



## **Warana Capital, LLC**

### **Form ADV Part 2A – Disclosure Brochure**

**Effective: March 29, 2018**

This Form ADV 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Warana Capital, LLC (“Warana Capital” or the “Advisor”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (201) 803-2699.

Warana Capital is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Warana Capital to assist Investors in determining whether to select the Advisor.

Additional information about Warana Capital and its Advisory Persons is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 288311.

**Warana Capital, LLC**  
**154 Grand Street, Level 3, New York, NY 10013**  
**Phone: (201) 803-2699**  
<http://www.waranacap.com>

## **Item 2 – Material Changes**

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Warana Capital believes that communication and transparency are the foundation of its relationship with its clients and continually strive to provide its Investors with complete and accurate information at all times. Warana Capital encourages all current and prospective Investors to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

### Material Changes

There have been changes to this Disclosure Brochure that we are required to disclose to Clients. These material changes include:

- The Advisor has amended its advisory services to include investment management services to Non-US Listed Investment Companies and Trusts. Please see Items 4, 5, and 10.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 288311. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (201) 803-2699.

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## **Item 4 – Advisory Services**

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Warana Capital, LLC (“Warana Capital” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”), which is organized as a limited liability company under the laws of the State of Delaware. Warana Capital was founded in June 2016 and primarily owned by Timothy W. Ivers (CEO). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Warana Capital.

Warana Capital provides investment management and related services to investors (each an “Investor”) through domestic and offshore private fund vehicles, as well as to foreign exchange listed investment securities.

Warana Capital serves as the General Partner and Investment Manager (herein the “Manager”) to the Warana Capital SP Master Fund SPC (the “Master Fund”), and related Segregated Portfolios. The Advisor is also the Investment Manager to the Warana Capital SP Domestic Fund, LLC (the “Onshore Fund”), and related Series LLCs, as well as to the Warana Capital SP Offshore Fund SPC (the “Offshore Fund”) and related Segregated Portfolios (each a “Fund” and collectively the “Funds”).

Warana Capital also serves as the Investment Manager to the Alternative Liquidity Fund Limited, a Guernsey-domiciled, London Stock Exchange-traded closed-ended investment company (the “Company”). Lastly, an affiliate of Warana Capital, Warana Capital Pty Limited, provides investment-consulting services to the Alternative Investment Trust (“AIT”), a trust listed on the Australian Stock Exchange (ASX) under the Warana Capital Pty Limited affiliate. Please see Items 5, 6, and 10 for additional information.

Warana Capital may utilize a variety of investment strategies, including, without limitation, private equity, blended structured equity, long/short strategies, distressed and value debt securities investment strategies, relative value strategies, event-driven or opportunistic strategies and private credit and direct investing lending strategy. Generally, the majority of the investments targeted for acquisition by Warana Capital are interests of private funds or fund of funds that are gated, suspended, otherwise not-redeemable, or represent illiquid investments or interests in special purpose vehicles that have been formed to liquidate assets (e.g., related to side pockets or interests in funds that are in the process of winding down). Typically, these positions are expected to naturally liquidate gradually over time. Warana Capital may also identify investments in redeemable fund interests, interests in publicly-traded funds, other liquid fund interests, portfolio investments which are not in liquidation, a wide variety of other securities and financial instruments, including structured joint ventures, private debt and equity transactions, and securitizations involving private investment fund interests. On a selected basis, Warana Capital may make direct investments.

As of March 29, 2018, Warana Capital manages approximately \$275,000,000 in assets, all of which are on a discretionary basis. Warana Capital does not manage or place Client assets into a wrap fee program.

## **Item 5 – Fees and Compensation**

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### Warana Capital Private Funds

Investors in the Funds each pay a management fee at an annual rate of 2.00% payable in advance of each calendar quarter, pursuant to each Fund’s Confidential Private Placement Memorandum. Warana Capital, as the Managing Member, will receive a management fee based on the aggregate value of capital contributions in the Funds. Each investor will be charged a pro-rata fee based on their capital commitment. Investors are typically charged a management fee during the Call Period and for a period of up to forty-eight (48) following the end of the Call Period.

Warana Capital may also receive a management fee directly from either the Onshore Fund or the Offshore Fund, but only to the extent such feeder funds have made one or more direct investments directly instead of through the Master Fund. In no event will Warana Capital receive a management fee attributable to a particular portfolio investment from both the Master Fund and either the Onshore or Offshore Fund.

In addition, Warana Capital will receive a pro-rata portion of the quarterly management fee attributable to any subscriptions that have been made by Investors during the calendar quarter, based on the number of days remaining in such partial calendar quarter. Warana Capital reserves the right, in its sole discretion, to waive, reduce or rebate all or part of the management fee applicable to interests owned by any Investor without notice to, or the consent of, the other Investors of the respective Funds. Further, Warana Capital and its affiliates will not be charged a management fee with respect to their investments in the Fund.

In addition to the management fee, Investors may be subject to a performance allocation from the Master Funds, as described in Item 6 below.

Investors may incur certain fees or charges imposed by third parties, other than Warana Capital, in connection with investment made on behalf of the Funds. The Funds and indirectly the Investors are responsible for all custody and securities execution fees charged by the Custodian and executing broker-dealer, if applicable. The fees charged by underlying investments are also indirectly included in the value of an Investor's account.

***Additional details regarding management fees and performance allocations are included the respective Fund's Operating Agreement and Confidential Private Placement Memorandum.***

#### Alternative Liquidity Fund Limited

Warana Capital is paid a fixed investment management of \$500,000.00 paid quarterly in advance. Warana Capital will submit invoices to the Company for each quarterly fee installment. Additionally, Warana Capital may receive a "Realisation Fee" of 5% of any distributable cash proceeds of the Company, as approved by the Company's Board.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

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#### Warana Capital Private Funds

Warana Capital Partners, LLC, a Delaware limited liability company under common control with Warana Capital, serves as the "Performance Allocation Shareholder" and has the right to receive the performance allocation from the Master Fund (the "Performance Allocation"). For purposes of receiving the Performance Allocation, a separate class of Master Fund non-voting participating shares (the "Performance Allocation Shares") is held by the Performance Allocation Shareholder. The Performance Allocation Shareholder may also receive a Performance Allocation directly from either the Onshore Fund or the Offshore Fund, but only to the extent such feeder funds have made one or more investments directly instead of through the Master Fund. In no event will the Performance Allocation Shareholder receive a Performance Allocation attributable to a particular portfolio investment from both the Master Fund and the relevant feeder fund (i.e., the Performance Allocation shall not be paid twice with respect to the same investment). The Performance Allocation Shareholder retains the right to receive the Performance Allocation even if the Managing Member resigns or ceases to be involved with the Fund. The Performance Allocation Shareholder reserves the right in its sole discretion to waive, reduce or rebate all or part of the Performance Allocation applicable to Interests owned by any Member without notice to, or the consent of, the other Members.

Performance-based fees are only earned on cash distributions to investors and not on the valuation of securities. The limits the incentive for Warana Capital to overvalue investments which lack a market quotation.

#### Alternative Liquidity Fund

As noted in Item 5, Warana Capital may receive a "Realisation Fee" of 5% of any distributable cash proceeds of the Company, as approved by the Company's Board.

### **Item 7 – Types of Clients**

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As noted in Item 4, Warana Capital provides investment management and related services to Investors in the Funds. The Onshore Fund has established limited liability company interests offered to a limited number of sophisticated individuals and entities that are "accredited investors" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"). The minimum initial investment is set forth

in each Fund's Subscription Documents. Investors must pay in least 5% (or such other percentage as may be determined by Warana Capital) of the Investor's capital commitment at the time of the subscription.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

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### **A. Methods of Analysis**

Warana Capital employs a proprietary analysis methodology in researching, selecting and monitoring investments for the Funds. Research and analysis is derived from numerous sources.

### **B. Investment Strategies**

Warana Capital's primary investment focus for the Funds is to seek to identify niche investment opportunities that take advantage of dislocations and inefficiencies in the capital markets, and to provide investors with attractive risk-adjusted returns over a multi-year finite period by acquiring portfolio investments at discounts to their perceived and/or reported "fair value". This core strategy involves principally acquiring interests in hedge funds, private equity funds, real estate funds, infrastructure funds, private investment funds, and other alternative investment vehicles. Investments may be domiciled in the United States as well as other foreign jurisdictions.

### **C. Risk of Loss**

Before purchasing an Interest in one of the Funds, Investors should carefully consider the various risk factors and conflicts of interest, as well as suitability requirements, restrictions on transfer of interests and withdrawal of capital and various legal, tax and other considerations. These factors are discussed in detail in the respective Fund's Operating Agreement and Subscription Documents.

An investment in the Funds should be viewed as a non-liquid investment and involves a high degree of risk. Investors should consider a subscription to purchase an interest in one of the Funds only AFTER carefully reading Fund's Operating Agreement and Confidential Private Placement Memorandum.

*Interests May Not be Suitable* - The Funds may not be suitable investments for all investors. The investment focus of the Funds is primarily targeted at interests in private investment funds. Consequently, Investors should not purchase any interests unless you understand and are able to bear the liquidity and market risks associated with the underlying private investment funds.

*Loss of Capital* - All investments in securities risk the loss of capital. While Warana Capital believes that the Funds' and the Master Fund's investment program may moderate this risk to some degree, no guarantee or representation is made that the Funds' and the Master Fund's investment strategy will be successful in lowering the risks associated with its investments.

*Investment Lock-up* - An investment in the Funds involves restrictions on liquidity and its interests are not freely transferable or redeemable. Investors will be unable to withdraw or liquidate their interests in the Fund during the life of the applicable Series. Therefore, Investors may be unable to liquidate their investment in the event of an emergency or for any other reason.

***Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Investor should understand and be willing to bear. Additional risks are disclosed in the respective Fund's Operating Agreement and Confidential Private Placement Memorandum.***

## **Item 9 – Disciplinary Information**

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There are no legal, regulatory or disciplinary events involving Warana Capital or any of its Supervised Persons. Warana Capital values the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider in which you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 288311.

## **Item 10 – Other Financial Industry Activities and Affiliations**

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### Warana Capital Private Fund Affiliations

As noted in Item 4, Warana Capital serves as the General Partner and Manager to the Master Fund, and related Segregated Portfolios. The Advisor is also the Manager to the Onshore Fund, and related Series LLCs, as well as to the Offshore Fund and related Segregated Portfolios. As noted in Item 6, Warana Capital Partners, LLC, a Delaware limited liability company serves as the “Performance Allocation Shareholder” for the funds. Warana Capital Partners, LLC, is under common control of Warana Capital.

The Onshore Fund is a series limited liability company organized under the laws of the State of Delaware. Warana Capital has offered limited liability company membership interests pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), and Rule 506(b) of Regulation D promulgated thereunder.

The private funds are organized through a “master-feeder” fund structure. The private funds intend to contribute substantially all of the assets to the Master Fund, a Cayman Islands exempted company formed as a segregated portfolio company. In return for such contribution, the Funds will receive certain shares in the Master Fund. Details of the organizational structure are provided in the respective Fund’s Operating Agreement and Subscription Documents, which are provided to Investors in advance of any investment.

The private funds are private investment vehicles for a limited number of sophisticated, long-term investors. Warana Capital intends to restrict the number of “Investors” and will offer the interests in the Fund only through non-public transactions to US Investors in order to maintain each Fund’s exclusion from “investment company” status under the Investment Company Act of 1940, as amended. Investors in the Fund must be “accredited investors” within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended. Warana Capital faces a potential conflict of interest managing portfolios in which it, or a related person, has an ownership interest simultaneously with its other clients’ accounts. Warana Capital could have an incentive to favor those portfolios in which it, or a related person, has an ownership interest. Warana Capital has established policies and procedures to avoid this conflict of interest in the management of its accounts. Trading activity in proprietary vehicles is subject to Warana Capital’s aggregation and allocation policies.

***There can be no assurance that the investment objectives of the Fund or the Master Fund will be achieved or the investment strategies employed by Warana Capital or underlying managers will be successful. Please see the Fund’s Operating Agreement and Confidential Private Placement Memorandum for additional details regarding the Advisor’s investment approach and the Funds associated risks.***

### Warana Capital, LLP

Warana Capital has engaged with Warana Capital, LLP (“Warana UK”), an affiliated foreign investment advisor as an “Appointed Representative” with the Financial Conduct Authority in the UK. Warana Capital engages Warana UK through a consulting agreement to provide investment recommendations and advice to the investment committee of Warana Capital with respect to the Alternative Liquidity Fund Limited Company. Warana Capital will pay a monthly retailer fee to Warana UK for the services of employees of Warana UK.

### Warana Capital Pty Limited

Warana Capital has engaged with Warana Capital Pty Limited (“Warana Australia”), an affiliated foreign investment advisor under common control, through a consulting agreement to provide ongoing support and marketing efforts to Warana Capital with respect to the private investment funds. Warana Capital will pay a semi-annual retailer fee to Warana Australia for these services. Additionally, Warana Australia has engaged with Warana Capital through a consulting agreement to provide ongoing support to Warana Capital with respect to AIT. Warana USA will receive a semi-annual retainer fee for these services from Warana Australia.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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Warana Capital has implemented a Code of Ethics (the “Code”) that defines our fiduciary commitment to each Investor. This Code applies to all persons associated with Warana Capital (our “Supervised Persons”). The Code



was developed to provide general ethical guidelines and specific instructions regarding our duties to the Funds and each Investor. It is the obligation of Warana Capital associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that may address employee ethics and conflicts of interest. To request a copy of our Code, please contact us at (201) 803-2699.

Warana Capital allows certain Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of the Fund. Warana Capital does not act as principal in any transactions. Owning the same securities that we recommend (purchase or sell) to Investors presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. When trading for personal accounts, Supervised Persons of Warana Capital may have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Investors can potentially be violated if personal trades are made with more advantageous terms than Investors trades, or by trading based on material non-public information. This risk is mitigated by Warana Capital requiring reporting of personal securities trades by its Supervised Persons to the Chief Compliance Officer ("CCO"). We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you. **At no time, will Warana Capital or any Supervised Person of Warana Capital, transact in any security to the detriment of any Client.**

## **Item 12 – Brokerage Practices**

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Given the nature of the Fund's investment program, the Managing Member may utilize broker-dealers in conducting its portfolio transactions. The Managing Member has discretionary authority to select brokers without the consent of the investors. In selecting brokers for the Fund's portfolio transactions, the Managing Member will seek to obtain the best execution for the Fund, taking into account, without limitation, the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the broker's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research and information considered to be of value; and the competitiveness of spreads and commission rates in comparison with other brokers satisfying the Managing Member's other selection criteria.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker-dealer/custodian in exchange for research and other services. Warana Capital does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian.

**2. Brokerage Referrals** - Warana Capital does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where Warana Capital will place trades within the established accounts at the Custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage accounts. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's accounts).

### **B. Aggregating and Allocating Trades**

Warana Capital may aggregate purchase and sale orders of securities held by one of the Funds with similar orders being made simultaneously for another Fund, if, in the Advisor's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to the Funds based on an evaluation that the Funds will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors.



Warana Capital may, at times, determine that certain securities will be suitable for acquisition by the Funds. However, Warana Capital may, at times, not be able to acquire the desired aggregate amount of such securities on terms and conditions which it deems advisable. In such event, the Managing Member will endeavor to allocate in good faith the limited amount of such securities acquired among the various investment funds for which the Managing Member considers them to be suitable.

Please see the respective Fund's Operating Agreement and Confidential Private Placement Memorandum for additional information.

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**Item 13 – Review of Accounts**

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Investments in the Funds are monitored on a regular and continuous basis by the Advisor, including its management and its Chief Compliance Officer. Investors will receive periodic reports on the respective Fund's performance, holdings and related information.

After the end of each fiscal year of the Funds, each Investor will receive (i) annual financial statements, and (ii) a copy of such Investor's Schedule K-1 to the respective Fund's tax returns. In addition, the Funds' Administrator will provide quarterly reports to Investors that detail the investments and value of the Investor's allocation.

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**Item 14 – Client Referrals and Other Compensation**

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**A. Compensation Received by Warana Capital**

Warana Capital is a fee-only advisory firm, who, in all circumstances, is compensated solely by the Investors through the Funds. Warana Capital does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party.

**B. Client Referrals from Solicitors**

Warana Capital reserves the right to sell interests in its funds (i.e. Capital Raising) through broker-dealers, placement agents and other persons in accordance with applicable laws and regulations. In such relationships, Warana Capital (and not the Investors or the Funds) will pay any selling commissions relating to the sale of such interests.

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**Item 15 – Custody**

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As the Investment Manager to the Onshore Fund, as well as the Manager to the Master Fund and Offshore Fund, Warana Capital is deemed to have custody over the assets of the Funds. Warana Capital complies with Rule 206(4)-2(b) by having the Fund audited at least annually by a PCAOB-organized and inspected accountant, and distributing audited financial statements, which are prepared in accordance with generally accepted accounting principles, to limited partners within 120 days of the end of the fiscal year of the Fund(s).

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**Item 16 – Investment Discretion**

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Warana Capital has discretion over the selection and amount of investments to be bought or sold in the Funds without obtaining prior consent or approval from the Investors. However, these purchases or sales are subject to the objectives and limitations set forth in each Fund's Operating Agreement and Confidential Private Placement Memorandum.

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**Item 17 – Voting Client Securities**

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If applicable, Warana Capital will vote any proxies on behalf of the Funds. Warana Capital evaluates each voting decision on its own merits before casting a vote or abstaining. Warana Capital will always vote in connection with its fiduciary duty and the best interests of the Funds and its Investors. Investors may obtain information regarding any voting matter from the Advisor.

## **Item 18 – Financial Information**

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Neither Warana Capital, nor its management have any adverse financial situations that would reasonably impair the ability of Warana Capital to meet all obligations to its Clients. Neither Warana Capital, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. Warana Capital is not required to deliver a balance sheet along with this Disclosure Brochure as the firm does not collect fees of \$1,200 or more for services to be performed six months or more in advance.