



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 at September 30, 2020):

SIGNIFICANT POSITIONS	Manager NAV (\$M)	Warana Provision	ALF NAV (\$M)	% of Portfolio	GEOGRAPHIC ALLOCATION	% of ALF NAV (ex cash)
Vision Brazil FCVS RJ Fund	\$16.0	-40%	\$9.6	41.0%	Americas	92%
Vision Brazil Special Credit Opp Eletrobras Fund	\$13.7	-40%	\$8.2	35.2%	Brazil	86%
Growth Management Limited	\$1.5	-30%	\$1.0	4.5%	North America	5%
Warana 2018 Fund ⁽¹⁾	\$1.2	-25%	\$0.9	3.9%	Other Latin America & Carribean	1%
Vision Invest RJ	\$0.7	0%	\$0.7	3.1%	Europe	6%
Autonomy Rochevera Fund	\$0.5	0%	\$0.5	2.2%	Ukraine	3%
Abax Arhat Funds	\$4.1	-90%	\$0.4	1.8%	European Union & United Kingdom	1%
Serengeti Opportunities Funds	\$0.3	0%	\$0.3	1.4%	Other Europe	2%
Volia Limited	\$0.2	0%	\$0.2	1.1%	Asia	2%
Other Investments	\$39.3	-99%	\$0.5	2.0%	China	2%
Net Cash	\$0.7	-	\$0.7	3.1%	Rest of World	0%
Receivables	\$0.2	-	\$0.2	0.8%		
Total	\$78.6	-70%	\$23.4	100%	ASSET CLASS EXPOSURE	% of ALF NAV
Net Asset Value Per Share (September 30, 2020)	0.5357		0.1595		Bonds/Credit	81%
Net Asset Value Per Share (August 31, 2020)	0.5426		0.1625		Real Estate	5%
Change (%) in NAV Per Share	-1.27%		-1.85%		Equity	10%
					Other	1%
					Cash (Includes cash at underlying fund level)	3%

(Please note totals may not sum due to rounding)

FUND UPDATE

ALF's Net Asset Value ("NAV") decreased -1.85% during the month of September, largely reflecting negative performance reported by the Vision funds due to the BRL weakening against the USD.

Total cash received during the month was \$97k, received from Volia and Warana 2018 Fund. Since September 30, an additional \$66k has been received from Warana 2018 Fund.

The Company released a circular, dated December 8, outlining changes to its Investment Management Agreement, setting the date for the AGM and a subsequent EGM on December 22, 2020. The EGM is requesting shareholder approval to transfer ALF's listing from the Main Market of the London Stock Exchange to the Special Funds Segment of the London Stock Exchange. All details of the proposal can be found at <https://www.londonstockexchange.com/stock/ALF/alternative-liquidity-fund-limited/analysis> and the Company's website: <https://waranacap.com/alternative-liquidity-fund-limited/>

(1) All references to "Warana 2018 Fund" in this document mean "Warana SP Master Fund SPC - 2018 Segregated Portfolio".



ALF VALUATION METHODOLOGY

ALF is invested in approximately 24 illiquid third-party funds and companies*. The quality of assets and information provided by the managers of these funds varies greatly. While many funds provide regular net asset value estimates of their portfolio, it is Warana's experience that these valuations can be optimistic in their inputs or assumptions 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 ALF 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 transparent. Price points can also be skewed adversely through the activity of one-off, highly motivated sellers. As such, Warana cannot readily apply a 'mark to secondary bid' valuation approach.

As previously mentioned, Warana's provisioning process takes into account the quality of the information received from the underlying funds, their valuation processes, geographical locations and risks associated with an underlying fund's 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 the recovery range is used.

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 timeframe 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 underlying funds. Because these funds are run by third parties, it is not always possible 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 invested 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 fund or manager.
8. It is not uncommon 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. Warana will keep that provision in place until new and/or significant information emerges.

*Includes portfolio holdings with a positive NAV after provisions.



ALF VALUATION METHODOLOGY (Continued)

The following table summarizes how each of the top 9 investments 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 Credit Opp Eletrobras Fund	-	*	-	-	*	-	*	*	-	-	-40%
Growth Management Limited	-	-	-	-	-	-	*	-	-	-	-30%
Warana 2018 Fund ⁽¹⁾	✓	-	-	-	-	-	-	-	-	-	-25%
Vision RJ Cayman	-	-	-	-	-	-	-	-	-	-	0%
Autonomy Rochavera Fund	✓	-	-	-	*	-	*	*	-	-	0%
Abax Arhat Funds	-	*	-	*	*	*	*	*	-	✓	-90%
Serengeti Opportunities Funds	-	-	-	-	-	-	-	-	-	-	0%
Volia Limited	-	-	-	-	-	-	-	-	-	-	0%
Other Investments											-99%
Net Cash											0%
Receivables/Other Assets											0%
Total											-70%

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 Properties 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:	Stephenson Harwood LLP
Administrator:	Praxis Fund Services Ltd.	Registrar:	Link Asset Services

RECENT DISTRIBUTIONS

Announcement Date	Ex Date	Record Date	Payment Date	Amount (per share)
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
December 5, 2019	December 19, 2019	December 20, 2019	January 7, 2020	\$0.015
July 24, 2020	July 28, 2020	July 29, 2020	August 18, 2020	\$0.010
			Total	\$0.205

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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Link Asset Services, ALF's Registrar, is available to answer any queries in relation to your shareholding. In particular, please contact Link Customer Support to claim any distributions that may have been unpaid due to outdated shareholder information.

Phone: (UK) 0871 664 0300; (Overseas) +44 (0) 371 664 0300 calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Offices are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

Email: enquiries@linkgroup.co.uk

Post: Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Shareholders are reminded that distributions are dependent upon the liquidity of the portfolio, which is highly illiquid and the timing of underlying distributions is difficult to predict.