continuous unrealized losses were primarily due to the impact of changes in the general level of interest rates rather than a decline in credit quality. The Trust does not consider these securities to be impaired on an other-than-temporary basis as of December 31, 2019.

Proceeds from sales of investment securities amounted to $151,971,481 in 2019. Gross gains and losses of $4,313,710 and $20,927, respectively, were realized on those sales during 2019.

NOTE C - INVESTMENTS (CONTINUED)

The estimated fair value of fixed maturity investments as of December 31, 2019 by contractual maturity are shown below:

Due in one year or less	
Municipal bonds	$ -
Corporate bonds	3,912,670
Asset-backed securities	-
Commercial mortgage-backed securities	-
Total due in one year or less	3,912,670
Due after one year through five years	
Municipal bonds	24,928,467
Corporate bonds	10,456,329
Asset-backed securities	3,888,999
Commercial mortgage-backed securities	-
Total due after one year and through five years	39,273,795
Due after five years through ten years	
Municipal bonds	32,716,292
Corporate bonds	5,120,979
Asset-backed securities	5,055,416
Commercial mortgage-backed securities	-
Total due after five years and through ten years	42,892,687
Due after ten years	
Municipal bonds	46,400,206
Corporate bonds	2,484,210
Asset-backed securities	2,511,435
Commercial mortgage-backed securities	1,996,899
Total due after ten years	53,392,750
Total fixed maturity investments	
Municipal bonds	104,044,965
Corporate bonds	21,974,188
Asset-backed securities	11,455,850
Commercial mortgage-backed securities	1,996,899
Total fixed maturity investments	$ 139,471,902

NOTE C - INVESTMENTS (CONTINUED)

Investment securities held by the Trust are recorded at fair value in accordance with FASB ASC 820 as further described in Note B. The Trust measured fair value of these securities as of December 31, 2019 as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity investments:			
Municipal bonds	$ -	$ 104,044,965	$ -
Corporate bonds	-	21,974,188	-
Asset-backed securities	-	11,455,850	-
Commercial mortgage-backed securities	-	1,996,899	-
Equities:			
Mutual funds	49,704,470	-	-
	$ 49,704,470	$ 139,471,902	$ -

The Trust's net investment income for the year ended December 31, 2019 is comprised of the following:

Interest income	$ 4,744,551
Dividends	1,500,544
Accretion of fixed maturities	356,777
Net investment income	$ 6,601,872

NOTE D - SETTLEMENTS RECEIVABLE

In 2010, the Trust entered into agreements with three insolvent London Market insurance companies (the "Insurers") to resolve the Insurers' obligations for claims submitted against the Debtor including Asbestos Personal Injury Claims and environmental liabilities. Pursuant to the terms of these agreements, the Trust agreed to release the Insurers from any current or future claims in exchange for settlement payments totaling approximately $1,530,000, of which the actual amounts to be collected by the Trust would be based upon a payment percentage as set forth in the respective Scheme of Arrangement as approved by the High Court of Justice of England and Wales (the "High Court").

As of December 31, 2019, the Trust has collected approximately $1,047,000 relating to these agreements; there were approximately $45,000 collected during the year ended December 31, 2019. Future amounts to be collected by the Trust are contingent upon an increase in payment percentages per the respective Scheme of Arrangement as approved by the High Court and are not estimable as of December 31, 2019, nor can collectability be assured. Furthermore, management does not expect the potential additional settlement funds to be significant to net claimants' equity. Based on this, no asset relating to these amounts has been recorded on the special-purpose statement of assets, liabilities and net claimants' equity as of December 31, 2019.

NOTE D - SETTLEMENTS RECEIVABLE (CONTINUED)

In August 2012, the Trust entered into an agreement with an insurance company in the course of liquidation (the "Liquidating Insurer") to resolve the Liquidating Insurer's obligations for claims submitted against the Debtor. Pursuant to the terms of the agreement, the Trust agreed to release the Liquidating Insurer from any further liability under the insurance policy in exchange for a settlement of $1,500,000, pursuant to California Insurance Code Section 1033. In November 2015, the Court overseeing the liquidation approved an initial payment of $900,000. The remaining $600,000 payment, including interest of approximately $548,000, was approved in August 2019 and received during in October 2019.

NOTE E - LIABILITY FOR ASBESTOS CLAIMS

Asbestos Personal Injury Claims that were settled but unpaid as of December 31, 2019 have been accrued and deducted from net claimants' equity. These amounts, totaling $11,458,853 as of December 31, 2019, have been included in settled claims payable on the special-purpose statement of assets, liabilities and net claimants' equity and settled claims on the special-purpose statement of changes in net claimants' equity for the year ended December 31, 2019.

The ultimate number and amount of future Asbestos Personal Injury Claims to be filed and the corresponding liability are not determinable at this time. Therefore, no liability relating to such claims has been recorded in the special-purpose financial statements as of December 31, 2019.

NOTE F - NET CLAIMANTS' EQUITY

The Trust is designed to provide fair and equitable treatment for all Trust claims that may presently exist or may arise in the future. The TDP prescribes certain procedures for distributing the Trust's assets, including pro rata payments and initial determination of claim value based on scheduled diseases values, jurisdictions, and individual factual information concerning each claimant. Under the TDP, the Trust forecasts its anticipated annual sources and uses of cash until the last projected future claim has been paid. A pro rata payment percentage is calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share.

Based on research and testimony presented during the bankruptcy, the court approved an initial payment to claimants of 5.78% of the liquidated value of the then current and estimated future claims. The TDP gives the Trustees, with the consent of the Trust Advisory Committee and the Futures Representative, the power to periodically update its estimate of the payment percentage based on updated assumptions regarding its future assets and liabilities and, if appropriate, propose additional changes to the payment percentage. At December 31, 2019, the payment percentage was 7.2%.

NOTE G - ADMINISTRATIVE SERVICES AGREEMENTS

At inception, the Trust entered into services agreements with third-party administrators to provide administrative support and specialty services.

The Trust has an agreement with Verus, LLC ("Verus"), who provides the Trust with services for claims administration. Verus manages the claims process on behalf of the Trust. Fees paid to Verus amounted to $1,022,554 for the year ended December 31, 2019. The fees are included in operating expenses on the special-purpose statement of changes in net claimants' equity.

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NOTE G - ADMINISTRATIVE SERVICES AGREEMENTS (CONTINUED)

The Trust has an agreement with Bederson, LLP ("Bederson") whereby Bederson provides accounting and tax services. Fees paid to Bederson amounted to $61,155 for the year ended December 31, 2019. The fees are included in operating expenses on the special-purpose statement of changes in net claimants' equity.

NOTE H - OPERATING EXPENSES

The components of operating expenses are as follows for the year ended December 31, 2019:

Claims consulting fees	$ 53,444
Claims processing fees	1,022,554
Insurance	47,053
Accounting and audit fees	87,675
Other	17,108
Trust general counsel	441,772
Future claims representative	15,412
Future claims representative attorney fees	27,694
TAC expenses	6,326
TAC attorney fees	117,860
Trustee fees	176,290
	$ 2,013,188

NOTE I - RISKS AND UNCERTAINTIES

The Trust invests in various investment securities which are exposed to risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment security values balances and the amounts reported in the special-purpose statement of assets, liabilities and net claimants' equity.

NOTE J - CONTINGENCIES AND OTHER UNCERTAINTIES

In December 2019, a novel strain of Coronavirus ("COVID-19") emerged in China. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has now spread to several other countries and infections have been reported globally. The extent of the impact of the COVID-19 outbreak on the financial performance of the Trust's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Trust's investment results may be materially adversely affected.

NOTE K - SUBSEQUENT EVENTS

The Trust has evaluated subsequent events that occurred between December 31, 2019 and April 28, 2020, which is the date the special-purpose financial statements were available to be issued.

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Exhibit 1.B

Claims Summary

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ACandS Asbestos Settlement Trust

Report of Asbestos Claim Activity and Disposition during Period from January 1, 2019 through December 31, 2019

Type of Claim	Number of Claims Filed	Number of Claims Approved for Payment	Number of Claims Withdrawn or Rejected	Liquidated Value of Approved Claims	Number of Approved Claims Paid	Amount Paid on Approved Claims after Application of Payment Percentage
Category A Claims (Disease Levels III – VII)	8,749	4,181	5,158	$ 261,157,775	2,944	$ 14,736,295
Category B Claims (Disease Levels I and II)	16,449	12,218	8,120	$ 56,006,250	9,130	$ 3,347,078
Unspecified Disease Level Claims	630	0	646	0	0	0
Total	25,828	16,399	13,924	$ 317,164,025	12,074	$ 18,083,373

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