



### DESCRIPTION

Alternative Liquidity Fund Limited ("ALF" or the "Company") is a Guernsey-domiciled, London Stock Exchange-traded closed ended investment company. Warana Capital, LLC was appointed as the Investment Manager to continue the mandate to realize ALF's investments in an orderly and timely manner and return cash to investors.

### COMPANY INFORMATION

Investment Manager:	Warana Capital, LLC	Subscriptions & Redemptions:	None, LSE Traded
Dollar Share	ORD	Bloomberg:	ALF.LN
Domicile:	Guernsey	Reuters:	ALF.L
SEDOL:	BYRGPD6	ISIN:	GG00BYRGPD65

### PORTFOLIO OVERVIEW (as of November 30, 2018):

SIGNIFICANT POSITIONS	Manager NAV (\$M)	Warana Provision	ALF NAV (\$M)	% of Portfolio	ASSET CLASS EXPOSURE	% of ALF NAV
Vision Brazil FCVS RJ Fund	\$22.6	-40%	\$13.6	30%	Bonds/Credit	62%
Vision Brazil Special Opp Eletrobras Fund	\$19.1	-40%	\$11.5	25%	Real Estate	15%
Gillett Holdings Limited	\$18.7	-70%	\$5.6	12%	Equity	6%
Abax Arhat Fund	\$6.5	-70%	\$2.0	4%	Other	11%
Growth Management Limited	\$2.7	-30%	\$1.9	4%	Cash (Includes cash at underlying fund level)	6%
Warana 2018 Fund <sup>(1)</sup>	\$0.9	0%	\$0.9	2%		
Autonomy Funds	\$0.8	0%	\$0.8	2%		
Vision FCVS PB Fund	\$0.7	0%	\$0.7	1%		
Serengeti Opportunities Fund	\$0.7	0%	\$0.7	2%		
Longview Fund	\$1.5	-80%	\$0.3	1%		
Other Investments	\$26.6	-94%	\$1.6	3%		
Net Cash	\$2.3	-	\$2.3	5%		
Receivables	\$4.0	-	\$4.0	9%		
<b>Total</b>	<b>\$107.2</b>	<b>-57%</b>	<b>\$45.7</b>	<b>100%</b>		
Net Asset Value Per Share (November 30, 2018)	0.7307		0.3118			
Distribution Per Share (November 23, 2018)	0.0200		0.0200			
Net Asset Value Per Share (October 31, 2018)	0.7642		0.3380			
Change (%) in NAV Per Share (Ex-Distribution)	-1.77%		-1.83%			

GEOGRAPHIC ALLOCATION	% of ALF NAV (ex cash)
<b>Europe</b>	<b>19%</b>
Ukraine	16%
Russia	2%
United Kingdom	2%
<b>Americas</b>	<b>75%</b>
Brazil	68%
USA	6%
<b>Asia</b>	<b>5%</b>
China	5%
<b>Other</b>	<b>1%</b>

Please note totals may not sum due to rounding

### FUND UPDATE

ALF's Net Asset Value ("NAV") decreased by 1.83% in November, excluding the \$0.02 per share distribution with record date on November 23, 2018.

The primary driver of performance was a depreciation of approximately 3.73% in the BRL versus the USD, affecting the Vision funds.

ALF received a de minimis amount of cash from Trafalgar Catalyst Fund related vehicles.

During the month, ALF agreed to purchase an illiquid portfolio with approximately \$680k in NAV for a cost of approximately \$100k. Cash cost is expected to be materially less following some distributions that will offset the purchase price at the time of settlement.

Subsequent to month end, ALF received \$700k from Growth Management Limited (position recorded as a receivable as at November 30, 2018) and a total of approximately \$350k from Autonomy Fund II C Limited (full redemption in excess of reported net asset value), Galileo Capital Partners, Warana 2018 Fund<sup>(1)</sup> and legacy Signet holding structures.

ALF announced another \$0.02 per share distribution (\$2.9mm) on January 24, 2019 through redeemable B shares to be issued on January 29, 2019. Payments are scheduled to be delivered to shareholders on February 15, 2019.

(1) Warana SP Master Fund SPC – 2018 Segregated Portfolio



### ALF VALUATION METHODOLOGY

ALF is invested in approximately 25 illiquid third party funds. The quality of assets and information provided by these funds varies. While many funds provide regular net asset value estimates of their portfolio, it is Warana's experience that these valuations can be optimistic and it is generally expected that these type of funds trade at a discount to these valuations in the secondary market (where observable). Some of the funds in the investment portfolio are also delinquent in providing their valuation estimates and/or have not had their accounts audited in a regular timeframe. As such, Warana believes it is appropriate to review the valuations provided by the underlying funds and apply provisions where appropriate. Unfortunately, the secondary market for fund interests is not deep, is characterized by many small transactions and pricing information is not particularly transparent. Price points can also be skewed adversely through the activity of one off highly motivated sellers. As such, Warana can not readily apply a 'mark to secondary bid' valuation approach due to a lack of quality independent third party information.

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. 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 each of 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.

(Continued on the next page)



### ALF VALUATION METHODOLOGY (Continued)

The following table summarizes how each of the top 12 funds in ALF (by ALF NAV) measure against the valuation approach and the cumulative provision applied against each:

Valuation Guidelines											
Fund Holdings	1. Alternative Outcome Advised	2. Not Reporting NAV on Schedule	3. Liquidator Appointed	4. Unwillingness of Manager to Provide Asset Level Info	5. AFS not Produced on Schedule	6. No Third Party Administrator	7. Asset or Manager Based in EM Country	8. Significant SEC Inquiry or Litigation	9. Asset Levered	10. Recent Secondary Market Trading Activity	Total Warana Provision
	✓/-	✗/-	✗/-	✗/-	✗/-	✗/-	✗/-	✗/-	✗/-	✓/-	%
Vision Brazil FCVS RJ Fund	-	✗	-	-	✗	-	✗	✗	-	-	-40%
Vision Brazil Special Opp Eletrobras Fund	-	✗	-	-	✗	-	✗	✗	-	-	-40%
Gillett Holdings Limited	-	-	-	-	✗	-	✗	-	✗	-	-70%
Growth Management Limited	-	-	-	-	-	-	✗	-	-	-	-30%
Abax Arhat Fund	-	✗	-	-	✗	-	✗	-	-	✓	-70%
Warana 2018 Fund <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-	0%
Autonomy Funds	✓	-	-	-	-	-	✗	-	-	-	0%
Vision Brazil FCVS PB Fund	✓	-	-	-	✗	-	✗	✗	-	-	0%
Serengeti Opportunities Funds	-	-	-	-	-	-	-	-	-	-	0%
Longview Fund Intl Ltd	-	✗	-	✗	✗	-	-	-	-	-	-80%
Galileo Capital Partners LLC	-	-	-	✗	✗	-	-	✗	-	-	-40%
Aarkad PLC (Equity)	✓	✗	✗	-	✗	-	-	✗	✗	-	-95%
Other Investments											-95%
Total											-61%
Net Cash											0%
Receivables/Other Assets											0%
Total											-57%

### BOARD OF DIRECTORS

The Board comprises three Directors, all of whom are non-executive and independent of the Investment Manager. The Directors are responsible for the determination of the Company's investment policy and overall supervision. The Directors are as follows:

**Quentin Spicer (Chairman):** 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.

**Dr. Richard Berman:** 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 Sabrecorp Limited and Signet Capital Management Limited, respectively. 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.

**Anthony Pickford:** 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 Deloitte). 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 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.



### SERVICE PROVIDERS

Custodian:	Citibank, N.A.	Guernsey Legal:	Carey Olsen
Auditor:	Grant Thornton LLP	UK Legal:	Dickson Minto W.S.
Administrator:	Praxis Fund Services Ltd.	Registrar:	Link Asset Services

### RECENT DISTRIBUTIONS

Announcement Date	Ex Date	Record Date	Payment Date	Amount (per share)
August 31, 2016	September 5, 2016	September 6, 2016	September 15, 2016	\$0.020
November 28, 2016	November 30, 2016	December 1, 2016	December 15, 2016	\$0.055
June 8, 2017	June 20, 2017	June 21, 2017	June 30, 2017	\$0.025
October 30, 2017	October 31, 2017	November 1, 2017	November 10, 2017	\$0.030
April 6, 2018	April 9, 2018	April 10, 2018	April 19, 2018	\$0.030
November 22, 2018	November 22, 2018	November 23, 2018	December 13, 2018	\$0.020
January 24, 2019	January 25, 2019	January 28, 2019	February 15, 2019	\$0.020
Total				\$0.200

### DISCLOSURES/ FOOTNOTES

There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses. Due to rounding, totals in tables may not add up to 100%. Fund holdings are subject to change and should not be considered investment advice.

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