ALTERNATIVE LIQUIDITY FUND LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 25 JUNE 2015 (DATE OF INCORPORATION) TO 30 JUNE 2016

ALTERNATIVE LIQUIDITY FUND LIMITED

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ALTERNATIVE LIQUIDITY FUND LIMITED

Highlights
For the period from 25 June 2015 (date of incorporation) to 30 June 2016

- Initial public offering ("IPO") raised net proceeds of US$144 million after issue costs
- Further issue in September 2015 raised net proceeds of US$0.8 million
- Further issue in January 2016 raised net proceeds of US$0.9 million

Financial Highlights at 30 June 2016

Total net assets	US$127.5 million
NAV per Ordinary Share	87.28¢
Share price	13.75¢
Discount to NAV	84.2%

ALTERNATIVE LIQUIDITY FUND LIMITED

Company Summary

Principal activity
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. 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 has invested in a diversified portfolio of illiquid interests in funds, securities and other instruments 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 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.

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.

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 first Annual Report and Financial Statements of Alternative Liquidity Fund Limited ("the Company" or "ALF") for the period from 25 June 2015 (date of incorporation) to 30 June 2016.

The Company commenced trading on 17 September 2015, the date of the Company's IPO. It is the first investment trust listed on the London Stock Exchange which focuses exclusively on the realisation of hedge fund side pockets and other illiquid funds that were 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 portfolio is made up of illiquid fund positions resulting from the 2008 financial crisis. It is almost entirely exposed to Global Emerging Markets and most of the Funds are denominated in local currencies. Currency exposures are unhedged and this has an impact on NAV. Given recent currency fluctuations and market uncertainties, the Company's NAV has declined approximately 11% since the Company was listed, with 90% of that decline due to currency mark-to-market.

Since listing, the Company has received approximately US$2.3 million in redemption payments from underlying managers and at the end of the period the cash balance stood at approximately US$6.6 million. The Board instructed the Investment Manager to analyse the most efficient way to distribute cash to Shareholders and after a comprehensive analysis the Investment Manager recommended the issuance of B shares followed by their immediate redemption as the most efficient way to return capital. This required an amendment to the Company's articles. An EGM to consider the proposed amendment was announced on 20 June 2016 and was passed with 99% Shareholder approval. The B share issuance and subsequent cash distribution was announced on 31 August 2016 and completed on 15 September 2016.

Outlook

The Company's principal objective is to realise its portfolio of illiquid assets in an orderly and timely manner and thus return cash to Shareholders. The Board will continue to monitor and work with the Investment Manager to ensure that any opportunity to accelerate such return of capital is carefully considered. The Company is also reviewing a strategy of offering to create new share classes for other illiquid asset portfolios. This would result in increased assets under management ("AUM") and thus potentially improved liquidity, economies of scale and lower costs for all Shareholders.

Quentin Spicer
Chairman
26 October 2016

ALTERNATIVE LIQUIDITY FUND LIMITED

Investment Manager's Report

Introduction

Morgan Creek Capital Management LLC ("MCCM") was appointed Investment Manager of the Company at the IPO on 17 September 2015 and has been tasked with a mandate to realise the Company's assets in an orderly and timely manner and return cash to Shareholders.

At IPO the Company had a Net Asset Value of US$143,639,751 and a NAV per share of US$0.9960. At the year end the Company's NAV was US$127,470,944 and the NAV per share was US$0.8728. This represents an 11.3% drop in value since listing (12.4% on a per share basis), with a decline in emerging market currency values versus the US$ responsible for the majority of the decline in NAV, and the remainder coming from negative performance at several underlying holdings.

Portfolio

Fourteen funds make up over 94% of the Company's investment portfolio, and nearly 90% of NAV, however they are managed by only nine separate management companies. The entire portfolio comprises assets domiciled in emerging markets. Approximately 50% of the portfolio can be deemed to be credit-related, almost 35% real estate and the balance equity positions and cash.

The Company's largest exposure is to the Vision Credit funds (35% of NAV), three separate pools of legal claims against Brazilian State Governments and the public utility firm Eletrobras. All claims require novation in the local courts. Given the current economic climate in Brazil and a cumbersome judicial process, liquidity from these pools has been scarce. One of the three funds, Vision FCVS PB, which relates to claims against the Paraíba State Government, required an injection of cash. This was raised in the form of a loan from shareholders in that fund. All Vision FCVS PB shareholders were invited to participate, but while we considered the terms of the recapitalisation to be potentially attractive, we opted not to invest since this was considered to be contrary to ALF's primary goal of returning capital to Shareholders. Vision FCVS RJ is also short of liquidity and may need a similar cash infusion in the near term.

The second largest exposure is to Ukrainian real estate (17% of NAV), mainly a large residential apartment complex development in Nikolaev. The geopolitical and macro-economic crises severely impact this project and MCCM is undertaking a detailed analysis of the development and the options open to ALF.

The Growth Management Limited/Growth Premier ("GML") funds are the third largest holding (14% of NAV). They are focused on structured credit instruments in Eastern Europe. During the year GML returned approximately 10% of NAV in a cash distribution to unit holders.

Since listing, the Company has received nearly US$2.3 million in distributions from underlying fund investments as at the period end. Amongst these distributions were inflows from Double Haven, which paid out US$135,466 on 22 December 2015 and US$38,755 on 8 June 2016; GML, which redeemed US$1,745,793 worth of shares as of 1 December 2015 (settlement 5 January 2016); and Trafalgar Catalyst Fund, which redeemed approximately 70% of its shares for US$119,157, significantly above our previous mark (settlement 14 January 2016). An additional US$219,256 was returned by GLG, which redeemed 10% of its shares on 31 May 2016 (settlement 28 July 2016).

As of 30 June 2016 the Company held US$6,630,715 in cash on its balance sheet. Company liabilities and accrued expenses as at that date totalled US$642,811, leaving the Company with net cash of US$5,987,904.

Investment Manager's Report, continued

Portfolio (continued)

In December 2015 MCCM published an in-depth portfolio analysis report on all the positions held by the Company, which is available on the MCCM website. MCCM has also produced monthly fact sheets with updates on the portfolio. MCCM was asked by the Board to explore the different methods of cash distribution available to the Company, with particular focus on the mandate to return cash to Shareholders in a cost effective manner. After consultation with the Company's legal advisers, it was determined that the most efficient way to return cash to Shareholders was by issuing redeemable B Shares (the "Return of Capital") which would be immediately redeemed for cash. A proposal to allow the Return of Capital and explaining the mechanics thereof was announced on 20 June 2016 and approved by an EGM on 14 July 2016. The Return of Capital was announced on 31 August 2016 and culminated in Shareholders receiving US$0.02 per share owned, for a total return of approximately US$2,932,900 to Shareholders. Cheques were mailed or payments made through CREST on 15 September 2016.

MCCM continues to monitor the hedge fund secondary market to identify funds which could benefit from the Company's structure and objectives.

Portfolio realisation timeline

Given the composition of the portfolio, projecting future liquidity is difficult and uncertain. MCCM continues to exert pressure on underlying managers to liquidate the positions appropriately, and monitors the level and type of fees being charged to ensure that the fee structure is aligned with the interests of unit holders. The sale of positions in the secondary market to achieve a more rapid return of capital is also kept under review and balanced against the discount to realisable NAV.

While the Board has discretion with regard to cash distribution to the Shareholders, it is required to be mindful of the working capital requirements of the Company and the cost of the distribution.

Strategic Plans

The Company is in the unique position of being able to offer to create new share classes in respect of other illiquid portfolios. Additional portfolios in separate share classes would bring economies of scale to all Shareholders by lowering the fixed operating costs. The Company and the Investment Manager are in dialogue with potentially suitable funds in this regard.

Morgan Creek Capital Management LLC
Investment Manager

26 October 2016

Board of Directors

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

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

Quentin Spicer, Chairman, age 71
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 Chairman of a number of companies including Quintain Guernsey Limited and the Guernsey Housing Association LBG. He is also a non-executive Director of several other property funds including Phoenix Spree Deutschland Limited and Summit Germany Limited. He is a member of the Institute of Directors.

Anthony Pickford, aged 63
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 and is currently a Director of the Glanmore Property Fund Limited and a Director of The Catholic National Mutual. He chairs the Audit Committee of the Catholic National Mutual and has served on the Investment Committee for many years.

Dr Richard Berman, age 60
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. Dr Berman was until recently a non-executive Director of SMMI and Sainty, Hird & Partners 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	
RAB Special Situations Company Limited (in voluntary liquidation)	London Stock Exchange – AIM (temporarily suspended from trading on 28 June 2016)
Summit Germany Limited	London Stock Exchange – AIM
Phoenix Spree Deutschland Limited	London Stock Exchange – Main Market
Anthony Pickford	
None	
Dr Richard Berman	
None	

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 period from 25 June 2015 (date of incorporation) to 30 June 2016. 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 December 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 4.5 year period to 31 December 2020, 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 only 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 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 2020.

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.

Directors' Report, continued

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.

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. 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.

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 period 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 of the Financial Statements contains further details of the 'Risks associated with financial instruments'.

Results and Dividends
The results for the period are shown in the Statement of Comprehensive Income on page 25. The Board will consider the appropriateness of paying dividends on the Ordinary Shares from time to time.

Independent Auditor
Grant Thornton Limited were appointed on 14 July 2015 and served as Auditor during the financial period. 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 has, however, entered into an Investment Management Agreement with Morgan Creek Capital Management LLC (the "Investment Manager") under which the Investment Manager has been 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.

The Directors consider that the interests of Shareholders, as a whole, are best served by the continued appointment of the Investment Manager to achieve the Company's investment objectives. A summary of these terms, including the investment management fee and notice of termination period, is set out in note 3 to the Financial Statements.

Directors' Report, continued

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 2016, the credit rating of the Custodian as reported by Moody's and Standard & Poor's is 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. With effect from 1 April 2016, Dr Richard Berman is entitled to a fee of £30,000 per annum (previously £25,000 per annum) for his services as Director.

The Directors had the following interests in the Company at 30 June 2016, held either directly or beneficially:

	30 June 2016	
Name	**No. of ordinary shares**	**Percentage %**
Quentin Spicer (Chairman)	-	-
Anthony Pickford	50,000	0.03
Dr Richard Berman	-	-

Substantial Shareholdings

As at 7 October 2016, the Company had the following shareholdings in excess of 5% of the issued share capital:

Name	No. of ordinary shares	Percentage
ACF Aggregator Solutions Opportunities Fund III	24,219,117	16.52%
Bank of New York (Nominees)	14,785,759	10.08%
JP Morgan Securities LLC Clients a/c	11,139,292	7.60%
Lynchwood Nominees Ltd 2006420 a/c	10,085,898	6.88%
Avon Pension Fund	8,802,970	6.07%

Related Parties

Details of transactions with related parties are disclosed in note 10 to the Financial Statements.

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).

Directors' Report, continued

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 ("AIFs"), 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 who 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.

On 14 July 2015, 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 period, 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
26 October 2016

Corporate Governance

Compliance

The Board has taken note of the Code of Corporate Governance issued by the Guernsey Financial Services Commission (the "Guernsey Code"). The Guernsey Code provides a governance framework for GFSC licensed entities and authorised and registered collective investment schemes. Companies reporting against the UK Corporate Governance Code (the "UK Code") or the Association of Investment Companies Code of Corporate Governance ("AIC Code"), which was published in February 2015, are deemed to satisfy the provisions of the Guernsey Code. The UK Code is available on the Financial Reporting Council website, www.frc.org.uk. The AIC code is available on the AIC website, www.theaic.co.uk.

The Board places a high degree of importance on ensuring that high standards of corporate governance are maintained and has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for investment companies ("AIC Guide"). The AIC Code, as explained in the AIC Guide, addresses all the principles set out in the UK Code. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to Shareholders.

For the period ended 30 June 2016, the Company has complied with the recommendations of the AIC Code, except as set out below, and it is the intention of the Board that the Company will continue to do so throughout the year ending 30 June 2017.

- *The appointment of a Senior Independent Director*: Given the size and composition of the Board it is not felt necessary 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 will be entitled to vote in relation to his own remuneration.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position 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. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

Composition and Independence of Directors

As at 30 June 2016, 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 the Chairman of the Board and the Management Engagement Committee.

Anthony Pickford is the Chairman of the Audit and Risk Committee.

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

Under the terms of their appointment, all non-executive Directors are subject to re-election at the first Annual General Meeting ("AGM") and every third year thereafter.

Although no formal training is given to Directors by the Company, the Directors are kept up to date on various matters such as Corporate Governance issues through bulletins and training materials provided from time to time by the Company Secretary, the AIC and other professional firms.

Corporate Governance, continued

Composition and Independence of Directors, continued
The Board receives quarterly 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.

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, 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 and Committee responsibilities and the time committed to the Company's affairs. No individual Director will be entitled to vote in relation to his own remuneration No Director has a service contract with the Company and details of the Directors' remuneration can be found in the Directors Remuneration Report on page 17.

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

Relations with Shareholders
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 www.morgancreekfunds.com/alternative-liquidity-fund-limited.

Corporate Governance, continued

Relations with Shareholders, continued

The Chairman and individual Directors are willing to meet major Shareholders to discuss any particular items of concern regarding the performance of the Company. Members of the Board, including the Chairman and the Audit and Risk Committee Chairman and the Investment Manager, are also available to answer any questions which may be raised by any Shareholder at the Company's Annual General Meeting.

Directors' Meetings and Attendance

The table below shows the attendance at Board, Audit and Risk Committee and Management Engagement Committee meetings during the period. There were 4 formal quarterly Board meetings, 7 additional Board meetings, 2 Audit and Risk Committee meetings and 1 Management Engagement Committee meeting held during the period ended 30 June 2016.

Name	Board – formal quarterly meetings	Board – additional meetings	Audit & Risk Committee	Management Engagement Committee
Number of meetings held	4	7	2	1
Quentin Spicer	4	6	2	1
Anthony Pickford	4	7	2	1
Dr Richard Berman	4	6	2	1

Board Committees

Audit and Risk Committee

The Audit and Risk Committee comprises all Board members, and meets at least twice a year. Anthony Pickford is Chairman of the Audit and Risk Committee. As all Directors are non-executive, whilst also taking into account the size and composition of the Board, it was deemed appropriate that all Board members 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's role will include the assessment of their independence, review of auditor's engagement letter, remuneration and any non-audit services provided by the auditor. They are also responsible for the reviews of the system of internal control 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 will meet 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 Administrator and the Investment Manager and also the Company's other service providers. The first Management Engagement Committee meeting was held on 14 June 2016.

Internal Control Review and Risk Management System

The Board of Directors is responsible for putting in place a 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, and which is designed to manage risks rather than eliminate the risk of failure to achieve the Company's objectives.

It is the responsibility of the Board to undertake risk assessment and review of the internal controls in the context of the Company's objectives that cover business strategy, operational, compliance and financial risks facing the Company. These internal controls are implemented by the Company's three main service providers: the Investment Manager, the Administrator and the Custodian and the Board receives periodic updates from these main service providers. 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 are therefore satisfied with the internal controls of the Company.

Corporate Governance, continued

Internal Control Review and Risk Management System, continued

The Board of Directors considers the arrangements for the provision of Investment Management, Administration and Custody services to the Company on an on-going basis and a formal review is conducted annually. As part of this 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.

Anti-bribery and Corruption

The Board acknowledges that the Company's international operations may give rise to possible claims of bribery and corruption. In consideration of The Bribery Act 2010, enacted in the UK, at the date of this report the Board had 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.

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 are required to stand for re-election at least every three years and any Director who has held office with the Company, other than employment or executive office, for a continuous period of nine years will be required to stand for re-election on an annual basis.

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 International Financial Reporting Standards.

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 52, 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
26 October 2016

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:

	Per annum	For the period from 25 June 2015 (date of incorporation) to 30 June 2016 Actual
	£	£
Quentin Spicer (Chairman of the Board and of the Management Engagement Committee)	35,000	35,647
Anthony Pickford (Chairman of the Audit and Risk Committee)	30,000	28,993
Dr Richard Berman	30,000*	25,411
Total	**95,000**	**90,051**

* With effect from 1 April 2016. Prior to 1 April 2016 Dr Berman's Director's fee was £25,000 per annum. The increase reflected the amount of additional work Dr Berman undertakes in relation to the Company's investments.

The remuneration policy set out above is the one applied for the period ended 30 June 2016 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. 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 period ended 30 June 2016 are shown in note 10 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
26 October 2016

ALTERNATIVE LIQUIDITY FUND LIMITED

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 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 Committee meetings at which Annual and Interim 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.

Report of the Audit and Risk Committee, continued

Financial Reporting and Audit, continued

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 2016 was US$121,176,353. 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 period 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.

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 period, 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 period ended 30 June 2016, 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 period ended 30 June 2016, Grant Thornton Limited and other Grant Thornton member firms provided non-audit services in relation to reporting accountant services on the original listing and advice relating to FATCA. At the Audit and Risk Committee meeting in March, 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.

Report of the Audit and Risk Committee, continued

External auditor, continued

The following table summarises the remuneration paid to Grant Thornton Limited and to other Grant Thornton member firms for audit and non-audit services during the period ended 30 June 2016.

	For the period from 25 June 2015 (date of incorporation) to 30 June 2016
	£
Annual audit of the Company	25,000
Interim review of the Company	10,000
Reporting accountant services – LSE Main Market Listing	30,900
FATCA advice	2,000

Internal controls

The Investment Manager and Administrator 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.

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 period. 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
26 October 2016

Independent auditors' report to the members of Alternative Liquidity Fund Limited

Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and its loss for the period then ended;
- are in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- comply with The Companies (Guernsey) Law, 2008.

Emphasis of matter - Investment Valuation

In forming our opinion, we have considered the adequacy of the disclosures made in Notes 2 and 6 in the financial statements concerning the uncertainty relating to the valuation of the investments at fair value through profit or loss included in the Statement of Financial Position. As explained in Notes 2 and 6, the investments are measured at fair value, determined by utilising the independent net asset valuations provided by the administrators of the underlying funds and/or their investment managers; and if necessary apply assumptions and inputs for their valuation techniques which include adjustment in foreign exchange currencies, expected price volatilities and correlations, as well as eventual recovery assumptions and time taken to recover in value which involve judgements and estimates by the Directors through the advice of the Investment Manager. These investments are not quoted in an active market and the value at which they will be realised is uncertain, given that the inherent unpredictability 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. Any adjustment to the carrying value of the investments in the Statement of Financial Position would have a corresponding impact on the Statement of Comprehensive Income. Our opinion is not qualified in this respect.

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.

What we have audited

Alternative Liquidity Fund Limited's financial statements for the period from 25 June 2015 to 30 June 2016 comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that are, in our judgement, had the greatest effect on our audit:

Recognition of Income

The risk: Investment income on financial assets at fair value through profit or loss 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 and capital appreciation of its underlying investments from the beginning of the period to the period end. We identified recognition of income as a significant risk that required special audit consideration.

Our response: Our audit work included, but was not restricted to, assessing whether the Company's accounting policy for revenue recognition as stated in Note 2(b) and 2(d) of the financial statements are in accordance with IFRSs as adopted by European Union; understanding management's process to recognise revenue in accordance with the stated accounting policy and testing whether a sample of income transactions has been recognised in accordance with the policy. Furthermore, for a sample of investments held in the period, 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 income is shown in Note 2(b) and 2(d).

Independent auditors' report to the members of Alternative Liquidity Fund Limited (continued)

Our assessment of risk (continued)

Ownership, Valuation and Cut-off of Investments designated at fair value through profit or loss

The risk: The investment objective of the Company is to 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. Therefore, the Company has a significant exposure to fluctuations in foreign exchange rates and valuation in investments, which are the main drivers of returns. Further, there are risks that the investments shown in the Statement of Financial Position may not be owned by the Company; incorrectly valued and/or not recorded in the appropriate period. Accordingly, ownership, valuation and cut-off of investments designated at fair value through profit or loss were identified as risks that required special and particular audit consideration.

Our response on ownership: Our audit work on ownership included, but was not restricted to understanding management's process to recognise and measure investments including ownership of those investments; obtaining a confirmation of the investments held by the Company at 30 June 2016 directly from the independent custodian; checking the transfer and acquisition agreements for all investment acquisitions during the period and checking a sample of investment sale transactions back to the contract notes and the Company's bank account.

Our response on valuation: Our audit work on valuation included, but was not restricted to understanding the Company's Investment Manager's process to value unquoted investments; obtaining the Net Asset Values and other supporting documents from the asset managers of the investee companies and reviewing and challenging the valuation methodology used to value the unquoted investments, including verifying the reasonableness of the provisions set up against other underlying investments with adjusted Net Asset Value as their fair value through inquiry with Investment Manager and examination of the supporting documents and assessing whether the valuations were made in accordance with the stated accounting policy and Company's prospectus.

Our response on cut-off: Our audit work on cut-off included, but was not restricted to examination the sales and purchases near the period end and subsequent to period end to determine whether any transactions relate to previously unrecorded sales or purchases. For the outstanding unsettled trades at period end, we examined the related supporting documents and subsequent collections.

The Company's accounting policy on investments designated at fair value through profit or loss is shown in Note 2(b) 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 issue.

Net Asset Value-based fees

The risk: The investment management fees, administration fees, and custodian fees are based on a percentage of the Net Asset Value of the Company for a particular period. Due to the stipulations on the agreements that fees are based on the Net Asset Value, the risk that Net Asset Value-based expenses were improperly calculated was considered a risk that required particular audit consideration.

Our response: In order to assess the accuracy of the Net Asset Value-based expenses, we recalculated the expected expenses based on the terms of the agreements between the Investment Manager, Fund Administrator and Custodian, respectively and compared these to the amounts disclosed in Note 3. We also reviewed the adequacy of the related party transactions disclosures presented in Note 10.

The Company's accounting policy on expenses is shown in Notes 2(e) and related disclosures are included in Notes 3 and 10.

Our application of materiality and an overview of the scope of our audit

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$1,275,000 which is 1% of the Company's total net assets. This benchmark is considered the most appropriate because the total net assets, which is primarily composed of the Company's investment portfolio, is considered to be the key driver and users of the financial statements are sensitive to changes in net asset value as an indicator of the value of their investment in the Company.

Independent auditors' report to the members of Alternative Liquidity Fund Limited (continued)

Our application of materiality and an overview of the scope of our audit (continued)

Materiality (continued)

We use 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 determine a lower level of specific materiality for certain areas such as 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$64,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

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 focussed 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.

Matters on which we are required to report by exception

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the 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.

Under the Listing Rules we are required to review:

- the Directors' statement in relation to going concern and longer-term viability, set out on page 8; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

Independent auditors' report to the members of Alternative Liquidity Fund Limited (continued)

Matters on which we are required to report by exception (continued)

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the audit committee which we consider should have been disclosed.

We have nothing to report in respect of the above.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- the Directors' confirmation in 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 disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their 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; and
- the Directors' explanation in 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.

Responsibilities for the financial statements and the audit

What the Directors are responsible for:

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 and for being satisfied that they give a true and fair view.

What are we responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

26 October 2016

Statement of Comprehensive Income
For the period from 25 June 2015 (date of incorporation) to 30 June 2016

	Note	For the period from 25 June 2015 (date of incorporation) to 30 June 2016 US$
Income		
Net losses on financial assets at fair value through profit or loss	6 (b)	(17,345,067)
Net foreign exchange loss		(81,161)
Total net income		(17,426,228)
Expenses		
Investment Manager's fee	3	795,347
Other expenses	3	520,526
Total operating expenses		1,315,873
Total comprehensive loss for the period		**(18,742,101)**
Loss per ordinary share (basic and diluted)*	5	**(12.89)¢**

**Basic loss per ordinary share is calculated by dividing the total comprehensive loss for the period by the weighted average number of ordinary shares outstanding during the period. 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 period and therefore the 'total comprehensive loss' is also the loss for the period.

All items in the above statement derive from continuing operations.

The accompanying notes on pages 29 to 48 form an integral part of these Financial Statements.

ALTERNATIVE LIQUIDITY FUND LIMITED

Statement of Financial Position
As at 30 June 2016

	Note	30 June 2016 US$
ASSETS		
Non-current assets		
Investments at fair value through profit or loss	6	121,176,353
		121,176,353
Current assets		
Unsettled investment sales		246,336
Prepayments		11,500
Other receivables		48,851
Cash and cash equivalents		6,630,715
		6,937,402
Total assets		128,113,755
Liabilities:		
Other payables		642,811
Total net assets		**127,470,944**
Equity		
Share capital	8	146,213,045
Retained losses		(18,742,101)
Total equity		**127,470,944**
Number of ordinary shares		**146,056,635**
Net asset value per ordinary share	9	**87.28¢**

The Financial Statements on pages 25 to 48 were approved and authorised for issue by the Board of Directors on 26 October 2016 and signed on its behalf by:

Anthony Pickford
Director

The accompanying notes on pages 29 to 48 form an integral part of these Financial Statements.

ALTERNATIVE LIQUIDITY FUND LIMITED

Statement of Changes in Equity
For the period from 25 June 2015 (date of incorporation) to 30 June 2016

	Note	Share capital US$	Retained losses US$	Total US$
As at 25 June 2015 (date of incorporation)		**-**	**-**	**-**
Issue of ordinary shares during the period	8	145,417,316	-	145,417,316
Treasury shares acquired	8	(154,232)	-	(154,232)
Treasury shares reissued	8	949,961		949,961
Total comprehensive loss for the period		-	(18,742,101)	(18,742,101)
As at 30 June 2016		**146,213,045**	**(18,742,101)**	**127,470,944**

The accompanying notes on pages 29 to 48 form an integral part of these Financial Statements.

ALTERNATIVE LIQUIDITY FUND LIMITED

Statement of Cash Flows
For the period from 25 June 2015 (date of incorporation) to 30 June 2016

	Note	For the period from 25 June 2015 (date of incorporation) to 30 June 2016 US$
Cash flows from operating activities		
Total comprehensive loss for the period		(18,742,101)
Adjustments for:		
Net losses on financial assets at fair value through profit and loss	6 (b)	17,345,067
Net foreign exchange losses		81,161
Increase in other receivables and prepayments		(11,500)
Increase in other payables		642,811
		(684,562)
Purchases of investments		(591,059)
Sales of investments		2,311,251
Net cash inflow from operating activities		**1,035,630**
Cash flows from financing activities		
Issue of shares*		6,283,157
Cost of issue of shares		(452,679)
Acquisition of treasury shares		(154,232)
Net cash inflow from financing activities		**5,676,246**
Net increase in cash and cash equivalents during the period		**6,711,876**
Cash and cash equivalents brought forward		-
Effect of foreign exchange rate changes during the period		(81,161)
Cash and cash equivalents carried forward		**6,630,715**

* Excludes non-cash issue of shares in exchange for the initial portfolio during the period (see note 6 (a)).

The accompanying notes on pages 29 to 48 form an integral part of these Financial Statements.

Notes to the Financial Statements
For the period from 25 June 2015 (date of incorporation) to 30 June 2016

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.

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"), 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) (iv). 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.

There are no comparative figures as this is the Company's first financial period of operation.

Going concern
The Board has assessed the Company's financial position as at 30 June 2016 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. On balance, the Directors believe that US Dollar best represents the functional currency of the Company during the period. 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 balances at the period end are translated into the functional currency at the exchange rates prevailing at the period end date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period 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 ("Valuation Models" section) and relate to the determination of the fair value of financial instruments with significant unobservable inputs.

2. Principal accounting policies, continued

(a) Basis of preparation, continued

(iv) New and amended accounting standards
At the date of approval of these Financial Statements, the following standards and interpretations, which have not been applied in these Financial Statements, were 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 the new general 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, early adoption is permitted to EU endorsement.
- In addition, the IASB completed its latest Annual Improvements to IFRS project in September 2014. This project has amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 January 2016.

The Directors do not anticipate that the adoption of the above standards in future periods will have a material impact on the Company’s Financial Statements.

(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.

Notes to the Financial Statements, continued
For the period from 25 June 2015 (date of incorporation) to 30 June 2016

2. Principal accounting policies, continued

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

Investment entity, continued
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”.

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 (“NAV’s”) of the investment fund. Investments in investment funds with material redemption restrictions e.g. gates, suspended NAV’s, 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).

2. Principal accounting policies, continued

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

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.

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

(c) Foreign exchange
Foreign currency assets and liabilities are translated into US Dollar at the rate of exchange ruling at the period end date. The relevant rate of exchange as at 30 June 2016 was as follows:

GBP: US$ 1.3311

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 time 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.

Distribution income and interest income arising from the Company's portfolio of investments are included in net gains/losses on financial assets at fair value through profit or loss.

(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.

2. Principal accounting policies, continued

(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.

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 9), 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 9.

Geographical information relating to the source of the Company's returns is disclosed in note 6(a).

The Company has a diversified Shareholder population. As at 7 October 2016, only 5 investors had holdings of greater than 5% of the issued share capital of the Company.

3. Expenses

	For the period from 25 June 2015 (date of incorporation) to 30 June 2016
Investment Manager's fee:	US$
Investment Manager's fee for the period	795,347
	795,347
Other expenses:	
Directors' remuneration and expenses	154,429
Accounting, secretarial and administration fees	137,754
Custodian fee	76,473
Legal and professional fees	46,267
Auditor's remuneration	48,940
Listing & regulatory fees	24,652
Registrar's fee	15,768
Directors and officers insurance	4,823
Sundry expenses	11,420
	520,526

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

During the period, the Company was responsible for the fees of the Investment Manager in accordance with the Investment Management Agreement (the "IMA") between the Company and Investment Manager dated 28 August 2015.

For the services performed under the IMA, the Company paid the Investment Manager 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. Under the terms of the IMA, the IMA may be terminated by either party with 12 months notice, provided that such notice shall expire no earlier than the fifth anniversary of Admission to the LSE.

Investment management fees for the period totalled US$795,347, of which US$476,574 was outstanding at the period 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 Administrator has also received an establishment fee of £15,000 for services rendered in connection with the initial set up of the Company, preparation of pre-launch documentation and any other services rendered in connection with the launch of the Company and the issue of the ordinary shares.

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

Administration fees for the period totalled US$137,754, of which US$24,404 was outstanding at the period end.

Notes to the Financial Statements, continued
For the period from 25 June 2015 (date of incorporation) to 30 June 2016

3. Expenses, continued

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 period totalled US$76,473, of which US$76,473 was outstanding at the period 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 period by the weighted average number of ordinary shares in issue during the period.

	For the period from 25 June 2015 (date of incorporation) to 30 June 2016		
	Total comprehensive loss for the period	Weighted average number of ordinary shares in issue	Loss per ordinary share
	US$	No.	
Ordinary shares	(18,742,101)	145,456,044	(12.89)¢

6. Fair value of financial instruments

(a) Investments at fair value through profit or loss

		30 June 2016 US$
Opening fair value at 25 June 2015		-
In specie transfer		138,687,949
Purchases*		2,391,058
Sales	– proceeds	(2,557,587)
	– realised gains on sales	277,539
Movement in unrealised losses on investments		(17,622,606)
Closing fair value carried at 30 June 2016		121,176,353
Closing cost carried forward		138,798,959
Unrealised losses on investments		(17,622,606)
Closing fair value carried forward		121,176,353

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

	30 June 2016 US$
Net realised gains on financial assets at fair value through profit or loss	
- Designated as at fair value through profit or loss	277,539
Movement in unrealised gains/(losses) on financial assets at fair value through profit and loss	
- Designated as at fair value through profit or loss	(17,622,606)
Net losses on financial assets at fair value through profit or loss	(17,345,067)

(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.

6. Fair value of financial instruments

(c) Valuation models

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.

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 unaudited 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.

Notes to the Financial Statements, continued
For the period from 25 June 2015 (date of incorporation) to 30 June 2016

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 2016 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	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
	-	Adjusted net asset value	Discounts for: Full provision against NAV statement for potential failure to recover value	100%	The estimated fair value would increase should an unanticipated recovery be realised.	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$9,000.
Unlisted open-ended investment funds (redemption restricted)	4,941,672	Adjusted net asset value	Discounts for: - Anticipated difficulty in recovering NAV - Lack of certainty over timeframe to realisation - No efficient or fair secondary market for liquidation	50%	The fair value would decrease if the underlying input discount were higher. The fair value would increase if the underlying input 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$494,000.
	116,234,681	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$11,623,000.
Total Investments	**121,176,353**					

Notes to the Financial Statements, continued
For the period from 25 June 2015 (date of incorporation) to 30 June 2016

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.

  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 2016	
	Favourable	Unfavourable
Change in fair value of investments	US$12,126,000	US$(12,117,000)

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 5 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 2016.

As at 30 June 2016 and as described in the table on page 39, the Directors, in consultation with the Investment Manager, have applied adjustments against net asset values to 5 investment 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 2016	Investments valued at NAV US$	Fair value adjustment US$	Fair value US$
Level 3 investments with fair value adjustments of:			
50%	9,883,345	(4,941,673)	4,941,672
100%	88,682	(88,682)	-
	9,972,027	(5,030,355)	4,941,672
Level 3 investments without fair value adjustments			116,234,681
Total fair value of investments			121,176,353

(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:

Fair value assets	30 June 2016 US$	% of net assets %
Level 3 - Investments valued at fair value		
Unlisted open-ended investment funds	121,176,353	95.1

6. Fair value of financial instruments, continued:

(d) Fair value hierarchy, continued

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 2016
	US$
Balance at 25 June 2015	-
Purchases	141,079,007
Sales/distributions - proceeds	(2,557,587)
- realised gains on sales	277,539
Total unrealised losses recognised in profit or loss	(17,622,606)
Balance at 30 June 2016	121,176,353
Closing cost carried forward	138,798,959
Unrealised losses on investments	(17,622,606)
Closing fair value carried forward	121,176,353
Total unrealised losses recognised on financial assets at fair value through the profit or loss held at the end of the period	(17,622,606)

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 period.

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 period 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.

7. Financial risk management, continued:

(a) Market risk, continued

Price sensitivity
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 period 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.

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

Assets:	**Interest-bearing assets**	**Non interest-bearing assets**	**Total**
	30 June 2016	**30 June 2016**	**30 June 2016**
	US$	**US$**	**US$**
Cash and cash equivalents	6,630,715	-	6,630,715
Other receivables	-	295,187	295,187
Investments at fair value through profit or loss	-	121,176,353	121,176,353
Total assets	**6,630,715**	**121,471,540**	**128,102,255**

Liabilities:	**Interest-bearing liabilities**	**Non interest-bearing liabilities**	**Total**
	30 June 2016	**30 June 2016**	**30 June 2016**
	US$	**US$**	**US$**
Other payables	-	642,811	642,811
Total liabilities	**-**	**642,811**	**642,811**

Interest rate sensitivity
As at 30 June 2016, 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 period would amount to approximately US$33,154. 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 period 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.

7. Financial risk management, continued

(a) Market risk, continued

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.

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 2016 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 2016	BRL	UAH	RMB	INR	GBP	USD/Other	Total
	US$	US$	US$	US$	US$	US$	US$
Assets							
Cash and cash equivalents	-	-	-	-	1,324,423	5,306,292	6,630,715
Prepayments	-	-	-	-	10,173	1,327	11,500
Other receivables	-	-	-	-	-	48,851	48,851
Unsettled investment sales	-	-	-	-	-	246,336	246,336
Investments at fair value through profit or loss	47,492,348	21,961,585	11,298,241	8,504,865	-	31,919,314	121,176,353
	47,492,348	21,961,585	11,298,241	8,504,865	1,334,596	37,522,120	128,113,755
Liabilities:							
Other payables	-	-	-	-	89,764	553,047	642,811
	-	-	-	-	89,764	553,047	642,811

Foreign exchange rate sensitivity
As at 30 June 2016, 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 2016 net exposure	30 June 2016 effect on net assets and profit or loss
		US$	US$
US$/BRL	+/- 25%	47,492,348	-/+ 11,873,087
US$/UAH	+/- 50%	21,961,585	-/+ 10,980,793
US$/RMB	+/- 10%	11,298,241	-/+ 1,129,824
US$/INR	+/- 10%	8,504,865	-/+ 850,487
US$/GBP	+/- 10%	1,244,832	-/+ 124,483
		90,501,871	-/+ 24,958,674

7. Financial risk management, continued

(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 period end date.

The Company monitored the credit rating and financial positions of the brokers used to further mitigate the risk. Substantially all of the assets of the Company at the period 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$127,807,068, the carrying value of the securities and cash held by the Custodian.

Cash credit risk

The Company monitors its risk by monitoring the credit ratings of the Custodian. At the period end the long-term credit ratings of the Custodian as at 30 June 2016 was A as rated by Standard and Poor’s and 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.

Notes to the Financial Statements, continued
For the period from 25 June 2015 (date of incorporation) to 30 June 2016

7. Financial risk management, continued

(c) Liquidity risk, continued

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 2016	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	-	-	-	121,176,353	121, 176,353
Unsettled investment sales	246,336	-	-	-	246,336
Cash and cash equivalents	6,630,715	-	-	-	6,630,715
Other receivables	-	48,851	-	-	48,851
	6,877,051	48,851	-	121,176,353	128,102,255
Liabilities					
Other payables	642,811	-	-	-	642,811
	642,811	-	-	-	642,811

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.

(d) Concentration Risk

The geographical concentration of the Company's portfolio is as follows:

At 30 June 2016	US$
Brazil	47,492,348
Ukraine	21,961,585
China	11,298,241
India	8,504,865
Other	31,919,314
Total	121,176,353

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

At 30 June 2016	US$
Credit/Bonds	66,250,015
Real Estate	45,294,705
Equity	9,631,633
Total	121,176,353

(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.

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 28 August 2015, the Directors were authorised to issue shares up to a maximum aggregate nominal amount of US$144,000.

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.

Issued share capital

Ordinary shares:	**30 June 2016**	
	No.	**US$**
Share capital at the beginning of the period	-	-
Issues of ordinary shares	146,056,635	145,869,995
Share issue costs	-	(452,679)
Acquisition of treasury shares	(1,095,362)	(154,232)
Reissue of treasury shares	1,095,362	949,961
Share capital at the end of the period	146,056,635	146,213,045

During the period, the Company purchased 1,095,362 of its own ordinary shares at an average price peer share of 14.08¢ per share, and subsequently reissued these ordinary shares at an average price of 86.73¢ per share.

9. Net asset value per ordinary share

The net asset value is 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 2016:	**US$**	**No.**	**US$**
Published net asset value	129,250,048	146,056,635	88.49¢
Fair value adjustments	(1,779,104)	-	(1.21)¢
Net asset value per Financial Statements	127,470,944	146,056,635	87.28¢

10. Related party transactions and Directors' interests

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

The fees and expenses paid to the Investment Manager are explained in note 3. The investment management fee during the period was US$795,347, of which the balance payable at the end of the period was US$476,574.

As at the last reported share register dated 15 March 2016, the Investment Manager did not hold any shares in the Company.

As at 30 June 2016, the interests of the Directors and their families who held office during the period are set out below:

	30 June 2016 Number of ordinary shares
Quentin Spicer (Chairman)	-
Dr Richard Berman	-
Anthony Pickford	50,000

Notes to the Financial Statements, continued
For the period from 25 June 2015 (date of incorporation) to 30 June 2016

10. Related party transactions and Directors' interests, continued

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 period were US$154,429. An amount of US$1,106 had been prepaid in respect of fees and expenses at the end of the period.

11. Subsequent events

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.

On 31 August, the Board announced that it had resolved to return an amount of US$0.02 per share to shareholders, in total US$2,932,888, to be effected through the issue and subsequent redemption of redeemable B shares. All such redemption payments were made on 15 September 2016.

On 1 September 2016 and 2 September 2016, the Company received distributions from Growth Management Limited and the Growth Premier Fund in the amounts of US$7,008,621 and US$2,680,646 respectively.

On 5 September 2016, the Company issued 587,752 Ordinary Shares in relation to the acquisition of a portfolio of fund interests, in accordance with the Company's investment policy, for a total consideration of US$509,170.

There are no other significant post period end events, other than those already disclosed, that require disclosure in these Financial Statements.

ALTERNATIVE LIQUIDITY FUND LIMITED

Schedule of Investments
As at 30 June 2016

Number of Shares	Description	Fair Value	% of net assets
GBP			
594,053.6700	South Asian Real Estate Limited	4,024,891	3.16
		4,024,891	3.16
USD			
10,112.0500	3DPropCo Limited Class A October 2011	4,941,672	3.88
10,537.3400	Abax Arhat Fund Class Unrest Red Series 1 Jul 07	11,298,168	8.86
159,377.9300	Abax Upland Fund LLC Redeeming CL	162,439	0.13
29,185.3700	AG MFund LP ABSPVINT SDL ACGFILP	102,678	0.08
78.6560	Apollo Asia Opportunity O/S Series P2-31.07.08	-	-
90.9480	Apollo Asia Opportunity O/S Series P3-31.07.08	-	-
105.3490	Apollo Asia Opportunity O/S Series P4-31.07.08	18,712	0.01
78.9200	Apollo Asia Opportunity O/S Series P31P10-31.07.08	13,556	0.01
427.8240	Apollo Asia Opportunity O/S Series P31P11-31.07.081	75,015	0.06
16.1160	Apollo Asia Opportunity O/S Series P6-31.07.08	2,933	0.00
15.0000	Apollo Asia Opportunity O/S Series P6-31.07.081	2,729	0.00
3,362.1076	Aramid Liquidating Trust	7,154	0.01
11,499.1570	Argo Special Situations Fund LP	1,079,779	0.85
956.7213	Autonomy Fund II C Ltd Class II LTV S1	168,826	0.13
3,189.7600	Autonomy Cap Global Macro FD Designated INV SH CL	574,986	0.45
105.0513	Autonomy Fund II C Ltd Class II C LTV S2	18,538	0.01
0.0463	Autonomy Fund II C Ltd Class II C LTV S3	8	0.00
0.6043	Autonomy Fund II C Ltd Class II C LTV S4	107	0.00
2.3370	Autonomy Fund II C Ltd Class II C LTV S5	412	0.00
0.1817	Autonomy Fund II C Ltd Class II C LTV S6	32	0.00
231.4794	Autonomy Fund II C Ltd Class II C LTV S7	40,848	0.03
120.9328	Autonomy Fund II C Ltd Class II C LTV S8	21,340	0.02
1.6573	Autonomy Fund II C Ltd Class II C LTV S9	293	0.00
9.2554	Autonomy Fund II C Ltd Class II C LTV S10	1,633	0.00
668.3300	Bennelong Asia Pacific	-	-
0.0810	Clearwater Capital Partners Opportunities Fund LP	26,373	0.02
7,410.4910	Clearwater Capital Partners Long Term Value Fund-SP	12,141	0.01
695,021.0460	Clearwater Capital Partners Opportunities Fund LP-SP	198,310	0.16
1.0000	Galileo Capital Partners LLC	688,785	0.54
42,147.2450	GLG Emerging Markets Growth Fund - CLA	1,973,334	1.55
42,035.9580	Growth Management Ltd	12,493,053	9.81
75,908.8240	Growth Premier Fund IC Class A	4,798,637	3.76
4,223,308.2300	Lomond Capital LLC	221,724	0.17
1.0000	Nationwide Life Insurance Co Policy re Guardian/PKS	373,226	0.29
655.3420	Quantek Master Fund SPC Ltd Feeder LP	61,491	0.05
3.0880	Ritchie Multi-Strategy Global CL-S	-	-
3,529.8830	Sector Spesit I Fund Class A	-	-
12,046.2700	Serengeti Mgt Fee A 104/1210	7,480	0.01
65.2250	Serengeti Opportunities - Mgt Fee A 102/0907	23,782	0.02
3.3150	Serengeti Opportunities - SC- A 102/0907 (Feb 11)2	14,890	0.01
0.2680	Serengeti Opportunities - SC- A 102/0907 (Mar 11)2	900	0.00
	Sub-total carried forward	39,425,984	30.93

ALTERNATIVE LIQUIDITY FUND LIMITED

Schedule of Investments, continued
As at 30 June 2016

Number of Shares	Description	Fair Value	% of net assets
USD, continued			
	Sub-total brought forward	39,425,984	30.93
34.8380	Serengeti Opportunities - A 1020907-20711	115,645	0.09
169.2560	Serengeti Opportunities - A SR102907 0611	561,853	0.44
3.5900	Serengeti Overseas - A 1020907 SL	5,592	0.00
22.4430	Serengeti Overseas - A 1020907A SL	34,962	0.03
3.5780	Serengeti Opportunities - PRKR A102/0907DEC 11	-	-
717.0500	Serengeti Opportunities - AC/SC-A 104/0907 DEC11	1,400	0.00
358.3100	Serengeti Opportunities - LPAC/SCA104/0108 DEC11	700	0.00
718.2500	Serengeti Opportunities - LPAC/SCA104/0311 DEC11	1,402	0.00
6,796.2300	Serengeti Opportunities - LPAC/SCA104/0611 DEC11	13,272	0.01
2,112.5100	Serengeti Opportunities - LPAC/SCA104/1007 DEC11	4,126	0.00
354.5200	Serengeti Opportunities - PRTNRSLP CLO-104/0108	171	0.00
705.6500	Serengeti Opportunities - PRTNRSLP CLO-104/0907	342	0.00
2,085.2200	Serengeti Opportunities - PRTNRSLP CLO-104/1007	1,009	0.00
677.9400	Serengeti Opportunities - PRTNRSLP CLO-104/1107	328	0.00
2,860.5200	Serengeti Opportunities - PRTNRLP SA 104/0311 J11	11,919	0.01
975.6900	Serengeti Opportunities - PRTNRLP SCA 104/1107 J10	2,294	0.00
508.7300	Serengeti Opportunities - PRTNRLP SCA104/0108JUN10	1,196	0.00
2,997.1900	Serengeti Opportunities - PRTNRLP SCA104/1007JUN10	7,049	0.01
2,548.7800	Serengeti Opportunities - PRTNRLP STA104/1107 JN11	10,618	0.01
3,839.6800	Serengeti Opportunities - PRTNRLP STNA 104/1210 J11	15,993	0.01
1,329.0400	Serengeti Opportunities - PRTNRLP STNA104/0108 J11	5,538	0.00
7,833.7800	Serengeti Opportunities - PRTNRLP STNA104/1007 J11	32,636	0.03
687.5200	Serengeti Opportunities – PRTNRLP SCA104/1107D11	1,342	0.00
2,658.0300	Serengeti Opportunities – PRTNRLP STNA104/0907 J11	11,074	0.01
1,016.4900	Serengeti Opportunities - PRTNRLP SCA104/0907 JUN10	2,459	0.00
963.6100	Serengeti Opportunities – PRTNRLP SCA104/1210DEC11	1,881	0.00
1.0000	SFL Clover Limited	7,111,070	5.58
925,277.1000	Stillwater Asset Backed Fund II Onshore SPV/Gerova	74,762	0.06
15.2450	TCF SPV Limited USD/5	-	-
393.8185	Trafalgar Catalyst Fund SPV USD	50,212	0.04
281.7530	Trafalgar Discovery Fund USD C U/NV/1	6,734	0.01
26.1000	Trafalgar Discovery Fund USD C U/NV/2	624	0.00
15,911.4100	Ubique FSPC Ltd - Green Fd SHCLB	2,746,033	2.15
44,493.7500	Ubique FSPC Ltd CRNRST Fund SP USD	13,706,326	10.73
11,972.5500	Ubique Fund SPC Ltd Gallois Inves	4,442,565	3.49
117,302.1019	Vision Chapadao Fund Series 1	71,223	0.06
38,872.2780	Vision Chapadao Fund Series 2	23,288	0.02
445,492.5360	Vision Chapadao Fund Series 3	216,235	0.17
1,590.3700	Vision Chapadao Fund Series 5	966	0.00
30,999.1690	Vision FCVS PB Fund Series 1	569,405	0.45
235,728.31530	Vision FCVS PB Fund Series 2	4,532,914	3.56
42,709.3850	Vision FCVS PB Fund Series 5	802,763	0.63
	Sub-total carried forward	74,625,905	58.55

Schedule of Investments, continued
As at 30 June 2016

Number of Shares	Description	Fair Value	% of net assets
USD, continued			
	Sub-total brought forward	74,625,905	58.55
26,736.4200	Vision FCVS PB Fund Series 8	514,125	0.40
3,201.3200	Vision FCVS PB Fund Series 9	61,559	0.05
310,819.8510	Vision FCVS RJ Fund Series 1	5,964,738	4.68
297,520.8363	Vision FCVS RJ Fund Series 2	6,004,495	4.71
308,044.4190	Vision FCVS RJ Fund Series 4	6,062,876	4.76
192,714.3010	Vision FCVS RJ Fund Series 6	3,889,314	3.05
4,040.3600	Vision FCVS RJ Fund Series 7	81,542	0.06
100,142.7360	Vision I-NX	9	0.00
249,790.9040	Vision I-NX (D)	47	0.00
23,321.7093	Vision Piaui Fund Series 1	75,182	0.06
7,784.9820	Vision Piaui Fund Series 2	21,266	0.02
90,625.7960	Vision Piaui Fund Series 3	249,684	0.20
316.5600	Vision Piaui Fund Series 6	1,021	0.00
854,7660	Vision SCO Fund	3,604	0.00
45,997.6800	Vision Special Credit Opportunities ELT Fund Series 1	3,140,690	2.46
56,155.5510	Vision Special Credit Opportunities ELT Fund Series 2	4,066,344	3.19
63,053.4720	Vision Special Credit Opportunities ELT Fund Series 3	3,912,964	3.07
86,591.3500	Vision Special Credit Opportunities ELT Fund Series 5	5,569,587	4.37
763.0900	Vision Special Credit Opportunities ELT Fund Series 7	55,257	0.04
120,057.1990	Vision Tercado Fund Series 1	333,014	0.26
40,402.1530	Vision Tercado Fund Series 2	94,949	0.07
478,380.7240	Vision Tercado Fund Series 3	1,168,761	0.92
1,631.7100	Vision Tercado Fund Series 5	4,526	0.00
127,145.2050	Weavering FI Fund (in liquidation)	1,250,003	0.98
		117,151,462	91.90
Portfolio of investments		121,176,353	95.06
Other net assets		6,294,591	4.94
Total net assets attributable to Shareholders		127,470,944	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:	Capita Registrars (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey, GY2 4LH
Investment Manager:	Morgan Creek Capital Management, LLC 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 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 First 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 15 December 2016 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 1-8 as ordinary resolutions:

1. THAT the Annual report and Financial Statements for the year ended 30 June 2016 be received and adopted.

2. THAT the Directors' Remuneration Report for the year ended 30 June 2016 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 Quentin Spicer be elected as a Director of the Company.

7. THAT Richard Andrew Berman be elected as a Director of the Company.

8. THAT Anthony Christian Pickford be elected as a Director of the Company.

SPECIAL BUSINESS

To consider and if thought fit, pass resolutions 9 and 10 as special resolutions:

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; and

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 nominal value of US$ 146,644 being approximately 10 per cent. of the nominal value of the issued share capital of the Company, as at 26 October 2016.

By order of the Board

Praxis Fund Services Limited
Company Secretary

Date: 26 October 2016

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 Capita 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 Capita 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 12 December 2016 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 a Shareholder elected by the Shareholders present in person or by proxy at the meeting.

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 or by proxy.

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 22 December 2016 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, other than 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.

ALTERNATIVE LIQUIDITY FUND LIMITED
(the “Company”)

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

FORM OF PROXY

ANNUAL GENERAL MEETING

Form of proxy for use by Shareholders at the First Annual General Meeting of the Company convened at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR, on 15 December 2016 2016 at 9:00 a.m.

I/We

____

(full name(s) in block capitals)

of

____

(address in block capitals)

being a member of Alternative Liquidity Fund Limited hereby appoint(s)

1 the Chairman of the meeting or the Company Secretary, such appointment being determined at the Chairman’s discretion *or*

2 ....

……………………………………………………………………………………………………...

(name and address of proxy in block capitals)

as my/our proxy to attend, and on a poll, vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 15 December 2016 at 9 a.m. and at any adjournment thereof.

I/We wish my/our proxy to vote as indicated below in respect of the Resolutions to be proposed at the Annual General Meeting. *Please indicate which way you wish your proxy to vote by ticking the appropriate box alongside each Resolution. Unless otherwise instructed, the proxy will vote as he thinks fit or withhold such vote (see note 2 below).*

☐ Please tick here if this proxy appointment is one of multiple appointments being made*

☐ Please indicate the number of shares this proxy is appointed over (if less than your full voting entitlement).

ORDINARY RESOLUTIONS

	VOTE FOR	VOTE AGAINST	VOTE WITHHELD
1. THAT the Annual report and Financial Statements for the year ended 30 June 2016 be received and adopted.			
2. THAT the Directors' Remuneration Report for the year ended 30 June 2016 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 hereby are authorised to fix the remuneration of the Company’s auditors for their next period in office			
6. THAT Quentin Spicer be re-elected as a Director of the Company.			
7. THAT Richard Andrew Berman be re-elected as a Director of the Company.			
8. THAT Anthony Christian Pickford be re-elected as a Director of the Company.			

SPECIAL RESOLUTIONS

	FOR	AGAINST	WITHHELD
9. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 315 of The Companies (Guernsey) Law, 2008 (as amended) (the "Law") (subject to the Listing Rules and all other applicable legislation and regulations) to make market acquisitions (as defined in the Law) of its Ordinary Shares in issue, in line with the provisions stated in the Notice of AGM.			
10. THAT pursuant to Article 6.7 of the Articles, and in addition to any subsisting or other disapplications, the provisions of Article 6.2 of the Articles shall not apply and shall be excluded in relation to the issue of up to an aggregate number of Ordinary Shares as represents less than 10 per cent. of the number of Ordinary Shares admitted to trading on London Stock Exchange plc's main market for listed securities immediately following the passing of this resolution, in accordance with the provisions stated in the Notice of AGM.			

If by an individual:

Signed by:……………………………………………………

Dated:……………………………………………………2016

If for and on behalf of a corporation:

Signed by:……………………………………………………

For and on behalf of:
……………………………………………………

Position: ……………………………………………………

Dated:……………………………………………..2016

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.

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

5. The "Vote Withheld" option on the Form of Proxy is provided to enable you to abstain on any particular resolution. However, a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution.

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.

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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.