ALTERNATIVE LIQUIDITY FUND LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

ALTERNATIVE LIQUIDITY FUND LIMITED

CONTENTS

ALTERNATIVE LIQUIDITY FUND LIMITED
Highlights
For the year ended 30 June 2018

- US$8.8 million was distributed to B shareholders

Financial Highlights at 30 June 2018

	30 June 2018	30 June 2017
Total net asset value ("NAV")	US$49.2million	US$111.1million
NAV per Ordinary Share	33.57¢	75.74¢
Share price	17.00¢	20.50¢
Discount to NAV	49.4%	72.9%

ALTERNATIVE LIQUIDITY FUND LIMITED
COMPANY SUMMARY

Principal activity
Alternative Liquidity Fund Limited (the “Company” or “ALF”) was incorporated and registered in Guernsey under The Companies (Guernsey) Law, 2008 on 25 June 2015. The Company’s registration number is 60552 and it is regulated by the Guernsey Financial Services Commission as a non-cellular company limited by shares. The Company is listed and began trading on the Main Market of the London Stock Exchange and was admitted to the premium segment of the Official List of the UK Listing Authority on 17 September 2015.

The Company is invested in a diversified portfolio of illiquid interests in funds, securities and other instruments with the objective to manage monitor and to realise these investments over time.

The Company agreed with Signet Multi-Manager SPC Inc ("SMMI") to acquire an initial portfolio of assets for an aggregate consideration of US$144 million, conditional upon Admission. The consideration for the Initial Portfolio took the form of ordinary shares which were distributed in specie to the existing investors of SMMI. Following completion of the acquisition of the Initial Portfolio, the Company held approximately 60 investments with an aggregate valuation of US$138.7 million.

In January 2016, the Company agreed with Trusthouse Holding NV to acquire a portfolio of assets, owned by two funds of which they were the liquidator, for an aggregate consideration of US$2.2 million, comprising US$0.4 million in cash and US$1.8 million in shares in the Company.

In September 2016, the Company issued 587,752 Ordinary Shares to shareholders of The Green Fund as of 30 June 2016. This issue was in exchange for a small number of positions, in accordance with the Company’s investment policy, held by The Green Fund for a total consideration of US$509,170.

In January 2017, the Company completed the purchase of a small liquidating hedge fund portfolio from a liquidator in Luxembourg. The Company paid US$1 million for the portfolio.

Investment policy
The investment objective of the Company is to generate total returns for investors through the management and realisation of its portfolio. The investment policy of the Company is to invest globally in a portfolio of illiquid assets, which is expected to comprise predominantly investments in funds. These may include hedge funds and other funds invested in loans, structured products, real estate and life settlement policies. The portfolio may also include directly owned assets which are owned by the above-mentioned types of funds but have been sold on the secondary market or distributed in specie to investors in such funds, including equity and debt securities, loan and derivative and contractually based investments. The Company has not set maximum or minimum exposures for asset classes or sectors but expects to maintain a portfolio diversified across different geographies and sectors.

The Company may utilise derivatives for the purposes of efficient portfolio management and principally for currency hedging. The portfolio will not be constructed to have any particular geographical bias. Accordingly, the Company has the ability to source and buy assets across the world and denominated in any currency. It is expected that the Company will largely be exposed to US Dollars, which is the Company's reporting currency.

The Company will not invest more than 20 per cent of its gross assets in any one fund investment and no more than 40 per cent of its gross assets in fund investments managed by a single fund manager at the time of investment or acquisition. The exact number of funds and strategies used may vary over time but the Directors intend that the Company will be invested directly or indirectly in a minimum of 15 underlying funds.

The Company will not invest more than 10 per cent in aggregate of the total assets of the Company in other listed closed-ended investment funds other than closed-ended investment funds which themselves have published investment policies to invest no more than 15 per cent of their total assets in other listed closed-ended funds.

The Company will not invest more than 20 per cent of its gross assets in directly owned assets.

At 30 June 2018, the Company was fully invested subject to a cash and cash equivalents amount retained for working capital requirements. It is the intention that the Company will be fully invested at all times, although the Company may hold cash or cash equivalent investments from time to time. The Company expects to be very prudent in its use of borrowings due to the illiquid nature of the portfolio; however, the Company will have the ability to borrow up to 25 per cent of its net assets for short-term purposes. It is not intended for the Company to have any long-term or fixed structural gearing. The Company may be indirectly exposed to gearing to the extent that the Company's investee funds or segregated portfolios are geared by the external managers.

ALTERNATIVE LIQUIDITY FUND LIMITED
CHAIRMAN'S STATEMENT

Introduction
I am pleased to present the Company's Annual Report and Audited Financial Statements (the "Financial Statements") for the year ended 30 June 2018. The Company is the first investment trust listed on the London Stock Exchange ("LSE") which focuses exclusively on the realisation of hedge fund side pockets and other illiquid funds previously held in open ended structures. The listing has provided liquidity to those shareholders who required it; a lower cost structure for those choosing to continue to hold an interest; transparent monthly portfolio reporting; active portfolio realisation management; and increased corporate governance.

Portfolio and performance
The Company appointed a new Investment Adviser, Warana Capital LLC ("Warana" or the "Investment Manager") to take over the management of the portfolio as of 1 July 2017. Warana spent two months performing due diligence on the portfolio and proposed a Net Asset Value ("NAV") provisioning methodology be applied to the investments. This was approved by the Board and became effective in the September 2017 NAV. Since then the Company has released two NAV's monthly via the Fact Sheet, the stated underlying manager NAV and the provisioned ALF NAV. The ALF NAV is the Company's official NAV and is reported to the LSE.

The portfolio comprises illiquid fund positions emanating principally from the 2008 financial crisis. It is almost entirely exposed to the Global Emerging Markets and most of the investments are denominated in local currencies. At the start of the year (1 July 2017) the Company had a NAV of US$111.1 million and a NAV per share of US$0.7574. Following the incorporation of the aforementioned provisions in September 2017, the ALF NAV was revised to US$66.7 million (US$0.4550 NAV per share). At the end of the period the Company's NAV was US$49.2 million (US$0.3357 NAV per share). This change represents a 26% (US$0.1193 per share) decrease in the value of the Company since the provisions were enacted.

Over the year the Company received approximately US$14.4 million in underlying manager distributions (from the successful monetisation of assets) and made two separate distributions of capital. The first took place in November 2017 and the second in April 2018 when the Company returned 3c a share on each occasion. The NAV was reduced accordingly by 6c. The cash balance at the end of the year stood at US$4.4 million, with second half 2018 expenses estimated at US$676,000. As previously communicated to shareholders, the Company is in a dispute with an intermediary custodian relating to a hold back of approximately US$2.9 million from the 3D Prop Co redemption payment, therefore the free cash flow received in the year totalled US$11.3 million with US$0.2 million of underlying manager distributions receivable at the year end. The Company believes it has a strong position on this matter and expects to resolve the dispute and receive the full hold back amount in the coming months.

The share price has stabilised in the 17c to 19c range and over 80 million shares have traded since listing.

Outlook
The Company's main objective is to realise its portfolio of illiquid assets in an orderly and timely manner and return cash to shareholders. The Board will continue to monitor and work with the Investment Manager to make sure that any opportunity to accelerate such return is carefully considered, whilst having regard to other potential investment opportunities where it is considered that there is meaningful embedded value. The Company is at the same time exploring a growth strategy of offering to create new share classes for similarly illiquid assets and portfolios. This would serve the purpose of increased assets under management and thus economies of scale, thereby reducing total operating expenses for all shareholders.

Quentin Spicer
Chairman
29 October 2018.

ALTERNATIVE LIQUIDITY FUND LIMITED
INVESTMENT MANAGER'S REPORT

Introduction
Warana Capital, LLC ("Warana" or the "Investment Manager") was appointed as the Investment Manager to the Company effective 1 July 2017. Warana is a specialist investor in and manager of illiquid fund interests. Warana is an active buyer of illiquid investment fund interests giving them regular exposure to supply/demand and pricing dynamics in the illiquid fund market.

As described in detail in the Company's monthly fact sheets since September 2017, Warana has developed a provisioning process to evaluate the portfolio as objectively as possible by taking into account the quality of the information received from the underlying funds, their valuation processes, geographical locations and risks associated with the assets. Where possible, this analysis is then checked against observable secondary market activity. The Board has welcomed this detailed valuation approach. The Company has been reporting two separate Net Asset Values ("NAVs") – the underlying Manager NAV and the ALF NAV, inclusive of Warana's provisions (the latter is reported to the LSE as the primary valuation metric).

Provisioning process
Provisions are applied based on the following criteria:

1. Where a manager, liquidator or other authorized party has advised that they expect a recovery materially less than the stated net asset value, the conservative end of this range is applied as a provision to the fund.

Where no third-party guidance is received, Warana applies provisions of 10% - 50% across the following criteria cumulatively:

2. If the net asset value is delinquent and/or not provided within the time frame previously advised to investors, a provision is applied.
3. If a third-party liquidator (or similar) has been appointed, an incremental discount is applied and if this party has not made progress on the fund in a reasonable time frame, this discount may be increased.
4. Warana seeks to receive bottom up information on the remaining assets in each of the funds. Because these funds are run by third parties, it is not always simple to get the full amount of information desired. An incremental discount is applied if the additional asset level information desired has not been received.
5. If fund audited financial statements are late or qualified, a discount is applied, which increases if an audit has not been completed for several years.
6. It is expected that funds have third party administrators/valuation agents. Should Warana not be able to determine whether such a group is still involved, an incremental discount is applied.
7. An additional discount is applied relating to the perceived incremental geographic, political or currency related risk of the asset or manager.
8. It is common for legacy illiquid funds to be involved in some type of litigation or have issues with key regulators. An incremental discount is applied depending on the severity of the litigation or investigation.
9. Should the fund or assets still have significant leverage an incremental discount is applied.

Warana then gathers the cumulative discounts applied in steps 1 through 9 and seeks to compare the proposed provision against what is observable in the secondary market. The following incremental test is applied:-

10. If Warana is aware of a reliable third party, completed secondary market price that is:
    a. Within the last 6 months: and
    b. At a discount to the manager provided net asset value of greater than 50% discount; and
    c. The price is more than 25% different to Warana's price calculated by applying 1 through 9, then an extra provision is applied to equate the provision levels to the secondary market value.

At the start of the year (1 July 2017) the Company had a NAV of US$111.1 million and a NAV per share of US$0.7574. Following the incorporation of the aforementioned provisions in September 2017, the ALF NAV was revised to US$66.7 million (US$0.4550 NAV per share). At the end of the year the Company's NAV was US$49.2 million (US$0.3357 NAV per share). This change represents a 26% (US$0.1193 per share) decrease in the value of the Company since the provisions were enacted. However, US$8.8 million (US$0.0600 per share) of this change in value is attributable to cash distributed to shareholders over the year by way of two B share issuances and at the date of signing this report has a current cash balance of approximately US$4.4 million.

Portfolio

At the end of the year the Company had exposure to 44 different fund investments managed by 33 different investment managers. The top ten Company investments represent 80% of the NAV and almost the entire portfolio (93%, excluding cash) is made of assets domiciled in emerging markets. Approximately 54% of the portfolio can be deemed credit; 19% real estate; with the balance in equity positions and cash.

The Company's largest exposure is to the Vision Brazil funds (51% of NAV), which are predominantly made up of two separate pools of legal claims against the State Government of Rio de Janeiro and Electrobras, the Brazilian public utility firm. All the claims require novation in the local courts and given the current difficult economic climate in Brazil along with a very cumbersome judicial process, liquidity from these pools has been scarce. However, Warana was encouraged in October as Vision announced the successful sale of a portion of the portfolio - the Paraiba portfolio - whereby the Company received 90% of its holding in a cash payment (the remaining 10% is due to be paid in the next few months subject to potential adjustments as detailed in the sale agreement).

The second largest exposure is to a Ukrainian real estate investment (12%). The downstream asset held by the Company is a large residential apartment complex development in Nikolayev. The geopolitical and macro-economic environment in the Ukraine severely impact this project, however, it is progressing, albeit slowly, and apartments are being sold with the cash re-invested to complete the project. Warana has been working with the other key stakeholder and the management team to execute a restructuring of this investment, at the holding company level as well as on the ground. The focus of this restructuring is on cost control as well as project profitability, apartment sales strategy and realigning the management's compensation scheme to best incentivize the return of capital.

During the year, the Company has received approximately US$14.4 million in distributions from underlying investments. These flows have come from Vision Paraiba, US$5.1 million; the liquidation of 3D Prop Co's only asset, US$5.2 million; the second and third instalments of GLG EM Growth's four-part redemption process, US$2.1 million; Trafalgar, US$350,000; Autonomy, US$310,000, SFL Clover, US$300,000 and Blue Sugars, US$291,000. As previously communicated to shareholders, the Company is in a dispute with an intermediary custodian relating to a hold back of approximately US$2.9 million from the 3D Prop Co redemption payment, therefore the free cash flow received in the year totalled US$11.3 million with US$0.2 million of underlying manager distributions receivable at the year end. The Company believes it has a strong position on this matter and expects to resolve the dispute and receive the full hold back amount in the coming months.

The Investment Manager proposed and the Board approved two B share issuances in October and April, each for a cash distribution of US$4.4 million equivalent to US$0.03 per share, totalling US$8.8 million or US$0.06 per share. At year end, the Company's liabilities and accrued expenses totalled US$90,911, leaving the Company with net cash of US$4.4 million before accrual of the next 6 months expenses (estimated at US$676,000). The Board has discretion with regard to cash distribution to shareholders but must be mindful of the working capital requirements of the Company and the cost of a distribution when determining whether or not to proceed.

Liquidation timeline

Given the composition of the portfolio, projecting future liquidity is extremely difficult and likely to be speculative. Warana seeks to work with the underlying managers to liquidate the positions appropriately. The sale of any positions in the secondary market would achieve an accelerated return of capital but we expect at a significant discount to our expected potential recovery. Such options are therefore considered very carefully.

Growth Plans

The Company is in the unique position of being able to offer the creation of new share classes to other illiquid portfolios. The creation of additional portfolios in separate share classes would bring economies of scale to all shareholders by lowering the fixed costs per share. The Company and the Investment Manager are in dialogue with a number of potential counter-parties with respect to this strategy.

Warana Capital, LLC
29 October 2018

ALTERNATIVE LIQUIDITY FUND LIMITED
BOARD OF DIRECTORS

The Directors are responsible for the development of the Company's investment objective and have overall responsibility for the Company's investment policy and the overall supervision of the business of the Company.

The Directors of the Company at the date of this report, all of whom served throughout the year and are non-executive and independent, are as follows:

Quentin Spicer, Chairman, age 73
Mr Spicer is a resident of Guernsey. He qualified as a solicitor with Wedlake Bell in 1968 and became a partner in 1970 and head of the Property Department. He moved to Guernsey in 1996 to become senior partner in Wedlake Bell Guernsey, specialising in United Kingdom property transactions and secured lending for UK and non-UK tax resident entities. Mr Spicer retired from practice in 2013. He is former chairman of F&C UK Real Estate Investments Limited, Quintain Guernsey Limited, The Guernsey Housing Association LBG, and is a director of a number of Property Funds including Summit Germany Limited and Phoenix Spree Deutschland Limited. He is a member of the Institute of Directors.

Anthony Pickford, aged 65
Mr Pickford is a resident of Guernsey. He qualified as a Chartered Accountant in 1976. He moved to Guernsey in 1978 as an Audit Senior with Carnaby Harrower Barnham & Company (now Deloittes). In 1986 he joined Chandlers as a partner with a specialism in insolvency matters and advised a range of financial services companies and trading companies on insolvency matters as well as acting as financial adviser to local entities. He became Managing Director of the firm in 2000 and assumed the role of Chairman in 2004 until his retirement in 2008. He has previously been a non-executive Director of several listed companies. During the prior year he was also a Director of the Catholic National Mutual limited where he chaired the Audit Committee and served on the Investment Committee until he retired on 6 August 2017.

Dr Richard Berman, age 62
Dr Berman is a UK resident. He has been involved with the investment management sector since 1989. He was previously a Manager with Orion Bank Limited, Treasurer of Andrea Merzario SpA, Group Treasurer of Heron Corporation plc, joint Managing Director and co-founder of Pine Street Investments Limited, and CEO and co-founder of Signet Capital Management Limited. His experience includes advising on the establishment, regulation and management of funds and fund management companies in a range of jurisdictions. He has a PhD in History from the University of Exeter and an MA in Economics from the University of Cambridge. He is a Fellow of the Chartered Securities & Investment Institute, a Fellow of the Association of Corporate Treasurers and a Visiting Research Fellow at Oxford Brookes University.

ALTERNATIVE LIQUIDITY FUND LIMITED
DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES LISTED ON RECOGNISED STOCK EXCHANGES

The following summarises the Directors' directorships in other public companies:

Company Name	Stock Exchange
Quentin Spicer	
Summit Germany Limited	London Stock Exchange – AIM
Phoenix Spree Deutschland Limited	London Stock Exchange – Main Market
Anthony Pickford	
None	
Dr Richard Berman	
None	

ALTERNATIVE LIQUIDITY FUND LIMITED
DIRECTORS' REPORT

The Directors of Alternative Liquidity Fund Limited (the "Company") are pleased to submit their Annual Report and the Audited Financial Statements (the "Financial Statements") for the year ended 30 June 2018. In the opinion of the Directors, the Annual Report and Audited Financial Statements are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

The Company

The Company was incorporated and registered in Guernsey on 25 June 2015 under the Companies (Guernsey) Law, 2008. The Company's registration number is 60552 and it is regulated by the Guernsey Financial Services Commission ("GFSC") as a non-cellular company limited by shares. The Company is listed and began trading on the Main Market of the London Stock Exchange and was admitted to the premium segment of the Official List of the UK Listing Authority on 17 September 2015.

Going Concern

The Company has been incorporated with an unlimited life. Under the Articles, the Board is obliged to propose a continuation vote at a general meeting of the Company in 2020. If any such continuation vote is not passed, the Directors shall be obliged to put forward proposals for an orderly winding up or reconstruction of the Company.

After a review of the Company's holdings in cash and cash equivalents, investments and a consideration of the income to be derived from those investments, the Directors believe that it is appropriate to adopt the going concern basis in preparing the Financial Statements, as the Company has adequate financial resources to meet its liabilities as they fall due for a period of at least twelve months.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code (the "UK Code"), the Directors have assessed the prospects of the Company over a longer period than 12 months required by the going concern assessment. In accordance with the prospectus dated 14 September 2015, the Company is required, by 31 December 2020, to hold a meeting of the Shareholders to establish whether the Company should continue its strategic objectives or be wound up. As a result, the Directors have assessed the viability of the Company over a 3.5 year period to 31 December 2021, taking account of the Company's current position and the potential impact of the principal risks outlined in this statement.

The Directors are very mindful of the risks that affect the viability of the Company and have undertaken a detailed risk analysis. The Directors have identified the risks and how the effects of these risks are mitigated by the Company to minimise any loss. The Directors have concluded that ultimately, due to the nature of the illiquidity of many of the investments, the most significant risk to the Company's viability during this period is the availability of sufficient working capital to meet the Company's ongoing expenses.

In order to support the Company's working capital requirement, the Directors currently maintain a policy of retaining 24 months' cash resources to meet ongoing liabilities. The Directors have based this policy, on the advice of the Investment Manager and having regard to the profile of the investments, on the assumption that during the period these resources will be replenished by realisation of investments.

The Investment Manager, under the supervision of the Board, actively manages the underlying managers of the portfolio investments such that the objective of realising the portfolio can be achieved, notwithstanding its illiquidity.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2021.

Risks and uncertainties

In respect of the Company's system of internal controls and its effectiveness, the Directors:

- are satisfied that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems including material financial, operational and compliance controls (including those relating to the financial reporting process) and no significant failings or weaknesses were identified.

Risks and uncertainties, continued
In the Board's opinion, the principal risk to the Company arises from the inherent difficulty of fairly valuing the portfolio assets in current market conditions. In order to manage this risk, the Investment Manager liaises with the underlying managers and administrators of the investee funds to obtain valuations that are as up to date as possible, and where applicable will update those valuations for movements in relevant foreign exchange rates. In addition the Board, in conjunction with the Investment Manager, may make provisions to adjust the carrying fair value of investments where they believe that such valuations do not reflect the likely realisation value of those investments.

As described and detailed in the Company's monthly fact sheets since September 2017, the Company has changed its provisioning process upon the appointment of Warana as Investment Manager. The Board with the Investment Manager developed a provisioning process to evaluate the portfolio as objectively as possible by taking into account the quality of the information received from the underlying funds, their valuation processes, geographical locations and risks associated with the assets. Where possible, this analysis is then checked against observable secondary market activity.

The Board appointed the Investment Manager after a substantial due diligence process, whereby they evaluated the Investment Manager experience and expertise in the management of illiquid assets. The Board and the Investment manager also hold quarterly board meeting which involve detailed discussions and presentation on the investment performance of the Company and the underlying investee companies. The Board also formally conducts a review of the performance of the Investment Manager on an annual basis.

Other risk and uncertainties
Market price risk is a second key risk associated with the Company. The Company monitors these risks, which are reviewed regularly.

Liquidity risk is a third risk associated with the Company. The Company is mainly invested in securities which lack an established secondary trading market or are otherwise considered illiquid. In the Board's opinion, the risk to the Company is its inability to realise assets at a price which reflects the valuation of those assets to date, or indeed at all, due inter alia to illiquidity in the market for such assets and general economic and financial conditions.

Other risks identified by the Board that could affect the Company's performance are as follows:

Regulatory risk: the Company operates in a complicated regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as the London Stock Exchange Listing Rules and The Companies (Guernsey) Law, 2008, could lead to a number of serious outcomes and reputational damage. The Board monitors compliance with regulations by regular review of internal control reports.

Interest rate risk: The Company does not hold any interest bearing investments directly at the year end. Therefore interest rate risk is limited to the extent of the bank balances and any indirect interest rate risk at the investee company level. The Directors consider the impact of interest rate risk not to be material to the Company.

Note 7 to the Financial Statements contains further details of the 'Risks associated with financial instruments'. Further information on the principal long-term risks and uncertainties of the Company is included in 'Risk Factors' of the prospectus which is available on request from the Company's Administrator.

Results and Dividends
The results for the period are shown in the Statement of Comprehensive Income on page 27. The Board will consider the appropriateness of paying dividends on the Ordinary Shares from time to time.

Independent Auditor
Grant Thornton Limited was re-appointed on 13 December 2017 and served as Auditor during the financial year. A resolution to re-appoint Grant Thornton Limited as Auditor will be put to the forthcoming Annual General Meeting ("AGM").

Investment Manager
The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for the Company's activities. The Company had, however, entered into an Investment Management Agreement with Morgan Creek Capital Management LLC under which the Investment Manager was appointed to provide investment management services, which include realising the Company's assets in an orderly and timely manner and return cash to Shareholders, subject to the overriding supervision of the Directors.

Investment Manager, continued
On 6 July 2017, Warana Capital, LLC ("Warana") was appointed as a new Investment Manager to the Company. As detailed further in the Chairman's statement, the Board believes that Warana have the ability, network and capital to grow the Company through either purchasing new illiquid positions for the existing share class, raising new capital for a new share class or restructuring existing illiquid funds and incorporating them into the Company's structure. The Directors consider the interests of Shareholders, as a whole, have been best served by the appointment of the new Investment Manager to achieve the Company's investment objectives.

The management fee payable to the Investment Manager has also been restructured, the terms of which are set out in note 3 to the Financial Statements, the Board believes that the new proposed fee structure aligns the interests of the Warana with the interests of shareholders.

Custody Arrangements
The Company's assets are held in custody by Citibank N.A. (London Branch) (the "Custodian") pursuant to a Custody Agreement dated 24 July 2015. A summary of the terms, including fees and notice of termination period, is set out in note 3 to the Financial Statements.

The Company's assets are registered in the name of the Custodian in each case within a separate account designation and may not be appropriated by the Custodian for its own account.

The Board conducts an annual review of the custody arrangements as part of its general internal control review. The Board also monitors the credit rating of the Custodian, to ensure the financial stability of the Custodian is being maintained to acceptable levels. As at 30 June 2018, the long-term credit ratings of the Custodian as reported by Moody's and Standard & Poor's are A1 and A+ respectively, which is deemed to be an acceptable level.

Directors and Directors' Interests
The Directors, all of whom are independent and non-executive, are listed on page 6.

None of the Directors has a service contract with the Company and no such contracts are proposed. Quentin Spicer is entitled to a fee of £35,000 per annum for his services as Chairman of the Board of Directors and Chairman of the Management Engagement Committee. Anthony Pickford is entitled to a fee of £30,000 per annum for his services as Chairman of the Audit and Risk Committee. Dr Richard Berman is entitled to a fee of £30,000 per annum for his services as Director.

The Directors had the following interests in the Company at 30 June 2018, held either directly or beneficially:

	30 June 2018		30 June 2017	
Name	**No. of ordinary shares**	**Percentage %**	**No. of ordinary shares**	**Percentage %**
Quentin Spicer (Chairman)	-	-	-	-
Anthony Pickford	100,000	0.07	50,000	0.03
Dr Richard Berman	-	-	-	-

As announced on 27 June 2018, Anthony Pickford acquired 50,000 Ordinary Shares in the Company on the Main Market of the London Stock Exchange at US$0.1794 per share. There have been no changes to the Directors' shareholdings since 30 June 2018.

Substantial Shareholdings
As at 30 June 2018, the Company had the following shareholdings in excess of 5% of the issued share capital:

Name	No. of ordinary shares	Percentage
JP Morgan Securities LLC Clients a/c	33,853,045	23.09
HSBC Global Custody Nominee (UK) Limited	23,694,117	16.16
Bank of New York (Nominees) Limited	16,762,116	11.43

Related Parties
Details of transactions with related parties are disclosed in note 11 to the Financial Statements.

Ongoing charges ratio

The ongoing charges ratio, in accordance with the AIC guidance, is defined as annualised ongoing charges (i.e. excluding acquisition costs and other non-recurring items) divided by the average published undiluted net asset value in the year. The Company's ongoing charges ratio for the year ended 30 June 2018 is 2.20% (30 June 2017: 1.19%).

Listing Requirements

Since its listing on the Main Market of the London Stock Exchange and admission to the premium segment of the Official List of the UK Listing Authority, the Company has complied with the Prospectus Rules, the Disclosure and Transparency Rules and the Market Abuse Directive (as implemented in the UK through Financial Services and Markets Authority).

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") became effective on 1 January 2013. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US tax compliance with respect to those assets. On 13 December 2013, the States of Guernsey entered into an intergovernmental agreement ("IGA") with US Treasury, in order to facilitate the requirements of FATCA. The Company registered with the Internal Revenue Service ("IRS") on 27 July 2015 as a Foreign Financial Institution ("FFI") and a Sponsoring Entity.

Reporting under the Foreign Multilateral Competent Authority Agreement For Automatic Exchange Of Taxpayer Information

On 13 February 2014, the Organization for Economic Co-operation and Development released a "Common Reporting Standard" ("CRS") designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, fifty-one jurisdictions signed a multilateral competent authority agreement ("Multilateral Agreement") that activates this automatic exchange of FATCA-like information in line with the CRS. Pursuant to the Multilateral Agreement, certain disclosure requirements will be imposed in respect of certain investors in the Company who are, or are entities that are controlled by one or more, residents of any of the signatory jurisdictions. Guernsey committed to the adoption of the global CRS on Automatic Exchange of Information with effect from 1 January 2016, with first reporting taking place in 2017. The adoption of CRS by the States of Guernsey replaces any reporting obligations under The EU Savings Directive and the UK IGA with Guernsey.

Alternative Investment Fund Managers Directive

The Company is categorised as a non-EU Alternative Investment Fund ("AIF"). The Alternative Investment Fund Managers Directive ("AIFMD") seeks to regulate managers of alternative investment funds, such as the Company. It imposes obligations on managers ("AIFMs") who manage AIFs in a member state of the European Economic Area ("EEA state"), or whose market shares in AIFs to investors who are domiciled, or with a registered office, in an EEA state. Under the AIFMD, an Alternative Investment Fund Manager ("AIFM") must be appointed and must comply with various organisational, operational and transparency requirements.

The Company appointed the Investment Manager to act as AIFM on behalf of the Company. The Investment Manager is responsible for fulfilling the role of the AIFM and ensuring the Company complies with the AIFMD requirements. Details of the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and the number of beneficiaries, are made available to Shareholders on request to the Investment Manager.

By order of the Board

Anthony Pickford
Director
29 October 2018

CORPORATE GOVERNANCE

Compliance
As a Company registered in Guernsey and listed on the main market of the London Stock Exchange, the Company is subject to the requirements of the Finance Sector Code of Corporate Governance Code (the “Guernsey Code”) issued by the Guernsey Financial Services Commission (“GFSC”) and the UK Corporate Governance Code (the “UK Code”) issued by the UK’s Financial Reporting Council (“FRC”), or such other Code acceptable to the GFSC and the FRC. The Association of Investment Companies (“AIC”) has issued the AIC Code of Corporate Governance which has been endorsed by the GFSC and the FRC as compatible with the Guernsey and UK Codes. As the Company is an AIC member, the Board has elected to report in accordance with the principles and recommendation in the AIC Code.

The Board places a high degree of importance in ensuring that high standards of corporate governance are maintained and has considered the principles and recommendations of the AIC Code and the guidance set out in the AIC Corporate Governance Guide for Investment Companies.

For the year ended 30 June 2018, the Company has complied with the applicable provisions of the AIC Code, excepting the matters set out below which the Board has determined do not impact effective corporate practices. It is the intention of the Board that the Company will continue to comply with the applicable provisions of the AIC Code throughout the year to 30 June 2018.

- *The appointment of a Senior Independent Director*: Given the size and composition of the Board it is not practical to separate the roles of Chairman and Senior Independent Director. The Board considers that all the independent Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns can be conveyed.
- *Internal audit function:* The Board has reviewed the need for an internal audit function and due to the size of the Company and the delegation of day-to-day operations to regulated service providers, an internal audit function is not considered necessary. The Directors will continue to monitor the systems of internal controls in place in order to provide assurance that they operate as intended.
- *The appointment of a Nomination Committee:* Given the size and composition of the Board it is considered unduly burdensome to establish a separate Nomination Committee. All the Directors are deemed to be independent and qualified to vote on candidates for the appointment of new independent directors.
- *The appointment of a Remuneration Committee:* Given the size of the Board it was considered unnecessarily costly to establish a separate Remuneration Committee. There are no executive directors and although consideration of directors’ remuneration remains a function of the Board as a whole, no individual Director is entitled to vote in relation to his own remuneration.

The Board considers that these provisions are not relevant to the structure of the Company, being an externally-managed investment company. In particular, all of the Company’s day-to-day management and administrative functions are outsourced to third parties and as a result, the Company has no executive directors, employees or internal operations. The Board has therefore not reported further in respect of these provisions.

Board Composition and Independence of Directors
As at 30 June 2018, the Board of Directors comprised three non-executive and independent Directors as set out below. The Company has no executive Directors or any employees. The biographies of the Board members can be found on page 6.

Quentin Spicer is Chairman of the Board and Chairman of the Management Engagement Committee.

Anthony Pickford is Chairman of the Audit and Risk Committee.

In considering the independence of the Chairman, the Board is mindful of the provisions of the AIC Code relating to independence and has determined that Mr Spicer is an Independent Director.

The Board determined that all directors were independent of the Investment Manager.

Under the terms of appointment, all non-executive Directors are subject to re-election at the first Annual General Meeting (“AGM”) and every third year thereafter. However, the Directors have decided to stand for re-election on an annual basis.

Board Composition and Independence of Directors, continued
The Company provides comprehensive induction package to any newly appointed director immediately on appointment. The Company also participates as a Programme Partner Board in the NED Development Programme operated by the GTA University Centre.

The Directors are regularly updated on various matters such as corporate governance, listing rules and legal and regulatory requirements through bulletins and training programs and materials provided from time to time by the Company Secretary, the AIC and other industry bodies.

The Board receives quarterly management and service reports and meets at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its disposal. At these meetings the Board monitors the investment performance of the Company. The Directors also review the Company's activities every quarter to ensure that it adheres to the Company's investment policy. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Company Secretary, who ensures that the Company complies with applicable statutory and stock exchange requirements.

The Board monitors the level of the share price premium or discount to determine what action, if any, is required. The Board and relevant personnel of the Investment Manager acknowledge and adhere to the Market Abuse Regulation, which came into effect on on 3 July 2016.

Directors' Performance Evaluation
The Board has established an informal system for the evaluation of its own performance and that of the Company's individual Directors. It considers this to be appropriate having regard to the non-executive role of the Directors and the significant outsourcing of services by the Company to external providers.

The Directors undertake, on an annual basis, an assessment of the effectiveness of the Board particularly in relation to its oversight and monitoring of the performance of the Investment Manager and other key service providers. The evaluations consider the balance of skills, experience, Director independence and knowledge of the Company. The Board also evaluates the effectiveness of each of the Directors.

Directors' Remuneration
It is the responsibility of the Board as a whole to determine and approve the Directors' remuneration, having regard to the level of fees payable to non-executive Directors in the industry generally. The role that individual Directors fulfil in respect of Board, Committee responsibilities and the time committed to the Company's affairs. No individual Director is entitled to vote in relation to his own remuneration.

No Director has a service contract with the Company. Details of the Directors' remuneration can be found in the Directors' Remuneration Report on page 17.

Directors' and Officers' Liability Insurance
The Company maintains sufficient insurance in respect of directors' and officers' liability in relation to the Directors' actions on behalf of the Company.

Relations with Shareholders
The Company is committed to upholding the highest standards of corporate governance practices and maintaining effective communication with shareholders and the financial community.

The Company reports to Shareholders twice a year by way of the Interim and Annual Reports. In addition, net asset values and monthly reports are published on the London Stock Exchange (Ticker: ALF) and are available to Shareholders on the Investment Manager's website https://waranacap.com/.

The Chairman and individual Directors are willing to meet major Shareholders to discuss any particular items of concern regarding the performance of the Company. The annual general meeting of the Company provides an opportunity for face-to-face communication between the Board and the shareholders of the Company, when the Chairman, the Audit and Risk Committee Chairman and the Investment Manager are available to answer any questions raised by Shareholders. Shareholders may at any time send their enquiries to the Board in writing through the Company Secretary at the Company's registered office address.

Directors' Meetings and Attendance
The table below shows the attendance at Board, Audit and Risk Committee and Management Engagement Committee meetings during the year. There were four formal quarterly Board meetings, five additional Board meetings, two Audit and Risk Committee meetings and one Management Engagement Committee meeting held during the year ended 30 June 2018.

Name	Board – formal quarterly meetings	Board – additional meetings	Audit & Risk Committee	Management Engagement Committee
Number of meetings held	4	5	2	1
Quentin Spicer	4	5	2	1
Anthony Pickford	4	5	2	1
Dr Richard Berman	4	3	2	1

Board Committees
Audit and Risk Committee
The Audit and Risk Committee comprising all Board members, meets at least twice a year and is chaired by Anthony Pickford. As all Directors are non-executive and taking into account the size of the Board, it was considered reasonable that all Directors are also members of the Audit and Risk Committee.

The key objectives of the Audit and Risk Committee include a review of the Financial Statements to ensure they are prepared to a high standard and comply with all relevant legislation and guidelines, where appropriate, and to maintain an effective relationship with the external auditor. With respect to the external auditor, the Audit Committee considers the auditor's independence, the auditor's terms of engagement and remuneration and any non-audit services provided by the auditor. The Committee is also responsible for the review of the system of internal controls and the identification and management of risks, and the Company's process for monitoring compliance with laws, regulations and ethical codes of practice. For the principal duties and report of the Audit and Risk Committee please refer to the Report of the Audit and Risk Committee on pages 18 to 20.

Management Engagement Committee
The Management Engagement Committee meets at least once a year. It comprises the entire Board and is chaired by Quentin Spicer. The Management Engagement Committee is responsible for the regular review of the terms of the Investment Management Agreement and the performance of the Investment Manager, the Administrator and also the Company's other service providers.

Internal Control Review and Risk Management System
The Board of Directors is responsible for establishing the system of internal controls relevant to the Company and for reviewing the effectiveness of those systems. The review of internal controls is an on-going process for identifying and evaluating the risks faced by the Company, designed to effectively manage rather than eliminate business risks to ensure the Board's ability to achieve the Company's business objectives.

It is the responsibility of the Board to undertake the risk assessment and review of the internal controls in the context of the Company's objectives in relation to business strategy, and the operational, compliance and financial risks facing the Company. These controls are operated in the Company's main service providers: the Investment Manager, the Administrator, the Custodian and the Registrar. The Board receives regular updates from each service provider and undertakes an annual review of the effectiveness of each service providers' controls environment.

The Board of Directors considers the arrangements for the provision of Investment Management, Administration, Custody and Registrar services to the Company and as part of the annual review the Board considered the quality of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

The Board is satisfied that each service provider has effective controls in place to control the risks associated with the services that they are contracted to provide to the Company and therefore the Board is satisfied with the internal controls of the Company.

Anti-bribery and Corruption
The Board acknowledges that the Company's international operations may potentially give rise to claims of bribery and corruption. In consideration of The Bribery Act 2010, enacted in the UK, at the date of this report the Board has conducted an assessment of the perceived risks to the Company arising from bribery and corruption to identify aspects of business which may be improved to mitigate such risks. The Board has adopted a zero tolerance policy towards bribery and has reiterated its commitment to carry out business fairly, honestly and openly.

Criminal Finances Act
The Board of the Company has a zero tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion. The Board has satisfied itself in relation to its key service providers that they have reasonable provisions in place to prevent the criminal facilitation of tax evasion by their own associated persons and will not work with service providers who do not demonstrate the same zero tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion.

Diversity Policy
The Board is mindful and supportive of the principle of widening the diversity of its composition. It is also committed to appointing the most appropriate available candidate taking into account the skills and attributes of both existing members and potential new recruits and thereby the balance of skills, experience and approach of the Board as a whole which will lead to optimal Board effectiveness.

Tenure Policy
The Chairman and the Directors have decided to stand for re-election on an annual basis and any Director who has held office with the Company, other than employment or executive office, for a continuous period of nine years is required to stand for re-election on an annual basis.

ALTERNATIVE LIQUIDITY FUND LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union ("EU"), and the Companies (Guernsey) Law, 2008, which give a true and fair view of the state of affairs of the Company and its profit or loss for that period.

International Accounting Standard ("IAS") 1 requires that Financial Statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances a fair presentation will be achieved by compliance with all applicable IFRS.

In preparing Financial Statements the Directors are required to:

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

The Directors are also responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008 and the Listing Rules of the Main Market of the London Stock Exchange. They are also responsible for the system of internal controls, safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with these requirements in preparing the Financial Statements.

The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom and Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditor is unaware; having taken all the steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Responsibility Statement
Each of the Directors, whose names and functions are listed on page 6, confirms to the best of each person's knowledge and belief:

- the Financial Statements, prepared in accordance with IFRS as issued by the IASB and adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company, as required by Disclosure and Transparency Rule ("DTR") 4.1.12R; and

- the Annual Report, taken as a whole, is fair, balanced and understandable and includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face, as required by DTR 4.1.8R and DTR 4.1.11R.

Signed on behalf of the Board by:

Anthony Pickford
Director
29 October 2018

DIRECTORS' REMUNERATION REPORT

The Company's policy in regard to Directors' remuneration is to ensure that the Company maintains a competitive fee structure in order to recruit, retain and motivate non-executive Directors of excellent quality in the overall interests of Shareholders.

No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long term incentive plans from the Company.

The Directors received the following remuneration in the form of Directors' fees:

	For the year ended 30 June 2018		For the year ended 30 June 2017	
	Per annum	**Actual**	**Per annum**	**Actual**
	£	**£**	**£**	**£**
Quentin Spicer (Chairman of the Board and of the Management Engagement Committee)	35,000	35,000	35,000	35,000
Anthony Pickford (Chairman of the Audit and Risk Committee)	30,000	30,000	30,000	30,000
Dr Richard Berman	30,000	30,000	30,000	30,000
Total	**95,000**	**95,000**	**95,000**	**95,000**

The remuneration policy set out above is the one applied for the year ended 30 June 2018 and is not expected to change in the immediate future.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Mr Spicer was appointed as a Director with effect from incorporation on 25 June 2015. Mr Pickford and Dr Berman were appointed as Directors by letters issued on 14 July 2015. Each Director's appointment letter provides that, upon the termination of their appointment, they must resign in writing and all records remain the property of the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. The notice period for the removal of Directors is three months as specified in the Director's appointment letter. The Articles provide that the office of director shall be terminated by, among other things: (a) written resignation; (b) unauthorised absences from board meetings for twelve months or more; (c) unanimous written request of the other directors; and (d) an ordinary resolution of the Company.

Under the terms of their appointment, each Director is subject to re-election at the first Annual General Meeting ("AGM") and at least every three years thereafter. However, the Directors have agreed to stand for re-election on a annual basis. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a director of the Company becoming effective.

The amounts payable to Directors for the year ended 30 June 2018 are shown in note 11 and relate to services provided as non-executive Directors.

No Director has a service contract with the Company, nor are any such contracts proposed.

Anthony Pickford
Director
29 October 2018

REPORT OF THE AUDIT AND RISK COMMITTEE

The Company has established an Audit and Risk Committee with formally delegated duties and responsibilities within written terms of reference (which are available from the Company's Secretary).

Chairman and Membership
The Audit and Risk Committee is chaired by Anthony Pickford, a Chartered Accountant. He and its other members, Quentin Spicer and Dr Richard Berman, are all independent directors. Only independent directors serve on the Audit and Risk Committee; and members of the Audit and Risk Committee have no links with the Company's external auditor and are independent of the Investment Manager. The membership of the Audit and Risk Committee and its terms of reference are kept under review. The relevant qualifications and experience of each member of the Audit and Risk Committee is detailed on page 6 of these Financial Statements.

Duties
The Audit and Risk Committee's main role and responsibilities is to provide advice to the Board on whether the Annual Report and Audited Financial Statements and Interim Report and Unaudited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy. The Audit and Risk Committee gives full consideration and recommendation to the Board for the approval of the contents of the Interim and Annual Financial Statements of the Company, which includes reviewing the Auditor's report.

The other principal duties of the Committee are to consider the appointment of the Auditor; to discuss and agree with the Auditor the nature and scope of the audit; to keep under review the scope, results and effectiveness of the audit and the independence and objectivity of the Auditor; and to review the Auditor's letter of engagement, planning report for the financial period and management letter, as applicable.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of the Company's internal control and risk management systems. The Audit and Risk Committee also focuses particularly on compliance with legal requirements, accounting standards and the relevant Listing Rules and ensuring that an effective system of internal financial control is maintained.

The Audit and Risk Committee also reviews, considers and, if appropriate, recommends for the purposes of the Company's Financial Statements, the valuations prepared by the Investment Manager. These valuations are the most critical element in the Company's Financial Statements and the Audit and Risk Committee considers them carefully.

Financial Reporting and Audit
The Audit and Risk Committee reviews, considers and, if thought appropriate, recommends to the Board, the approval of the contents of the Interim Report and Unaudited Financial Statements and Annual Report and Audited Financial Statements together with the external auditor's report thereon. The Audit and Risk Committee focuses particularly on compliance with legal requirements, accounting standards and the relevant Listing Rules and ensuring that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the Interim Report and Unaudited Financial Statements and Annual Report and Audited Financial Statements remains with the Board.

The Audit and Risk Committee provides a formal forum through which the external auditor reports to the Board and the external auditor is invited to attend Audit and Risk Committee meetings at which Annual Financial Statements are considered.

The Audit and Risk Committee has determined that the key risk of misstatement of the Company's financial statements relates to the valuation of investments at fair value through profit or loss, in the context of judgements used to estimate current fair value.

As stated in note 6 to the Financial Statements, the total carrying amount of the Company's financial assets at fair value through profit or loss at 30 June 2018 was US$41,599,859. Freely tradeable market prices are not available for these financial assets and the Company's financial assets are valued based on the accounting policies described in detail in Note 2(b) to the Financial Statements. The valuation process and methodology have been discussed with the Investment Manager and external auditor. The Audit and Risk Committee reviews the valuation report on a six-monthly basis and the Investment Manager has confirmed to the Audit and Risk Committee that the valuation methodology has been applied consistently during the year and that the external auditor's work had not identified any errors or inconsistencies that were material in the context of the Financial Statements as a whole.

Financial Reporting and Audit, continued

After due consideration the Audit and Risk Committee recommended to the Board that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

External auditor

The Audit and Risk Committee has responsibility for making a recommendation on the appointment, re-appointment or removal of the Auditor. Grant Thornton Limited was appointed as the first Auditor of the Company. During the year, the Audit and Risk Committee received and reviewed the audit plan and report from the Auditor. Periodically the Audit and Risk Committee may meet privately with the Auditor without the Investment Manager being present.

To assess the effectiveness of the Auditor, the Audit and Risk Committee reviewed:

- The Auditor's fulfilment of the agreed audit plan and variations from it;
- The Auditor's report to the Audit and Risk Committee highlighting the major issues that arose during the course of the audit; and
- Feedback from the Investment Manager and Administrator evaluating the performance of the audit team.

For the year ended 30 June 2018, the Audit and Risk Committee was satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be good.

Where non-audit services are to be provided to the Company by the Auditor, full consideration of the financial and other implications on the independence of the Auditor arising from any such engagement will be considered before proceeding. All non-audit services are pre-approved by the Audit and Risk Committee if it is satisfied that relevant safeguards are in place to protect the Auditors' objectivity and independence.

To fulfil its responsibility regarding the independence of the Auditor, the Audit and Risk Committee considered:

- a report from the Auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the Auditor.

During the year ended 30 June 2018, Grant Thornton Limited provided non-audit services relating to the launch of a new share class. At the Audit and Risk Committee meeting to approve these Financial Statements, Grant Thornton Limited confirmed that this had not impacted their independence and outlined the reasons for this. The Audit and Risk Committee considered this and was satisfied these non-audit services had no bearing on the independence of the Auditor.

The following table summarises the remuneration paid to Grant Thornton Limited and to other Grant Thornton member firms for audit and non-audit services:

	For the year ended 30 June 2018	For the year ended 30 June 2017
	£	£
Annual audit of the Company	30,000	30,000
Interim review of the Company	3,100	3,000
Professional services - launch of new share class	28,840	-
FATCA/CRS advice	-	1,000

The professional services cost in relation to the launch of a new share class were incurred on the exploration of future growth plans of the Company as referred to in the Investment Manager's Report on page 5.

Internal controls

The Investment Manager, Administrator and Custodian together maintain a system of internal control on which they report to the Audit and Risk Committee. The Audit and Risk Committee has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Investment Manager, Administrator and Custodian provide sufficient assurance that a sound system of risk management and internal control, which safeguards Shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Internal controls, continued

The Audit and Risk Committee is responsible for reviewing and monitoring the effectiveness of the internal financial control systems and risk management systems on which the Company is reliant. These systems are designed to ensure proper accounting records are maintained, that the financial information on which the business decisions are made and which is issued for publication is reliable, and that the assets of the Company are safeguarded. Such a system of internal financial controls can only provide reasonable and not absolute assurance against misstatement or loss.

In accordance with the guidance published in the Turnbull Report by the Financial Reporting Council (the "FRC"), the Audit and Risk Committee have reviewed the Company's internal control procedures. These internal controls are implemented by the Company's two main service providers, the Investment Manager and the Administrator. The Audit and Risk Committee have performed reviews of the internal financial control systems and risk management systems during the year. The Audit and Risk Committee is satisfied with the internal financial control systems of the Company.

The Audit and Risk Committee have considered non-financial areas of risk such as disaster recovery and investment management, staffing levels and considers adequate arrangements to be in place.

On behalf of the Audit Committee

Anthony Pickford
Audit Committee Chairman
29 October 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTERNATIVE LIQUIDITY FUND LIMITED

Opinion

We have audited the financial statements of Alternative Liquidity Fund Limited (the "Company") for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its loss for the year then ended;
- are in accordance with IFRSs as adopted by the European Union; and
- comply with The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

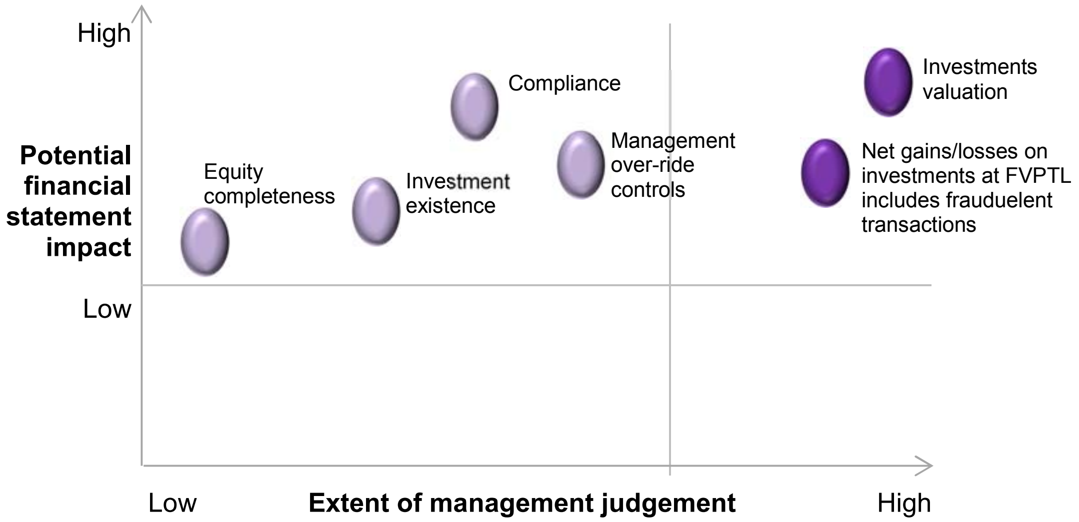
- the disclosures in the annual report set out on pages 8 and 9 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation, set out on pages 8 and 9 of the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement, set on page 8 of the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation, set out on page 8 of the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

- Overall materiality: US$492,000, which represents 1% of the Company's net assets as at 30 June 2018.
- Key audit matters were identified as investments valuation and net gains / losses on investments at fair value through profit or loss (FVTPL) includes fraudulent transactions.
- Our audit approach was based on a thorough understanding of the Company's business and is risk-based.

Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Investments valuation The investment objective of the Company is to generate total returns for investors through the management and realisation of its portfolio. The investment policy of the Company is to invest globally in a portfolio of illiquid assets, which is expected to comprise predominantly investments in funds. The Company has a significant exposure to fluctuations in foreign exchange rates and management judgements and estimates used in the valuation of investments, which are the main drivers of returns.	Our audit work on valuation included, but was not restricted to: • assessing the independence, competence and qualifications of the Investment Manager; • reconfirming our understanding of the Company's Investment Manager's process to value unquoted investments and obtaining an understanding of the rationale of the valuation process and verifying the reasonableness of the assumptions used; • obtaining the Net Asset Values and other supporting documents from the asset managers of the investee companies and assessing the valuation methodology used to value the unquoted investments; • verifying and recalculating the financial risks to which the Company is exposed, including the significant degree of the management estimates and judgement, by understanding the nature and composition of its investment portfolio and by confirming with the Investment Manager and the Board of Directors their consideration of the applicable rate to be used for the fair value impact on the investments; and

Key Audit Matter	How the matter was addressed in the audit
As these investments include illiquid interest in funds, securities and other instruments and where significant restrictions exist, restricting the Company's ability to realise the investment, there is inherent uncertainty on the possible outcomes upon realization of these investments, we therefore identified valuation of investments at fair value through profit or loss as a significant risk, which was one of the most significant assessed risks of material misstatement.	• verifying the reasonableness of the provisions set up against the underlying investments with adjusted Net Asset Value as their fair value through enquiry and discussions with Investment Manager, examination of the supporting documents and assessing whether the valuations were made in accordance with the stated accounting policy and Company's prospectus. The Company's accounting policy on investments designated at fair value through profit or loss is shown in Note 2(b) to the financial statements and related disclosures are included in Note 6. The Audit and Risk Committee identified the valuation of investments at fair value through profit or loss as a risk in its report on page 18, where the Committee also described the actions that it has taken to address this risk. **Key observations** Based on our audit work, we consider the valuation methodologies to be appropriate. No significant exceptions were noted from our testing of investments, but we noted that the inherent uncertainty on the timing and the range of possible outcomes of any realization could lead to the differences in the values that would have been used had a ready market for the investments existed, and that actual results may differ from those investments. We consider that the related disclosures are appropriate and adequately disclose the significant degree of susceptibility of the estimates and judgement around the investment valuation.
Net gains / losses on investments at fair value through profit or loss (FVTPL) includes fraudulent transactions Net gains/losses on investments at FVPTL is the Company's major source of income and is presented in the Statement of Comprehensive Income. The Company measures performance through the realisation of its underlying investments through sales, redemptions and capital appreciation of its underlying investments. We therefore identified net gains/losses on investments at FVPTL includes fraudulent transactions as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • assessing whether the Company's accounting policy for the net gains/losses on investments at FVPTL as stated in Note 2(b) of the financial statements is in accordance with IFRSs as adopted by European Union; • reconfirming our understanding of management's process around the net gains/losses on investments at FVPTL in accordance with the stated accounting policy and testing whether a sample of income transactions has been recognised in accordance with the policy; and • for a sample of investments held during the year, we confirmed that income was correctly received and recorded and assessed whether any proceeds should be treated as part of investment disposals. The Company's accounting policy on net gains/losses on investments at FVPTL is shown in Note 2(b) to the financial statements and related disclosures are included in Note 6(b). **Key observations** Based on our audit work, our assessment is that the accounting policy adopted was consistent and appropriate level of the net gains/losses on investments at FVPTL recognised in the Statement of Comprehensive Income. We found no errors on the detailed testing of transactions and fair value gains calculations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTERNATIVE LIQUIDITY FUND LIMITED, continued

Our application of materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

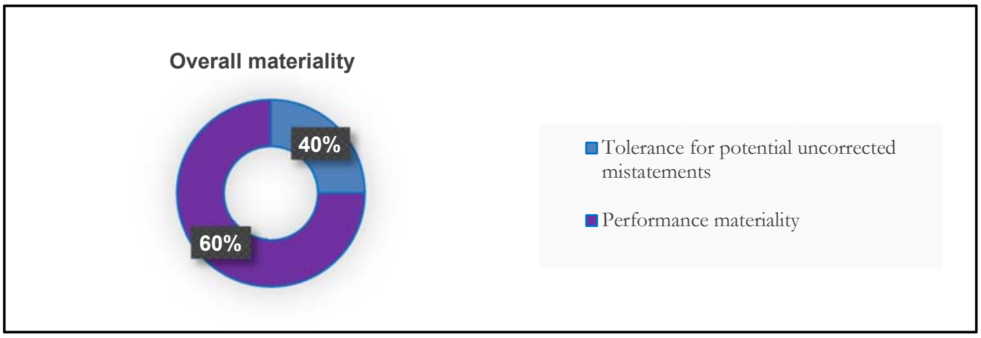
We determined materiality for the audit of the financial statements as a whole to be US$492,000, which is 1% of the net assets as at 30 June 2018. The benchmark is considered the most appropriate because it is the key performance indicator that is relevant to stakeholders of the Company and users of its financial statements.

Materiality for the current year is lower than the level that we determined for the year ended 30 June 2017 to reflect the decline in the investments value during the year.

We used a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 60% of financial statement materiality. We also determined a lower level of specific materiality for certain areas such as Directors' remuneration and expenses, net asset value-based expenses, and related party transactions.

We determined the threshold at which we will communicate misstatements to the audit committee to be US$24,612. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



An overview of the scope of our audit
Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers. Accordingly, our audit work is focused on obtaining an understanding of, and evaluating, internal controls at the Company and the third-party service providers, and inspecting records and documents held by these third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

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

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

We have nothing to report in this regard.

Other information, continued

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 8 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Report of the Audit and Risk Committee set out on page 18 – the section describing the work of the audit and risk committee does not appropriately address matters communicated by us to the audit and risk committee; or
- Directors' statement of compliance with the AIC Code set out on page 12 – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 16, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTERNATIVE LIQUIDITY FUND LIMITED, continued

Other matters which we are required to address

We were appointed by the Board of Directors on 14 July 2015 to audit the financial statements for the year ended 30 June 2016 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years, covering the years ended 30 June 2016 to 30 June 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Cyril Swale
For and on behalf of Grant Thornton Limited
Chartered Accountants and Recognised Auditors
St Peter Port, Guernsey. Channel Islands

29 October 2018

ALTERNATIVE LIQUIDITY FUND LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2018

	Notes	For the year ended 30 June 2018 US$	For the year ended to 30 June 2017 US$
Income			
Net losses on financial assets at fair value through profit or loss	6 (b)	(51,481,522)	(789,174)
Other income		61,997	-
Investment income		-	20,755
Net foreign exchange profit/(loss)		4,372	(44,511)
Total net income		(51,415,153)	(812,930)
Expenses			
Investment Manager's fee	3	956,241	909,882
Other expenses	3	674,236	524,752
Total operating expenses		1,630,477	1,434,634
Total comprehensive loss for the year		**(53,045,630)**	**(2,247,564)**
Loss per ordinary share (basic and diluted)*	5	**(36.17)¢**	**(1.53)¢**

**Basic loss per ordinary share is calculated by dividing the total comprehensive loss for the year by the weighted average number of ordinary shares outstanding during the year. Diluted loss per ordinary share is the same as basic loss per ordinary share since there are no dilutive potential ordinary shares arising from financial instruments.*

The Company does not have other comprehensive income for the year and therefore the 'total comprehensive loss' is also the loss for the year.

All items in the above statement derive from continuing operations.

The accompanying notes on pages 31 to 52 form an integral part of these Financial Statements.

ALTERNATIVE LIQUIDITY FUND LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Notes	30 June 2018	30 June 2017
		US$	US$
ASSETS			
Non-current assets			
Investments at fair value through profit or loss	6	41,599,859	106,988,113
Current assets			
Unsettled investment sales		12,132	-
Prepayments		13,569	7,676
Other receivables	9	3,265,622	187,380
Cash and cash equivalents		4,423,548	4,264,030
		7,714,871	4,459,086
Total assets		49,314,730	111,447,199
Liabilities:			
Other payables		90,911	379,087
Total net assets		**49,223,819**	**111,068,112**
Equity			
Share capital	8	123,259,114	132,057,777
Retained losses		(74,035,295)	(20,989,665)
Total equity		**49,223,819**	**111,068,112**
Number of ordinary shares	8	**146,644,387**	**146,644,387**
Net asset value per ordinary share	10	**33.57¢**	**75.74¢**

The Financial Statements on pages 27 to 52 were approved and authorised for issue by the Board of Directors on 29 October 2018 and signed on its behalf by:

Anthony Pickford
Director

The accompanying notes on pages 31 to 52 form an integral part of these Financial Statements.

ALTERNATIVE LIQUIDITY FUND LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

	Note	Share capital US$	B Share Capital US$	Retained losses US$	Total US$
As at 30 June 2017		**132,057,777**	**-**	**(20,989,665)**	**111,068,112**
B shares issued as distributions to shareholders	8	(8,798,663)	8,798,663	-	-
B shares redeemed and cancelled during the year	8	-	(8,798,663)	-	(8,798,663)
Total comprehensive loss for the year		-	-	(53,045,630)	(53,045,630)
As at 30 June 2018		**123,259,114**	**-**	**(74,035,295)**	**49,223,819**

	Note	Share capital US$	B Share Capital US$	Retained losses US$	Total US$
As at 30 June 2016		**146,213,045**	**-**	**(18,742,101)**	**127,470,944**
Issue of ordinary shares during the year	8	509,170	-	-	509,170
B shares issued as distributions to shareholders	8	(14,664,438)	14,664,438	-	-
B shares redeemed and cancelled during the year	8	-	(14,664,438)	-	(14,664,438)
Total comprehensive loss for the year		-	-	(2,247,564)	(2,247,564)
As at 30 June 2017		**132,057,777**	**-**	**(20,989,665)**	**111,068,112**

The accompanying notes on pages 31 to 52 form an integral part of these Financial Statements.

ALTERNATIVE LIQUIDITY FUND LIMITED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	Note	For the year ended 30 June 2018 US$	For the year ended 30 June 2017 US$
Cash flows from operating activities			
Total comprehensive loss for the year		(53,045,630)	(2,247,564)
Adjustments for:			
Net losses on financial assets at fair value through profit and loss	6 (b)	51,481,522	789,174
Net foreign exchange (gains)/losses		(4,372)	44,511
(Increase)/decrease in other receivables and prepayments		(5,893)	3,824
Decrease in other payables		(288,176)	(263,724)
		(1,862,549)	**(1,673,779)**
Purchases of investments		(500,827)	(1,522,348)
Sales of investments		11,317,185	15,676,921
Net cash from operating activities		**8,953,809**	**12,480,794**
Cash flows from financing activities			
Issue of shares		-	(138,530)
B shares redeemed during the year		(8,798,663)	(14,664,438)
Net cash used in financing activities		**(8,798,663)**	**(14,802,968)**
Net increase/(decrease) in cash and cash equivalents during the year		**155,146**	**(2,322,174)**
Cash and cash equivalents brought forward		4,264,030	6,630,715
Effect of foreign exchange rate changes during the year		4,372	(44,511)
Cash and cash equivalents carried forward		**4,423,548**	**4,264,030**

The accompanying notes on pages 31 to 52 form an integral part of these Financial Statements.

1. General information

Alternative Liquidity Fund Limited (the "Company") was incorporated and registered in Guernsey under The Companies (Guernsey) Law, 2008 on 25 June 2015. The Company's registration number is 60552 and it is regulated by the Guernsey Financial Services Commission as a non-cellular company limited by shares. On 17 September 2015 the Company began trading on the Main Market of the London Stock Exchange and was admitted to the premium segment of the Official List of the UK Listing Authority.

The Company will invest in a diversified portfolio of illiquid interests in funds and other instruments and securities with the objective to manage, monitor and realise these investments over time.

The Company agreed with Signet Multi-Manager SPC Inc ("SMMI") to acquire an initial portfolio of assets for an aggregate consideration of US$144.0 million, conditional upon Admission. The consideration for the Initial Portfolio principally comprised ordinary shares in the Company, which were distributed in specie to the existing investors of SMMI. Following completion of the acquisition of the Initial Portfolio the Company held approximately 60 investments with an aggregate valuation of US$138.7 million.

In January 2016, the Company agreed with Trusthouse Holding NV to acquire a portfolio of assets, owned by two funds of which they were the liquidator, for an aggregate consideration of US$2.2 million, comprising US$0.4 million in cash and US$1.8 million in shares in the Company.

In September 2016, the Company issued 587,752 Ordinary Shares to shareholders of The Green Fund as of 30 June 2016. This issue was in exchange for a small number of positions, in accordance with the Company's investment policy, held by The Green Fund for a total consideration of US$509,170.

In January 2017, the Company completed the purchase of a small liquidating hedge fund portfolio from a liquidator in Luxembourg. The Company paid US$1 million for the portfolio.

The Annual Financial Statements of the Company (the "Financial Statements") are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and endorsed by the European Union, together with applicable legal and regulatory requirements of Guernsey law and the Listing Rules of the London Stock Exchange.

2. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's Financial Statements:

(a) Basis of preparation

(i) Basis of measurement

The Company's Financial Statements have been prepared on a historical cost basis, as modified by the revaluation of financial instruments measured at fair value through profit or loss.

The preparation of Financial Statements requires the Company 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and judgements are discussed in note 2(a) (iii). The principal accounting policies adopted are set out below.

The Directors believe that the Financial Statements contain all of the information required to enable Shareholders and potential investors to make an informed appraisal of the investment activities and profits and losses of the Company for the period to which it relates and does not omit any matter or development of significance.

Going concern

The Board has assessed the Company's financial position as at 30 June 2018 and the factors that may impact its performance in the forthcoming year and are of the opinion that it is appropriate to prepare these Financial Statements on a going concern basis.

Investments at fair value through profit and loss:

The investment portfolio (the "Portfolio") has been included in these Financial Statements at fair value, in accordance with IFRS, see notes 2(b) and 6.

2. Principal Accounting Policies, continued

(a) Basis of preparation, continued

(ii) Functional and presentation currency
The Financial Statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). The Directors have considered the primary economic currency of the Company; the currency in which the original finance was raised; the currency in which distributions will be made; and ultimately what currency would be returned to Shareholders if the Company was wound up. The Directors have also considered the currency to which the Company's investments are exposed. The Directors believe that US Dollar best represents the functional currency of the Company during the year. Therefore the books and records are maintained in US Dollar. For the purpose of the Financial Statements, the results and financial position of the Company are presented in US Dollar, which has been selected as the presentation currency of the Company.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilites at the year end are translated into the functional currency at the exchange rates prevailing at the year end date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

(iii)Judgements and estimates
The preparation of Financial Statements in accordance with IFRS requires the Board to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a semi-annual basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The most critical judgements, apart from those involving estimates, that management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements are the functional currency of the Company (see note 2(a)(ii)) and the fair value of investments designated to be at fair value through profit or loss (see note 2(b)).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the amounts recognised in the Financial Statements are included in note 6 (c) and relate to the determination of the fair value of financial instruments with significant unobservable inputs.

(iv) New and amended accounting standards
At the date of approval of these Financial Statements, the following standard, which has not been applied in these Financial Statements, was in issue but not yet effective:

- IFRS 9 "Financial Instruments", published in July 2014, will replace the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018 and was endorsed by the EU on 22 November 2016.

The Board does not anticipate that the adoption of IFRS 9 will have a material impact on the Financial Statements of the Company in future periods, as the Company already measures its investments at fair value through profit or loss.

2. Principal accounting policies, continued

(b) Investments at fair value through profit or loss

Recognition and initial measurement
Financial assets and financial liabilities at fair value through profit or loss are initially recognised on the trade date, which is the date on which the Company becomes party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date on which they are originated.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, being the transaction price, with transaction costs recognised in the Statement of Comprehensive Income. Financial assets and financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Classification
An investment is classified at fair value through profit or loss if it is held for trading or it is designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognised in the Statement of Comprehensive Income as incurred. Investments at fair value through profit or loss are measured at fair value and changes therein are recognised in the Statement of Comprehensive Income.

As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, unlisted equities are designated as fair value through profit or loss on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy and information about the Company is provided internally on this basis to the Board.

Investment entity
The investment entities amendment to IFRS 10 requires that a parent entity that has determined it is an investment entity under IFRS 10 is required to measure its investments in subsidiaries, associates and joint ventures at fair value through profit or loss in accordance with the appropriate standard. The criteria which define an investment entity are as follows:

- It has obtained funds from one or more investors for the purpose of providing those investors with investment management services;
- It has committed to its investors that its business purpose is to invest funds solely for the returns from capital appreciation, investment income or both; and
- It measures and evaluates the performance of substantially all of its investments on a fair value basis.

In assessing whether it meets the definition described above, an entity shall consider whether it has the following characteristics of an investment entity:

- It has more than one investment;
- It has more than one investor;
- It has investors that are not related parties of the entities; and
- It has ownership interests in the form of equity or similar interests.

Consideration is also given to the time frame of an investment. An investment entity should not hold its investments indefinitely but should have an exit strategy for their realisation.

The Company meets the definition of an investment entity and will account its investments at fair value through profit or loss in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

2. Principal accounting policies, continued

(b) Investments at fair value through profit or loss, continued

Fair value measurement
"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

If there is no quoted price in an active market, the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

Portfolio investment funds are typically valued utilising the net asset valuations provided by the administrators of the underlying funds and/or their investment managers. Investments in quoted investment funds in a non-active market or unlisted investment funds are included in Level 2 of the fair value hierarchy when fair value is determined based on the net asset values ("NAVs") of the investment fund. Investments in investment funds with material redemption restrictions e.g. gates, suspended NAVs, etc, are included in Level 3 of the fair value hierarchy. Where significant redemption restrictions exist, restricting the Company's ability to realise the investment, the inherent uncertainty in the timing and the range of possible outcomes of any realisation could lead to the differences between the fair value estimate and actual recoverable amounts becoming significant.

If in the case of any investment the Directors at any time consider that the above basis of valuation is inappropriate or that the value determined in accordance with the foregoing principles is unfair, they are entitled to substitute what in their opinion, is a fair value. Where this is the case or where no value is provided by the managers or administrators of the underlying funds, then the fair value is estimated with care and in good faith by the Directors in consultation with the Investment Manager with a view to establishing the probable realisation value for such units or shares as at close of business on the relevant valuation day. This process is also applied, where the Directors deem it necessary, to those funds subject to suspension, gating, side pockets, orderly wind down or liquidation. For further details relating to the techniques used to estimate the fair value of investments, please refer to note 6 (c).

Derecognition
The Company derecognises a financial asset when the contractual cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Comprehensive Income. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

Offsetting
The Company shall offset financial assets and financial liabilities if the Company has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis, or to realise the assets and settle the liability simultaneously.

(Losses)/Gains from financial assets at fair value through profit or loss are presented on a net basis in the Statement of Comprehensive Income.

2. Principal accounting policies, continued

(c) Foreign exchange
Foreign currency assets and liabilities are translated into US Dollar at the rate of exchange ruling at the year end date of GBP:US$ 1.3207 (30 June 2017: GBP:US$ 1.3025).

Transactions in foreign currencies are translated at the rate of exchange ruling on the transaction date. Differences thus arising are recognised in the Statement of Comprehensive Income on a net basis.

(d) Income
Dividend income from investments is recognised when the Company's right to receive payment is established, normally the ex-dividend date.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the original effective interest rate applicable, which is the rate that exactly discounts estimated cash receipts through the expected life of the financial asset to the asset's original cost.

Dividend income and interest income arising from the Company's portfolio of investments are included in Investment income within the Statement of Comprehensive Income.

(e) Expenses
All expenses are accounted for on an accrual basis and are presented as expense items except for expenses that are incidental to the disposal of an investment which are deducted from the disposal proceeds.

(f) Other receivables
Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their carrying value as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying value of these assets approximates their fair value.

(g) Other payables
Other accruals and payables are not interest-bearing, are short term in nature and stated at their nominal value. The carrying value of these liabilities approximates their fair value.

(h) Cash and cash equivalents
Cash includes amounts held in interest bearing overnight accounts. Cash and cash equivalents comprise bank balances and cash held by the Company including short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

(i) Financial liabilities and equity
Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Financial liabilities and equity are recorded at the proceeds received, net of issue costs.

(j) Provisions
A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the obligation can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Segment reporting
The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Company is engaged in a single segment of business, being investment in a portfolio of hedge funds, funds of hedge funds and other similar assets, with a diverse geographical and asset class exposure (see note 7(d)), that business being conducted from Guernsey. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company.

2. Principal accounting policies, continued

(k) Segment reporting, continued

The Board is charged with setting the Company's strategy. It has delegated the day to day implementation of this strategy to the Investment Manager but retains responsibility to ensure that adequate resources of the Company are directed in accordance with its decisions. The divestment decisions of the Investment Manager are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Board. The Investment Manager has been given full authority to act on behalf of the Company, including the authority to sell securities and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto. Whilst the Investment Manager may make the divestment decisions on a day to day basis, any changes to the divestment strategy have to be approved by the Board, even though they may be proposed by the Investment Manager. The Board therefore retains full responsibility as to the major strategic decisions made on an on-going basis. The Investment Manager will always act under the terms of the Investment Management Agreement which cannot be changed without the approval of the Board and the Shareholders.

The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the Company's net asset value per ordinary share ("NAV per share") (see note 10), as calculated under IFRS. A reconciliation between the measure of NAV per share used by the Board and that contained in these Financial Statements is disclosed in note 10.

Geographical information relating to the source of the Company's returns is disclosed in note 7(d).

The Company has a diversified Shareholder population. At the reporting date, only 3 investors had holdings of greater than 5% of the issued share capital of the Company.

3. Expenses

	For the year ended 30 June 2018 US$	**For the year ended 30 June 2017 US$**
Investment Manager's fee and expenses	511,934	909,882
Investment Manager's realisation fees*	444,307	-
	956,241	909,882
Other expenses:		
Directors' remuneration and expenses	129,662	105,080
Accounting, secretarial and administration fees	137,327	170,810
Custodian fee	30,622	59,340
Legal and professional fees	126,537	54,721
Auditor's remuneration	50,893	36,634
Listing & regulatory fees	41,348	17,954
Registrar's fee	56,672	50,573
Directors and officers insurance	6,343	5,855
Commission fees	48,141	-
Sundry expenses	46,691	23,785
	674,236	524,752

*Realisation fees paid to the Investment Manager following the return of capital by way of redeemable B share issues as announced in October 2017 and April 2018.

The Company has no employees. The Directors, all of whom are non-executive, are the only key management personnel of the Company. Their remuneration is paid quarterly in arrears.

Investment management fee

On 6 July 2017, the Company announced that Morgan Creek Capital Management, LLC, had resigned as Investment Manager and Warana Capital, LLC ("Warana") was appointed as the new Investment Manager to the Company. In accordance with the Investment Management Agreement between the Company and Warana dated 6 July 2017, Warana are entitled to a fixed fee of US$500,000 per annum payable quarterly in advance. Warana shall also be entitled to a realisation fee of 5 per cent of the cash distributed to shareholders (calculated before costs of distribution).

In the prior year, the Company was responsible for the fees of Morgan Creek Capital Management, LLC in accordance with the Investment Management Agreement (the "IMA") between the Company and Investment Manager dated 28 August 2015.

3. Expenses, continued

Investment management fee, continued
For the services performed under the IMA, the Company paid Morgan Creek Capital Management, LLC an investment management fee of 0.75 per cent per annum of the net asset value of the ordinary shares at the relevant valuation dates in each year.

Investment management fees for the year totalled US$956,241 (30 June 2017: US$909,882), made up of the fixed annual fee of US$500,000, US$444,307 realisation fees and £11,934 of expenses incurred on behalf of the Company (30 June 2017: US$37,304 expenses), of which US$nil (30 June 2017: US$210,894) was outstanding at the year end.

Administration fees
With effect from 14 July 2015, Praxis Fund Services Limited (the "Administrator") was appointed as Administrator of the Company. Pursuant to the terms of the Administration and Secretarial Agreement between the Company and the Administrator, the Administrator is entitled to receive an administration fee and company secretarial fee, payable monthly in arrears, at the rate of 0.075 per cent per annum of the net assets of the Company, subject to a minimum fee of £95,000 per annum, plus disbursements.

The Administration Agreement can be terminated by either party in writing giving no less than three months notice.

Administration fees for the year totalled US$137,327 (30 June 2017: US$170,810), of which US$nil (30 June 2017: US$49,766) was outstanding at the year end.

Custodian fee
With effect from 24 July 2015, Citibank N.A. (London Branch) (the "Custodian") was appointed as Custodian to the Company. In respect of services provided under the Custodian Agreement, the Company pays the Custodian a quarterly fee at the rate of 0.035 per cent per annum of the net assets of the Company, subject to a minimum fee of US$70,000 per annum. Investment transaction fees of US$150 per trade are also payable.

The Custodian Agreement can be terminated by either party in writing on 60 days' notice. The Custodian does not have any decision making discretion relating to the investment of the assets of the Company.

Custodian fees for the year totalled US$30,622 (30 June 2017: US$59,340), of which US$34,935 (30 June 2017: US$76,211) was outstanding at the year end.

4. Tax status
The Company is exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. A fixed annual fee of £1,200 is payable to the States of Guernsey in respect of this exemption.

5. Loss per ordinary share
Basic loss per ordinary share is calculated by dividing the total comprehensive loss for the year by the weighted average number of ordinary shares in issue during the year.

		For the year ended 30 June 2018	
	Total comprehensive loss for the year	Weighted average number of ordinary shares in issue	Loss per ordinary share
	US$	No.	
Ordinary shares	(53,045,630)	146,644,387	(36.17)¢

		For the year ended 30 June 2017	
	Total comprehensive loss for the year	Weighted average number of ordinary shares in issue	Loss per ordinary share
	US$	No.	
Ordinary shares	(2,247,564)	146,544,550	(1.53)¢

6. Fair value of financial instruments

(a) Investments at fair value through profit or loss

		30 June 2018 US$	30 June 2017 US$
Opening fair value		106,988,113	121,176,353
Purchases*		500,827	2,031,519
Sales	– proceeds	(14,407,559)	(15,430,585)
	– realised gains on sales	268,471	382,523
Movement in unrealised losses on investments		(51,749,993)	(1,171,697)
Closing fair value		41,599,859	106,988,113
Closing cost carried forward		112,144,155	125,782,416
Unrealised losses on investments		(70,544,296)	(18,794,303)
Closing fair value carried forward		41,599,859	106,988,113

* includes investments acquired through the issue of shares in the Company.

Please refer to the Investment Manager's Report and to note 7(d) for strategic and geographical exposures within the Company's investment portfolio.

(b) Net (losses)/gains on financial assets at fair value through profit or loss

	30 June 2018 US$	30 June 2017 US$
Net realised gains on financial assets at fair value through profit or loss		
- Designated as at fair value through profit or loss	268,471	382,523
Movement in unrealised losses on financial assets at fair value through profit and loss		
- Designated as at fair value through profit or loss	(51,749,993)	(1,171,697)
Net losses on financial assets at fair value through profit or loss	(51,481,522)	(789,174)

(c) Valuation models

None of the Company's financial assets and financial liabilities are traded in active markets and therefore the Company is unable to base the fair value of its financial assets and financial liabilities on quoted market prices or broker price quotations. For all financial instruments, the Company determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1 - Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3 - Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes investments in unlisted investment funds that have redemption restrictions in place.

6. Fair value of financial instruments, continued

(c) Valuation models, continued

Valuation techniques include underlying manager, third party administrator, net asset value reports, observable market prices where they exist and other valuation models. Assumptions and inputs used in valuation techniques include foreign exchange rates and expected price volatilities and correlations, as well as eventual recovery assumptions and time taken to recover value.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Investments in redemption restricted unlisted open-ended investment funds or unlisted private equity investments are typically valued utilising the net asset valuation provided by the administrator of the underlying fund and/or its investment manager. The Investment Manager considers the Company’s ability to redeem its investment in the investee fund/company on the reporting date based on the reported net asset value per share, which will determine whether the investee fund/company will be categorised within Level 2 or Level 3 of the fair value hierarchy.

Where normal policies of the investee fund/company provide for a significant redemption notice period or where other material redemption restrictions such as gates or suspended NAV’s exist, the investee fund/company will be categorised at Level 3 in the fair value hierarchy (“redemption restricted funds”). This classification reflects the consideration of whether adjustments to the reported NAV are required to reflect the inherent uncertainty in the timing and the range of possible outcomes of any realisation between the reported NAV and ultimate recoverable amount which may be different and such differences could be material.

The Company’s Portfolio is made up solely of redemption restricted funds. For the full Portfolio, the Investment Manager has considered whether the latest available reported net assets of these underlying investments reflect their probable realisation values. Where this is not the case, the Board, in consultation with the Investment Manager, has adjusted the carrying fair value of those assets accordingly. Because of the inherent uncertainty of valuing these underlying investments arising from their illiquid nature, the values of these underlying investments may differ significantly from the values that would have been used had a ready market for the investments existed and such differences could be material.

During September 2017, the Investment Manager developed a discounting process to evaluate the portfolio as objectively as possible by taking into account the quality of information received from the underlying funds, their valuation processes, geographical locations and risks associated with the assets. Where possible, the analysis is then checked against observable secondary market activity.

The increase in input discounts as at 30 June 2018 has resulted in a decrease in the fair value of the portfolio of approximately US$64,613,100 when compared to the discounts applied as at 30 June 2017.

6. Fair value of financial instruments, continued

(c) Valuation models, continued

The table below sets out information about significant unobservable inputs used as at 30 June 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	30 June 2018 Fair Value (US$)	Valuation Technique	Unobservable Inputs	Discount applied	Sensitivity to changes in significant unobservable inputs	Quantitative disclosure of impact on Fair Value of changes in unobservable inputs to reasonable alternatives
Unlisted open-ended investment funds (redemption restricted)	1,541,748	Adjusted net asset value	Discounts based on: -Alternative outcome advised by underlying manager, liquidator or other authorised party	30% - 100%	The fair value would decrease if the underlying input discount were higher. The estimated fair value would increase if the discount were lower.	A 10% increase/decrease in the input discounts used for the relevant investments in this category would result in a (decrease)/increase respectively in fair value of approximately (US$900,000) /US$1,619,000.
	36,986,039	Adjusted net asset value	Discounts based on some or all of the following: -Delay in NAV reporting -Liquidator appointed -Unwillingness of manager to provide asset level information -Annual Financial Statements not produced on schedule -No third party administrator -Asset or Manager based in Emerging Markets Country - Exposure to assets which are caught up in legal proceedings, resulting in lack of certainty of full recovery -Asset leverage -Recent secondary market trading activity	10% - 100%	The fair value would decrease if the underlying input discount were higher. The estimated fair value would increase if the discount were lower.	A 10% increase/decrease in the input discounts used for the relevant investments in this category would result in a (decrease)/increase respectively in fair value of approximately (US$7,800,000) /US$8,856,000.
	3,072,072	Unadjusted net asset value	No unobservable inputs are disclosed as these are not generated internally	N/A	N/A	A 10% increase/decrease in the unadjusted net asset value category of investments would result in an approximate decrease/increase in fair value of US$307,000.
Total investments	**41,599,859**					

6. Fair value of financial instruments, continued

(c) Valuation models, continued

The table below sets out information about significant unobservable inputs used as at 30 June 2017 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

<table>
<tr><th>Description</th><th>30 June 2017 Fair Value (US$)</th><th>Valuation Technique</th><th>Unobservable Inputs</th><th>Discount applied</th><th>Sensitivity to changes in significant unobservable inputs</th><th>Quantitative disclosure of impact on Fair Value of changes in unobservable inputs to reasonable alternatives</th></tr>
<tr><td rowspan="4">Unlisted open-ended investment funds (redemption restricted)</td><td>-</td><td>Adjusted net asset value</td><td>Discounts for:
Full provision against NAV statement for potential failure to recover value</td><td>100%</td><td>The estimated fair value would increase should an unanticipated recovery be realised.</td><td>As the maximum discount of 100% is already applied, there is no potential for a further decrease in fair value in this category.
If a decrease of 10% in the discount for potential failure to recover value were applied, this would result in an increase in fair value of approximately US$135,000.</td></tr>
<tr><td>4,801,698</td><td>Adjusted net asset value</td><td>Discounts for:
- Anticipated difficulty in recovering NAV
- Lack of certainty over timeframe to realisation
- No efficient or fair secondary market for liquidation</td><td>50%</td><td>The fair value would decrease if the underlying input discount were higher.
The fair value would increase if the underlying input discount were lower.</td><td>A 10% increase/decrease in the input discounts used for the relevant investments in this category would result in a decrease/increase respectively in fair value of approximately US$480,000.</td></tr>
<tr><td>1,104,515</td><td>Adjusted net asset value</td><td>Discounts for:
- Exposure to assets which are caught up in legal proceedings, resulting in lack of certainty of full recovery</td><td>45%</td><td>The fair value would decrease if the underlying input discount were higher.
The fair value would increase if the underlying input discount were lower.</td><td>A 10% increase/decrease in the input discounts used for the relevant investments in this category would result in a decrease/increase respectively in fair value of approximately US$110,000.</td></tr>
<tr><td>101,081,900</td><td>Unadjusted net asset value</td><td>No unobservable inputs are disclosed as these are not generated internally</td><td>N/A</td><td>N/A</td><td>A 10% increase/decrease in the unadjusted net asset value category of investments would result in an approximate decrease/increase in fair value of US$10,108,000.</td></tr>
<tr><td>Total Investments</td><td>106,988,113</td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

6. Fair value of financial instruments, continued

(c) Valuation models, continued

Significant unobservable inputs are developed as follows:

- *Discount for anticipated difficulty in recovering NAV:* The Investment Manager has observed that for a number of reasons, it may not be possible for an underlying fund to recover the full value of its assets. These reasons include, without limitation, the possibility that those assets will not be recognised by a governmental authority and insolvency proceedings affecting the underlying assets. The Investment Manager has also observed that these risks have not been taken into account when the net asset value of the underlying fund has been calculated. The Board, acting with the advice of the Investment Manager, has formed the view based on its judgement that a discount should be applied to reflect the fact that there is a material possibility that less than the current stated net asset value of the underlying fund will be recoverable.

- *Discount for lack of certainty over time frame to realisation:* The Investment Manager has observed that for a number of reasons, it may not be possible for the Company to recover the full value of these assets within a specified time frame. These reasons include, without limitation the fact that the underlying positions are extremely illiquid and dependent upon external factors outside of the underlying Investment manager's control.

- *Discount for no efficient or fair secondary market for liquidation:* The Investment Manager has observed that although a reasonably developed secondary market exists for most illiquid hedge fund portfolios there are some assets and portfolios that the secondary market has not been able to effectively research. This results in an extremely depressed secondary price and liquidity mainly due to the poor information available.

- *Discount for assets which are caught up in legal proceedings:* The Investment Manager has observed that it may not be possible for the Company to recover the full value of these assets due to very complicated legal proceedings mainly surrounding their ownership and clean title.

- *Discount for advice of alternative outcome:* The Investment Manager has observed advice from underlying managers, liquidators or authorised parties that they expect recovery to be materially less than the stated NAV.

- *Discount for lack of/delayed information:* If the NAVs or the audited financial statements of the underlying assets are delinquent and/or not provided on time the Investment Manager will apply a discount.

- *Discount for geographic, political or currency related risks:* The Investment Manager will apply an additional discount is applied if there is a perceived geographic, political or currency related risk.

  Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on net assets attributable to holders of shares.

	30 June 2018	
	Favourable	Unfavourable
Change in fair value of investments	US$10,782,000	US$(9,007,000)

	30 June 2017	
	Favourable	Unfavourable
Change in fair value of investments	US$10,833,000	US$(10,698,000)

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the valuation of unlisted open-ended investment funds (redemption restricted) have been calculated by recalibrating the net asset values of 44 underlying funds (30 June 2017: 44 underlying funds) using unobservable inputs. The most significant unobservable inputs are discounts for delay in cash realisation compared to a model, failure to recover certain assets, potential lack of available financing and potential lack of market exit and a reduction in value to reflect discounts needed to achieve exit. The above figures also include a 10% sensitivity analysis on the fair values of the remaining investments in the Company's portfolio for which no unobservable inputs are applied.

6. Fair value of financial instruments, continued

(c) Valuation models, continued

See below for a reconciliation between reported net asset value and fair value of investee funds/companies recognised in the Financial Statements where the Directors have estimated the fair value of certain investments as at 30 June 2018 and 30 June 2017.

As at 30 June 2018 and as described in the table on pages 40 – 41, the Directors, in consultation with the Investment Manager, have applied adjustments against net asset values to 44 investment funds (30 June 2017: 44 investments funds) in the Portfolio due to illiquidity and/or restrictions on redemptions, among other factors. The following table summarises the write downs in terms of percentages applied to the relevant Level 3 investments:

30 June 2018	Investments valued at NAV US$	Fair value adjustment US$	Fair value US$
Level 3 investments with fair value adjustments of:			
10%	112,510	(11,251)	101,259
30%	3,692,231	(1,107,669)	2,584,562
40%	41,335,079	(16,534,032)	24,801,047
63%	2,160,464	(1,361,092)	799,372
65%	3,141,140	(2,041,740)	1,099,400
70%	26,482,343	(18,537,641)	7,944,702
80%	1,873,901	(1,499,121)	374,780
90%	432,479	(389,231)	43,248
93.6%	1,647,583	(1,542,882)	104,701
95%	13,484,303	(12,810,088)	674,215
99%	50,069	(49,568)	501
100%	10,340,067	(10,340,067)	-
	104,752,169	(66,224,382)	38,527,787
Level 3 investments without fair value adjustments			3,072,072
Total fair value of investments			41,599,859

30 June 2017	Investments valued at NAV US$	Fair value adjustment US$	Fair value US$
Level 3 investments with fair value adjustments of:			
45%	2,008,209	(903,694)	1,104,515
50%	9,603,396	(4,801,698)	4,801,698
100%	1,348,878	(1,348,878)	-
	12,960,483	(7,054,270)	5,906,213
Level 3 investments without fair value adjustments			101,081,900
Total fair value of investments			106,988,113

6. Fair value of financial instruments, continued

(d) Fair value hierarchy

The following table presents the Company's financial assets at fair value through profit or loss by level within the valuation hierarchy:

	30 June 2018	% of net assets
Fair value assets	**US$**	**%**
Level 3 - Investments valued at fair value		
Unlisted open-ended investment funds	41,599,859	84.5

	30 June 2017	% of net assets
Fair value assets	**US$**	**%**
Level 3 - Investments valued at fair value		
Unlisted open-ended investment funds	106,988,113	96.3

The table below provides a reconciliation from opening balance to closing balance for assets and liabilities measured at fair value on a recurring basis using Level 3 inputs:

	30 June 2018	30 June 2017
	US$	**US$**
Opening fair value	106,988,113	121,176,353
Purchases	500,827	2,031,519
Sales/distributions - proceeds	(14,407,559)	(15,430,585)
- realised gains on sales	268,471	382,523
Movement in unrealised losses recognised through profit or loss	(51,749,993)	(1,171,697)
Closing fair value	41,599,859	106,988,113
Closing cost carried forward	112,144,155	125,782,416
Unrealised losses on investments	(70,544,296)	(18,794,303)
Closing fair value carried forward	41,599,859	106,988,113
Total unrealised losses recognised on financial assets at fair value through the profit or loss held at the end of the year	(70,544,296)	(18,794,303)

The Company recognises transfers between levels of fair value hierarchy as of the end of each reporting period which the transfer has occurred.

There were no transfers between any fair value hierarchy levels during the current year (30 June 2017: no transfers).

7. Financial risk management:

Financial risk factors

The Company is exposed to a variety of financial risks: market risk (including price risk, fair value interest rate risk, cash flow interest rate risk and currency risk), credit risk and liquidity risk. The risk management policies employed by the Company to manage these risks are discussed below. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

(a) Market risk

The Company's activities expose it primarily to the market risks of changes in foreign currency exchange rates, interest rates and market prices.

Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Company is exposed to market price risk arising from the investment in a variety of hedge funds. The funds may be subject to valuation risk due to the manner and timing of the valuations of their investments. Investments in the funds may be valued by fund administrators or by the fund managers themselves, resulting in valuations which were not verified by an independent third party on a regular or timely basis.

As at the year end, the Company was directly exposed to market price risk arising from its investments. The Investment Manager manages the market price risk on a daily basis through careful selection of investments in accordance with the Company's investment objective and policy, and through ongoing analysis of the Company's investments to determine the optimal strategy for achieving the realisation of assets for the benefit of shareholders.

Please refer to page 40 for details of price sensitivity.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

As at the year end, the Company's interest rate risk was managed on a monthly basis by the Investment Manager in accordance with the policies and procedures in place. The Company's overall interest rate risk will be monitored on a quarterly basis by the Board.

Although the Company's investments at fair value through profit or loss are not interest-bearing and are not directly subject to interest rate risk, the values of the underlying assets owned by the Company's investments may be affected by fluctuations in interest rates. The Company is therefore indirectly exposed to interest rate risk in respect of these investments. However, the Investment Manager and the Board do not consider that it is meaningfully feasible to measure the effect on the valuations of the Company's investments of such fluctuations, and accordingly, the interest rate sensitivity analysis below is limited to the exposure to interest rate risk of the Company's assets which are directly exposed to interest rate risk.

7. Financial risk management, continued

(a) Market risk, continued
Interest rate risk, continued

The table below summarises the Company's exposure to interest rate risk:

Assets	Interest-bearing assets	Non interest-bearing assets	Total
	30 June 2018	30 June 2018	30 June 2018
	US$	US$	US$
Cash and cash equivalents	4,423,548	-	4,423,548
Other receivables (excluding prepayments)	-	3,277,754	3,277,754
Investments at fair value through profit or loss	-	41,599,859	41,599,859
Total assets	**4,423,548**	**44,877,613**	**49,301,161**

Liabilities	Interest-bearing liabilities	Non interest-bearing liabilities	Total
	30 June 2018	30 June 2018	30 June 2018
	US$	US$	US$
Other payables	-	90,911	90,911
Total liabilities	-	**90,911**	**90,911**

Assets	Interest-bearing assets	Non interest-bearing assets	Total
	30 June 2017	30 June 2017	30 June 2017
	US$	US$	US$
Cash and cash equivalents	4,264,030	-	4,264,030
Other receivables(excluding prepayments)	-	187,380	187,380
Investments at fair value through profit or loss	-	106,988,113	106,988,113
Total assets	**4,264,030**	**107,175,493**	**111,439,523**

Liabilities	Interest-bearing liabilities	Non interest-bearing liabilities	Total
	30 June 2017	30 June 2017	30 June 2017
	US$	US$	US$
Other payables	-	379,087	379,087
Total liabilities	-	**379,087**	**379,087**

Interest rate sensitivity
As at 30 June 2018, should interest rates have increased by 50 basis points with all other variables held constant, the increase in net assets attributable to holders of ordinary shares for the year would amount to approximately US$22,118 (30 June 2017: US$21,320). A decrease of 50 basis points would have had an equal, but opposite, effect. The calculations are based on the cash balance at the reporting date and are not representative of the year as a whole.

The above interest rate sensitivity analysis does not reflect any indirect interest rate risk that may arise resulting from the exposure of emerging market economies to changes in global interest rates.

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

7. Financial risk management, continued

(a) Market risk, continued
Currency risk, continued

The Company is invested directly in funds, funds of funds and other similar assets. Some of the underlying assets and liabilities of the Company as at 30 June 2018 and 30 June 2017 are denominated in currencies other than US Dollar (BRL – Brazilian Real; UAH – Ukrainian Hryvnia; RMB – Chinese Yuan; INR – Indian Rupee; GBP – Sterling). These currency exposures are unhedged. The carrying amounts of the Company's assets and liabilities are as follows:

30 June 2018	BRL	UAH	RMB	INR	GBP	USD/Other	Total
	US$	US$	US$	US$	US$	US$	US$
Assets							
Cash and cash equivalents	-	-	-	-	508,645	3,914,903	4,423,548
Prepayments	-	-	-	-	11,968	1,601	13,569
Other receivables	-	-	-	-	-	3,277,754	3,277,754
Investments at fair value through profit or loss	25,297,697	5,986,832	1,951,284	-	-	8,364,046	41,599,859
	25,297,697	5,986,832	1,951,284	-	520,613	15,558,304	49,314,730
Liabilities							
Other payables	-	-	-	-	55,976	34,935	90,911
	-	-	-	-	55,976	34,935	90,911

30 June 2017	BRL	UAH	RMB	INR	GBP	USD/Other	Total
	US$	US$	US$	US$	US$	US$	US$
Assets							
Cash and cash equivalents	-	-	-	-	811,462	3,452,568	4,264,030
Prepayments	-	-	-	-	6,360	1,316	7,676
Other receivables	-	-	-	-	-	187,380	187,380
Investments at fair value through profit or loss	53,228,714	20,828,348	5,422,726	6,995,345	-	20,512,980	106,988,113
	53,228,714	20,828,348	5,422,726	6,995,345	817,822	24,154,244	111,447,199
Liabilities							
Other payables	-	-	-	-	91,982	287,105	379,087
	-	-	-	-	91,982	287,105	379,087

7. Financial risk management, continued

(a) Market risk, continued
Currency risk, continued

Foreign exchange rate sensitivity
As at 30 June 2018 and 30 June 2017, should the US Dollar exchange rate increase/decrease against the above currencies by the reasonably possible proportions detailed below, with all other variables held constant, the decrease/increase in net assets attributable to holders of ordinary shares would be as follows:

	Possible change in exchange rate	30 June 2018 net exposure US$	30 June 2018 effect on net assets and profit or loss US$
US$/BRL	+/- 25%	25,297,697	-/+6,324,424
US$/UAH	+/- 30%	5,986,832	-/+1,796,050
US$/RMB	+/- 10%	1,951,284	-/+195,128
US$/INR	+/- 10%	-	-
US$/GBP	+/- 10%	464,637	-/+46,464
		33,700,450	-/+8,362,066

	Possible change in exchange rate	30 June 2017 net exposure US$	30 June 2017 effect on net assets and profit or loss US$
US$/BRL	+/- 25%	53,228,714	-/+13,307,179
US$/UAH	+/- 30%	20,828,348	-/+6,248,504
US$/RMB	+/- 10%	5,422,726	-/+542,273
US$/INR	+/- 10%	6,995,345	-/+699,534
US$/GBP	+/- 10%	725,840	-/+72,584
		87,200,973	-/+20,870,074

(b) Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Investment credit risk
Credit risk generally is higher when a non-exchange traded financial instrument is involved, because the counter party is not backed by an exchange clearing house.

The Company is exposed to credit risk through its direct investments in funds and funds of funds. The Company holds a few relatively large positions in relation to the net assets of the particular funds. Consequently, a loss in any such position could result in significant losses to the Company. Certain investee funds of the Company also had redemption terms that had been amended to permit gates, suspensions and side pockets. As a result the Company may not be able to quickly liquidate its investments in these investee funds at an amount close to their fair value.

The carrying amounts of the financial assets less prepayments and cash balances in the Statement of Financial Position best represent the maximum credit risk exposure at the year end date.

Substantially all of the assets of the Company at the year end were held by Citibank N.A. (the “Custodian”). Bankruptcy or insolvency of the Custodian may cause the Company’s rights with respect to securities held by the Custodian to be delayed or limited. The maximum exposure to credit risk at the Custodian level is US$46,023,407 (30 June 2017: US$111,252,143), the carrying value of the securities and cash held by the Custodian.

7. Financial risk management, continued

(b) Credit risk, continued

Cash credit risk
The Company monitors its risk by monitoring the credit ratings of the Custodian. At the year end the long-term credit ratings of the Custodian as at 30 June 2018 was A+ (30 June 2017: A+) as rated by Standard and Poor's and A1 (30 June 2017: A1) by Moody's.

The maximum credit risk exposure in relation to the Company's cash balances is best represented by the carrying value of the cash balances in the Statement of Financial Position.

(c) Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities.

The Company is mainly invested in securities which lack an established secondary trading market or are otherwise considered illiquid. Liquidity of a security relates to the ability to easily dispose of the security and the price obtained and does not generally relate to the credit risk or likelihood of receipt of cash at maturity.

The Company's liquidity risk is managed by the Investment Manager in accordance with its policies and procedures. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The markets for most of the securities owned by the Company are illiquid, making purchases or sales of securities at desired prices or in desired quantities difficult or impossible. Because of inherent uncertainty of valuing these investments, arising from their illiquid nature, the values of these investments may differ significantly from the values that would have been used had a ready market for the investments existed, and such differences could be material.

The table below analyses how quickly the Company's assets can be liquidated to meet the obligation of maturing liabilities.

Maturity Analysis

As at 30 June 2018	Less than 1 month	1-12 months	>12months	No stated maturity	Total
Assets	**US$**	**US$**	**US$**	**US$**	**US$**
Investments at fair value through profit or loss	-	-	-	41,599,859	41,599,859
Cash and cash equivalents	4,423,548	-	-	-	4,423,548
Other receivables	12,132	3,265,622	-	-	3,277,754
	4,435,680	3,265,622	-	41,599,859	49,301,161
Liabilities					
Other payables	90,911	-	-	-	90,911
	90,911	-	-	-	90,911

As at 30 June 2017	Less than 1 month	1-12 months	>12months	No stated maturity	Total
Assets	**US$**	**US$**	**US$**	**US$**	**US$**
Investments at fair value through profit or loss	-	-	-	106,988,113	106,988,113
Cash and cash equivalents	4,264,030	-	-	-	4,264,030
Other receivables	-	187,380	-	-	187,380
	4,264,030	187,380	-	106,988,113	111,439,523
Liabilities					
Other payables	379,087	-	-	-	379,087
	379,087	-	-	-	379,087

The Company's investments in funds are shown as having maturity dates in line with the table above. However, they may be liable to redemption gating, suspension or the creation of side-pockets for illiquid assets at the discretion of the underlying fund manager.

7. Financial risk management, continued

(d) Concentration Risk
The geographical concentration of the Company's portfolio is as follows:

	30 June 2018	30 June 2017
	US$	US$
Brazil	25,297,697	53,228,714
Ukraine	5,986,832	20,828,348
China	1,951,284	5,422,726
India	-	6,995,345
Other	8,364,046	20,512,980
Total	41,599,859	106,988,113

The concentration of the Company's portfolio by asset class is as follows:

	30 June 2018	30 June 2017
	US$	US$
Credit/Bonds	27,733,239	56,214,095
Real Estate	9,757,992	42,047,234
Equity	4,108,628	8,726,784
Total	41,599,859	106,988,113

(e) Capital risk management
The capital structure of the Company consists of equity attributable to holders of ordinary shares, comprising share capital as detailed in note 8 and retained earnings. The Company does not have any externally imposed capital requirements.

The Company manages its capital in accordance with the investment policy, in pursuit of its investment objective as detailed on page 2. The Company does this by investing sufficient available resources whilst maintaining cash and cash equivalents amounts for working capital requirements. The Directors currently maintain a policy of retaining 24 months' cash resources to meet ongoing liabilities. The Directors have based this policy, on the advice of the Investment Manager and having regard to the profile of the investments, on the assumption that during the period these resources will be replenished by realisation of investments.

In addition, at an Extraordinary General Meeting held on 14 July 2016, shareholders approved an amendment to the Company's Articles to allow for the return of capital to shareholders. Under the terms of the return of capital to shareholders, shareholders will receive B shares pro rata to their holding of ordinary shares at the time of the issue of the B shares. Each B share will be redeemed by the Company on the redemption date for the redemption price. The Company will only return capital to shareholders once material distributions are received from the underlying investment portfolio and subject to the retention of sufficient cash resources to meet ongoing working capital requirements.

The Company expects to be very prudent in its use of borrowings due to the illiquid nature of the portfolio; however, the Company will have the ability to borrow up to 25 per cent of its net assets for short-term purposes. It is not intended for the Company to have any long-term or fixed structural gearing. The Company may be indirectly exposed to gearing to the extent that the Company's investee funds or segregated portfolios are geared by the external managers.

8. Share capital

Authorised capital
The Company has the power to issue an unlimited number of shares of nil par value. The ordinary shares were issued at the issue price of US$1.00.

By written resolution of the Company passed on 15 December 2016, the Directors were authorised to issue shares up to a maximum aggregate nominal amount of US$146,644.

The Company is authorised to make market purchases of up to 14.99 per cent of the shares in issue immediately following Admission, such authority to expire at the conclusion of the next annual general meeting of the Company or, if earlier, 18 months after the resolution was passed.

8. Share capital, continued

Issued share capital

Ordinary shares	**30 June 2018**	
	No.	**US$**
Share capital at the beginning of the year	146,644,387	132,057,777
Distributions	-	(8,798,663)
Share capital at the end of the year	146,644,387	123,259,114

Ordinary shares	**30 June 2017**	
	No.	**US$**
Share capital at the beginning of the year	146,056,635	146,213,045
Issues of ordinary shares	587,752	509,170
Distributions	-	(14,664,438)
Share capital at the end of the year	146,644,387	132,057,777

At an Extraordinary General Meeting held on 14 July 2016, shareholders approved an amendment to the Company's Articles to allow for the return of capital to shareholders. Under the terms of the return of capital to shareholders, shareholders will receive B shares pro rata to their holding of ordinary shares at the time of the issue of the B shares. Each B share will be redeemed by the Company on the redemption date (without any further action from shareholders) for the redemption price. Following redemption each B share will be cancelled.

On 30 October 2017, the Board announced that it had resolved to return an amount of US$0.03 per ordinary share to shareholders, in total US$4,399,332, to be effected through the issue and subsequent redemption of redeemable B shares. All such redemption payments were made on 10 November 2017.

On 6 April 2018, the Board announced that it had resolved to return an amount of US$0.03 per ordinary share to shareholders, in total US$4,399,331, to be effected through the issue and subsequent redemption of redeemable B shares. All such redemption payments were made on 19 April 2018.

B shares	**30 June 2018**	
	No.	**US$**
Share capital at the start of the year	-	-
Issue of B shares during the year*	293,288,774	8,798,663
Redeemed and cancelled during the year	(293,288,774)	(8,798,663)
Share capital at the end of the year	-	-

B shares	**30 June 2017**	
	No.	**US$**
Share capital at the start of the year	-	-
Issue of B shares during the year*	293,288,774	14,664,438
Redeemed and cancelled during the year	(293,288,774)	(14,664,438)
Share capital at the end of the year	-	-

* non-cash issuance of B shares in order to return capital to shareholders upon redemption.

9. Other receivables

	30 June 2018	**30 June 2017**
	US$	**US$**
Custodian receivable (3D Prop Co redemption)	2,937,246	-
Other receivables	328,376	187,380
	3,265,622	187,380

10. Net asset value per ordinary share

For the Published net asset value, financial assets are fair valued based on the latest available information at that time. During the post year end period and prior to the completion of this report, updated price information for financial assets at the reporting date is used within these Financial Statements if it becomes available. Accordingly the net asset value and reconciling items are as shown in the table below:

Ordinary share class	**Net asset value**	**Number of ordinary shares in issue**	**Net asset value per ordinary share**
As at 30 June 2018	**US$**	**No.**	
Published net asset value	49,707,787	146,664,387	33.90¢
Fair value adjustments	(483,968)	-	(0.33)¢
Net asset value per Financial Statements	49,223,819	146,644,387	33.57¢

Ordinary share class	**Net asset value**	**Number of ordinary shares in issue**	**Net asset value per ordinary share**
As at 30 June 2017	**US$**	**No.**	
Published net asset value	112,891,146	146,664,387	76.98¢
Fair value adjustments	(1,823,034)	-	(1.24)¢
Net asset value per Financial Statements	111,068,112	146,644,387	75.74¢

11. Related party transactions and Directors' interests

The Investment Manager and the Directors were regarded as related parties during the year. The only related party transactions during the year are described below:

The fees and expenses paid to the Investment Manager are explained in note 3. The investment management fee during the year was US$ 956,241 (30 June 2017: US$909,882), of which the balance payable at the end of the year was US$nil (30 June 2017: US$210,894).

As at the last reported share register dated 23 October 2018, the Investment Manager did not hold any shares in the Company.

As at 30 June 2018 and 30 June 2017, the interests of the Directors and their families who held office during the year are set out below:

	30 June 2018 Number of ordinary shares	**30 June 2017 Number of ordinary shares**
Quentin Spicer (Chairman)	-	-
Dr Richard Berman	-	-
Anthony Pickford	100,000	50,000

Anthony Pickford received a total of US$3,000 in capital returns through the issue and subsequent redemption of redeemable B shares in October 2017 and April 2018.

As announced on 27 June 2018, Anthony Pickford acquired 50,000 Ordinary Shares in the Company on the Main Market of the London Stock Exchange at US$0.1794 per share.

No Director, other than those listed above, and no connected person of any Director, has any interest, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director, whether or not held through another party, in the share capital of the Company.

Fees and expenses paid to the Directors of the Company during the year were US$129,662 (30 June 2017: US$105,080). At 30 June 2018, there were no outstanding Director fees payable (30 June 2017: US$254 had been prepaid).

12. Subsequent events

There were no significant post year end events that require disclosure in these Financial Statements.

ALTERNATIVE LIQUIDITY FUND LIMITED
SCHEDULE OF INVESTMENTS
As at 30 June 2018

Number of Shares	Description	Fair Value	% of net assets
BRL (30 June 2017: 0.26%)			
190.8665	Autonomy Fund II D Ltd BRL	18,270	0.04
		18,270	0.04
GBP (30 June 2017: 2.88%)			
594,053.6700	South Asian Real Estate Limited	-	-
		-	-
USD (30 June 2017: 93.19%)			
1.0000	3DPropCo Limited Class A October 2011	-	-
2,000,003.8600	AARKAD PLC	163,750	0.33
34,851,756.1400	AARKAD-USD	288,573	0.59
10,537.3400	Abax Arhat Fund Class Unrest Red Series 1 Jul 07	1,918,438	3.90
159,377.9300	Abax Upland Fund LLC Redeeming CL	32,845	0.07
29,185.3700	AG MFund LP ABSPVINT SDL ACGFILP	-	-
33,621.0755	Aramid Distribution Trust - QSAM	-	-
3,362.1076	Aramid Distribution Trust GUARDIAN	-	-
11,499.1570	Argo Special Situations Fund LP	1,099,400	2.23
956.7213	Autonomy Fund II C Ltd Class II LTV S1	125,101	0.25
3,189.7600	Autonomy Cap Glbl Macro FD Designated Inv SH CL	-	-
105.0513	Autonomy Fund II C Ltd Class II C LTV S2	13,736	0.03
0.0463	Autonomy Fund II C Ltd Class II C LTV S3	6	0.00
0.6043	Autonomy Fund II C Ltd Class II C LTV S4	79	0.00
2.3370	Autonomy Fund II C Ltd Class II C LTV S5	306	0.00
0.1817	Autonomy Fund II C Ltd Class II C LTV S6	24	0.00
231.4794	Autonomy Fund II C Ltd Class II C LTV S7	30,268	0.06
120.9328	Autonomy Fund II C Ltd Class II C LTV S8	15,813	0.03
1.6573	Autonomy Fund II C Ltd Class II C LTV S9	217	0.00
9.2554	Autonomy Fund II C Ltd Class II C LTV S10	1,210	0.00
1.0000	Autonomy Rochevera Class A share Somers Dublin	68,363	0.14
5,909.3783	Autonomy Rochevera Limited Class A shares (2018)	528,594	1.07
563.4800	Bennelong Asia Pacific	6,587	0.01
9,590,340.6400	Blue Sugars Corporation Common Stock USD	-	-
1.0000	Clearwater Capital Ptnrs Opportunities Fund LP	18,461	0.04
1.0000	Clearwater Capital Ptnrs Long Term Value Fund-SP	-	-
1.0000	Clearwater Capital Ptnrs Opp Fund LP-SP (Green)	7,389	0.02
1.0000	Clearwater Capital Ptnrs Opp Fund LP-SP (Signet)	41,810	0.08
195,475.2620	Denholm HAL AR-B Red	-	-
600,000.0000	Duet India Hotels Limited	-	-
1.0000	Galileo Capital Partners LLC	301,770	0.61
1,443.5430	GLG Emerg Markets Growth Fund - CLA	101,259	0.21
11,308.6850	Growth Management Ltd	1,809,293	3.67
20,665.3600	Growth Premier Fund IC Class A	707,608	1.44
4,223,308.2300	Lomond Capital LLC	221,893	0.45
1,833.2788	Longview Fund Intl Ltd Class B USD (2/25) 05/2007	41,204	0.08
10,948.3823	Longview Fund Intl Ltd Class B USD Initial Series	288,438	0.59
1,832.8077	Longview Fund Intl Ltd Class B USD(1.5/25) 02/2007	38,633	0.08
2,000.0000	NUR Energie Limited ‘A’ Preference Shares	-	-
1,200.0000	NUR Energie Limited Class B Preference Shares	-	-
7,177.0000	NUR Energie Limited Ordinary Shares EUR 1	-	-
346.6420	Quantek Master Fund SPC Ltd Feeder LP	6,505	0.01
203.4500	RD Legal Funding Offshore Ltd Class A USD S D1	23,328	0.05
188.8700	RD Legal Funding Offshore Ltd Class A USD S D2	19,920	0.04
3.0880	Ritchie Multi-Strategy Global CL-S	-	-
3,529.8830	Sector Spesit I Fund Class A	-	-
65.2250	Serengeti Opportunities - Mgt Fee A 210/0907	17,700	0.04
104.777	Serengeti Opportunities - Station- A 210/0907 (June 11)	611,236	1.24
21.567	Serengeti Opportunities – Station-A 210/0907 2 (June 11)	125,812	0.26
	Sub-total carried forward	8,675,569	17.62

Number of Shares	Description	Fair Value	% of net assets
USD, continued			
	Sub-total brought forward	8,675,569	17.62
3.5900	Serengeti Opp Ltd - CLO - A210/0907SLVL2	4,925	0.01
22.4430	Serengeti Opp Ltd - CLO - A210/0907SLVL1	30,791	0.06
1.0000	Serengeti Opp PRT - PATTON 0907	40	0.00
1.0000	Serengeti Opp PRT - PATTON 1007	119	0.00
1.0000	Serengeti Opp PTR - CLO - 243/108	154	0.00
1.0000	Serengeti Opp PTR - CLO - 243/0907	308	0.00
1.0000	Serengeti Opp PTR - CLO - 243/1007	908	0.00
1.0000	Serengeti Opp PTR - CLO - 243/1107	295	0.00
1.0000	Serengeti Opp PTR - MGT FEE A 243/1210	6,698	0.01
1.0000	Serengeti Opp PTR - STATION-A 243/0108 JUNE 11	5,358	0.01
1.0000	Serengeti Opp PTR - STATION-A 243/0311 JUNE 11	11,532	0.02
1.0000	Serengeti Opp PTR - STATION-A 243/0907 JUNE 11	10,715	0.02
1.0000	Serengeti Opp PTR - STATION-A 243/1007 JUNE 11	31,578	0.06
1.0000	Serengeti Opp PTR - STATION-A 243/1210 JUNE 11	15,475	0.03
1.0000	Serengeti Opp PTR - STATION-A 243-1107 JUNE 11	10,274	0.02
1.0000	SFL Clover Limited	799,372	1.62
804.6100	South Asian Management Limited	-	-
88.0200	Sowood Alpha Fund Ltd Class A2 USD Series 1	352	0.00
367.5600	Sowood Alpha Fund Ltd Class 2 USD Series 2	149	0.00
925,277.1000	Stillwater Asset Backed Fund II Onshore SPV/Gerova	-	-
11.7866	TCF SPV Limited	-	-
343.9305	Trafalgar Catalyst Fund SPV USD	-	-
68,130.6200	Ubique Limited	5,986,832	12.16
2,090.2300	V Invest FCVS RJ (Cayman) Ltd	209,023	0.42
-1.0000	Vision – Farms Provision Based on tender offer	(1,542,882)	(3.13)
117,302.1019	Vision Chapadao Fund Series 1	22,370	0.05
38,872.2780	Vision Chapadao Fund Series 2	7,075	0.01
445,492.5360	Vision Chapadao Fund Series 3	27,175	0.06
1,590.3700	Vision Chapadao Fund Series 5	303	0.00
4,644.5877	Vision FCVS PB Fund Series 1	61,697	0.13
35,319.0311	Vision FCVS PB Fund Series 2	469,164	0.95
6,399.1213	Vision FCVS PB Fund Series 5	85,003	0.17
4,005.9015	Vision FCVS PB Fund Series 8	53,213	0.11
479.6518	Vision FCVS PB Fund Series 9	6,371	0.01
310,819.8510	Vision FCVS RJ Fund Series 1	3,717,175	7.56
297,520.8363	Vision FCVS RJ Fund Series 2	3,746,602	7.62
308,044.4190	Vision FCVS RJ Fund Series 4	3,780,722	7.69
192,714.3010	Vision FCVS RJ Fund Series 6	2,426,801	4.94
4,040.3600	Vision FCVS RJ Fund Series 7	50,879	0.10
100,142.7360	Vision I-NX	10	0.00
252,112.7475	Vision I-NX (D)	50	0.00
23,321.7093	Vision Piaui Fund Series 1	61,842	0.13
7,784.9820	Vision Piaui Fund Series 2	16,565	0.03
90,625.7960	Vision Piaui Fund Series 3	195,090	0.40
316.5600	Vision Piaui Fund Series 6	839	0.00
811.8800	Vision SCO Fund	1,637	0.00
45,153.9508	Vision Special Credit Opportunities ELT Fund Series 1	2,024,136	4.11
55,125.5010	Vision Special Credit Opportunities ELT Fund Series 2	2,616,706	5.32
61,896.8862	Vision Special Credit Opportunities ELT Fund Series 3	2,505,253	5.09
85,003.0151	Vision Special Credit Opportunities ELT Fund Series 5	3,595,444	7.30
749.0914	Vision Special Credit Opportunities ELT Fund Series 7	35,558	0.07
	Sub-total carried forward	39,765,265	80.78

ALTERNATIVE LIQUIDITY FUND LIMITED
SCHEDULE OF INVESTMENTS, continued
As at 30 June 2018

Number of Shares	Description	Fair Value	% of net assets
USD, continued			
	Sub-total brought forward	39,765,265	80.78
120,057.1990	Vision Tercado Fund Series 1	281,738	0.57
40,402.1530	Vision Tercado Fund Series 2	76,578	0.16
478,380.7240	Vision Tercado Fund Series 3	954,178	1.93
1,631.7100	Vision Tercado Fund Series 5	3,830	0.01
1.0000	Warana SP Offshore Fund SPC – 2018 Segregated Port	500,000	1.02
127,145.2050	Weavering FI Fund (in liquidation)	-	-
		41,581,589	84.47
Portfolio of investments		41,599,859	84.51
Other net assets		7,623,960	15.49
Total net assets attributable to Shareholders		49,223,819	100.00

ALTERNATIVE LIQUIDITY FUND LIMITED

Officers and Advisers

Directors:	Quentin Spicer *(Non-executive Independent Chairman)* Dr Richard Berman *(Non-executive Independent Director)* Anthony Pickford *(Non-executive Independent Director)*
Registered Office:	Sarnia House Le Truchot St Peter Port Guernsey, GY1 1GR
Administrator & Secretary:	Praxis Fund Services Limited Sarnia House Le Truchot St Peter Port Guernsey, GY1 1GR
Registrar:	Link Market Services Limited *(formerly Capita Registrars (Guernsey) Limited)* Mont Crevelt House Bulwer Avenue St Sampson Guernsey, GY2 4LH
Investment Manager:	Warana Capital, LLC *(appointed 1 July 2017)* Level 3 154 Grand Street New York NY USA 10013 Morgan Creek Capital Management, LLC *(resigned 1 July 2017)* 301 West Barbee Chapel Road Suite 200 Chapel Hill NC 57517
Auditor:	Grant Thornton Limited PO Box 313 Lefebvre House Lefebvre Street St Peter Port Guernsey, GY1 3TF
Custodian & Principal Banker:	Citibank, N.A. (London Branch) Canada Square London, E14 5LB
Guernsey Legal Adviser:	Carey Olsen (Guernsey) LLP Carey House Les Banques St Peter Port Guernsey, GY1 4BZ
UK Legal Adviser & Sponsor:	Dickson Minto W.S Broadgate Tower 20 Primrose Street London, EC2A 2EW
Company Number:	60552 (Registered in Guernsey)

ALTERNATIVE LIQUIDITY FUND LIMITED

(the "Company")

(a closed-ended company incorporated in Guernsey with registration number 60552)

NOTICE

NOTICE IS HEREBY GIVEN THAT the third Annual General Meeting of Shareholders of Alternative Liquidity Fund Limited will be held at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR on 12 December 2018 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following Resolutions:

ORDINARY BUSINESS

To consider and if thought fit, pass resolutions 1-9 as ordinary resolutions:

1. THAT the Annual Report and Audited Financial Statements for the year ended 30 June 2018 be received and adopted.

2. THAT the Directors' Remuneration Report for the year ended 30 June 2018 be received and approved.

3. THAT the Directors' Remuneration Policy be received and approved.

4. THAT Grant Thornton Limited be re-appointed as auditors of the Company until the conclusion of the next Annual General Meeting of the Company.

5. THAT the Directors be and are hereby authorised to fix the remuneration of the Company's auditor for their next period of office.

6. THAT Mr Quentin Spicer be re-elected as a Director of the Company.

7. THAT Dr Richard Berman be re-elected as a Director of the Company.

8. THAT Mr Anthony Pickford be re-elected as a Director of the Company.

9. THAT the Company be generally and unconditionally authorised, in accordance with the Companies (Guernsey) Law, 2008 (as amended) (the "Law") to make market purchases (as defined in that Law) of Ordinary Shares of US$0.01 ("Ordinary Shares"), either for retention as treasury shares for future resale or transfer or cancellation, provided that:

    a. the maximum number of Ordinary Shares hereby authorised to be purchased shall be 14.99 per cent. of the issued Ordinary Shares on the date on which this resolution is passed;

    b. the minimum price which may be paid for an Ordinary Share shall be US$0.01 per share;

    c. the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be an amount equal to the higher of (i) 105 per cent. of the average of the middle market quotations (as derived from the Daily Official List) of the Ordinary Shares for the five business days immediately preceding the date of purchase and (ii) the higher of the latest independent trade and the highest current independent bid on the trading venue on which the purchase is carried out; and

    d. unless previously varied, revoked or renewed, the authority hereby conferred shall expire 15 months from the date of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

SPECIAL BUSINESS

To consider and if thought fit, pass resolution 10 as a special resolution:

10. THAT the Directors of the Company be and they are hereby generally empowered, to allot Ordinary Shares in the Company or to grant rights to subscribe for, or to convert securities into, Ordinary Shares in the Company, including by way of a sale of Ordinary Shares held by the Company as treasury shares, as if any pre-emption rights in relation to the issue of shares as set out in the listing rules made by the Financial Conduct Authority under part VI of the Financial Services and Markets Act 2000 (as amended) and in Article 6.2 of the Company's Articles of Incorporation did not apply to any such allotment of Ordinary Shares, provided that this power:

a. expires 15 months from the date of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company, save that the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot Ordinary Shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

b. shall be limited to the allotment of Ordinary Shares up to an aggregate 14,664,438 shares being approximately 10 per cent. of the of the issued share capital of the Company, as at 29 October 2018

By order of the Board

Praxis Fund Services Limited
Company Secretary

Date: 29 October 2018

Registered office: Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 1GR Channel Islands.

Notes:

1. Any Shareholder entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote instead of him. A proxy need not be a Shareholder of the Company. A Shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by the Shareholder. A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. A proxy may be an individual or a body corporate who need not be a Shareholder of the Company.

2. The Form of Proxy, together with, if appropriate, any power of attorney or other authority or a notarially certified copy of any power of attorney or other authority (if any) under which it is signed, must be deposited with Link Asset Services, PXS1, 34 Beckenham Road, Beckenham BR3 4ZF not later than forty-eight hours before the time appointed for holding the meeting.

3. To appoint more than one proxy to vote in relation to different Shares within your holding you may photocopy the form. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which in aggregate should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All Forms of Proxy must be signed and should be returned together in the same envelope.

4. Return of a completed Form of Proxy will not preclude a Shareholder from attending and voting personally at the meeting.

5. Any corporation which is a Shareholder of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of any class of Shareholders of the Company and the person so authorised shall be entitled to exercise the same power on behalf of the corporation which he represents as that corporation could exercise if it were an individual Shareholder of the Company.

6. To change your proxy instructions, simply submit a new proxy appointment using the method set out above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. Please note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

7. Return of a completed Form of Proxy will not preclude a Shareholder from attending and voting personally at the meeting. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from https://www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The CREST Proxy Instruction, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Asset Services (ID RA10) no later than 48 hours before the time appointed for the Meeting (excluding and part of a non-working day). No such CREST Proxy Instruction received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Proxy Instruction by the CREST Applications Host) from which our registrar is able to retrieve the CREST Proxy Instruction by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

12. Only Shareholders entered on the register of Shareholders of the Company will be entitled to receive notice of the meeting. In addition, only Shareholders registered in the register of Shareholders of the Company by close of business on 10 December 2018 shall be entitled to attend, speak, and vote at the meeting in respect of the number of Shares registered in their name at that time. Changes to entries on the register after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

13. The notice sets out the Resolutions to be proposed at the meeting. The meeting will be chaired by the chairman of the Board or in the absence of the chairman then the Board shall nominate one of their number to preside as chairman. If neither the chairman of the Board nor the nominated Director are present at the meeting then the Directors present at the meeting shall elect one of their number to be chairman. If no Directors are present at the meeting then the Members Present in Person shall elect a chairman for the meeting by Ordinary resolution.

14. The quorum for a meeting of Shareholders is two or more Shareholders (provided that they are entitled to vote on the business to be transacted at the meeting) present in person.

15. If, within half an hour from the appointed time for the meeting, a quorum is not present, then the meeting will be adjourned to 9:00 am on 19 December 2018 at the same address. If, at that meeting, a quorum is not present within five minutes from the time appointed for the holding of the meeting, those Shareholders present in person or by proxy will form a quorum whatever their number and the number of Shares held by them.

16. The majority required for the passing of the ordinary resolutions is more than fifty per cent. (50%) of the total number of votes cast in favour of each Resolution. The majority required for the passing of the special resolutions is more than seventy five per cent. (75%) of the total number of votes cast in favour of the Resolution.

17. If the Resolutions are duly passed at the meeting (or any adjourned meeting thereof), and other necessary formalities are completed, this will result in all of the proposed Resolutions becoming binding on each Shareholder in the Company whether or not they voted in favor of the resolutions, or voted at all.

18. To allow effective constitution of the meeting, if it is apparent to the chairman that no Shareholders will be present in person or by proxy in the chairman's favor, then the chairman may appoint a substitute to act as proxy in his stead for any Shareholder, provided that such substitute proxy shall vote on the same basis as the chairman.

19. At any meeting, a resolution put to the vote shall be decided by a show of hands or by a poll at the option of the chairman. Nevertheless before or on the declaration of the result a poll may be demanded by the chairman; or by one Member present in person or by proxy. The demand for a poll may be withdrawn.

20. Unless a poll be demanded a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded.