

# **ALTERNATIVE LIQUIDITY FUND LIMITED**

**INTERIM REPORT AND UNAUDITED  
CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED  
31 DECEMBER 2022**

# ALTERNATIVE LIQUIDITY FUND LIMITED

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# ALTERNATIVE LIQUIDITY FUND LIMITED

## Highlights

### For the six months ended 31 December 2022

- US\$2.3 million was distributed to B Shareholders in January 2023 in respect of the receipts in the prior six months (31 December 2021: US\$2.2 million)

### Financial Highlights at 31 December 2022

	<b>31 December 2022</b>	<b>30 June 2022</b>
Total net asset value ("NAV")	US\$14.7 million	US\$18.0 million
NAV per Ordinary Share	10.03¢	12.30¢
Share price	3.10¢	3.54¢
Discount to NAV	69.1%	71.2%

# ALTERNATIVE LIQUIDITY FUND LIMITED

## COMPANY SUMMARY

### Principal activity

Alternative Liquidity Fund Limited (the "Company" or "ALF") was incorporated and registered in Guernsey under The Companies (Guernsey) Law, 2008 on 25 June 2015. The Company's registration number is 60552 and it is regulated by the Guernsey Financial Services Commission ("GFSC") as a non-cellular company limited by shares. The Company is listed on the Specialist Fund Segment ("SFS") of the Main Market of the of the London Stock Exchange ("LSE") since 26 January 2021, when it transferred from the Premium Segment of the LSE.

The Company is pursuing a realisation strategy in relation to its current investment portfolio of illiquid interests in funds, securities and other instruments with the objective to manage, monitor and realise these investments.

### Investment policy

The Company's investment policy is to invest in a diversified portfolio of illiquid investments, funds and funds of funds such as hedge funds, private equity funds, real estate funds, infrastructure funds, private investment funds and other alternative investment vehicles, sponsored or managed by investment managers across the world.

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.

Historically, 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.

The Company advised by Hindsight Solutions Limited (the "Investment Adviser") is engaged in an orderly wind-up of its remaining assets and these Financial Statements have therefore been prepared on a basis other than going concern. There is no present intention to make any new investments.

### Outlook

The Directors' in consultation with the Company's shareholders reviewed various options over the past nine months and continue to pursue a policy of an orderly wind up as the most effective method of returning capital to the Company shareholders.

Due to the diminishing size of the portfolio, the Company continues to reduce costs so far as practical, with a view to recommending the shareholders a voluntary solvent liquidation when the vast majority of assets with positive value have been realised. However, notwithstanding this objective, the Board continues to explore opportunities which may preserve or enhance the intrinsic value of the Company. The board would intend to consult with shareholders prior to recommending any such opportunities.

# ALTERNATIVE LIQUIDITY FUND LIMITED

## CHAIRMAN'S STATEMENT

### Introduction

I am pleased to present the Interim Report and Unaudited Condensed Interim Financial Statements (the "Financial Statements") for the period from 1 July 2022 to 31 December 2022. The Company is an investment trust listed on the London Stock Exchange ("LSE") in the Specialist Fund Segment 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; monthly portfolio reporting; active portfolio realisation management; and superior corporate governance.

### Portfolio and performance

The Company's investment portfolio (the "Portfolio") comprises illiquid fund positions emanating principally from the 2008 financial crisis, as well as a small number of secondary investments. It is almost entirely exposed to global emerging markets, with most of the underlying funds denominated in local currencies.

At the start of the period the Company had a Net Asset Value of US\$20.3m and a NAV per share of US\$0.1230. At the end of the period the Company's NAV was US\$14.7m and a NAV per share of US\$0.1003. The Company has a cash balance of approximately US\$1.24m as at 31 December 2022.

The Company announced and paid a \$2.3m distribution to its shareholders in January 2023 following a distribution received from the Vision ELT Fund. These monies were included in the valuation for December 2022 as a debtor as funds credited the cash account at the start of January.

The notable driver of the decrease in NAV was the increase of the Vision FCVS RJ Fund provision, from 40 to 60%.

The Vision Funds now make up 81.63% of the Company's adjusted NAV.

### Vision FCVS RJ (Vision RJ)

While the credit portfolio of Vision RJ is quite advanced with a large majority of the credits in the approved status, the portfolio novation has suffered over a decade of delay due to an internal audit started by Caixa (state owned Brazilian bank) nearly 11 years ago. Since then, the overall Vision RJ novation process remained suspended whilst investors waited for the audit report.

In January 2022, Caixa finally rendered its judgment with respect to the internal audit report. At the hearing, the decision was unanimous in validating the recommendations contained in the audit, i.e., to go back to the valuations for contracts before the "suspension" of the Caixa system. There will also be confirmation of the ownership/succession chain to verify the contracts belonging to each agent and the reprocessing of the portfolio.

Vision expected to have the publication of the report for the RJ portfolio in November of 2022, this has not occurred. The report is crucial for Vision to continue to pursue a portfolio sale strategy as it validates the claims in the portfolio. This is a complex legal pool of claims with many stakeholders, Vision continues to believe that the best route is to sell the claims to a local bank or existing stakeholder. The Board and the Investment Adviser agree with this assessment and are supportive of the Vision team's efforts, however, due to uncertainty with regard to timing, the Board has increased the provision against the position from 40% to 60%.

### V-Invest Loan

This vehicle was created in November 2016 to fund the working capital requirements of the Vision RJ Cayman Islands vehicles. The suspension of claim novations in Brazil (as described above) led to the Cayman vehicles running out of liquidity and being unable to pay third-party service providers. A loan was arranged to obviate this. The loan was funded by the major shareholders of Vision RJ. ALF invested \$209,023 (out of \$1m) to make certain that no other shareholder controlled more than 50% of the vehicle. This loan is now in default and Vision has approached all shareholders asking them to inject additional cash for working capital requirements. Vision has sought to refinance the existing loan and or find an alternate lender, however, given the delay in receiving the Caxias report on the RJ Portfolio, no one is willing to assume that risk. ALF and the other major shareholders along with the Vision's Independent Directors are exploring potential routes to solve the liquidity issue. We will keep shareholders informed of any developments.

# ALTERNATIVE LIQUIDITY FUND LIMITED

## CHAIRMAN'S STATEMENT (CONTINUED)

Vision Special Credit Opportunity Eletrobras Fund (Vision ELT)

The largest claim in Vision ELT is the Siemens claim, which represented approximately half of the Vision ELT Fund NAV at the start of this period. The full amount of the claim was deposited by Eletrobras into a government escrow account in early 2022. The next step is for the court to allow Vision to withdraw the funds from the escrow account and distribute these funds to shareholders. After several (legal) delaying tactics by Eletrobrás, Vision believes that there is now no reason for the court not to allow the withdrawal. However, the exact timing of the withdrawal is uncertain.

In November 2022, after a yearlong sale process, Vision's management successfully sold the balance of the Vision ELT fund (ex-Siemens) to a Brazilian investor. This led to a distribution of \$2.3m for ALF, which in turn allowed the Company to announce and make a shareholder distribution in January 2023, as detailed above. The buyer has recently put forward a bid for Siemens' claim, albeit at a large discount to face value. The Board and the Investment Adviser are discussing the price with Vision and the bidder since a sale at a narrower discount could be in the interest of ALF's shareholders.

During the period the Company received US\$21,800 from underlying manager distributions, comprising:

	<b>US\$</b>
Bennelong Asia Pacific	2,606
Ubique Holdings Limited	2,000
Warana SP 2018 Fund	17,195

The Board has a general policy of making cash distributions to shareholders subject to the need to fund the working capital requirements of the Company and the costs of each distribution.

### **Outlook**

Due to the diminishing size of the portfolio and for reasons previously explained, the Company continues to engage in an orderly wind down and to reduce costs so far as practical, with a view to recommending to the shareholders a voluntary solvent liquidation when the vast majority of assets with positive value have been realised. However, notwithstanding this objective, the Board continues to explore situations which may preserve or enhance the intrinsic value of the Company.

**Quentin Spicer**  
**Chairman**  
**22 March 2023**

## **ALTERNATIVE LIQUIDITY FUND LIMITED**

### **BOARD OF DIRECTORS**

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

The Directors of the Company at the date of this report, all of whom served throughout the period and are non-executive and independent by virtue of having no material business relationship with the Company or the former investment manager within the last three years, having received no additional remuneration from the Company apart from a directors' fee, having no close family ties with any of the Company's advisers, Directors or the former investment manager, having no cross-directorships or significant links with other Directors or serving on the board of any other company managed by the same manager, nor representing any significant Shareholder and having served on the board for less than nine years from the date of their first appointment, are as follows:

***Quentin Spicer, Chairman, age 78, appointed 25 June 2015***

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

***Anthony Pickford, aged 69, appointed 14 July 2015***

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 Barham & Company (now Deloitte). In 1986 he joined Chandlers as a partner with a specialism in insolvency matters and advised a range of financial services companies and trading companies on insolvency matters as well as acting as financial adviser to local entities. He became Managing Director of the firm in 2000 and assumed the role of Chairman in 2004 until his retirement in 2008. He has previously been a non-executive Director of several listed companies.

***Dr Richard Berman, age 66, appointed 14 July 2015***

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

## **ALTERNATIVE LIQUIDITY FUND LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Interim Report and Unaudited Condensed Interim Financial Statements in accordance with applicable law and regulations:

- These Unaudited Condensed Interim 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; and
- The Interim Report includes a fair review of the information required by:
  - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, being an indication of important events that have occurred during the period ended 31 December 2022 and their impact on the Unaudited Condensed Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, being related party transactions that have taken place during the period ended 31 December 2022 and have materially affected the financial position or performance of the Company during that period, and any changes since the related party transactions described in the last Annual Report that could do so.

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

The half-yearly financial report has not been audited or reviewed by auditors pursuant to the Financial Reporting Council guidance on Review of Interim Financial Information.

In accordance with the UK Corporate Governance Code, the Board considered whether these Unaudited Condensed Interim Financial Statements were fair, balanced and understandable and whether they provided the necessary information for shareholders to access the Company's performance, business model and strategy. Having evaluated all of the available information, the assurances by management and underlying processes used to prepare the published financial information, the Board were satisfied that, taken as a whole, the Unaudited Condensed Interim Financial Statements are fair, balanced and understandable

The Company has a diversified shareholder population. As at 22 March 2023, there were only 3 investors with more than 5% of the issued share capital of the Company.

#### **Going Concern**

The Interim Financial Statements have been prepared under a basis other than going concern and amended to reflect the fact that the going concern assumption is not appropriate. This involves writing assets down to their net realisable value based on conditions existing at the end of the reporting period and providing for contractual commitments which may have become onerous as a consequence of the decision to wind-down the entity.

Under basis other than going concern, all assets are measured at net realisable value and provisions are made for estimated liquidation costs.

The Directors deem it appropriate to adopt a basis other than going concern in preparing the Interim Financial Statements given the fact they believe that the investments held by the Company may be fully realised and the Company put into liquidation in the next 9 months from the date of approving these Interim Financial Statements in line with the Company's managed wind-down strategy. Please refer to page 2 for detail regarding the Company's Investment Objective and Investment Policy.

The ongoing geopolitical events (such as the Russia/Ukraine crisis) has been a significant influence on global markets and has had an economic impact on certain companies held within the Company's portfolio. The Board and the Investment Advisor closely monitors the latest developments relating to ongoing geopolitical events, and the impacts it may have on the Company's portfolio.



## **ALTERNATIVE LIQUIDITY FUND LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES, CONTINUED**

#### **Going Concern, continued**

Accordingly, the Board has adopted a basis other than that of going concern in the preparation of these Interim Financial Statements. The Directors estimate that the wind-down costs will be approximately \$1,684,000 for which a provision has been recorded however no present obligation exists and therefore is not in accordance with IAS 37 however its in-line with the adopting a non-going concern basis of preparation. The Board believes that the Company has sufficient funds available to meet its wind-down costs and day-to-day running costs for the next 9 months from the date of approving these Interim Financial Statements. The Directors consider that the net realisable amount of other assets and liabilities approximate to their fair value and no adjustment is required to their net realisable value under the non-going concern basis of accounting.

Signed on behalf of the Board by:

**Anthony Pickford**  
**Director**  
**22 March 2023**

# ALTERNATIVE LIQUIDITY FUND LIMITED

## PRINCIPAL 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.

In the Board's opinion, the principal risk arises from the inherent difficulty of fairly valuing the portfolio assets in current market conditions. In order to manage this risk, the Investment Adviser 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 consultation with the Investment Adviser, 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.

The Board, together with the Investment Adviser have developed a provisioning process to evaluate the portfolio as objectively as possible. In executing this process, the Investment Adviser actively seeks to obtain good quality information from the underlying funds, and reviews and assesses this and the underlying funds' valuation processes, geographical locations and risks associated with the assets. Where possible, this analysis is then checked against observable secondary market activity.

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

### Other Risks

- **Market price:** the Company monitors this risk, which is reviewed regularly in consultation with the Investment Adviser.
- **Liquidity:** 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 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.
- **Regulatory:** the Company operates in a complicated regulatory environment and faces a number of regulatory risks. Breaches of law and regulations, such as GFSC Rules, Codes and Guidance, the SFS Rules, The Companies (Guernsey) Law, 2008, the Disclosure Guidance and Transparency Rules ("DTR") and The Protection of Investors (Bailiwick of Guernsey) Law, 2020 could lead to a number of serious outcomes and reputational damage. The Board monitors compliance with law and regulations by regular review of internal control reports.
- **Interest rate:** the Company does not hold any interest-bearing investments or borrowings 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 to be immaterial to the Company.
- **COVID-19:** the pandemic has presented a significant risk to the global economy and financial markets, which has resulted in an unprecedented level of market volatility and disruption. The Board has reviewed the business continuity arrangements of the service providers to the Company, which include the ability for all key employees to work from home, and does not believe that the pandemic has had a significant effect on the Company.
- **Geopolitical:** the Company holds assets where the underlying product is in regions which may have unpredictable political circumstances. The locations are continually monitored for changes in the level of risk.

Note 7 to the Audited Financial Statements for the year ended 30 June 2022, contains further details of the 'Risks associated with financial instruments'. Further information on the principal long-term risks and uncertainties of the Company is included in 'Risk Factors' of the prospectus which is available on request from the Company's Administrator.

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
For the six months ended 31 December 2022

	Notes	For the six months ended 31 December 2022 (unaudited) US\$	For the six months ended 31 December 2021 (unaudited) US\$
<b>Income</b>			
Net losses on financial assets at fair value through profit or loss	6 (b)	(3,484,352)	(4,574,958)
Net foreign exchange losses		(12,789)	(4,086)
<b>Total net losses</b>		<u>(3,497,141)</u>	<u>(4,579,044)</u>
<b>Expenses</b>			
Investment Adviser's fee	3	169,606	302,721
Other expenses	3	213,460	252,633
Movement in provision for wind-down costs	10	(555,759)	-
<b>Total operating expenses</b>		<u>(172,693)</u>	<u>555,354</u>
<b>Total comprehensive loss for the period</b>		<u><b>(3,324,448)</b></u>	<u><b>(5,134,398)</b></u>
<b>Loss per Ordinary Share (basic and diluted)*</b>	5	<u><b>(2.27)¢</b></u>	<u><b>(3.50)¢</b></u>

*\*Basic earnings per Ordinary Share is calculated by dividing the income for the period by the weighted average number of Ordinary Shares outstanding during the period which was 146,644,387 (31 December 2021: 146,644,387). Diluted earnings per Ordinary Share is the same as basic earnings per Ordinary Share since there are no dilutive potential Ordinary Shares arising from financial instruments.*

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

All items in the above statement derive from continuing operations.

*The accompanying notes on pages 13 to 25 form an integral part of these Unaudited Condensed Interim Financial Statements.*

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2022**

	Notes	31 December 2022 (unaudited) US\$	30 June 2022 (audited) US\$
<b>Current assets</b>			
Investments at fair value through profit or loss	6 (a)	12,981,456	18,752,504
Other receivables and prepayments		6,651	33,297
Cash and cash equivalents		1,240,274	1,565,632
Unsettled trades		2,264,896	-
		<u>3,511,821</u>	<u>1,598,929</u>
<b>Total assets</b>		16,493,277	20,351,433
<b>Current liabilities</b>			
Other payables		102,636	80,585
Provision for wind-down costs	10	1,684,241	2,240,000
<b>Total net assets</b>		<u>14,706,400</u>	<u>18,030,848</u>
<b>Equity</b>			
Share capital	7	110,061,119	110,061,119
Retained losses		(95,354,719)	(92,030,271)
<b>Total equity</b>		<u>14,706,400</u>	<u>18,030,848</u>
<b>Number of Ordinary Shares</b>	7	<u>146,644,387</u>	<u>146,644,387</u>
<b>Net asset value per Ordinary Share</b>	8	<u>10.03¢</u>	<u>12.30¢</u>

The Unaudited Condensed Interim Financial Statements on pages 9 to 25 were approved and authorised for issue by the Board of Directors on 22 March 2023 and signed on its behalf by:

**Anthony Pickford**  
**Director**

*The accompanying notes on pages 13 to 25 form an integral part of these Unaudited Condensed Interim Financial Statements.*

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
For the six months ended 31 December 2022

For the six months ended  
31 December 2022 (unaudited)

	Notes	Ordinary Share capital US\$	B Share capital US\$	Retained losses US\$	Total US\$
<b>As at 1 July 2022</b>		110,061,119	-	(92,030,271)	18,030,848
Total comprehensive loss for the period		-	-	(3,324,448)	(3,324,448)
<b>As at 31 December 2022</b>		<b>110,061,119</b>	<b>-</b>	<b>(95,354,719)</b>	<b>14,706,400</b>

For the six months ended  
31 December 2021 (unaudited)

	Notes	Ordinary Share capital US\$	B Share capital US\$	Retained losses US\$	Total US\$
<b>As at 1 July 2021</b>		112,260,785	-	(86,206,219)	26,054,566
B shares issued as distributions to Shareholders	7	(2,199,666)	2,199,666	-	-
B shares redeemed and cancelled during the period	7	-	(2,199,666)	-	(2,199,666)
Total comprehensive loss for the period		-	-	(5,134,398)	(5,134,398)
<b>As at 31 December 2021</b>		<b>110,061,119</b>	<b>-</b>	<b>(91,340,617)</b>	<b>18,720,502</b>

*The accompanying notes on pages 13 to 25 form an integral part of these Unaudited Condensed Interim Financial Statements.*

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
For the six months ended 31 December 2022

	Note	For the six months ended 31 December 2022 (unaudited) US\$	For the six months ended 31 December 2021 (unaudited) US\$
<b>Cash flows from operating activities</b>			
Total comprehensive loss for the period		(3,324,448)	(5,134,398)
Adjustments for:			
Net losses on financial assets at fair value through profit or loss	6 (b)	3,484,352	4,574,958
Net foreign exchange losses		12,789	4,086
Decrease/(increase) in other receivables and prepayments		26,646	(38,263)
Increase/(decrease) in other payables		22,051	(34,802)
Movement in provision for wind-down costs	10	(555,759)	-
		<b>(334,369)</b>	<b>(628,419)</b>
Sales of investments		21,800	2,813,132
<b>Net cash (used in)/from operating activities</b>		<b>(312,569)</b>	<b>2,184,713</b>
<b>Cash flows used in financing activities</b>			
B shares redeemed during the period	7	-	(2,199,666)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(2,199,666)</b>
<b>Net decrease in cash and cash equivalents during the period</b>		<b>(312,569)</b>	<b>(14,953)</b>
Cash and cash equivalents at the start of the period		1,565,632	1,429,748
Effect of foreign exchange rate changes during the period		(12,789)	(4,086)
<b>Cash and cash equivalents at the end of the period</b>		<b>1,240,274</b>	<b>1,410,709</b>

*The accompanying notes on pages 13 to 25 form an integral part of these Unaudited Condensed Interim Financial Statements.*

# **ALTERNATIVE LIQUIDITY FUND LIMITED**

## **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

### **For the six months ended 31 December 2022**

#### **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 registered closed ended collective investment scheme under The Registered Collective Investment Scheme Rules 2015. The Company is listed on the Specialist Fund Segment ("SFS") of the Main Market of the of the London Stock Exchange ("LSE") since 26 January 2021, when it transferred from the Premium Segment of the LSE.

The Company invests 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 Annual Audited Financial Statements of the Company for the year ended 30 June 2022, which give a true and fair view, were prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and endorsed by the EU, together with applicable legal and regulatory requirements of the Companies (Guernsey) Law, 2008 and other applicable rules and regulations.

#### **2. Principal accounting policies**

##### **Basis of preparation and Statement of Compliance**

These Unaudited Condensed Interim Financial Statements (the "Interim Financial Statements") have been prepared in accordance with IAS 34 "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"), together with applicable legal and regulatory requirements of the Companies (Guernsey) Law, 2008 and the Disclosure Guidance and Transparency Rules ("DTR") of the United Kingdom's Financial Conduct Authority ("FCA"). The Interim Financial Statements have been prepared on a basis other than going concern.

The Interim Financial Statements do not include all the information and disclosures required in Annual Financial Statements and should be read in conjunction with the Company's last Annual Audited Financial Statements for the year ended 30 June 2022.

The accounting policies applied in these Interim Financial Statements are consistent with those applied in the last Annual Audited Financial Statements for the year ended 30 June 2022, which were prepared in accordance with IFRS.

##### **Going concern**

The Interim Financial Statements have been prepared under a basis other than going concern and amended to reflect the fact that the going concern assumption is not appropriate. This involves writing assets down to their net realisable value based on conditions existing at the end of the reporting period and providing for contractual commitments which may have become onerous as a consequence of the decision to wind-down the entity.

Under basis other than going concern, all assets are measured at net realisable value and provisions are made for estimated liquidation costs.

The Directors deem it appropriate to adopt a basis other than going concern in preparing the Interim Financial Statements given the fact they believe that the investments held by the Company may be fully realised and the Company put into liquidation in the next 9 months from the date of approving these Interim Financial Statements in line with the Company's managed wind-down strategy. Please refer to page 2 for detail regarding the Company's Investment Objective and Investment Policy.

The ongoing geopolitical events (such as the Russia/Ukraine crisis) has been a significant influence on global markets and has had an economic impact on certain companies held within the Company's portfolio. The Board and the Investment Advisor closely monitors the latest developments relating to ongoing geopolitical events, and the impacts it may have on the Company's portfolio.

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**For the six months ended 31 December 2022**

**2. Principal accounting policies (continued)**

**Going concern (continued)**

Accordingly, the Board has adopted a basis other than that of going concern in the preparation of these Interim Financial Statements. However, prior period comparatives have not been restated for the change in accounting policies as required by IAS 8. The Directors estimate that the wind-down costs will be approximately \$1,684,000 for which a provision has been recorded however no present obligation exists and therefore is not in accordance with IAS 37 however its in-line with the adopting a non-going concern basis of preparation. The Board believes that the Company has sufficient funds available to meet its wind-down costs and day-to-day running costs for the next 9 months from the date of approving these Interim Financial Statements. The Directors consider that the net realisable amount of other assets and liabilities approximate to their fair value and no adjustment is required to their net realisable value under the non-going concern basis of accounting.

**Estimates and judgements**

There have been no changes to the significant accounting judgements, estimates and assumptions from those applied in the Company's Audited Annual Financial Statements for the year ended 30 June 2022.

**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, that conducts business in Guernsey. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company.

The Company has a diversified shareholder population. As at 22 March 2023, there were only 3 investors with more than 5% of the issued share capital of the Company.

**New standards, interpretations and amendments adopted by the Company**

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Company's Annual Financial Statements for the year ended 30 June 2022, which were prepared in accordance with IFRS as adopted by the European Union. There has been no early adoption, by the Company, of any other standard, interpretation or amendment that has been issued but is not yet effective.

**3. Expenses**

	<b>For the six months ended 31 December 2022 (unaudited) US\$</b>	<b>For the six months ended 31 December 2021 (unaudited) US\$</b>
Investment Adviser's fee and expenses	169,606	192,673
Investment Adviser's realisation fee*	-	110,048
	<hr/>	<hr/>
	169,606	302,721
<i>Other expenses:</i>		
Directors' remuneration and expenses	53,516	64,963
Accounting, secretarial and administration fees	49,944	56,514
Custodian fee	35,000	35,000
Legal and professional fees	25,342	-
Auditor's remuneration	17,049	26,635
Listing and regulatory fees	8,195	9,581
Broker's fee	-	13,503
Registrar's fee	12,952	29,566
Directors and officers insurance	3,237	2,899
Sundry expenses	8,225	13,972
	<hr/>	<hr/>
	213,460	252,633

\*Realisation fees paid to the Investment Manager or Investment Advisor following the return of capital by way of redeemable B share issues as announced on the London Stock Exchange.



**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**For the six months ended 31 December 2022**

**3. Expenses (continued)**

**Investment Adviser fee**

With effect from 1 January 2021, Hindsight Solutions Limited (“Hindsight” or the “Adviser”) was appointed as the Investment Adviser to the Company. Pursuant to the terms of the Advisory Agreement (“AA”) dated 4 December 2020, the Investment Adviser is entitled to receive an investment advisory fee of £23,000 per month payable in advance. The Investment Adviser is also entitled to a realisation fee of 5 per cent of the cash distributed to Shareholders. The Company shall also reimburse all reasonable international travel and expenses properly and necessarily incurred by Hindsight. Under the terms of the AA, the AA shall continue unless and until terminated as provided by the terms of the AA, or by either party giving to the other not less than three months written notice.

Investment adviser’s fees for the period totalled US\$169,606 (31 December 2021: US\$302,721), made up of the fixed monthly fee of £23,000 (in total US\$166,076), realisation fees of US\$nil and US\$3,530 of expenses incurred on behalf of the Company (31 December 2021: US\$110,048 realisation fees and US\$3,454 of expenses), of which US\$nil (30 June 2022: US\$28,009) had been prepaid at the end of the period.

**Administration fees**

With effect from 14 July 2015, Sanne Fund Services (Guernsey) Limited (the “Administrator”) was appointed as Administrator of the Company. Pursuant to the terms of the Administration and Secretarial Agreement, 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 £86,160 per annum, plus disbursements. The Administrator also receives project fees as agreed by the Board from time to time.

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\$ 49,944 (31 December 2021: US\$56,514). There was an outstanding balance at the period end of US\$26,027(30 June 2022: US\$25,172).

**Custodian fees**

With effect from 24 July 2015, Citibank N.A. (London Branch) (the “Custodian”) was appointed as Custodian to the Company. Pursuant to the terms of the Custodian Agreement, the Custodian is entitled to receive 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 in relation to the investment of the assets of the Company.

Custodian fees for the period totalled US\$35,000 (31 December 2021: US\$35,000). A balance of US\$17,500 (30 June 2022: US\$nil) 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.

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**For the six months ended 31 December 2022**

**5. (Loss)/earnings per Ordinary Share**

Basic earnings per Ordinary Share is calculated by dividing the total comprehensive income or loss for the period by the weighted average number of Ordinary Shares in issue during the period.

**For the six months ended 31 December 2022 (unaudited)**

	Total comprehensive loss for the period US\$	Weighted average number of Ordinary Shares in issue No.	Loss per Ordinary Share
Ordinary Shares	(3,496,801)	146,644,387	(2.38)¢

**For the year ended 30 June 2022 (audited)**

	Total comprehensive loss for the year US\$	Weighted average number of Ordinary Shares in issue No.	Loss per Ordinary Share
Ordinary Shares	(3,584,052)	146,644,387	(2.44)¢

**For the six months ended 31 December 2021 (unaudited)**

	Total comprehensive loss for the period US\$	Weighted average number of Ordinary Shares in issue No.	Loss per Ordinary Share
Ordinary Shares	(5,134,398)	146,644,387	(3.5)¢

**6. Fair value of financial instruments**

**a) Investments at fair value through profit or loss**

	For the six months ended 31 December 2022 (unaudited) US\$	For the year ended 30 June 2022 (audited) US\$	For the six months ended 31 December 2021 (unaudited) US\$
Fair value at the start of the period/year	18,752,504	24,689,159	24,689,159
Purchases	-	1,754	-
Sales proceeds	(2,286,696)	(3,358,793)	(2,824,537)
Realised (losses) on sales	(6,675,892)	(4,917,441)	(122,171)
Movement in unrealised gains/(losses) on investments	3,191,540	2,337,825	(4,452,787)
Fair value at the end of the period/year	12,981,456	18,752,504	17,289,664
Cost at the end of the period/year	82,012,088	90,974,676	96,302,448
Unrealised losses on investments	(69,030,632)	(72,222,172)	(79,012,784)
Fair value at the end of the period/year	12,981,456	18,752,504	17,289,664

Please refer to the Investment Adviser's Report and notes to the Financial Statements of the last Annual Report for strategic and geographical exposures within the Company's investment portfolio.

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
For the six months ended 31 December 2022

**6. Fair value of financial instruments (continued)**

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

	31 December 2022 (unaudited) US\$	30 June 2022 (audited) US\$	31 December 2021 (unaudited) US\$
<b>Net realised (losses)/gains on financial assets at fair value through profit or loss</b>	(6,675,892)	(4,917,441)	(122,171)
<b>Movement in unrealised (losses)/ gains on financial assets at fair value through profit and loss</b>	3,191,540	2,337,825	(4,452,787)
<b>Net (losses)/gains on financial assets at fair value through profit or loss</b>	(3,484,352)	(2,579,616)	(4,574,958)

**c) Valuation models**

None of the Company's financial assets or 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.

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.

The Investment Adviser has developed a discounting process to evaluate the portfolio as objectively as possible by taking into account the quality of information received from the underlying funds, their valuation processes, geographical locations and risks associated with the assets. Where possible, the analysis is then checked against observable secondary market activity. The discount methodology, and the reasons for each discount, which the Board applies where they do not believe the reported value of the underlying asset represents the fair value is detailed further below.

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**  
**For the six months ended 31 December 2022**

**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 2022 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

<b>Description</b>	<b>31 December 2022 Fair Value (US\$)</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Discount applied</b>	<b>Sensitivity to changes in significant unobservable inputs</b>	<b>Quantitative disclosure of impact on Fair Value of changes in unobservable inputs to reasonable alternatives</b>
Unlisted open-ended investment funds (redemption restricted)	20,075	Adjusted net asset value	Unadjusted NAV and applied discounts based on: - Alternative outcome advised by underlying manager, liquidator or other authorised party	53% - 100%	The fair value would decrease if the underlying input discount were higher.  The estimated fair value would increase if the discount were lower.	A 20% 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\$8,641)/US\$1,751,860.
	11,435,218	Adjusted net asset value	Unadjusted NAV and applied discounts based on some or all of the following: -Delay in NAV reporting -Liquidator appointed -Unwillingness of manager to provide asset level information -Annual Financial Statements not produced on schedule -No third party administrator -Asset or Manager based in Emerging Markets Country -Exposure to assets which are caught up in legal proceedings, resulting in lack of certainty of full recovery -Asset leverage -Recent secondary market trading activity	10% - 100%	The fair value would decrease if the underlying input discount were higher.  The estimated fair value would increase if the discount were lower.	A 20% 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\$3,957,178)/US\$5,168,636.
	1,526,163	Unadjusted net asset value	Unadjusted NAV and no discounts applied	N/A	The fair value would increase if the NAV of the investments were higher.  The fair value would decrease if the NAV of the investments were lower.	A 20% increase/decrease in the unadjusted net asset value category of investments would result in an approximate decrease/increase in fair value of US\$305,233
<b>Total Investments</b>	<b>12,981,456</b>					

# ALTERNATIVE LIQUIDITY FUND LIMITED

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2022

### 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 2022 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	30 June 2022 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)	20,075	Adjusted net asset value	Unadjusted NAV and applied discounts based on:  -Alternative outcome advised by underlying manager, liquidator or other authorised party	53% - 100%	The fair value would decrease if the applied discount were higher.  The estimated fair value would increase if the applied 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\$4,382) /US\$875,930.
	16,817,095	Adjusted net asset value	Unadjusted NAV and applied discounts based on some or all of the following:  -Delay in NAV reporting -Liquidator appointed -Unwillingness of manager to provide asset level information -Annual Financial Statements not produced on schedule -No third party administrator -Asset or Manager based in Emerging Markets Country -Exposure to assets which are caught up in legal proceedings, resulting in lack of certainty of full recovery -Asset leverage -Recent secondary market trading activity	10% - 100%	The fair value would decrease if the applied discount were higher.  The estimated fair value would increase if the applied 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\$2,314,994) /US\$5,141,776
	1,915,334	Unadjusted net asset value	Unadjusted NAV and no discounts applied	N/A	The fair value would increase if the NAV of the investments were higher.  The fair value would decrease if the NAV of the investments were lower.	A 10% increase/decrease in the unadjusted NAV of investments would result in an approximate decrease/increase in fair value of US\$189,017
<b>Total investments</b>	<b>18,752,504</b>					

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**  
**For the six months ended 31 December 2022**

**6. Fair value of financial instruments (continued)**

**c) Valuation models (continued)**

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 2022		30 June 2022	
	Favourable	Unfavourable	Favourable	Unfavourable
Change in fair value of investments	US\$7,225,729	US\$(4,271,052)	US\$6,206,723	US\$(2,508,393)

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 a number of 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 30% sensitivity analysis on the fair values of the remaining investments in the Company's portfolio for which no unobservable inputs are applied.

Significant unobservable inputs are developed as follows:

- *Discount for anticipated difficulty in recovering NAV:* The Investment Adviser 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 Adviser 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 Adviser, 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 Adviser 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 Adviser's control.
- *Discount for no efficient or fair secondary market for liquidation:* The Investment Adviser has observed that although a reasonably developed secondary market exists for most illiquid hedge fund portfolios there are some assets and portfolios that the secondary market has not been able to effectively research. This results in an extremely depressed secondary price and liquidity, mainly due to the poor information available.
- *Discount for assets which are caught up in legal proceedings:* The Investment Adviser has observed that it may not be possible for the Company to recover the full value of these assets due to very complicated legal proceedings mainly surrounding their ownership and clean title.
- *Discount for advice of alternative outcome:* The Investment Adviser has observed advice from underlying managers, liquidators or authorised parties that they expect recovery to be materially less than the stated NAV.
- *Discount for lack of/delayed information:* If the NAVs of the underlying assets are delinquent and/or not provided on time the Investment Adviser will apply a discount.
- *Discount for geographic, political or currency related risks:* The Investment Adviser will apply an additional discount if there is a perceived geographic, political or currency related risk.

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**  
**For the six months ended 31 December 2022**

**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 Interim Financial Statements where the Directors have estimated the fair value of certain investments as at 31 December 2022.

As at 31 December 2022, and as described in the table on page 18-19, the Directors, in consultation with the Investment Adviser, have applied adjustments against net asset values to a number of 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:

<b>31 December 2022 (unaudited)</b>	<b>Investments valued at NAV US\$</b>	<b>Fair value adjustment US\$</b>	<b>Fair value US\$</b>
Level 3 investments with fair value adjustments of:			
14%	486,146	(68,952)	417,194
45%	5,194,342	(2,337,454)	2,856,888
50%	503,875	(251,938)	251,937
53%	42,588	(22,636)	19,952
60%	19,248,749	(11,549,249)	7,699,500
85%	44,064	(37,411)	6,653
90%	1,211	(1,093)	118
95%	4,106,615	(3,901,285)	205,330
99%	641	(636)	5
100%	34,010,100	(34,010,100)	-
	<u>63,638,331</u>	<u>(52,180,755)</u>	<u>11,457,576</u>
Level 3 investments without fair value adjustments			1,523,879
Total fair value of investments			<u>12,981,455</u>
<b>30 June 2022 (audited)</b>	<b>Investments valued at NAV US\$</b>	<b>Fair value adjustment US\$</b>	<b>Fair value US\$</b>
Level 3 investments with fair value adjustments of:			
40%	18,970,748	(7,588,299)	11,382,449
45%	8,355,325	(3,759,895)	4,595,430
53%	42,588	(22,636)	19,952
70%	6,056	(4,239)	1,817
85%	44,064	(37,411)	6,653
90%	4,107,826	(3,697,047)	410,779
99%	641	(636)	5
100%	37,005,136	(37,005,136)	-
	<u>68,532,384</u>	<u>(52,115,299)</u>	<u>16,417,085</u>
Level 3 investments without fair value adjustments			2,335,419
Total fair value of investments			<u>18,752,504</u>

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**  
**For the six months ended 31 December 2022**

**6. Fair value of financial instruments (continued)**

**d) Fair value hierarchy**

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

	<b>31 December 2022</b> <b>(unaudited)</b>	<b>% of net assets</b>
<b>Fair value assets</b>	<b>US\$</b>	<b>%</b>
Level 3 - Investments valued at fair value		
Unlisted open-ended investment funds	12,981,456	89.3%
	<hr/>	
	<b>30 June 2022</b> <b>(audited)</b>	<b>% of net assets</b>
<b>Fair value assets</b>	<b>US\$</b>	<b>%</b>
Level 3 - Investments valued at fair value		
Unlisted open-ended investment funds	18,752,504	104.0%
	<hr/>	

The table in Note 6 (a) provides a reconciliation from opening balance to closing balance for assets measured at fair value on a recurring basis using Level 3 inputs.

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

There were no transfers between any fair value hierarchy levels during the current period.

**e) Investment in unconsolidated subsidiaries, associates and joint ventures**

	<b>Date of acquisition</b>	<b>Domicile</b>	<b>Ownership</b>
Gillett Holdings Limited	01/07/2018	Ukraine	74%

**7. Share capital**

**Authorised capital**

The Company has the power to issue an unlimited number of Ordinary Shares of no par value. The Ordinary Shares were issued at the issue price of US\$1.00.

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

The Company is authorised to make market purchases of up to 14.99 per cent of the Ordinary 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.

Pursuant to Section 276 of the Law, a Share in the Company confers on the shareholder the right to vote on resolutions of the Company, the right to an equal share in dividends authorised by the Board of Directors, and the right to an equal share in the distribution of the surplus assets of the Company.



**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**  
**For the six months ended 31 December 2022**

**7. Share capital (continued)**

**Issued share capital**

<b>Ordinary Shares:</b>	<b>31 December 2022</b>	
	<b>(unaudited)</b>	
	<b>No.</b>	<b>US\$</b>
Share capital at the start of the period	146,644,387	110,061,119
Distributions	-	-
Share capital at the end of the period	146,644,387	110,061,119

<b>Ordinary Shares:</b>	<b>30 June 2022</b>	
	<b>(audited)</b>	
	<b>No.</b>	<b>US\$</b>
Share capital at the start of the year	146,644,387	112,260,785
Distributions	-	(2,199,666)
Share capital at the end of the year	146,644,387	110,061,119

On 29 October 2021, the Board announced that it had resolved to return an amount of US\$0.015 per ordinary share to Shareholders, in total US\$2,199,666, to be effected through the issue and subsequent redemption of redeemable B shares. All such redemption payments were made on 30 November 2021.

<b>B shares:</b>	<b>31 December 2022</b>	
	<b>(unaudited)</b>	
	<b>No.</b>	<b>US\$</b>
Share capital at the start of the period	-	-
Issue of B shares during the period*	-	-
Redeemed and cancelled during the period	-	-
Share capital at the end of the period	-	-

<b>B shares:</b>	<b>30 June 2022</b>	
	<b>(audited)</b>	
	<b>No.</b>	<b>US\$</b>
Share capital at the start of the year	-	-
Issue of B shares during the year*	2,199,666	2,199,666
Redeemed and cancelled during the year	2,199,666	(2,199,666)
Share capital at the end of the year	-	-

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

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**  
**For the six months ended 31 December 2022**

**8. Net asset value per Ordinary Share**

The net asset value is shown in the table below:

<b>Ordinary Share class:</b>	<b>Net asset value</b>	<b>Number of</b>	<b>Net asset value</b>
	<b>US\$</b>	<b>Ordinary Shares</b>	<b>per Ordinary</b>
<b>As at 31 December 2022 (unaudited):</b>		<b>in issue</b>	<b>Share</b>
		<b>No.</b>	
Published net asset value	14,534,047	146,644,387	9.91¢
Fair value adjustments	-	-	-
Net asset value per Interim Financial Statements	14,534,047	146,644,387	9.91¢

<b>Ordinary Share class:</b>	<b>Net asset value</b>	<b>Number of</b>	<b>Net asset value</b>
	<b>US\$</b>	<b>Ordinary Shares</b>	<b>per Ordinary</b>
<b>As at 30 June 2022 (audited):</b>		<b>in issue</b>	<b>Share</b>
		<b>No.</b>	
Published net asset value	20,270,848	146,644,387	13.82¢
Provision for wind-down costs	(2,240,000)	-	(1.52)¢
Net asset value per Annual Financial Statements	18,030,848	146,644,387	12.30¢

**9. Related party transactions and Directors' interests**

The Investment Adviser and the Directors were regarded as related parties during the period.

The only related party transactions during the period are described below:

Details on the Investment Adviser's fee are detailed in note 3

Timothy Gardner, controlling shareholder and a director of the Investment Adviser (Hindsight Solutions Limited), Timothy Gardner holds 349,116 shares (30 June 2022: 349,116 shares) in the Company.

As at 31 December 2022, the interests of the Directors and their families who held office during the period are set out below:

	<b>31 December 2022</b>	<b>30 June 2022</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>Number of</b>	<b>Number of</b>
	<b>Ordinary Shares</b>	<b>Ordinary Shares</b>
Quentin Spicer (Chairman)	-	-
Dr Richard Berman	-	-
Anthony Pickford	100,000	100,000
	100,000	100,000

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\$53,516 (31 December 2021: US\$64,963). There was no outstanding balance at the period end (30 June 2022: US\$Nil).

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**  
**For the six months ended 31 December 2022**

**10. Provision for wind-down costs**

The wind-down costs represent the day to day running costs for the estimated period to liquidation.

	<b>1 July 2022 to 31 December 2022 US\$</b>	<b>1 July 2021 to 30 June 2022 US\$</b>
Opening balance	2,240,000	-
Reversal of the provision	(383,406)	-
Decrease in provision during the period/year	(172,353)	2,240,000
<b>Closing balance</b>	<b>1,684,241</b>	<b>2,240,000</b>

**11. Subsequent events**

On 5 January 2023, the Board announced that it had resolved to return an amount of US\$0.015 per ordinary share to Shareholders, in total US\$2,199,666, to be effected through the issue and subsequent redemption of redeemable B shares. All such redemption payments were made on 31 January 2023.

With effect from 13 February 2023, the Company's registered office and administrators address has changed from Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 1GR to 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL.

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

# ALTERNATIVE LIQUIDITY FUND LIMITED

## SCHEDULE OF INVESTMENTS (unaudited)

As at 31 December 2022

Number of Shares	Description	Fair Value	% of net assets
<b>USD (30 June 2022: 104%)</b>			
2,000,000	Aarkad plc	-	-
34,851,756	Aarkad - USD	-	-
10,537	Abax Arhat Fund Class Unrest Red Series 1 Jul 07	199,856	1.38
159,378	Abax Upland Fund LLC Redeeming CL	5,474	0.04
36,983	Aramid Distribution Trust	-	-
3,931	Autonomy Rochevera	251,938	1.71
9,590,341	Blue Sugars Corporation Common Stock USD	-	-
654	Cam OFI Master LDC – Class A	17,618	0.12
568	Cam OFI Master LDC – Class B	993	0.01
32	Cam Opportunity Fund I Class A-1004	1,341	0.01
23,045	Denholm Hall Russia Arbitrage Fund Class A EUR	-	-
137,410	Denholm Hall Russia Arbitrage Fund Class A GBP	-	-
4,145	Denholm Hall Russia Arbitrage Fund Class B EUR	-	-
210,673	Denholm Hall Russia Arbitrage Fund Class B GBP	-	-
14,815	Denholm Hall Russia Arbitrage Fund Class C EUR	-	-
600,000	Duet India Hotels Limited	-	-
26	Eden Rock Asset Based Lending Fund	6	0.00
284	FIT Timber Premium Euro Fund	-	-
2,137	FIT Timber Premium Sterling Fund	-	-
2,589	Gillett Holdings	-	-
27	QMF Recap Limited	2,699	0.02
347	Quantek Master Fund SPC Ltd Feeder LP	4,911	0.03
30	Quantek Opportunity Fund Class A-1 Premium EUR Fund	543	0.00
57	Quantek Opportunity Fund Class A-1 Premium GBP Fund	554	0.00
82	Quantek Opportunity Fund Class G-1 Premium GBP Fund	646	0.00
3	Ritchie Multi-Strategy Global CL-S	-	-
805	SA Capital Partners	-	-
22	Serengeti Opportunities - CLO - A210/0907slvl	13,415	0.09
4	Serengeti Opportunities - CLO - A210/0907slvl 2	2,146	0.01
65	Serengeti Opportunities - Mgt Fee A 210/0907	12,047	0.08
1	Serengeti Opportunities - CLO - 243/0108	60	0.00
1	Serengeti Opportunities - CLO - 243/0907	121	0.00
	Sub-total carried forward	514,187	3.50

**ALTERNATIVE LIQUIDITY FUND LIMITED**  
**SCHEDULE OF INVESTMENTS (unaudited) (continued)**  
**As at 31 December 2022**

<b>Number of shares</b>	<b>Description</b>	<b>Fair Value</b>	<b>% of net assets</b>
<b>USD (continued)</b>	Sub-total brought forward	514,187	3.50
1	Serengeti Opportunities - CLO - 243/1007	356	0.00
1	Serengeti Opportunities - CLO - 243/1107	116	0.00
1	Serengeti Opportunities - Mgt Fee A 243/1210	6,511	0.04
805	South Asian Management Limited	-	-
925,277	Stillwater Asset Backed Fund II Onshore SPV/Gerova	-	-
425	TCF SPV USD G/Series 1-U	-	-
2,090	V Invest FCVS RJ (Cayman) Ltd	1,446,036	9.83
3	Valens Offshore Fund	119	0.00
117,302	Vision Chapadao Fund Series 1	31	0.00
38,872	Vision Chapadao Fund Series 2	10	0.00
445,493	Vision Chapadao Fund Series 3	117	0.00
1,590	Vision Chapadao Fund Series 5	-	-
310,820	Vision FCVS Rj Fund Series 1	2,073,482	14.10
297,521	Vision FCVS RJ Fund Series 2	2,110,553	14.35
308,044	Vision FCVS RJ Fund Series 4	2,119,592	14.41
192,714	Vision FCVS RJ Fund Series 6	1,367,077	9.30
4,040	Vision FCVS RJ Fund Series 7	28,662	0.19
100,143	Vision I-NX	10	0.00
255,542	Vision I-NX (D)	51	0.00
23,322	Vision Piaui Fund Series 1	10,500	0.07
7,785	Vision Piaui Fund Series 2	2	0.00
90,626	Vision Piaui Fund Series 3	24	0.00
317	Vision Piaui Fund Series 6	123	0.00
389	Vision SCO Fund	310	0.00
23,023	Vision SP CR OPP ELT Fund Series 1	519,422	3.53
28,108	Vision SP CR OPP ELT Fund Series 2	634,129	4.31
31,535	Vision SP CR OPP ELT Fund Series 3	716,901	4.87
43,342	Vision SP CR OPP ELT Fund Series 5	977,820	6.65
382	Vision SP CR OPP ELT Fund Series 7	8,617	0.06
120,057	Vision Tercado Fund Series 1	28,665	0.19
40,402	Vision Tercado Fund Series 2	11	0.00
478,381	Vision Tercado Fund Series 3	127	0.00
1,632	Vision Tercado Fund Series 5	390	0.00
4,874	Volia Limited	-	-
1,230	Warana SP Offshore Fund SPC – 2018 Segregated Port	417,324	2.83
		<b>12,981,456</b>	<b>88.27</b>
<b>Portfolio of investments</b>		<b>12,981,456</b>	<b>88.27</b>
<b>Other net assets</b>		<b>1,724,944</b>	<b>11.73</b>
<b>Total net assets attributable to Shareholders</b>		<b>14,706,400</b>	<b>100.00</b>

# ALTERNATIVE LIQUIDITY FUND LIMITED

## COMPANY INFORMATION

<b>Directors:</b>	Quentin Spicer ( <i>Non-executive Independent Chairman</i> ) Dr Richard Berman ( <i>Non-executive Independent Director</i> ) Anthony Pickford ( <i>Non-executive Independent Director</i> )
<b>Registered Office:</b>	1 Royal Plaza Royal Avenue St Peter Port Guernsey, GY1 2HL
<b>Administrator &amp; Secretary:</b>	Sanne Fund Services (Guernsey) Limited 1 Royal Plaza Royal Avenue St Peter Port Guernsey, GY1 2HL
<b>Registrar:</b>	Link Market Services (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey, GY2 4LH
<b>Investment Adviser:</b>	Hindsight Solutions Limited 19 Diamond Court Opal Drive Fox Milne Milton Keynes United Kingdom MK15 0DU
<b>Auditor:</b>	Grant Thornton Limited St James Place St James Street St Peter Port Guernsey, GY1 2NZ
<b>Custodian &amp; Principal Banker:</b>	Citibank, N.A. (London Branch) Canada Square London, E14 5LB
<b>Guernsey Legal Adviser:</b>	Carey Olsen (Guernsey) LLP Carey House Les Banques St Peter Port Guernsey, GY1 4BZ
<b>UK Legal Adviser:</b>	Stephenson Harwood LLP 1 Finsbury Circus Finsbury London, EC2M 7SH
<b>Company Number:</b>	60552 (Registered in Guernsey)