ALTERNATIVE LIQUIDITY FUND LIMITED

INTERIM REPORT AND UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM 25 JUNE 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

ALTERNATIVE LIQUIDITY FUND LIMITED
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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.

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 Financial Statements for the period from 25 June 2015 (date of incorporation) to 31 December 2015. The Company commenced trading on 17 September 2015, the date of the Company's Initial Public Offering ("IPO"). It is the first investment company listed on the London Stock Exchange which focuses exclusively on the realisation of hedge fund side pockets and other illiquid funds, previously held in open ended structures. The listing has provided liquidity to those shareholders who required it; a lower cost structure for those choosing to continue to hold an interest; transparent monthly portfolio reporting; active portfolio realisation management, and increased corporate governance.

Portfolio and performance

The portfolio is made up of illiquid fund positions emanating from the 2008 financial crisis. It is almost entirely exposed to the Global Emerging Markets and most of the Funds are denominated in local currencies. This obviously exposes the Net Asset Value ("NAV") to global currency fluctuations and given the recent uncertainty in the markets, the Company's NAV has declined accordingly and is approximately down 13% since the Company was listed, with 90% of that decline due to currency mark to market.

Since listing the Company has received approximately US$2.0 million in underlying manager redemption payments and the current cash balance now stands at approximately US$6 million. The Board has instructed the Investment Manager to analyse the most efficient way to distribute cash to shareholders and expects to announce the mechanism by which cash may be returned to shareholders in the second quarter.

The Board has also instructed the Investment Manager to perform a thorough review of all the underlying positions in the Company, in order to assess any requirement for provisions against those positions. There are currently some provisions in place (3DProp Co Limited being most notable) which have been explained in previous fact sheets and reports issued by the Company.

Outlook

The Company's main objective is to realise its portfolio of illiquid assets in an orderly and timely manner and return cash to shareholders. The Board will continue to monitor and work with the Investment Manager to make sure that any opportunity to accelerate any such return is carefully considered. The Company is exploring a growth strategy by offering the ability of creating new share classes for other similar illiquid assets/portfolios. This would result in an increased Assets Under Management ("AUM"), economies of scale and therefore lower costs for all shareholders.

Quentin Spicer
Chairman
22 March 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 in September 2015 and has 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 NAV of US$143,702,086 and a NAV per share of US$0.997. At the period end the Company's NAV was US$124,521,055 and the NAV per share was US$0.8587. This represents a 13.3% drop in value since listing, with approximately 90% of that decline attributable to declining emerging market currency values versus the USD.

Portfolio
Fourteen funds make up over 90% of the portfolio. However these funds are actually managed by only eight separate management companies. The entire portfolio is comprised of assets domiciled in emerging markets. Approximately 50% of the portfolio can be deemed as credit, almost 40% is real estate and the balance is equity positions and cash.

The Company's largest exposure is to the Vision Brazil funds (33%), which are 3 separate pools of legal claims against both State Governments and the public utility firm Eletrobras. All the claims require novation in the local courts and given the current difficult economic climate in Brazil along with a very cumbersome judicial process, shareholder liquidity from these pools has been minimal.

The second largest exposure is to Ukrainian real estate (21%), being mainly a large residential apartment complex development in Nikolaev. The geopolitical and macro-economic crisis are both severe hurdles impacting this project and MCCM is undertaking a detailed analysis of the development.

The Growth funds are the third largest holding (14%). They are focused on investing via structured credit instruments in Eastern Europe and recently returned approximately 10% of their NAV in a cash distribution to unit holders in those funds, which included the Company.

Since listing, the Company has received approximately US$2.0 million in distributions from underlying fund investments. These flows have come from Double Haven, which paid out US$135,466 on 22 December 2015; Growth Management Limited/Growth Premier, which redeemed US$1,745,793 worth of shares as of 1 December 2015 (settlement occurred on 5 January 2016); and Trafalgar Catalyst Fund, which redeemed approximately 70% of its shares for US$119,157, significantly above our previous mark (settlement occurred on 14 January 2016).

At the period end the Company held US$5.3 million in cash on its Statement of Financial Position.

In January 2016, cash flows from investments that redeemed in December totalled US$1.5 million. As a result the Company held cash of US$6.8 million before January expenses. Fund liabilities and accrued expenses at the period end totalled US$0.3 million, leaving the Company with net cash of US$6.5 million before January expenses.

MCCM published (December 2015) an in depth portfolio analysis report on all the positions held by the Company and this can be readily accessed on the MCCM website. MCCM has also produced monthly fact sheets with updates on the portfolio. MCCM has been 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.

MCCM is also in regular contact with the hedge fund secondary market to identify any specific funds which would benefit from the Company's structure and objectives.

Liquidation timeline
Given the composition of the portfolio, projecting future liquidity is extremely difficult and likely to be speculative. MCCM continues to pressurise the underlying managers to liquidate the positions appropriately. It monitors and ensures that the right level of fees are being charged, more importantly that the fee structure in place aligns the interests of unit holders and managers. The sale of any positions in the secondary market would obviously achieve an accelerated return of capital, but would be at a significant discount to current NAV. Therefore this would have to be very carefully considered.

Liquidation timeline, continued

The Board has full discretion with regards to cash distribution to the shareholders. However it must be mindful of the working capital requirements of the Company and the cost of the distribution, when determining whether or not to make one. Given the current cash levels in the Company, MCCM will likely recommend that the Board authorises a cash distribution in the second quarter of 2016.

Growth Plans

The Company is in the unique position of being able to offer the creation of new share classes to other illiquid portfolios, with MCCM as investment manager. The addition of further portfolios in separate share classes would bring economies of scale to all shareholders by lowering the fixed costs. The Company and the Investment Manager are in dialogue with potentially suitable funds to try to achieve this strategy.

Morgan Creek Capital Management, LLC
22 March 2016

ALTERNATIVE LIQUIDITY FUND LIMITED
Board of Directors

The Directors of the Company, all of whom are non-executive and independent, are as follows:

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 who served during the period are as listed on page 34. The Directors of the Company at the date of this report are detailed below:

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 became 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.

Dr Richard Berman, age 59
Dr Berman is a UK resident. He has been involved with the investment management sector since 1989 as Managing Director of Sabrecorp Limited. 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. He is a non-executive Director of Sainty Hird & Partners 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.

Anthony Pickford, aged 62
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.

ALTERNATIVE LIQUIDITY FUND LIMITED
Statement of Directors' Responsibilities

We confirm that to the best of our knowledge:

• These Condensed Financial Statements, which have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34") with additional disclosure that the Company consider to be relevant, give a true and fair view of the assets, liabilities, financial position and comprehensive income of the Company as a whole as required by DTR 4.2.4R.

• The Interim Report, together with the Unaudited Interim Financial Statements, meet the requirements of an interim management report, and include a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, being an indication of important events that have occurred during the period ended 31 December 2015 and their impact on the Unaudited Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, being related party transactions that have taken place during the period ended 31 December 2015 and have materially affected the financial position or performance of the Company during that period.

Signed on behalf of the Board by:

Anthony Pickford
Director
22 March 2016

ALTERNATIVE LIQUIDITY FUND LIMITED
Principal Risks and Uncertainties

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.

Other risk and uncertainties
Market price risk is a second key risk associated with the Company. The Company has established policies to monitor 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 Condensed Financial Statements contains further details of the ‘Risks associated with financial instruments’.

Independent review report to Alternative Liquidity Fund Limited

Introduction

We have been engaged by Alternative Liquidity Fund Limited (the "Company") to review the Condensed Financial Statements for the period from 25 June 2015 (date of incorporation) to 31 December 2015 which comprises the Unaudited Statement of Comprehensive Income, the Unaudited Statement of Financial Position, the Unaudited Statement of Changes in Equity, the Unaudited Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the Interim Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Condensed Financial Statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 ("ISRE (UK and Ireland) 2410") "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The Interim Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Financial Report in accordance with the Disclosure and Transparency Rules (the "DTR") of the United Kingdom's Financial Conduct Authority ("UK FCA").

As disclosed in Note 1, the annual Financial Statements of the Company will be prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The Condensed Financial Statements included in this Interim Financial Report have been prepared in accordance with IAS 34, 'Interim Financial Reporting' ("IAS 34"), as adopted by the European Union ("EU").

Our responsibility

Our responsibility is to express to the Company a conclusion on the Condensed Financial Statements in the Interim Financial Report based on our review.

Scope of review

We conducted our review in accordance with ISRE (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Financial Statements in the Interim Financial Report for the period from 25 June 2015 (date of incorporation) to 31 December 2015 is not prepared, in all material respects, in accordance with IAS 34, as adopted by the EU, and the DTR of the UK FCA.

Grant Thornton Limited
Chartered Accountants
Guernsey. Channel Islands

22 March 2016

ALTERNATIVE LIQUIDITY FUND LIMITED
Unaudited Interim Statement of Comprehensive Income
For the period from 25 June 2015 (date of incorporation) to 31 December 2015

	Notes	For the period from 25 June 2015 (date of incorporation) to 31 December 2015 US$
Income		
Net losses on financial assets at fair value through profit or loss	6 (b)	(19,485,778)
Net foreign exchange loss		(8,698)
Total net income		(19,494,476)
Expenses		
Investment Manager's fee	3	325,407
Other expenses	3	213,339
Total operating expenses		538,746
Total comprehensive loss for the period		**(20,033,222)**
Loss per ordinary share (basic and diluted)*	5	**(24.88)c**

**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 income' is also the profit for the period.

All items in the above statement derive from continuing operations.

The accompanying notes on pages 13 to 31 form an integral part of these Unaudited Interim Financial Statements.

ALTERNATIVE LIQUIDITY FUND LIMITED
Unaudited Interim Statement of Financial Position
As at 31 December 2015

	Notes	31 December 2015 US$
ASSETS		
Non-current assets		
Investments at fair value through profit or loss	6	117,201,756
		117,201,756
Current assets		
Unsettled investment sales		1,517,234
Prepayments		18,497
Other receivables		819,006
Cash and cash equivalents		5,278,865
Total assets		124,835,358
Liabilities:		
Other payables		314,304
Total liabilities		314,304
Total net assets		**124,521,054**
Equity		
Share capital	8	144,554,276
Retained earnings		(20,033,222)
Total equity		**124,521,054**
Number of ordinary shares		145,006,956
Net asset value per ordinary share	9	0.8587

The Unaudited Interim Financial Statements on pages 9 to 31 were approved and authorised for issue by the Board of Directors on 22 March 2016 and signed on its behalf by:

Anthony Pickford
Director

The accompanying notes on pages 13 to 31 form an integral part of these Unaudited Interim Financial Statements.

ALTERNATIVE LIQUIDITY FUND LIMITED
Unaudited Interim Statement of Changes in Equity
For the period from 25 June 2015 (date of incorporation) to 31 December 2015

	Share capital US$	Retained earnings US$	Total US$
As at 25 June 2015 (date of incorporation)	**-**	**-**	**-**
Issue of ordinary shares during the period	144,554,276	-	144,554,276
Total comprehensive loss for the period	-	(20,033,222)	(20,033,222)
As at 31 December 2015	**144,554,276**	**(20,033,222)**	**124,521,054**

The accompanying notes on pages 13 to 31 form an integral part of these Unaudited Interim Financial Statements.

ALTERNATIVE LIQUIDITY FUND LIMITED
Unaudited Interim Statement of Cash Flows
For the period from 25 June 2015 (date of incorporation) to 31 December 2015

	Note	For the period from 25 June 2015 (date of incorporation) to 31 December 2015 US$
Cash flows from operating activities		
Total comprehensive loss for the period		(20,033,222)
Adjustments for:		
Net losses on financial assets at fair value through profit and loss	6 (b)	19,485,778
Net foreign exchange losses		8,698
Increase in unsettled investments and prepayments		(1,535,731)
Increase in other payables		314,304
		(1,760,173)
Sales of investments	6 (a)	2,000,416
Net cash from operating activities		**240,243**
Cash flows from financing activities		
Issue of shares*		5,047,320
Net cash from financing activities		**5,047,320**
Net increase in cash and cash equivalents during the period		**5,287,563**
Cash and cash equivalents, start of the period		-
Effect of foreign exchange rate changes during the period		(8,698)
Cash and cash equivalents, end of the period		**5,278,865**

* Excludes non-cash issue of shares to the value of US$138,687,950 in exchange for the initial portfolio during the period (see note 6 (a)).

The accompanying notes on pages 13 to 31 form an integral part of these Unaudited Interim Financial Statements.

1. General information

Alternative Liquidity Fund Limited (the "Company") was incorporated and registered in Guernsey under The Companies (Guernsey) Law, 2008 on 25 June 2015. The Company's registration number is 60552 and it is regulated by the Guernsey Financial Services Commission as a non-cellular company limited by shares. 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 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 has 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 acqusition of the Initial Portfolio the Company held approximately 60 investments with an aggregate valuation of US$138.7 million.

The Annual Financial Statements of the Company will be prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Accounting Standards ("IAS") that remain in effect, 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 Unaudited Interim Financial Statements (the "Condensed Financial Statements"):

(a) Basis of preparation

(i) Statement of compliance
The Condensed Financial Statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting' ("IAS 34") with additional disclosures, which management considered to be relevant as this is the Company's first financial reporting period.

(ii) Basis of measurement
The Company's Condensed 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 Condensed Financial Statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Condensed 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 Condensed 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 31 December 2015 and the factors that may impact its performance in the forthcoming year and are of the opinion that it is appropriate to prepare these Condensed 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 Condensed 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

(iii) Functional and presentation currency
The Condensed 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 Condensed 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.

(iv)Judgements and estimates
The preparation of Condensed 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 Condensed Financial Statements are the functional currency of the Company (see note 2(a)(iii)) 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 Condensed 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

(v) New and amended accounting standards
At the date of approval of these Condensed Financial Statements, the following standards and interpretations, which have not been applied in these Condensed 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 are yet to assess the impact that the adoption of the above will have on the Condensed 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.

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.

2. Principal accounting policies, continued

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

Fair value measurement, continued
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.

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.

2. Principal accounting policies, continued

(c) Foreign exchange
Foreign currency assets and liabilities are translated into US Dollar at the rate of exchange ruling at the period end date. The rates of exchange as at 31 December 2015 were as follows:

US$1: £ 0.6786

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.

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

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

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

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

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

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

2. Principal accounting policies, continued

(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 in a single geographical sector, 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 Condensed 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 15 March 2016, there were only 2 investors with more than 10% of the issued share capital of the Company.

3. Expenses

	For the period from 25 June 2015 (date of incorporation) to 31 December 2015 US$
Investment Manager's fee:	
Investment Manager's fee for the period	325,407
	325,407
Other expenses:	
Directors' remuneration and expenses	73,876
Accounting, secretarial and administration fees	66,905
Legal and professional fees	4,377
Auditor's remuneration	10,993
Custodian fee	38,973
Registrar's fee	10,784
Directors and officers insurance	1,764
Listing fees	2,368
Sundry expenses	3,299
	213,339

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

3. Expenses, continued

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

For the services performed under this Investment Management Agreement, 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.

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$66,905, of which US$23,332 was outstanding at the period end.

Custodian fees
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$38,973, of which US$38,973 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 31 December 2015		
	Total comprehensive loss for the period US$	Weighted average number of ordinary shares in issue No.	Loss per ordinary share
Ordinary shares	(20,033,222)	80,505,313	(24.88)c

6. Fair value of financial instruments

a) Investments at fair value through profit or loss

		31 December 2015 US$
Opening fair value at 25 June 2015		-
In specie transfer		138,687,950
Sales	– proceeds	(2,000,416)
	– realised gains on sales	29,311
Movement in unrealised losses on investments		(19,515,089)
Closing fair value carried at 31 December 2015		117,201,756
Closing cost carried forward		136,716,845
Unrealised losses on investments		(19,515,089)
Closing fair value carried forward		117,201,756

Please refer to the Investment Manager's Report 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

	31 December 2015 US$
Net realised gains on financial assets at fair value through profit or loss	
- Designated as at fair value through profit or loss	29,311
Movement in unrealised gains/(losses) on financial assets at fair value through profit and loss	
- Designated as at fair value through profit or loss	(19,515,089)
Net losses on financial assets at fair value through profit or loss	(19,485,778)

6. Fair value of financial instruments, continued

c) Valuation models

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

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

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

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

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.

During the period the valuation methodology used:

Unlisted investment funds/unlisted private equity investment

Investments in unlisted open-ended investment funds (redemption restricted)/unlisted private equity investment are typically valued utilising the net asset valuations provided by the administrators of the underlying funds and/or their investment managers. 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.

6. Fair value of financial instruments, continued

c) Valuation models, continued

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.

6. Fair value of financial instruments, continued:

c) Valuation models, continued:

The table below sets out information about significant unobservable inputs used as at 31 December 2015 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
Unlisted open-ended investment funds (redemption restricted)	-	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$11,000.
	16,558,301	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	8% - 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$619,000.
	100,643,455	Unadjusted net asset value	No unobservable inputs are disclosed as these are not generated internally	N/A	N/A	A 5% increase/decrease in the unadjusted net asset value category of investments would result in an approximate decrease/increase in fair value of US$5,032,000.
Total Investments	**117,201,756**					

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.

	31 December 2015	
	Favourable	(Unfavourable)
Change in fair value of investments	US$5.66m	US$5.65m

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 5% 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 Condensed Financial Statements where the Directors have estimated the fair value of certain investments as at 31 December 2015.

As at 31 December 2015 and as described in the table on page 23, 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:

31 December 2015	Investments valued at NAV US$	Fair value adjustment US$	Fair value US$
Level 3 investments with fair value adjustments of:			
8%	12,437,414	(1,033,844)	11,403,570
50%	10,309,462	(5,154,731)	5,154,731
100%	109,240	(109,240)	-
	22,856,116	(6,297,815)	16,558,301
Level 3 investments without fair value adjustments			100,643,455
Total fair value of investments			117,201,756

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	31 December 2015 US$	% of net assets %
Level 3 - Investments valued at fair value		
Unlisted open-ended investment funds	117,201,756	94
	117,210,756	94

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:

	31 December 2015 US$
Balance at 25 June 2015	-
Purchases	138,687,950
Sales/distributions - proceeds	(2,000,416)
- realised gains on sales	29,311
Total unrealised losses recognised in profit or loss	(19,515,089)
Balance at 31 December	117,201,756
Closing cost carried forward	136,716,845
Unrealised losses on investments	(19,515,089)
Closing fair value carried forward	117,201,756
Total unrealised losses recognised on financial assets at fair value through the profit or loss held at the end of the period	(19,515,089)

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 primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. 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.

7. Financial risk management, continued:

(a) Market risk, continued

Price sensitivity
Please refer to page 23 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.

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

Assets:	**Interest-bearing assets 31 December 2015 US$**	**Non interest-bearing assets 31 December 2015 US$**	**Total 31 December 2015 US$**
Cash and cash equivalents	5,278,865	-	5,278,865
Other receivables	-	2,336,240	2,336,240
Investments at fair value through profit or loss	-	117,201,756	117,201,756
Total assets	**5,278,865**	**119,537,996**	**124,816,861**

Liabilities:	**Interest-bearing liabilities 31 December 2015 US$**	**Non interest-bearing liabilities 31 December 2015 US$**	**Total 31 December 2015 US$**
Other payables	-	314,304	314,304
Total liabilities	**-**	**314,304**	**314,304**

Interest rate sensitivity
As at 31 December 2015, 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$26,394. 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.

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 Board has resolved that the currency risk associated with the Company's Sterling denominated investment will be unhedged.

The Company is invested directly in funds, funds of funds and other similar assets. The Company’s investments are unhedged. Some of the net assets of the Company as at 31 December 2015 are denominated in currencies other than US Dollar. The carrying amounts of these assets and liabilities are as follows:

31 December 2015	GBP US$	USD US$	Total US$
Assets			
Cash and cash equivalents	83,628	5,195,237	5,278,865
Prepayments	-	1,517,234	1,517,234
Other receivables	14,111	4,386	18,497
Unsettled investment sales	-	819,006	819,006
Investments at fair value through profit or loss	5,471,234	111,730,522	117,201,756
	5,568,973	119,266,385	124,835,358
Liabilities:			
Other payables	35,205	279,099	314,304
	35,205	279,099	314,304

Foreign exchange rate sensitivity
As at 31 December 2015, should the US Dollar exchange rate decrease by 5% against Sterling, with all other variables held constant, the increase in net assets attributable to holders of ordinary shares would amount to approximately US$276,688. An increase of 5% would have an equal, but opposite, effect.

(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$122,480,621, the carrying value of the securities and cash held by the Custodian.

7. Financial risk management, continued

(b) Credit risk, continued

Cash credit risk
The Company monitors its risk by monitoring the credit ratings of the Custodian. At the period end the long-term credit ratings of the Custodian as at 31 December 2015 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 are difficult or impossible. Because of inherent uncertainty of valuing these investments, arising from their illiquid nature, the values of these investments may differ significantly from the values that would have been used had a ready market for the investments existed, and such differences could be material.

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

Maturity Analysis

As at 31 December 2015 **Assets**	Less than 1 month US$	1-12 months US$	>12months US$	No stated maturity US$	Total US$
Investments at fair value through profit or loss	-	-	-	117,201,756	117,201,756
Unsettled investment sales	1,517,234	-	-	-	1,517,234
Cash and cash equivalents	5,278,865	-	-	-	5,278,865
Other receivables	-	819,006	-	-	819,006
	6,796,099	819,006	-	117,201,756	124,816,861
Liabilities					
Other payables	314,304	-	-	-	314,304
	314,304	-	-	-	314,304

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) Capital risk management
The capital structure of the Company consists of equity attributable to holders of ordinary shares, comprising share capital and retained earnings as detailed in note 9. 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:	**31 December 2015**	
	No.	**US$**
Share capital at the beginning of the period	-	-
Issued share capital	145,006,956	145,006,956
Share issue costs	-	(452,680)
Share capital at the end of the period	145,006,956	144,554,276

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 31 December 2015:	**US$**	**No.**	**US$**
Published NAV	124,529,282	145,006,956	85.88c
Fair value adjustment	(8,228)	145,006,956	(0.01c)
Per Financial Statements	124,521,054	145,006,956	85.87c

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$325,407, of which the balance payable at the end of the period was US$240,126.

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

As at 31 December 2015, the interests of the Directors and their families who held office during the period are set out below:

	31 December 2015 ordinary shares
Quentin Spicer (Chairman)	-
Dr Richard Berman	-
Anthony Pickford	50,000

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$73,876, of which the balance payable at the end of the period was US$242.

11. Subsequent events

Subsequent to the period end and up to the date of this report, the Company purchased the following amount of shares to be held as treasury shares:

Treasury shares:

Date	Number of shares purchased	Cost (US$)
21 January 2016	305,000	39,345
22 January 2016	715,000	101,888

On 29 January 2016, the Company announced that they had issued 1,049,679 ordinary shares, in relation to the acquisition of a portfolio of fund interests ("the Portfolio") for a total consideration of US$912,906.

Also on 29 January 2016, the Company reissued 1,020,000 treasury shares as ordinary shares, in relation to the acquisition of the Portfolio, for a total consideration of US$887,094.

Following this issue, the total number of ordinary shares is 146,056,635 and the total number of voting rights in the Company will be 146,056,635.

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

ALTERNATIVE LIQUIDITY FUND LIMITED
Schedule of Investments (Unaudited)
As at 31 December 2015

Number of Shares	Description	Fair Value	% of net assets
GBP			
594,053.6700	South Asian Real Estate Limited	5,471,234	4.40
		5,471,234	4.40
USD			
10,112.0500	3DPropCo Limited Class A October 2011	5,154,731	4.14
10,537.3400	Abax Arhat Fund Class Unrest Red Series 1 Jul 07	11,626,058	9.34
159,377.9300	Abax Upland Fund LLC Redeeming CL	167,968	0.14
29,185.3700	AG MFUND LP ABSPVINT SDL ACGFILP	93,643	0.08
78.9200	Apollo Asia Opportunity O/S Series P2-31 07.08	1,285	0.00
427.8240	Apollo Asia Opportunity O/S Series P3-31 07.08	3,934	0.00
78.6560	Apollo Asia Opportunity O/S Series P4-31 07.08	1,730	0.00
90.9480	Apollo Asia Opportunity O/S Series P6-31 07.08	1,888	0.00
105.3490	Apollo Asia Opportunity O/S Series P6-31 07081	1,415	0.00
16.1160	Apollo Asia Opportunity O/S Series P6-31 07.08	214	0.00
15.0000	Apollo Asia Opportunity O/S Series P6-31 07081	199	0.00
11,499.1570	Argo Special Situations Fund LP	1,689,673	1.36
956.7220	Autonomy Fund II C Ltd Class II LTV S1	190,897	0.15
3,206.9600	Autonomy Cap Global Macro FD Designated INV SH CL	477,099	0.38
9.2550	Autonomy Fund II C Ltd Class II C LTV S10	1,846	0.00
105.0510	Autonomy Fund II C Ltd Class II C LTV S2	20,961	0.02
0.0470	Autonomy Fund II C Ltd Class II C LTV S3	9	0.00
0.6040	Autonomy Fund II C Ltd Class II C LTV S4	120	0.00
2.3370	Autonomy Fund II C Ltd Class II C LTV S5	466	0.00
0.1820	Autonomy Fund II C Ltd Class II C LTV S6	36	0.00
231.4790	Autonomy Fund II C Ltd Class II C LTV S7	46,187	0.04
120.9330	Autonomy Fund II C Ltd Class II C LTV S8	24,122	0.02
1.6570	Autonomy Fund II C Ltd Class II C LTV S9	331	0.00
668.3300	Bennelong Asia Pacific	-	0.00
0.0810	Clearwater Capital Patners Opportunities Fund LP	29,511	0.02
7,410.4910	Clearwater Capital Ptnrs Long Term Value Fund -SP	24,240	0.02
695,021.0460	Clearwater Capital Ptnrs Opportunities Fund LP- SP	217,959	0.18
46,830.2720	GLG Emerg Mrkts Growth Fund - CLA	1,973,325	1.58
42,035.9580	Growth Management Ltd	11,403,570	9.16
75,908.8240	Growth Premier Fund IC Class A	4,774,938	3.84
3,529.8830	Sector Spesit I Fund Class A	-	0.00
12,046.2700	Serengeti Mgt Fee A 104/1210	8,009	0.01
65.2250	Serengeti Opportunities - Mgt Fee A 102/0907	25,905	0.02
6.5510	Serengeti Opportunities - SC- A 102/0907 (Feb 11)2	26,860	0.02
0.4400	Serengeti Opportunities - SC- A 102/0907 (Mar 11)2	1,407	0.00
1.0000	SFL Clover Limited	7,198,670	5.78
27,573.5000	Sols Llc Clp Sdblin Ltd AC GFILP	364	0.00
36.2300	SRNGET OPPFNDLTD A 1020907-20711	93,684	0.08
176.0210	SRNGET OPPFNDLTD A SR102907 0611	461,024	0.37
3.5900	SRNGET OVERSEASLTD A 1020907 SL	5,845	0.00
22.4430	SRNGET OVERSEASLTD A 1020907A SL	36,542	0.03
3.5780	SRNGETI OPP PRKR A102/0907DEC 11	-	0.00
717.0500	SRNGTI OP AC/SC-A 104/0907 DEC11	1,928	0.00
358.3100	SRNGTI OP LPAC/SCA104/0108 DEC11	963	0.00
718.2500	SRNGTI OP LPAC/SCA104/0311 DEC11	1,931	0.00
6,796.2300	SRNGTI OP LPAC/SCA104/0611 DEC11	18,278	0.01
2,112.5100	SRNGTI OP LPAC/SCA104/1007 DEC11	5,681	0.00
354.5200	SRNGTIOP PRTNRSLP CLO-104/0108	194	0.00
705.6500	SRNGTIOP PRTNRSLP CLO-104/0907	390	0.00
2,085.2200	SRNGTIOP PRTNRSLP CLO-104/1007	1,148	0.00
677.9400	SRNGTIOP PRTNRSLP CLO-104/1107	374	0.00
107.8300	SRNGTIOPPRTLP SCA 104/1107 NOV10	-	0.00
2,860.5200	SRNGTIOPPRTNRLP SA 104/0311 J11	7,402	0.01
975.6900	SRNGTIOPPRTNRLP SCA 104/1107 J10	2,400	0.00
	Sub-total carried forward	45,827,354	36.80

ALTERNATIVE LIQUIDITY FUND LIMITED
Schedule of Investments, continued (Unaudited)
As at 31 December 2015

Number of Shares	Description	Fair Value	% of net assets
USD, continued			
	Sub-total brought forward	45,827,355	36.80
508.7300	SRNGTIOPPRTNRLP SCA104/0108JUN10	1,251	0.00
112.0700	SRNGTIOPPRTNRLP SCA104/0907NOV10	-	0.00
2,997.1900	SRNGTIOPPRTNRLP SCA104/1007JUN10	7,375	0.01
331.5100	SRNGTIOPPRTNRLP SCA104/1007NOV10	-	0.00
2,548.7800	SRNGTIOPPRTNRLP STA104/1107 JN11	6,594	0.01
3,839.6800	SRNGTIOPPRTNRLP STNA 104/1210 J11	9,932	0.01
1,329.0400	SRNGTIOPPRTNRLP STNA104/0108 J11	3,439	0.00
7,833.7800	SRNGTIOPPRTNRLP STNA104/1007 J11	20,268	0.02
687.5200	SRNGTIOPPRTNRLPAC/SCA104/1107D11	1,848	0.00
2,658.0300	SRNGTIOPPRTNRLPSTNA104/0907 J11	6,877	0.01
55.9600	SRNGTIOPRTNRLP SCA104/0108 NOV10	-	0.00
1,016.4900	SRNGTIOPRTNRLP SCA104/0907 JUN10	2,502	0.00
963.6100	SRNGTIOPRTNRLPACSCA104/1210DEC11	2,591	0.00
15.2450	TCF SPV Limited USD/5	-	0.00
393.8185	Trafalgar Catalyst Fund SPV USD	32,599	0.03
281.7530	Trafalgar Discovery Fund USD C U/NV/1	8,313	0.01
26.1000	Trafalgar Discovery Fund USD C U/NV/2	770	0.00
15,911.4100	Ubique FSPC Ltd - Green Fd SHCLB	3,148,287	2.53
44,493.7500	Ubique FSPC Ltd CRNRST Fund SP USD	16,953,342	13.62
11,972.5500	Ubique Fund SPC Ltd Gallois Inves	4,934,064	3.96
116,221.8030	Vision Chapadao Fund Series 1	58,888	0.05
38,872.2780	Vision Chapadao Fund Series 2	19,434	0.02
445,492.5360	Vision Chapadao Fund Series 3	180,446	0.14
1,590.3700	Vision Chapadao Fund Series 5	806	0.00
30,999.1690	Vision FCVS PB Fund Series 1	475,165	0.38
233,557.3650	Vision FCVS PB Fund Series 2	3,747,851	3.01
42,709.3850	Vision FCVS PB Fund Series 5	669,901	0.54
26,736.4200	Vision FCVS PB Fund Series 8	429,034	0.34
3,201.3200	Vision FCVS PB Fund Series 9	51,371	0.04
310,819.8510	Vision FCVS RJ Fund Series 1	4,977,535	4.00
294,780.8050	Vision FCVS RJ Fund Series 2	4,964,565	3.99
308,044.4190	Vision FCVS RJ Fund Series 4	5,059,431	4.06
192,714.3010	Vision FCVS RJ Fund Series 6	3,245,607	2.61
4,040.3600	Vision FCVS RJ Fund Series 7	68,046	0.05
100,142.7360	Vision I-NX	8	0.00
249,790.9040	Vision I-NX (D)	19	0.00
23,106.9270	Vision Piaui Fund Series 1	62,161	0.05
7,784.9820	Vision Piaui Fund Series 2	17,747	0.01
90,625.7960	Vision Piaui Fund Series 3	208,359	0.17
316.5600	Vision Piaui Fund Series 6	852	0.00
45,997.6800	Vision Sp Cr Opp Elt Fund Series 1	2,620,885	2.10
55,638.3840	Vision Sp Cr Opp Elt Fund Series 2	3,362,087	2.70
63,053.4720	Vision Sp Cr Opp Elt Fund Series 3	3,265,343	2.62
86,591.3500	Vision Sp Cr Opp Elt Fund Series 5	4,647,784	3.73
763.0900	Vision Sp Cr Opp Elt Fund Series 7	46,112	0.04
118,951.5270	Vision Tercado Fund Series 1	275,339	0.22
40,402.1530	Vision Tercado Fund Series 2	79,235	0.06
478,380.7240	Vision Tercado Fund Series 3	975,324	0.78
1,631.7100	Vision Tercado Fund Series 5	3,777	0.00
127,145.2050	WEAVERNG FI FND LTD(IN LIQUIDTN)	1,250,004	1.00
		111,730,522	89.72
Portfolio of investments		117,201,756	94.12
Other assets (net)		7,319,298	5.88
Total net assets attributable to Shareholders		124,521,054	100.00

ALTERNATIVE LIQUIDITY FUND LIMITED
Company Information

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)