

# **Abbey Capital Daily Futures Fund Limited**

**Interim unaudited Financial Statements for the period  
January 1, 2016 to June 30, 2016**

**Abbey Capital Limited is an Alternative Investment Fund Manager, regulated by the Central Bank of Ireland. Abbey Capital Limited is the Commodity Pool Operator of Abbey Capital Daily Futures Fund Limited and operates it as an exempt pool pursuant to subsection 4.7 of the Regulations issued pursuant to the Commodity Exchange Act, as amended. Abbey Capital Limited is a member of the National Futures Association (“NFA”), and is registered as an Investment Advisor with the Securities Exchange Commission (“SEC”). None of the regulators listed above endorse, indemnify, or guarantee the member’s business practices, selling methods, the class or type of securities offered, or any specific security.**

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A copy of the interim unaudited Financial Statements of the ACL Alternative Fund is included with these interim unaudited Financial Statements. The ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited, a segregated accounts company incorporated as an open-ended investment company with limited liability under the segregated Account Companies Act 2000 of Bermuda, as amended.

# Abbey Capital Daily Futures Fund Limited

For the period ended  
June 30, 2016

## Directory

**Registered Office: Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda**

### **Directors**

Peter Carney  
(Non-Executive Director)  
Nicholas Hoskins  
(Independent Non-Executive Director)  
Roderick Forrest  
(Independent Non-Executive Director)

### **Listing Sponsor**

Harbour Financial Services Limited  
Victoria Place  
31 Victoria Street  
Hamilton HM 10  
Bermuda

### **Corporate Secretary & Bermuda Registrar**

M.Q. Services Limited  
Victoria Place  
31 Victoria Street  
Hamilton HM 10  
Bermuda

### **Legal Adviser**

Conyers Dill & Pearman  
Clarendon House  
2 Church Street  
Hamilton  
Bermuda

### **Depository**

BNP Paribas Securities Services, Dublin Branch  
Trinity Point  
10-11 Leinster Street South  
Dublin 2  
Ireland

### **Investment Manager**

Abbey Capital Limited  
1-2 Cavendish Row  
Dublin 1  
Ireland

### **Auditor**

KPMG  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

### **Administrator, Registrar & Transfer Agent**

BNP Paribas Fund Administration Services  
(Cayman) Limited  
Grand Pavilion Commercial Center  
802 West Bay Road  
Grand Cayman, KY1-1104  
Cayman Islands

## Investment Manager's Report

### Legal Structure

Abbey Capital Daily Futures Fund Limited (the "Fund") was incorporated in Bermuda on November 29, 2012 as an open-ended investment fund with variable capital and limited liability.

The Fund has created one Share Class, namely the USD Share Class, which is divided into a number of sub-classes, of which four are currently in issue (see table below for details). The Fund offers investors daily dealing and the NAV for the USD Share Class A is listed on the Bermuda Stock Exchange. The Directors have the power to issue further Share Classes in different currencies in the future.

Share Class in Issue	Launch Date	NAV per share as of June 30, 2016
USD Share Class A	March 3, 2014	\$132.46
USD Share Class B	January 2, 2013	\$125.41
USD Share Class D	February 25, 2016	\$93.25
USD Share Class E	January 15, 2014	\$128.55

The Fund is a feeder fund to the ACL Alternative Fund (the "ACL Alternative Fund") as it invests substantially all of its assets in the ACL Alternative Fund. The ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited. ACL Alternative Fund SAC Limited is a segregated accounts company incorporated as an open-ended investment company with limited liability under the laws of Bermuda.

### Investment Objective and Strategy

The investment objective of the Fund is to seek long-term capital appreciation for its shareholders within a rigorous risk management framework. The Fund aims to deliver its Investment Objective by investing in a range of trading strategies through a direct investment in the ACL Alternative Fund (the memorandum for this fund is available on request). The Investment Manager of the Fund is also the Investment Manager of ACL Alternative Fund and is responsible for choosing the Trading Advisors for that fund.

### Fund Performance to date

Abbey Capital Daily Futures Fund Limited USD Share Class A ("ACDFF USD A") produced a gain of +3.03%<sup>(1)</sup> in H1 2016. The ACDFF USD A invests solely into the ACL Alternative Fund USD Share Class A.

The ACL Alternative Fund USD Share Class A produced a gain of +3.69%<sup>(2)</sup> in H1 2016. Since inception in December 2000 the ACL Alternative Fund USD Share Class A has returned cumulatively +280.17%, providing an annualised return of +8.94%<sup>(2)</sup>.

<sup>(1)</sup> Abbey Capital Daily Futures Fund Limited (USD Share Class B) ("ACDFF") commenced trading in January 2013 and ACDFF USD Share Class A was launched in March 2014. Please note that due to different fee structures within the ACDFF shares classes, different share classes will have different returns. Some ACDFF share classes may have generated a lower return than the ACDFF USD Share Class A. Past results are not indicative of future results.

<sup>(2)</sup> The ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited. The ACL Alternative program commenced in December 2000 and was incorporated as a fund in January 2002. Return figures shown are net of fees and include interest. (Pro forma interest from December 2000 to April 2001 actual interest received thereafter). Past results are not indicative of future results.

## Investment Manager's Report (continued)

### Fund Performance to date (continued)

Long-term Trendfollowing ("Trendfollowing") and Short-term Systematic managers were the primary source of gains, while FX and Value managers were also positive. Global Macro managers provided some partially-offsetting losses. By market sector, the largest gains were seen in bond markets, with trading in soft commodities and energy also proving profitable. The largest losses were incurred in equity markets, while smaller losses were also sustained in base and precious metals, major currencies, meats and grains. Trading in emerging market currencies and interest rates provided flat returns over the period.

The six-month period to June 2016 saw sharp swings in investor risk appetite, as concerns over the health of the global economy and volatility in oil markets supported the demand for haven assets. Risk appetite improved as investor focus switched to the accommodative monetary policy stances of major central banks, although caution returned to markets ahead of the UK referendum on European Union ("EU") membership. The ACL Alternative Fund performed positively over H1 amid strong trends in global bond markets at both the beginning and the end of the period.

Weak Chinese manufacturing data sparked a sell-off of global equities in January, with significant declines in the price of crude oil accelerating the downtrend. Softer US economic data added to investor anxiety, while concerns over the banking sector's exposure to non-performing energy loans deepened the equity slump. Decisions by several central banks, including the Riksbank and the Bank of Japan ("BoJ"), to adopt or extend deposit rates further into negative territory raised additional fears over the profitability of the banking sector. An ensuing equity rally for the remainder of the Q1 was primarily driven by a partial recovery in crude oil prices and fresh stimulus from the European Central Bank ("ECB") and the People's Bank of China. Dovish commentary from Federal Reserve Chair Janet Yellen in March added further momentum to the recovery; Yellen noted that the need to act cautiously when raising rates was "especially warranted" given current global economic risks.

The risk-averse environment which characterised most of January and February drove strong demand for perceived safe-haven assets such as core government debt, gold and the JPY. US Treasury yields fell considerably across the curve and interest rate futures rallied as investors re-priced expectations for US rate increases, leaving the USD sharply lower against most of its peers. Emerging market currencies performed particularly well as a result of the USD's decline, with the BRL and TRY strengthening considerably.

An improvement in risk appetite during April and May was followed by a sharp change in sentiment in June, with trading conditions remaining choppy throughout Q2. The Federal Reserve (the "Fed") left rates unchanged in April and reiterated the need for monetary policy to remain accommodative. In May, however, following further improvement in labour market conditions and a decline in global growth concerns, Fed policymakers provided a consistent message that further improvements in economic data would probably warrant a rate hike during the summer.

A particularly weak payroll report in June, showing the fewest jobs created since September 2010, again altered expectations for a summer hike, with the decision by the Fed to leave policy unchanged adding to declines for the USD against most of its peers. Central bank policy decisions elsewhere added to volatility in financial markets during the quarter; the Reserve Bank of Australia surprised investors with a rate cut in May, while decisions by the Bank of Japan and the Reserve Bank of New Zealand to leave monetary policy unchanged were against expectations.

## Investment Manager's Report (continued)

### Fund Performance to date (continued)

The UK's decision to leave the EU proved to be one of the most significant drivers of markets in H1. Risk assets rallied ahead of the referendum vote, however global equities sold off sharply and GBP/USD logged its largest-ever daily decline after the result. Market sentiment was also impacted by UK domestic politics, as Prime Minister David Cameron signaled his intention to resign by October 2016. Heightened levels of risk aversion overcame markets following the referendum, leading to a sharp rally in core government debt. Eurozone equities suffered significantly from the outcome, ensuring that the Euro Stoxx 50 index finished H1 down by -12.3%<sup>(3)</sup>. In contrast, the view that the impact of the UK's decision would mostly be felt in Europe helped US equities to remain positive, while a significant strengthening of the JPY after the result pushed Japanese indices further negative on the year.

In commodities, crude oil prices rose over H1 after recovering from significant lows in January and February. Volatility in oil markets was particularly high in the early months of the year as the lifting of sanctions against Iran and concerns over global demand weighed on prices. The energy market outlook improved from March as oil prices were supported by speculation of producer cooperation, various supply disruptions and reduced concerns over China's economy. Industrial metals were buoyed by the rise in oil prices, although demand prospects were also improved by the accommodative policy stances taken by major central banks. Precious metals climbed amid the advance in perceived haven assets, as reduced expectations of a US rate hike, global growth concerns and uncertainty over the UK referendum pushed gold prices toward two-year highs. In agricultural commodities, wheat prices remained largely range bound over H1, before selling off sharply in June as improved growing conditions and Brexit-induced demand fears weighed on grain futures. Soybean futures jumped sharply over the period, with upward movement in prices beginning in April as investors focused on South American production concerns. Bullish storage data from the US Department of Agriculture supported the soybean rally throughout Q2, although trends corrected somewhat in June. Elsewhere, sugar experienced strong gains in May amid a shortage in Venezuela, while reduced Brazilian supply, following a sharp appreciation of the BRL, supported both sugar and coffee futures in June.

The ACDF USD A underperformed the SG CTA index which returned +4.16%, but outperformed the BTOP 50 index which rose +0.48%. Since inception in January 2013, the ACDF USD A has delivered total cumulative returns of +24.44%, versus +58.45% for the S&P 500 Total Return Index, +21.39% for the SG CTA Index and +12.65% for the Barclay BTOP 50 Index<sup>(3)</sup>.

There were no changes to the underlying programs within the ACL Alternative Fund portfolio over the period. Strategy allocations were broadly stable and we maintained our philosophy of holding a core allocation to Trendfollowing at approximately 55% of portfolio risk. We continued to allocate at 21% annualised volatility to managers.

<sup>(3)</sup> ACDF commenced trading in January 2013 and ACDF USD Share Class A was launched in March 2014. ACDF USD Share Class A invests solely in ACL Alternative Fund USD Share Class A. The above data is shown for illustrative purposes. ACDF is not benchmarked against any of the indices referenced. Please note that due to different fee structures within the ACDF shares classes, different share classes will have different returns. Some ACDF share classes may have generated a lower return than the ACDF USD Share Class A. Past results are not indicative of future results.

# **Abbey Capital Daily Futures Fund Limited**

For the period ended  
June 30, 2016

## **Investment Manager's Report (continued)**

### **Abbey Capital Limited – Investment Manager**

Abbey Capital Limited (“Abbey Capital”) completed its fifteenth year of track record in 2015 and we continue to invest in our IT infrastructure and proprietary risk systems and develop our business in 2016.

While we cannot control when, or where, profitable trends in markets will emerge, we remain focused on the aspects of the business that we can control: enhancing our investment process, maintaining our risk control, investing in our teams and infrastructure, and delivering top quality client service.

### **Abbey Capital Limited**

**September 2016**

# Abbey Capital Daily Futures Fund Limited

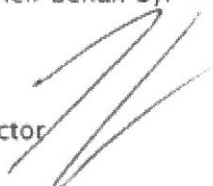
For the period ended  
June 30, 2016

## Statement of Assets & Liabilities


	June 30, 2016
Assets	US\$
Investment in ACL Alternative Fund (Note 3)	70,877,823
Cash and cash equivalents (Note 11)	88,953
Equalization credits & depreciation deposits receivable	1,550,029
Prepaid investment into ACL Alternative Fund	1,018,062
Pending redemption from ACL Alternative Fund	30,285
Prepaid expenses	3,267
<b>Total assets</b>	<b><u>73,568,419</u></b>
<b>Liabilities</b>	
Sundry payables and accrued expenses (Note 7)	34,000
Subscriptions received in advance	1,020,000
Redemptions payable	30,149
<b>Total liabilities</b>	<b><u>1,084,149</u></b>
<b>Net assets</b>	<b><u>72,484,270</u></b>
Paid-in capital (Note 6)	72,774,179
Distributable earnings	(289,909)
<b>Net assets</b>	<b><u>72,484,270</u></b>
Shares in issue - USD Share Class A	275,021
Shares in issue - USD Share Class B	1,000
Shares in issue - USD Share Class D	113,809
Shares in issue - USD Share Class E	196,951
Net Asset Value per share - USD Share Class A	\$132.46
Net Asset Value per share - USD Share Class B	\$125.41
Net Asset Value per share - USD Share Class D	\$93.25
Net Asset Value per share - USD Share Class E	\$128.55

These interim unaudited Financial Statements were approved by the Board of Directors and signed on their behalf by:

Director



Director



Date: September 23, 2016

The accompanying notes and attached interim unaudited Financial Statements of ACL Alternative Fund are an integral part of these interim unaudited Financial Statements.



# Abbey Capital Daily Futures Fund Limited

For the period ended  
June 30, 2016

## Statement of Operations

For the period  
January 1 to  
June 30, 2016  
US\$

### Fund expenses

Audit & Tax Fees	(19,500)
Administration Fee	(6,000)
Corporate, legal & other fees	(34,405)

**Total expenses** (59,905)

**Net investment loss** (59,905)

**Net realized loss on**  
Investments in ACL Alternative Fund (Note 9) (154,312)

**Net change in unrealized gain on**  
Investments in ACL Alternative Fund (Note 9) 920,351

**Net gain from investments in ACL Alternative Fund** 766,039

**Net increase in net assets resulting from operations** 706,134

These interim unaudited Financial Statements were approved by the Board of Directors and signed on their behalf by:

Director 

Director 

Date: September 23, 2016

The accompanying notes and attached interim unaudited Financial Statements of ACL Alternative Fund are an integral part of these interim unaudited Financial Statements.

# Abbey Capital Daily Futures Fund Limited

For the period ended  
June 30, 2016

## Statement of Changes in Net Assets

	<b>June 30, 2016</b> <b>US\$</b>
<b>Operations</b>	
Net investment loss for the period	(59,905)
<b>Net realized loss from</b>	
Investments in ACL Alternative Fund (Note 9)	(154,312)
<b>Net change in unrealized gain on</b>	
Investments in ACL Alternative Fund (Note 9)	920,351
<b>Net increase in net assets resulting from operations</b>	<u>706,134</u>
<b>Capital share transactions</b>	
Issuance of shares (Note 6)	40,077,678
Redemption of shares (Note 6)	(2,626,504)
<b>Net increase in net assets resulting from capital share transactions</b>	<u>37,451,174</u>
Net increase in net assets	38,157,308
<b>Net assets:</b>	
Beginning of the period	34,326,962
<b>End of period</b>	<u>72,484,270</u>

The accompanying notes and attached interim unaudited Financial Statements of ACL Alternative Fund are an integral part of these interim unaudited Financial Statements.

# Abbey Capital Daily Futures Fund Limited

For the period ended  
June 30, 2016

## Financial Highlights

The following table includes selected data for the four Sub-classes outstanding throughout the period and other performance information derived from the interim unaudited Financial Statements. The per share amounts which are shown reflect the income and expenses of the Fund.

	USD Share Class A	USD Share Class B	USD Share Class D**	USD Share Class E
Net investment loss*	(0.33)	(0.36)	(0.57)	(0.28)
Net realized & unrealized gain/(loss) on investments	4.22	4.56	(6.18)	3.56
<b>Net increase/(decrease) in net asset value per share</b>	<b>3.89</b>	<b>4.20</b>	<b>(6.75)</b>	<b>3.28</b>
<b>Net asset value per share:</b>				
Beginning of the period	\$128.57	\$121.21	\$100.00	\$125.27
End of period	\$132.46	\$125.41	\$93.25	\$128.55
Total investment return	3.03%	3.47%	(6.75%)	2.62%
Ratio of expenses to average net assets*	(0.10%)	(0.10%)	(0.07%)	(0.10%)
Ratio of net investment loss to average net assets*	(0.10%)	(0.10%)	(0.07%)	(0.10%)
<b>Net assets at end of period</b>	<b>36,428,764</b>	<b>125,407</b>	<b>10,612,815</b>	<b>25,317,284</b>

\* Calculated based on average shares outstanding during the period.

\*\*USD Share Class D was launched on February 25, 2016.

The accompanying notes and attached interim unaudited Financial Statements of ACL Alternative Fund are an integral part of these interim unaudited Financial Statements.

## Notes to the Financial Statements

### 1. The Fund and its activities

Abbey Capital Daily Futures Fund Limited (the "Fund") was incorporated on the November 29, 2012 under the laws of Bermuda as an open-ended investment fund with variable capital and limited liability. The Fund has created one Share Class, namely the USD Share Class, which is divided into a number of sub-classes. The sub-classes are the USD Share Class A, USD Share Class B, USD Share Class D and USD Share Class E; at the period end only these four sub-classes had launched. All sub-classes offer investors daily dealing. The Directors have the power to issue further Share Classes in different currencies in the future. The Fund is a feeder fund to the ACL Alternative Fund (the "ACL Alternative Fund") as it invests substantially all of its assets into the ACL Alternative Fund. The ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited, a segregated accounts company incorporated as an open-ended investment company with limited liability under the laws of Bermuda. The NAV for the Fund's USD Share Class A is listed on the Bermuda Stock Exchange. As at June 30, 2016 the Fund owns 2.58% of the ACL Alternative Fund.

The interim unaudited Financial Statements of the ACL Alternative Fund, including the Condensed Schedule of Investments, are attached to these interim unaudited Financial Statements and should be read in conjunction with the Fund's interim unaudited Financial Statements.

The investment objective of the Fund is to seek long-term capital appreciation for its Shareholders within a rigorous risk management framework. The Fund aims to achieve this objective through its direct investment in the ACL Alternative Fund.

### 2. Significant accounting policies

These Financial Statements are presented using US Dollar (USD) as the functional currency and are prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

The Fund is considered an Investment Company under US GAAP and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, Financial Services - Investment Companies ("ASC 946").

#### Estimates and assumptions

The preparation of Financial Statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts and disclosures in the Financial Statements and accompanying notes. Actual amounts could differ from these estimates. The following is a summary of the significant accounting policies:

#### Investment income and expenses

Investment income and expenses are recognized in the Statement of Operations on an accruals basis.

**Notes to the Financial Statements (continued)****2. Significant accounting policies (continued)****Valuation of investments**

The Fund records its investment in the ACL Alternative Fund at fair value. Fair value represents the price listed on the Irish Stock Exchange as at close of business on the relevant valuation day. The valuation of investments held by the ACL Alternative Fund is discussed in the notes to the ACL Alternative Fund interim unaudited Financial Statements which are attached to these interim unaudited Financial Statements.

**Foreign currency**

Other assets and liabilities denominated in foreign currencies are translated into USD amounts at the date of valuation. Income and expense items denominated in foreign currencies are translated into USD amounts on the respective dates of such transactions.

**Redemptions payable**

In accordance with FASB ASC Subtopic 480-10, Distinguishing Liabilities from Equity, a request for redemption of shares by an investor is considered a mandatory redeemable financial investment and shall be classified as a liability. Redemptions totaling \$30,149 remained payable to investors for the period ending June 30, 2016. The Fund has sufficient cash at its bank available to ensure full payment of these redemption amounts.

**3. Fair value measurements**

The Fund's financial assets and liabilities carried at fair value have been classified for disclosure purposes, based on a hierarchy defined by FASB ASC 820, Fair Value Measurement.

The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access;
- Level 2 - Valuations based on inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly; and
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

**Notes to the Financial Statements (continued)**

**3. Fair value measurements (continued)**

The below table shows information about the Fund’s assets and liabilities measured at fair value as of June 30, 2016. All values shown are stated in USD.

Assets	Level 1	Level 2	Level 3	Balance as at June 30, 2016 Total
Investment in the ACL Alternative Fund	70,877,823	-	-	70,877,823
<b>Total</b>	<b>70,877,823</b>	<b>-</b>	<b>-</b>	<b>70,877,823</b>

There were no transfers between any of the levels of the fair value hierarchy during the period ended June 30, 2016. In addition there were no Level 3 Assets or Liabilities held by the Fund as at June 30, 2016 or at any time during the period then ended.

**4. Fees and Expenses**

The Fund’s USD A Share Class, USD B Share Class, USD C Share Class, USD D Share Class and USD E Share Class will incur expenses up to a maximum of 0.19% of the Fund’s average Net Asset Value per year. Any additional expenses in excess of 0.19% of the Funds’ average Net Asset Value will be paid by the Investment Manager.

**Registrar and Transfer Agent, Administrator and Secretarial Services**

During the period January 1, 2016 to June 30, 2016, the Fund paid US\$1,000 per month to the Administrator for the calculation of the Net Asset Value. These fees accrue daily and are paid monthly in arrears.

The Fund pays the Corporate Secretary and Bermuda Registrar an annual fee of US\$7,500 for corporate administration services.

The Fund is responsible for out of pocket expenses incurred by the Administrator, the Registrar and Transfer Agent, the Corporate Secretary and Bermuda Registrar for the benefit of the Fund. As a shareholder of ACL Alternative Fund, the Fund is required to pay its pro-rata share of the various fees and expenses of ACL Alternative Fund including brokerage commissions, administrative expenses, audit, legal etc.

**Fund Distributors**

Each of the Distributors may charge a Placement Fee of up to 3% on all sales of the Shares to a client of that Distributor. The Placement Fee shall be specified on the signature page to the Subscription Agreement or otherwise communicated by the Distributor to a subscriber prior to the subscriber committing to acquiring such Shares. Placement Fees will be paid in addition to the subscription amount and will be debited from the subscriber’s account with the relevant Distributor, by and for the benefit of such Distributor.

**Notes to the Financial Statements (continued)****4. Fees and Expenses (continued)****Investment Manager's Fee**

There are no investment management fees or incentive fees at the Fund level, but as a Shareholder of ACL Alternative Fund, the Fund will pay its pro-rata share of the management and incentive fees arising from the Fund's investment in the ACL Alternative Fund. Refer to the interim unaudited Financial Statements of the ACL Alternative Fund for further information on fees and expenses arising at the ACL Alternative Fund level. The Investment Manager will not receive any additional fees for acting as investment manager to the Fund or ACL Alternative Fund.

**Depository fees**

In accordance with the obligations under the Alternative Investment Fund Managers Directive ("AIFMD"), the Investment Manager and the Directors of the Fund appointed a depository, BNP Paribas Securities Services, Dublin Branch (the "Depository"), to provide the depository services of cash monitoring, safe-keeping and oversight. The Depository is responsible for overseeing the calculation of the value of the Shares of the Fund and ensuring that the value of the Shares of the Fund is calculated in accordance with the Fund's Private Placement Memorandum, the Company's Bye Laws, and Article 19 of AIFMD and is responsible for reporting any breach to the Central Bank of Ireland. There are no Depository fees at the Fund level, but as a Shareholder of ACL Alternative Fund, the Fund will pay its pro-rata share of the Depository fees arising from the Fund's investment in the ACL Alternative Fund.

**5. Taxation**

At the present time, no income, profit or capital gains taxes are levied in Bermuda and, accordingly, no provision for such taxes has been recorded by the Fund. The Fund has applied for, and obtained from, the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gains or appreciation of any tax or nature of estate duty or inheritance tax, such tax shall not until March 31, 2035 be applicable to the Fund or to any persons not ordinarily resident in Bermuda and holding such Shares, debentures or other obligations of the Fund. As an exempted mutual fund company, the Fund is liable to pay in Bermuda an annual government registration fee, at a current rate of US\$1,995 per annum, based upon the Fund's authorized share capital.

**6. Share Capital**

The capital of the Fund is divided into 100 Founder Shares and such number of classes of Shares as the Directors may from time to time determine with the rights and restrictions contained in the Bye-laws as outlined in the Placement Memorandum.

(a) Voting Rights: On a show of hands every Shareholder who is present in person or by proxy shall have one vote and every Founder Shareholder who is present, in person or by proxy, shall have one vote in respect of all of the Founder Shares. On a poll, every Shareholder present in person or by proxy shall be entitled to one vote in respect of each share held by him, and every Founder Shareholder who is present in person or by proxy, shall be entitled to one vote in respect of all of the Founder Shares.

(b) Dividends: Shareholders shall be entitled to such dividends as the Directors may from time to time declare. The Founder Shareholders shall not be entitled to any dividends in respect of such Founder Shares.

**Notes to the Financial Statements (continued)**

**6. Share Capital (continued)**

(c) Redemption: Shares may be redeemed by Shareholders on any Dealing Day in accordance with the Bye-laws.

(d) Winding Up: If the Directors decide that it is in the best interests of Shareholders to wind up the Fund, the Secretary shall forthwith at the Directors' request, convene a special general meeting of the Fund to consider a proposal to appoint a liquidator to wind up the Fund. The liquidator, on appointment, shall firstly apply the assets of the Fund in satisfaction of creditors' claims as he deems appropriate. The assets of the Fund shall then be distributed amongst the Shareholders. The assets available for distribution amongst the Shareholders shall be applied as per the procedure outlined in the Bye-laws.

Transactions in Shares for the period ending June 30, 2016 were as follows:

<b>USD Share Class A</b>	<b>No. of Shares</b>	<b>Total US\$</b>
Balance at December 31, 2015	126,170	16,615,299
Shares issued in the period	160,405	21,338,521
Shares redeemed in the period	(11,554)	(1,546,403)
<b>Balance at June 30, 2016</b>	<b>275,021</b>	<b>36,407,417</b>

<b>USD Share Class B</b>	<b>No. of Shares</b>	<b>Total US\$</b>
Balance at December 31, 2015	1,000	100,000
Shares issued in the period	-	-
Shares redeemed in the period	-	-
<b>Balance at June 30, 2016</b>	<b>1,000</b>	<b>100,000</b>

<b>USD Share Class D</b>	<b>No. of Shares</b>	<b>Total US\$</b>
Balance at December 31, 2015	-	-
Shares issued in the period	113,809	10,800,000
Shares redeemed in the period	-	-
<b>Balance at June 30, 2016</b>	<b>113,809</b>	<b>10,800,000</b>

<b>USD Share Class E</b>	<b>No. of Shares</b>	<b>Total US\$</b>
Balance at December 31, 2015	143,568	18,607,706
Shares issued in the period	61,528	7,939,157
Shares redeemed in the period	(8,145)	(1,080,101)
<b>Balance at June 30, 2016</b>	<b>196,951</b>	<b>25,466,762</b>



**Notes to the Financial Statements (continued)**

**7. Sundry payables and accrued expenses**

	<b>June 30, 2016</b>
	<b>US\$</b>
Administration Fee	1,000
Audit & Tax Fees	19,500
Corporate, legal & other fees	13,500
<b>Total Sundry payables and accrued expenses</b>	<b><u>34,000</u></b>

**8. Financial Instruments**

The main risks arising from the Fund's financial instruments are as follows:

**Investment in ACL Alternative Fund**

The Fund is subject to the risks associated with the ACL Alternative Fund's investments and may also be adversely impacted by the activities of other shareholders in the ACL Alternative Fund. The risks arising from the ACL Alternative Fund's investments are set out in the notes to the ACL Alternative Fund's interim unaudited Financial Statements.

**Market risk**

Market risk represents the potential loss that can be caused by a change in the market value of the financial instruments. The Fund's exposure to market risk results from its direct investment in the ACL Alternative Fund and is therefore indirectly determined by a number of factors including interest rates, foreign currency exchange and market volatility arising from the ACL Alternative Fund's investments in the Trading Funds. Investments by the ACL Alternative Fund into the Trading Funds may be made in markets located in countries which are exposed to the risks of political change or years of political uncertainty which could adversely affect the market value of the investments held by the ACL Alternative Fund.

The ACL Alternative Fund, through its investments into the Trading Funds, may invest in securities or derivatives which are unlisted or for which there is no active market. For example, the Trading Funds may invest in derivatives with direct or indirect exposure to emerging markets and such investments may be subject to increased political risk or adverse currency movements compared to securities traded in more developed markets. In addition, the Trading Funds may acquire investments which are only traded over-the-counter. Accurately valuing and realizing such investments, or closing out positions in such investments at appropriate prices, may not always be possible.

**Operational Risk**

The Risk Management Framework includes a Policy and procedures that are designed to ensure that all operational risks relating to the Investment Manager can be identified, monitored and managed at all times. The Investment Manager's Risk Management Policy provides for a process whereby risks throughout the company are identified, measured, assessed and monitored. The Investment Manager uses an internal risk assessment process as a framework for defining operational risk. As part of this process, a Risk Assessment document reviews both internal and external risks to the business. This document identifies factors that could cause risk, including operational risk, measures to reduce risk and any required solutions. This document is produced following the completion of the Annual Risk Inventory and the Annual Compliance Risk Inventory, which assess the risks to the units of Investment Manager and to the Funds that it manages and which are completed by senior management in consultation with the Risk Management unit. The Risk Assessment document is reviewed and approved annually by the Board of Directors of the Investment Manager in

Notes to the Financial Statements (continued)

8. Financial Instruments (continued)

Operational Risk (continued)

order to determine the qualitative and quantitative mitigating factors against all identified risk and to assign the appropriate capital against potential liability risk.

Leverage

Under AIFMD, the Investment Manager is required to express the level which the Fund's leverage will not exceed, as a ratio between the Fund's total exposure and its Net Asset Value. AIFMD prescribes two methodologies for calculating overall exposure of a fund: the "gross methodology" and the "commitment methodology". These methodologies are briefly summarised below but are set out in full detail in AIFMD.

The commitment methodology takes account of the hedging and netting arrangements employed by a fund at any given time (purchased and sold derivative positions will be netted where both relate strictly to the same underlying asset). By contrast, the gross methodology does not take account of the netting or hedging arrangements employed by a fund.

Based on the methodologies for calculating global exposure outlined above, the Fund's maximum expected level of leverage is one time the Net Asset Value of the Fund using the Gross method. The Fund's maximum expected level of leverage is also one time the Net Asset Value of the Fund using the Commitment method.

Liquidity risk

In order to ensure that cash is available for the Fund to meet redemption requests, the Investment Manager has established and maintains risk management policies and systems which are designed to ensure that the Fund maintains a level of liquidity appropriate to its underlying obligations. The liquidity of the Fund is subject to the risks associated with the ACL Alternative Fund's investments and may also be adversely impacted by the activities of other shareholders in the ACL Alternative Fund. The liquidity risks arising from the ACL Alternative Fund's investments and the management of these risks by the Investment Manager are set out in the notes to the ACL Alternative Fund's interim unaudited Financial Statements.

9. Gains and losses from financial instruments

The following table details the gains and losses from financial assets and liabilities:

	For the period ended June 30, 2016 US\$
Net change in unrealized gains on investments	920,351
<b>Total gains on investments</b>	<b>920,351</b>
Realized losses on investments	(154,312)
<b>Total losses on investments</b>	<b>(154,312)</b>

Gains and losses presented above exclude interest income and interest expense.

**Notes to the Financial Statements (continued)****10. Related party disclosures**

The Directors of the Fund are entitled to remuneration as agreed by the Directors and shall be deemed to accrue from day to day. Total Directors Fees will be no greater than US\$5,000 per annum. Mr. Carney does not receive a Director's fee. All other related party transactions have been fully disclosed in the interim unaudited Financial Statements, including investment in affiliated funds.

**11. Cash and cash equivalents**

Amounts held with the Fund's Depository (BNP Paribas Securities Services, Dublin Branch) as at June 30, 2016 amounted to US\$88,953. BNP Paribas Security Services, Dublin Branch is rated by the following credit agencies: S&P A-1, Moody P-1 and Fitch F1.

**12. Accounting for uncertainty in income taxes**

Accounting Standards Codification ("ASC") 740-10 "*Accounting for Uncertainty in Income Taxes - an interpretation of ASC 740*" clarifies the accounting for uncertainty in income taxes recognized in the Fund's Financial Statements in conformity with ASC 740 "*Accounting for Income Taxes*". ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position or expected position to be taken on a tax return. Given the Fund's domicile, the investment objective of the Fund and the strategy, the Directors of the Fund have determined there are no uncertain tax positions.

In addition, the Fund is not subject to any tax examinations by the tax authorities in its country of domicile or taxing authorities in other jurisdictions.

**13. Historic Net Asset Values per share (NAV) and Funds under Management (FUM)**

Share Class		Dec 31, 2014	Dec 31, 2015	June 30, 2016
USD Share Class A	NAV	\$129.31	\$128.57	\$132.46
USD Share Class B	NAV	\$122.31	\$121.21	\$125.41
USD Share Class D*	NAV	-	-	\$93.25
USD Share Class E	NAV	\$127.94	\$125.27	\$128.55

Share Class		Dec 31, 2014	Dec 31, 2015	June 30, 2016
USD Share Class A	FUM	\$887,696	\$16,221,201	\$36,428,764
USD Share Class B	FUM	\$122,315	\$121,207	\$125,407
USD Share Class D*	FUM	-	-	\$10,612,815
USD Share Class E	FUM	\$1,425,106	\$17,984,554	\$25,317,284

\*USD Share Class D was launched on February 25, 2016.

**14. Subsequent events**

Events subsequent from June 30, 2016 have been evaluated up to September 23, 2016 the date these interim unaudited Financial Statements were available to be issued.

No material subsequent events have occurred since June 30, 2016 that would require recognition or disclosure in these interim unaudited Financial Statements.

# **Abbey Capital Daily Futures Fund Limited**

For the period ended  
June 30, 2016

## **Notes to the Financial Statements (continued)**

### **15. Approval of interim unaudited Financial Statements**

These interim unaudited Financial Statements were approved by the Board of Directors on September 23, 2016.

# **ACL Alternative Fund**

**A segregated account of ACL Alternative Fund SAC Limited**

**Interim unaudited Financial Statements for the period  
January 1, 2016 to June 30, 2016**

**Abbey Capital Limited is an Alternative Investment Fund Manager, regulated by the Central Bank of Ireland. Abbey Capital Limited is the Commodity Pool Operator of ACL Alternative Fund SAC Limited and operates it as an exempt pool pursuant to sub-section 4.7 of the Regulations issued pursuant to the Commodity Exchange Act, as amended. Abbey Capital Limited is a member of the National Futures Association (“NFA”), and is registered as an Investment Advisor with the Securities Exchange Commission (“SEC”). None of the regulators listed above endorse, indemnify, or guarantee the member’s business practices, selling methods, the class or type of securities offered, or any specific security.**

**NFA ID: P010654**

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

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# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Directory

**Registered Office of ACL Alternative Fund SAC Limited: Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda**

### Directors

Peter Carney  
(Non-Executive Director)  
James Keyes  
(Independent Non-Executive Director)  
Nicholas Hoskins  
(Independent Non-Executive Director)

### Auditor

KPMG  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

### Legal Adviser

Conyers Dill & Pearman  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### Corporate Secretary & Bermuda Registrar

M.Q. Services Limited  
Victoria Place  
31 Victoria Street  
Hamilton HM 10  
Bermuda

### Depositary

BNP Paribas Securities Services, Dublin Branch  
Trinity Point  
10-11 Leinster Street South  
Dublin 2  
Ireland

### Investment Manager

Abbey Capital Limited  
1-2 Cavendish Row  
Dublin 1  
Ireland

### Listing Sponsor

McCann FitzGerald Listing Services Limited  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Administrator, Registrar & Transfer Agent

BNP Paribas Fund Administration Services  
(Cayman) Limited  
Grand Pavilion Commercial Center  
802 West Bay Road  
Grand Cayman, KY1-1104  
Cayman Islands

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Investment Manager's Report

### Legal Structure

The ACL Alternative Fund (the "Fund") is a segregated account of ACL Alternative Fund SAC Limited (the "Company"). The ACL Alternative Program (USD Share Class A) commenced in December 2000 and was incorporated as an open-ended investment company in Bermuda on January 4, 2002. The Company commenced operating as a Segregated Accounts Company on May 18, 2009 following its restructure under the Segregated Account Companies Act 2000 of Bermuda, as amended (the "Act").

The Company has created five Share Classes, namely the USD Share Class, the GBP Hedged Share Class, the EUR Hedged Share Class, the CHF Hedged Share Class and the Yen Hedged Share Class, each of which is subdivided into a number of sub-classes of which sixteen are currently in issue (see table below for details). The Directors have the power to issue further Share Classes in different currencies in the future.

Share Classes in Issue	Launch Date	NAV per share as of June 30, 2016
USD Share Class A	January 31, 2002	\$317.98
USD Share Class B	July 3, 2006	\$186.66
USD Share Class C	January 2, 2009	\$112.21
USD Share Class D	January 15, 2014	\$141.58
USD Share Class E	April 1, 2014	\$136.19
Euro Hedged Share Class A	July 1, 2004	EUR226.90
Euro Hedged Share Class B	July 1, 2009	EUR127.32
Euro Hedged Share Class C	January 29, 2010	EUR120.78
GBP Hedged Share Class A	June 1, 2010	£127.05
GBP Hedged Share Class B	January 30, 2006	£207.41
GBP Hedged Share Class C	February 4, 2011	£107.88
CHF Hedged Share Class A	April 15, 2011	CHF98.70
CHF Hedged Share Class B	March 1, 2010	CHF123.19
CHF Hedged Share Class C	October 15, 2010	CHF103.49
JPY Hedged Share Class B	January 21, 2011	¥11,160
JPY Hedged Share Class D	August 31, 2010	¥11,578

The Fund has five feeder funds. Abbey Global, LP and ACL Global Fund (a sub-fund of ACL Fund SICAV Plc) invest in excess of 40% of their assets in the Fund. Abbey Capital Multi-Manager Fund Limited, Abbey Capital ACL Alternative Fund (a sub-fund of ACL Fund SICAV Plc), and Abbey Capital Daily Futures Fund Limited, invest the majority of their assets into the Fund.

### Investment Objective and Strategy

The Fund allocated to 22 Trading Funds as at June 30, 2016, each Trading Fund being a separate segregated account established and maintained by the Company. Through its shareholdings in the Trading Funds, the Fund operates as a multi-manager fund. The Trading Advisors of the Trading Funds are given a power of attorney to trade on behalf of a Trading Fund through a managed account in the Trading Fund's name held with one of the Trading Fund's principal brokers.

Diversification is achieved at both the Trading Fund trading style and market sector level. The Fund, through its allocation of assets to the Trading Funds, invests in a range of trading styles, including long-term trend following, short-term systematic, value, discretionary macro and specialist FX strategies. Market exposure is broadly diversified with positions in global currency, financial and commodity markets. The Trading Advisors for the Trading Funds are selected on the basis of a variety of quantitative and qualitative criteria, including:



# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Investment Manager's Report (continued)

### Investment Objective and Strategy (continued)

- long-term positive returns on capital invested,
- favorable risk-adjusted performance measures,
- favorable inter-Trading Advisor correlations to provide diversification benefits between Trading Advisors, and
- proven track record and risk management capability.

Attention is also paid to the correlation between each Trading Advisor's returns and the returns on equities. Ideally Trading Advisors that have displayed a tendency to have a negative correlation with equities when equities are declining are preferred. This has resulted in the Fund's low long-term correlation with equity markets.

### Fund Performance to date

The Fund USD Share Class A returned +3.69% in H1 2016. Since inception in December 2000 the Fund (USD Share Class A) has returned cumulatively +280.17%, providing an annualised return for the USD Share Class A of +8.94%<sup>(1)</sup>.

Long-term Trendfollowing ("Trendfollowing") and Short-term Systematic managers were the primary source of gains, while FX and Value managers were also positive. Global Macro managers provided some partially-offsetting losses. By market sector, the largest gains were seen in bond markets, with trading in soft commodities and energy also proving profitable. The largest losses were incurred in equity markets, while smaller losses were also sustained in base and precious metals, major currencies, meats and grains. Trading in emerging market currencies and interest rates provided flat returns over the period.

The six-month period to June 2016 saw sharp swings in investor risk appetite, as concerns over the health of the global economy and volatility in oil markets supported the demand for haven assets. Risk appetite improved as investor focus switched to the accommodative monetary policy stances of major central banks, although caution returned to markets ahead of the UK referendum on European Union ("EU") membership. The Fund performed positively over H1 amid strong trends in global bond markets at both the beginning and the end of the period.

Weak Chinese manufacturing data sparked a sell-off of global equities in January, with significant declines in the price of crude oil accelerating the downtrend. Softer US economic data added to investor anxiety, while concerns over the banking sector's exposure to non-performing energy loans deepened the equity slump. Decisions by several central banks, including the Riksbank and the Bank of Japan ("BoJ"), to adopt or extend deposit rates further into negative territory raised additional fears over the profitability of the banking sector. An ensuing equity rally for the remainder of the Q1 was primarily driven by a partial recovery in crude oil prices and fresh stimulus from the European Central Bank ("ECB") and the People's Bank of China. Dovish commentary from Federal Reserve Chair Janet Yellen in March added further momentum to the recovery; Yellen noted that the need to act cautiously when raising rates was "especially warranted" given current global economic risks.

The risk-averse environment which characterised most of January and February drove strong demand for perceived safe-haven assets such as core government debt, gold and the JPY. US Treasury yields fell considerably across the curve and interest rate futures rallied as investors re-priced expectations for US rate increases, leaving the USD sharply lower against most of its peers. Emerging market currencies performed particularly well as a result of the USD's decline, with the BRL and TRY strengthening considerably.

<sup>(1)</sup>The ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited. The ACL Alternative program commenced in December 2000 and was incorporated as a Fund (USD Share Class A) in January 2002. Return figures shown are net of fees and include interest (pro forma interest is included from December 2000 – April 2001, actual interest thereafter). Past results are not indicative of future results.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Investment Manager's Report (continued)

### Fund Performance to date (continued)

An improvement in risk appetite during April and May was followed by a sharp change in sentiment in June, with trading conditions remaining choppy throughout Q2. The Federal Reserve (the "Fed") left rates unchanged in April and reiterated the need for monetary policy to remain accommodative. In May, however, following further improvement in labour market conditions and a decline in global growth concerns, Fed policymakers provided a consistent message that further improvements in economic data would probably warrant a rate hike during the summer. A particularly weak payroll report in June, showing the fewest jobs created since September 2010, again altered expectations for a summer hike, with the decision by the Fed to leave policy unchanged adding to declines for the USD against most of its peers. Central bank policy decisions elsewhere added to volatility in financial markets during the quarter; the Reserve Bank of Australia surprised investors with a rate cut in May, while decisions by the Bank of Japan and the Reserve Bank of New Zealand to leave monetary policy unchanged were against expectations.

The UK's decision to leave the EU proved to be one of the most significant drivers of markets in H1. Risk assets rallied ahead of the referendum vote, however global equities sold off sharply and GBP/USD logged its largest-ever daily decline after the result. Market sentiment was also impacted by UK domestic politics, as Prime Minister David Cameron signaled his intention to resign by October 2016. Heightened levels of risk aversion overcame markets following the referendum, leading to a sharp rally in core government debt. Eurozone equities suffered significantly from the outcome, ensuring that the Euro Stoxx 50 index finished H1 down by -12.3%<sup>(2)</sup>. In contrast, the view that the impact of the UK's decision would mostly be felt in Europe helped US equities to remain positive, while a significant strengthening of the JPY after the result pushed Japanese indices further negative on the year.

In commodities, crude oil prices rose over H1 after recovering from significant lows in January and February. Volatility in oil markets was particularly high in the early months of the year as the lifting of sanctions against Iran and concerns over global demand weighed on prices. The energy market outlook improved from March as oil prices were supported by speculation of producer cooperation, various supply disruptions and reduced concerns over China's economy. Industrial metals were buoyed by the rise in oil prices, although demand prospects were also improved by the accommodative policy stances taken by major central banks. Precious metals climbed amid the advance in perceived haven assets, as reduced expectations of a US rate hike, global growth concerns and uncertainty over the UK referendum pushed gold prices toward two-year highs. In agricultural commodities, wheat prices remained largely range bound over H1, before selling off sharply in June as improved growing conditions and Brexit-induced demand fears weighed on grain futures. Soybean futures jumped sharply over the period, with upward movement in prices beginning in April as investors focused on South American production concerns. Bullish storage data from the US Department of Agriculture supported the soybean rally throughout Q2, although trends corrected somewhat in June. Elsewhere, sugar experienced strong gains in May amid a shortage in Venezuela, while reduced Brazilian supply, following a sharp appreciation of the BRL, supported both sugar and coffee futures in June.

The Fund's USD Share Class A<sup>(3)</sup> underperformed the SG CTA index which returned +4.16%, but outperformed the BTOP 50 index which rose +0.48%<sup>(2)</sup>.

<sup>(2)</sup>The above is shown for illustrative purposes only. None of the funds managed by Abbey Capital Limited are benchmarked against any index.

<sup>(3)</sup>Please note that due to different currency share classes and different fee structures within the currency share classes different share classes and sub-classes will have different returns. Some share classes and sub-classes may have generated a lower return than the ACL Alternative Fund USD Share Class A.

## **ACL Alternative Fund**

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

### **Investment Manager's Report (continued)**

#### **Fund Performance to date (continued)**

The Fund's USD Share Class A has delivered total cumulative returns of +280.17% since inception, versus +117.03% for the S&P 500 Total Return Index, +132.35% for the SG CTA Index and +114.89% for the Barclay BTOP 50 Index<sup>(4)</sup>.

There were no changes to the underlying programs within the portfolio over the period. Strategy allocations were broadly stable and we maintained our philosophy of holding a core allocation to Trendfollowing at approximately 55% of portfolio risk. We continued to allocate at 21% annualised volatility to managers.

#### **Abbey Capital Limited – Investment Manager**

Abbey Capital Limited ("Abbey Capital") completed its fifteenth year of track record in 2015 and we continue to invest in our IT infrastructure and proprietary risk systems and develop our business in 2016.

While we cannot control when, or where, profitable trends in markets will emerge, we remain focused on the aspects of the business that we can control: enhancing our investment process, maintaining our risk control, investing in our teams and infrastructure, and delivering top quality client service.

#### **Abbey Capital Limited**

**September 2016**

<sup>(4)</sup> The ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited. The ACL Alternative program commenced in December 2000 and was incorporated as a Fund (USD Share Class A) in January 2002. Return figures shown are net of fees and include interest (pro forma interest is included from December 2000 – April 2001, actual interest thereafter). Past results are not indicative of future results. The above is shown for illustrative purposes only. None of the funds managed by Abbey Capital Limited are benchmarked against any index.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Condensed Schedule of Investments

	Fair Value (US\$)	% of Net Asset Value	
<b>Short Term Deposits</b>			
Bank of Montreal, July 1, 2016, 0.33%	194,409,971	7.08%	
Bank of Tokyo, July 1, 2016, 0.31%	167,809,346	6.11%	
HSBC Bank Plc, July 5, 2016, 0.20%	19,985,979	0.73%	
Mizuho Corporate Bank, July 1, 2016, 0.41%	201,008,692	7.32%	
NBC, July 1, 2016, 0.32%	88,750,535	3.23%	
Sumitomo Mitsui Trust Bank, July 1, 2016, 0.34%	190,809,582	6.94%	
Danske Bank, July 1, 2016, 0.35%	166,137,314	6.05%	
Rabobank Ireland Plc, July 1, 2016, 0.40%	200,678,329	7.30%	
ABN AMRO, July 1, 2016, 0.35%	200,673,510	7.30%	
SEB, July 1, 2016, 0.20%	14,522,319	0.53%	
BNP Paribas, July 1, 2016, 0.28%	44,476,137	1.62%	
DNB ASA, July 1, 2016, 0.34%	108,674,655	3.96%	
Swedbank, July 1, 2016, 0.33%	199,299,794	7.25%	
DZ Bank, July 1, 2016, 0.33%	199,167,755	7.25%	
<b>Total Short Term Deposits</b> <b>(cost: US\$1,996,299,873)</b>	<b>1,996,403,918</b>	<b>72.67%</b>	
<b>Purchased Option Contracts</b>			
	<b>No. of contracts</b>	<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Currency Futures Contracts (Jul16)	500	412,500	0.02%
Various Financial Futures Contracts (Jun17)	11,242	632,363	0.02%
<b>Total Purchased Option Contracts</b> <b>(cost: US\$4,702,348)</b>	<b>11,742</b>	<b>1,044,863</b>	<b>0.04%</b>
<b>Sold Option Contracts</b>			
	<b>No. of contracts</b>	<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Currency Futures Contracts (Jul16)	(500)	(15,625)	0.00%
<b>Total Sold Option Contracts</b> <b>(cost: US\$286,477)</b>	<b>(500)</b>	<b>(15,625)</b>	<b>0.00%</b>
<b>Investments in Long Futures Contracts</b>			
	<b>No. of contracts</b>	<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Currency Futures Contracts (Jul16-Sep16)	10,740	(25,489,378)	(0.93%)
Various Energy Futures Contracts (Jul16-Nov17)	11,781	3,625,176	0.13%
Various Grains Futures Contracts (Jul16-Dec17)	21,885	11,600,880	0.42%
Various Stock Index Futures Contracts (Jul16-Dec16)	12,437	11,451,176	0.42%
Various Interest Rate Futures Contracts (Sep16-Dec19)	67,220	18,630,480	0.68%
Various Financial Futures Contracts (Sep16)	46,340	75,431,398	2.75%
Various Meat Futures Contracts (Jul16-Dec16)	1,887	(2,045,891)	(0.07%)
Various Metal Futures Contracts (Aug16-Dec17)	4,326	18,466,351	0.67%
Various Industrial Futures Contracts (Aug16-Nov16)	76	(25,674)	(0.00%)
Various Tropical Futures Contracts (Oct16-Jul17)	2,425	(122,670)	(0.01%)
Various LME Futures Contracts (Jul16-Dec16)	17,317	33,996,678	1.24%
<b>Total Long Futures Contracts</b>	<b>196,434</b>	<b>145,518,526</b>	<b>5.30%</b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Condensed Schedule of Investments (continued)

<b>Investment in Short Futures Contracts</b>	<b>No. of contracts</b>	<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Currency Futures Contracts (Jul16-Sep16)	(8,605)	17,020,282	0.62%
Various Energy Futures Contracts (Jul16-Jul17)	(9,068)	1,090,212	0.04%
Various Grains Futures Contracts (Jul16-Mar18)	(10,726)	9,883,346	0.36%
Various Stock Index Futures Contracts (Jul16-Dec16)	(8,777)	(3,948,542)	(0.15%)
Various Interest Rate Contracts (Jul16-Dec17)	(22,846)	(5,128,478)	(0.19%)
Various Financial Contracts (Sep16)	(11,067)	(14,322,270)	(0.52%)
Various Meat Futures Contracts (Aug16-Dec16)	(1,894)	327,118	0.01%
Various Metal Futures Contracts (Aug16-Jun17)	(2,159)	(4,459,674)	(0.16%)
Various Industrial Futures Contracts (Sep16-Dec16)	(269)	16,197	0.00%
Various Tropical Futures Contracts (Dec16)	(81)	36,830	0.00%
Various LME Futures Contracts (Jul16- Dec16)	(15,784)	(52,279,140)	(1.90%)
<b>Total Short Futures Contracts</b>	<b>(91,276)</b>	<b>(51,764,119)</b>	<b>(1.89%)</b>
<b>Investments Long Fx Option Contracts</b>		<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Fx Option Contracts (Aug16-Sep16)		2,938,274	0.11%
<b>Total Long Fx Option Contracts (cost: US\$6,298,799)</b>		<b>2,938,274</b>	<b>0.11%</b>
<b>Investments Short Forward Fx Option Contracts</b>		<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Fx Option Contracts (Aug16)		(262,077)	(0.01%)
<b>Total Short Fx Option Contracts (cost: US\$2,955,161)</b>		<b>(262,077)</b>	<b>(0.01%)</b>
<b>Investments in Long Forward Foreign Exchange Contracts</b>		<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Foreign Exchange Forward Contracts		(61,467,326)	(2.24%)
<b>Total Long Forward Foreign Exchange Contracts</b>		<b>(61,467,326)</b>	<b>(2.24%)</b>
<b>Investments in Short Forward Foreign Exchange Contracts</b>		<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Foreign Exchange Forward Contracts		82,751,178	3.01%
<b>Total Short Forward Foreign Exchange Contracts</b>		<b>82,751,178</b>	<b>3.01%</b>
<b>Net unrealized gains on Futures, Options and Forward Contracts</b>		<b>118,743,694</b>	<b>4.32%</b>
<b>Other Net Assets and Liabilities</b>		<b>632,227,111</b>	<b>23.01%</b>
<b>Net assets</b>		<b>2,747,374,722</b>	<b>100.00%</b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Statement of Assets and Liabilities

	<b>June 30, 2016</b>
<b>Assets</b>	<b>US\$</b>
Investments in Short Term deposits (Note 3)	1,996,403,918
Derivative & foreign exchange contracts, at fair value (Note 3,7)	383,291,233
Cash and cash equivalents	131,334,479
Due from broker	545,061,402
<b>Total Assets</b>	<b><u>3,056,091,032</u></b>
<b>Liabilities</b>	
Derivative & foreign exchange contracts, at fair value (Note 3,7)	(264,547,539)
Depreciation deposits / Equalization credits (Note 4)	(18,236,210)
Subscriptions received in advance	(11,160,871)
Redemptions payable (Note 2)	(6,797,002)
Fees payable (Note 4)	(7,974,688)
<b>Total Liabilities</b>	<b><u>(308,716,310)</u></b>
<b>Net Assets</b>	<b><u>2,747,374,722</u></b>
<b>Analysis of Net Assets</b>	
Paid-in capital (Note 6)	2,364,434,663
Distributable earnings	382,940,059
<b>Net Assets</b>	<b><u>2,747,374,722</u></b>

### NAV Information & Shares in Issue

Share Class	NAV per Share	Shares in issue
USD Share Class A	\$317.98	5,453,113
USD Share Class B	\$186.66	2,164,011
USD Share Class C	\$112.21	87,851
USD Share Class D	\$141.58	77,407
USD Share Class E	\$136.19	219,804
Euro Hedged Share Class A	EUR226.90	539,316
Euro Hedged Share Class B	EUR127.32	584,520
Euro Hedged Share Class C	EUR120.78	2,620
GBP Hedged Share Class A	£127.05	1,523,383
GBP Hedged Share Class B	£207.41	20,468
GBP Hedged Share Class C	£107.88	18,163
CHF Hedged Share Class A	CHF98.70	35,884
CHF Hedged Share Class B	CHF123.19	119,659
CHF Hedged Share Class C	CHF103.49	4,087
JPY Hedged Share Class B	¥11,160	220,866
JPY Hedged Share Class D	¥11,578	293,461

The accompanying notes are an integral part of these interim unaudited Financial Statements.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Statement of Assets and Liabilities (continued)

These interim unaudited Financial Statements were approved by the Board of Directors and signed on their behalf by:



Director

Date: September 23, 2016



Director

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended

June 30, 2016

## Statement of Operations

For the period  
January 1 to  
June 30, 2016  
US\$

<b>Investment income</b>	
Interest income (Note 2)	3,250,342
<b>Expenses</b>	
Trading advisors' management fees (Note 4)	(9,555,975)
Trading advisors' incentive fees (Note 4)	(11,945,375)
Investment manager management fees (Note 4)	(10,996,029)
Administration fees (Note 4)	(1,104,966)
Legal & other professional fees (Note 4)	(142,863)
Depository fees (Note 4)	(236,439)
Audit & Tax fees (Note 4)	(92,795)
Directors' fees (Note 4)	(8,750)
<b>Total expenses</b>	<u>(34,083,192)</u>
<b>Net investment loss</b>	<u>(30,832,850)</u>
<b>Net realized gain on:</b>	
Investments in derivative contracts and foreign currency (Note 9)	10,395,173
<b>Net change in unrealized gain on:</b>	
Investments in derivative contracts and foreign currency (Note 9)	86,665,404
<b>Net gain from investments in derivative contracts and foreign currency</b>	<u>97,060,577</u>
<b>Net increase in net assets resulting from operations</b>	<u>66,227,727</u>

The accompanying notes are an integral part of these interim unaudited Financial Statements.

These interim unaudited Financial Statements were approved by the Board of Directors and signed on their behalf by

  
Director

  
Director

Date: September 23, 2016



## ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

### Statement of Changes in Net Assets

	<b>June 30, 2016</b>
	<b>US\$</b>
<b>Operations</b>	
Net investment loss for the period	(30,832,850)
<b>Net realized gain from</b>	
Investments in derivative contracts and foreign exchange	10,395,173
<b>Net change in unrealized gain on</b>	
Investments in derivative contracts and foreign exchange	86,665,404
<b>Net increase in net assets resulting from operations</b>	<u><b>66,227,727</b></u>
<b>Capital share transactions</b>	
Proceeds on issue of shares (Note 6)	369,450,686
Depreciation deposits applied (Note 4)	2,122,287
Paid on redemption of shares (Note 6)	(139,702,297)
<b>Net increase in net assets resulting from capital share transactions</b>	<u><b>231,870,676</b></u>
<b>Net increase in net assets</b>	<u><b>298,098,403</b></u>
<b>Net Assets</b>	
Beginning of the period	2,449,276,319
<b>End of Period</b>	<u><b>2,747,374,722</b></u>

The accompanying notes are an integral part of these interim unaudited Financial Statements.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Financial Highlights

The following tables include selected data for all Share Class sub-classes outstanding at each month end throughout the period and other performance information derived from the interim unaudited Financial Statements. The per share amounts which are shown reflect the income and expenses of the Fund.

Share Class	USD Share Class A	USD Share Class B	USD Share Class C	USD Share Class D	USD Share Class E
Currency	USD	USD	USD	USD	USD
Net investment loss	(5.01)	(3.33)	(3.04)	(3.08)	(3.33)
Net realized & unrealized gain on investments	16.31	9.75	6.36	7.51	7.50
<b>Net increase in net asset value per share*</b>	<b>11.30</b>	<b>6.42</b>	<b>3.32</b>	<b>4.43</b>	<b>4.17</b>
Net Asset Value per share:					
Beginning of period	306.68	180.24	108.89	137.15	132.02
End of period	317.98	186.66	112.21	141.58	136.19
Total return before Trading Advisor incentive fees	4.14%	4.01%	3.49%	3.68%	3.61%
Trading Advisor incentive fees	(0.45%)	(0.45%)	(0.45%)	(0.45%)	(0.45%)
<b>Total net return</b>	<b>3.69%</b>	<b>3.56%</b>	<b>3.04%</b>	<b>3.23%</b>	<b>3.16%</b>
Expenses to average net assets before Trading Advisor incentive fees	(0.80%)	(0.92%)	(1.42%)	(1.17%)	(1.30%)
Trading Advisor incentive fees	(0.45%)	(0.45%)	(0.45%)	(0.45%)	(0.45%)
<b>Total net expenses**</b>	<b>(1.25%)</b>	<b>(1.37%)</b>	<b>(1.87%)</b>	<b>(1.62%)</b>	<b>(1.75%)</b>
Net investment loss before Trading Advisor incentive fees	(0.67%)	(0.80%)	(1.30%)	(1.05%)	(1.17%)
Trading Advisor incentive fees	(0.45%)	(0.45%)	(0.45%)	(0.45%)	(0.45%)
<b>Total net investment loss</b>	<b>(1.12%)</b>	<b>(1.25%)</b>	<b>(1.75%)</b>	<b>(1.50%)</b>	<b>(1.62%)</b>
<b>Net assets, end of period in USD</b>	1,733,999,592	403,924,547	9,857,502	10,959,058	29,934,171

\* Calculated based on the average number of shares outstanding during the period.

\*\* As set out in Note 4 to these interim unaudited Financial Statements, the Fund does not pay fees and expenses directly. All fees and expenses of the Fund are distributed to and paid by each Trading Fund based on the Fund's holding in each Trading Fund.

The accompanying notes are an integral part of these interim unaudited Financial Statements.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Financial Highlights (continued)

Share Class	GBP Hedged Share Class A	GBP Hedged Share Class B	GBP Hedged Share Class C	Euro Hedged Share Class A	Euro Hedged Share Class B
Currency	GBP	GBP	GBP	EUR	EUR
Net investment loss	(2.14)	(3.96)	(3.17)	(2.91)	(1.83)
Net realized & unrealized gain on investments	6.97	11.60	6.63	9.46	5.35
<b>Net increase in net asset value per share*</b>	<b>4.83</b>	<b>7.64</b>	<b>3.46</b>	<b>6.55</b>	<b>3.52</b>
Net Asset Value per share:					
Beginning of period	122.22	199.77	104.42	220.35	123.80
End of period	127.05	207.41	107.88	226.90	127.32
Total return before Trading Advisor incentive fees	4.41%	4.27%	3.77%	3.42%	3.30%
Trading Advisor incentive fees	(0.45%)	(0.45%)	(0.45%)	(0.45%)	(0.45%)
<b>Total net return</b>	<b>3.96%</b>	<b>3.82%</b>	<b>3.32%</b>	<b>2.97%</b>	<b>2.85%</b>
Expenses to average net assets before Trading Advisor incentive fees	(0.80%)	(0.92%)	(1.42%)	(0.80%)	(0.92%)
Trading Advisor incentive fees	(0.45%)	(0.45%)	(0.45%)	(0.45%)	(0.45%)
<b>Total net expenses**</b>	<b>(1.25%)</b>	<b>(1.37%)</b>	<b>(1.87%)</b>	<b>(1.25%)</b>	<b>(1.37%)</b>
Net investment loss before Trading Advisor incentive fees	(0.67%)	(0.80%)	(1.30%)	(0.67%)	(0.80%)
Trading Advisor incentive fees	(0.45%)	(0.45%)	(0.45%)	(0.45%)	(0.45%)
<b>Total net investment loss</b>	<b>(1.12%)</b>	<b>(1.25%)</b>	<b>(1.75%)</b>	<b>(1.12%)</b>	<b>(1.25%)</b>
<b>Net assets, end of period in USD</b>	<b>256,282,191</b>	<b>5,621,362</b>	<b>2,594,588</b>	<b>135,526,669</b>	<b>82,422,231</b>

\* Calculated based on the average number of shares outstanding during the period.

\*\* As set out in Note 4 to these interim unaudited Financial Statements, the Fund does not pay fees and expenses directly. All fees and expenses of the Fund are distributed to and paid by each Trading Fund based on the Fund's holding in each Trading Fund.

The accompanying notes are an integral part of these interim unaudited Financial Statements.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Financial Highlights (continued)

Share Class	EUR Hedged Share Class C	CHF Hedged Share Class A	CHF Hedged Share Class B	CHF Hedged Share Class C
Currency	EUR	CHF	CHF	CHF
Net investment loss	(2.53)	(1.08)	(1.50)	(1.77)
Net realized & unrealized gain on investments	5.29	3.52	4.40	3.70
<b>Net increase in net asset value per share*</b>	<b>2.76</b>	<b>2.44</b>	<b>2.90</b>	<b>1.93</b>
Net Asset Value per share:				
Beginning of period	118.02	96.26	120.29	101.56
End of period	120.78	98.70	123.19	103.49
Total return before Trading Advisor incentive fees	2.79%	2.99%	2.86%	2.35 %
Trading Advisor incentive fees	(0.45%)	(0.45%)	(0.45%)	(0.45%)
<b>Total net return</b>	<b>2.34%</b>	<b>2.54%</b>	<b>2.41%</b>	<b>1.90%</b>
Expenses to average net assets before Trading Advisor incentive fees	(1.42%)	(0.80%)	(0.92%)	(1.42%)
Trading Advisor incentive fees	(0.45%)	(0.45%)	(0.45%)	(0.45%)
<b>Total net expenses**</b>	<b>(1.87%)</b>	<b>(1.25%)</b>	<b>(1.37%)</b>	<b>(1.87%)</b>
Net investment loss before Trading Advisor incentive fees	(1.30%)	(0.67%)	(0.80%)	(1.30%)
Trading Advisor incentive fees	(0.45%)	(0.45%)	(0.45%)	(0.45%)
<b>Total net investment loss</b>	<b>(1.75%)</b>	<b>(1.12%)</b>	<b>(1.25%)</b>	<b>(1.75%)</b>
<b>Net assets, end of period in USD</b>	<b>350,388</b>	<b>3,620,632</b>	<b>15,068,867</b>	<b>432,374</b>

\* Calculated based on the average number of shares outstanding during the period.

\*\* As set out in Note 4 to these interim unaudited Financial Statements, the Fund does not pay fees and expenses directly. All fees and expenses of the Fund are distributed to and paid by each Trading Fund based on the Fund's holding in each Trading Fund.

The accompanying notes are an integral part of these interim unaudited Financial Statements.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Financial Highlights (continued)

Share Class	JPY Hedged Share Class B	JPY Hedged Share Class D
Currency	JPY	JPY
Net investment loss	(164)	(210)
Net realized & unrealized gain on investments	479	513
<b>Net increase in Net Asset Value per share*</b>	<b>315</b>	<b>303</b>
Net Asset Value per share:		
Beginning of period	10,845	11,276
End of period	11,160	11,578
Total return before Trading Advisor incentive fees	3.36%	3.13%
Trading Advisor incentive fees	(0.45%)	(0.45%)
<b>Total net return</b>	<b>2.91%</b>	<b>2.68%</b>
Expenses to average net assets before Trading Advisor incentive fees	(0.92%)	(1.17%)
Trading Advisor incentive fees	(0.45%)	(0.45%)
<b>Total net expenses**</b>	<b>(1.37%)</b>	<b>(1.62%)</b>
Net investment loss before Trading Advisor incentive fees	(0.80%)	(1.05%)
Trading Advisor incentive fees	(0.45%)	(0.45%)
<b>Total net investment loss</b>	<b>(1.25%)</b>	<b>(1.50%)</b>
<b>Net assets, end of period in USD</b>	<b>23,872,562</b>	<b>32,907,988</b>

\* Calculated based on the average number of shares outstanding during the period.

\*\* As set out in Note 4 to these interim unaudited Financial Statements, the Fund does not pay fees and expenses directly. All fees and expenses of the Fund are distributed to and paid by each Trading Fund based on the Fund's holding in each Trading Fund.

The accompanying notes are an integral part of these interim unaudited Financial Statements.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Notes to the Financial Statements

### 1. The Fund and its activities

The ACL Alternative Fund (the "Fund") is a segregated account of ACL Alternative Fund SAC Limited (the "Company"). The Company is an open-ended investment fund, located in Bermuda with variable capital and limited liability. The Company was incorporated on January 4, 2002.

The Company commenced operating as a Segregated Accounts Company on May 18, 2009 following its restructure under the Segregated Account Companies Act 2000 of Bermuda, as amended (the "Act"). As a result of this restructure, the Company created segregated accounts, including the Fund and the Trading Funds. As segregated accounts, the assets and liabilities of each segregated account are segregated, which means the assets of each segregated account are available to meet the liabilities to creditors in respect of that segregated account only and will be protected from creditors of the Company or the Company's other segregated accounts<sup>(4)</sup>.

Investors may invest in the Fund directly or via one of the feeder funds, namely Abbey Capital Multi-Manager Fund Limited, Abbey Capital ACL Alternative Fund, Abbey Capital Daily Futures Fund Limited, ACL Global Fund or Abbey Global, LP. The investment objective of the Fund is to achieve long term capital appreciation for its Shareholders.

As at June 30, 2016 the Fund allocates in excess of 75% of its assets to 22 Trading Funds, each Trading Fund being a segregated account of the Company. Appointed Trading Advisors are given a power of attorney to trade on behalf of a Trading Fund through a managed account in the Trading Fund's name held with one of the Trading Fund's principal brokers. Through its allocation of assets to the Trading Funds, the Fund operates as a multi-advisor fund. As at June 30, 2016 the ACL Alternative Fund allocated to 22 underlying managers.

The Fund has created five Share Classes, namely the USD Share Class, the GBP Hedged Share Class, the Euro Hedged Share Class the CHF Hedged Share Class and the Yen Hedged Share Class each of which is subdivided into a number of sub-classes of which sixteen are currently in issue; a USD Share Class A, a USD Share Class B, a USD Share Class C, a USD Share Class D, a USD Share Class E, a Euro Hedged Share Class A, a Euro Hedged Share Class B, a Euro Hedged Share Class C, a GBP Hedged Share Class A, a GBP Hedged Share Class B, a GBP Hedged Share Class C, a CHF Hedged Share Class A, a CHF Hedged Share Class B, a CHF Hedged Share Class C, a JPY Hedged Share Class B and a JPY Hedged Share Class D. The USD Share Class A, Euro Hedged Share Class A and GBP Hedged Share Class A are listed on the Irish Stock Exchange. The functional currency is the United States Dollar (USD).

### 2. Significant accounting policies

These interim unaudited Financial Statements are presented using United States Dollar (USD) as the functional currency and are prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

The Fund is considered an Investment Company under US GAAP and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, Financial Services – Investment Companies ("ASC 946"). The significant policies adopted by the Fund are as follows;

<sup>(4)</sup>The provisions of the Act have not yet been tested by a court.

**Notes to the Financial Statements (continued)****2. Significant accounting policies (continued)****Estimates and assumptions**

The preparation of Financial Statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts and disclosures in the Financial Statements and accompanying notes. Actual amounts could differ from these estimates.

**Basis of preparation and consolidation**

These interim unaudited Financial Statements are prepared under the historical cost convention, as modified by the revaluation of investments to fair value. The Fund has a 100% interest in each of its 22 Trading Funds. Accordingly, these interim unaudited Financial Statements consolidate the Trading Funds. Intercompany transactions, balances and gains and losses on transactions between the Fund and the Trading Funds are eliminated in the consolidation process.

**Recognition of income**

Interest income is accounted for on an accrual basis and recognized in the Statement of Operations.

**Valuation of investments**

The value of any security traded on a stock exchange is valued at the last reported trade quoted on such exchange or, if not available, at the mean between the exchange quoted bid and ask prices at the close of business. This equates to fair value as it represents the amount at which the security could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Derivative instruments dealt on a market will be valued at the settlement price as of the date of valuation for such instruments on such markets as this equates to fair value.

In the event of no ready market value or counterparty quote being available, or if such valuation is not representative of the asset's fair market value, the Administrator is entitled to use other generally recognized valuation principles in order to reach a proper valuation of that specific asset. These valuation techniques may involve some level of management estimation and judgment which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

Realized gains and losses on investments are determined on a first-in first-out basis, except for futures where opening trades undertaken on the same day are netted prior to the application of first-in, first-out.

**Foreign currency**

Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. Dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. Dollar amounts on the respective dates of such transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

**Options purchased**

When an option is purchased, an amount equal to the premium paid is recorded as an investment and is subsequently adjusted to the current market value of the option purchased. Premiums paid for the purchase of options which expire unexercised are treated

**Notes to the Financial Statements (continued)****2. Significant accounting policies (continued)****Options purchased (continued)**

by the Fund on the expiration date as realized losses. If a purchased call option is exercised, the premium increases the cost basis of the security or foreign currency purchased by the Fund.

**Options sold**

When an option is sold, an amount equal to the premium received is recorded as an investment and is subsequently adjusted to the current market value of the option sold. Premiums received for the sale of options which expire unexercised are treated by the Fund on the expiration date as realized gains. If a sold call option is exercised, the premium received increases the Fund's effective sales price of the security or foreign currency sold.

**Short-term deposits**

Short-term deposits are stated at amortized cost, which approximates fair value.

**Forward currency contracts**

The unrealized gain or loss on open forward currency contracts is calculated by reference to the difference between the contracted rate and the rate to close out the contract. Realized gains or losses include amounts on contracts which have been settled or offset by other contracts with the same counterparty.

The unrealized gains and losses as a result of marking these contracts to market at June 30, 2016 are included in the Statement of Assets and Liabilities. The change in market value of forward exchange contracts is included in the Statement of Operations.

**Futures contracts**

Initial margin deposits are made upon entering into futures contracts and are generally made in cash. During the period the futures contract is open, changes in the value of the contract are recognized as unrealized gains or losses by "marking-to-market" on a daily basis to reflect the market value of the contract at the end of each day's trading.

Unrealized gains and losses are disclosed on the Statement of Assets and Liabilities. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Fund's basis in the contract.

**Brokerage commissions**

Brokerage commissions, including other trading expenses, are charged to realized and unrealized gains and losses as they are incurred to open a position, and an amount accrued for the close out of the position.

**Redemptions payable**

In accordance with FASB ASC Subtopic 480-10, Distinguishing Liabilities from Equity, a request for a redemption of shares by an investor is considered a mandatory redeemable financial instrument and shall be classified as a liability. Accordingly, requests for redemptions amounting to \$6,409,240 were effective for July 1, 2016 have been reclassified to redemptions payable on the Statement of Assets and Liabilities. Further redemption amounts dealt in June 2016 totaling \$387,762 remained payable to investors at period end.



# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Notes to the Financial Statements (continued)

### 3. Fair value measurements

The Fund's financial assets and liabilities carried at fair value have been classified for disclosure purposes, based on a hierarchy defined by FASB ASC 820, Fair Value Measurement.

The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2— Valuations based on inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly.
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement

As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The table overleaf shows information about the Fund's assets and liabilities measured at fair value as at June 30, 2016. All values shown are stated in USD.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Notes to the Financial Statements (continued)

### 3. Fair value measurements (continued)

				Balance as at June 30, 2016 Total
Assets	Level 1	Level 2	Level 3	
Investments in short term deposits	1,996,403,918	-	-	1,996,403,918
Investments in derivative contracts	249,918,486	-	-	249,918,486
Investments in foreign exchange contracts	-	133,372,747	-	133,372,747
<b>Total Assets</b>	<b>2,246,322,404</b>	<b>133,372,747</b>	<b>-</b>	<b>2,379,695,151</b>
<b>Liabilities</b>				
Investments in derivative contracts	(152,458,644)	-	-	(152,458,644)
Investments in foreign exchange contracts	-	(112,088,895)	-	(112,088,895)
<b>Total Liabilities</b>	<b>(152,458,644)</b>	<b>(112,088,895)</b>	<b>-</b>	<b>(264,547,539)</b>
<b>Total</b>	<b>2,093,863,760</b>	<b>21,283,852</b>	<b>-</b>	<b>2,115,147,612</b>

There were no transfers between any of the levels of the fair value hierarchy during the period ended June 30, 2016. In addition there were no Level 3 Assets or Liabilities held by the Fund as at June 30, 2016 or at any time during the period then ended.

### 4. Fees and expenses

There are no class specific expenses except where in the interests of seeking the optimal protection of a shareholder's investment, the Fund may engage in foreign exchange hedging transactions for the Euro Hedged Share Class A, the Euro Hedged Share Class B, the Euro Hedged Share Class C, the GBP Hedged Share Class A, the GBP Hedged Share Class B, the GBP Hedged Share Class C, the CHF Hedged Share Class A, the CHF Hedged Share Class B, the CHF Hedged Share Class C, the JPY Hedged Share Class B or the JPY Hedged Share Class D (where profits, gains and losses, costs, income and expenditure consequent upon such hedging transactions are allocated to that class).

#### Management and incentive fees

The Fund does not pay management or incentive fees directly to the Investment Manager. Management Fees are calculated at the Fund level and then distributed to and paid by each Trading Fund based on the Fund holdings in the Trading Funds at month end.

The Management Fees paid to the Investment Manager are charged at the following annual rates based on the Net Asset Value of the Fund on each Dealing Day of each month, payable weekly or monthly in arrears at a rate of 0.75% ("A" Sub Classes), 1.00% ("B" Sub Classes), 2.00% ("C" Sub Classes), 1.50% ("D" Sub Classes) and 1.75% ("E" Sub Classes) per annum of the Net Asset Value of the Fund.

**Notes to the Financial Statements (continued)****4. Fees and expenses (continued)****Management and incentive fees (continued)**

The Investment Manager is also entitled to an incentive fee for each calendar quarter equal to 7.5% ("A" Sub Classes), 10% ("B" Sub Classes), 10% ("C" Sub Classes), 10% ("D" Sub Classes) and 10% ("E" Sub Classes) of the Net New Investment Profit (as defined below) for the quarter. "Net New Investment Profit" means, the increase in the Fund's Net Asset Value of the applicable share class outstanding in respect of each calendar quarter, prior to the deduction of the Investment Manager's incentive fee, and subject to a high water mark.

**Investment manager and trading advisor equalization**

The incentive fee will be accrued and taken into account in the calculation of the Net Asset Value per Share on each Valuation Day. The incentive fee calculation in respect of the Fund is computed by operating an equalization accounting system so that each Share is charged an incentive fee that is based upon that Share's performance. This structure is intended to reduce the impact on existing Shareholders of incentive fees attributable to capital contributed or withdrawn during a performance year, and allows that all Shares within the same Share class have the same Net Asset Value per Share.

Where an investor subscribes for Shares at a time when the Net Asset Value per Share is less than the high water mark then an adjustment is required to reduce inequalities that may otherwise result to the respective subscriber, to the other Shareholders of the Fund, or to the Investment Manager or Trading Advisor. The high water mark is the greater of (i) the highest Net Asset Value per Share on the last day of any calendar quarter and (ii) the initial issue price for the Shares, both adjusted to take into account any distributions made in the interim.

Where Shares are subscribed at a time when the Net Asset Value per Share is less than the high water mark, no incentive fee will be accrued for existing Shareholders until the high water mark has been recovered. New Shareholders will however, in effect, be required to pay an incentive fee with respect to any subsequent appreciation in the Net Asset Value per Share of those Shares until the high water mark has been achieved (the "Depreciation Deposit"). The Depreciation Deposit is payable if the Net Asset Value per Share increases up to the high water mark. The Depreciation Deposit is recorded on the Statement of Assets and Liabilities as a liability. This liability is reduced when the related incentive fee is paid to the Investment Manager and Trading Advisors.

During the period ended June 30, 2016, incentive fees of \$2,933,508 were paid from the Depreciation Deposit account. As at June 30, 2016, the total amount of depreciation deposits payable to investors amounted to \$18,217,549.

Where Shares ("Premium Shares") are purchased at a time when the Net Asset Value per Share is greater than the high water mark, the prospective investor is required to pay an additional sum equal to the accrual then in place per Share in respect of the incentive fee (an "equalization credit"). The equalization credit is designed to ensure that all Shareholders have the same amount of capital at risk per Share.

The equalization credit may be returned to the investor in the form of shares providing the Net Asset Value per share remains above the high watermark at the end of a subsequent performance quarter.

**Notes to the Financial Statements (continued)****4. Fees and expenses (continued)****Investment manager and trading advisor equalization (continued)**

To the extent that the Net Asset Value per share declines below the offer price, so the proportionate reduction in the equalization credit is returned to the investor. The equalization credit is recorded on the Statement of Assets and Liabilities as a liability. This liability is reduced when shares are returned to the investor. As at June 30, 2016 the equalization credits payable to investors amounted to \$18,661.

The Trading Funds will pay to the external Trading Advisors of the Company's other Segregated Accounts/Trading Funds an annual management fee based on the Trading Fund Equity before management fees and incentive fees payable monthly in arrears.

The Company may increase/decrease the amount of Trading Funds and allocations thereto at its discretion and without Shareholder approval. Fees will range among the Trading Advisors from a minimum of 0% to a maximum of 2% per annum of each Trading Advisor's allocated assets.

The Trading Funds will also pay to the Trading Advisors an incentive fee for each calendar month or quarter. Incentive Fees will range from 0% to a maximum of 25% of Net New Trading Advisor Profit (as defined below) for the quarter (the "Incentive Fee"). "Net New Trading Advisor Profit" means, with respect to any calendar month or quarter, any net profits (or losses) realized on all transactions closed out in the Trading Fund during the month or quarter (after deduction of brokerage commissions, exchange fees, NFA fees and give-up fees), but prior to the deduction of any fees charged by the Investment Manager, Administrator or Depositary for services to the Fund, plus:

(A) the change in net unrealized profits (or losses) on open positions in the Trading Fund as of the end of the quarter or preceding relevant calendar month versus the amount of such unrealized profits (or losses) on open positions in the Trading Fund as of the end of the preceding quarter or preceding relevant calendar month, minus

(B) the Management Fees for the calendar quarter or relevant calendar month (but not including any Incentive Fee) and minus

(C) any cumulative net realized and unrealized trading losses (including expenses) incurred in the Trading Fund since the last preceding calendar quarter or last preceding calendar month for which an Incentive Fee was payable. Trading Advisor management and incentive fees are not paid at the Fund level but by the individual Trading Funds.

**Administration, registrar fees and transfer agency fees**

The fees payable by each Trading Fund to BNP Paribas Fund Administration Services (Cayman) Limited for administrator, registrar & transfer agent services provided are calculated as 14bp p.a. of the Net Asset Value of each Share Class of the ACL Alternative Fund, calculated on each Valuation Day, up to USD250 million, 12bp p.a. on the next USD250 million, 10bp p.a. on the next USD500 million, 8bp p.a. on the next USD500 million, 6bp p.a. on the next USD1.5 billion and 4bp p.a. thereafter. In addition, BNP Paribas Fund Administration Services (Cayman) Limited receives \$12,500 per month in relation to administration, registrar & transfer agency services.

These fees will accrue daily and will be paid monthly in arrears, by the Trading Funds. All of the fees specified in the foregoing paragraph above for administration, registrar and transfer agency services will be paid in aggregate by each Trading Fund from the account it maintains. The Fund will then be responsible for paying the individual fees due to the Administrator, and the Registrar and Transfer Agent.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Notes to the Financial Statements (continued)

### 4. Fees and expenses (continued)

#### Depository fees

In accordance with the obligations under the Alternative Investment Fund Managers Directive, ("AIFMD"), the Investment Manager and the Directors of the Fund have appointed BNP Paribas Securities Services, Dublin branch ("Depository") as Depository. The Depository is responsible for overseeing the calculation of the value of the Shares of the Fund and ensuring that the value of the Shares of the Fund is calculated in accordance with the Fund's Placement Memorandum, the Company's Bye Laws, and Article 19 of AIFMD and is responsible for reporting any breach to the Central Bank of Ireland.

The fees payable by each Trading Fund to the Depository in relation to Depository services provided to the fund will be calculated as 1.75 bp p.a. of the Net Asset Value of the Fund, up to USD5.5 billion and 1.5 bp p.a. thereafter. These fees will accrue daily and will be paid monthly in arrears, by the Trading Funds. Depository fees for the period were \$236,439. As at 30 June 2016, the total Depository fees payable were \$41,387.

#### Director's fees

The Trading Funds shall pay the Directors such annual remuneration for acting as Directors of the Company as the Directors may from time to time agree, provided however that the annual remuneration of the Directors shall not, in the aggregate, exceed \$20,000. Mr. Carney does not receive any Directors' fee. Such fees shall be payable semi-annually in arrears.

#### Fees payable

Fees payable by the Trading Funds as at June 30, 2016 were:

	US\$
Investment manager management fees	1,844,399
Trading advisor management fees	1,587,995
Trading advisor incentive fees	3,747,949
Brokerage commissions and other fees	428,571
Audit & tax fees	133,125
Administration fees	186,564
Depository fees	41,387
Other professional fees	4,698
<b>Total</b>	<b><u>7,974,688</u></b>

**Notes to the Financial Statements (continued)****5. Taxation**

At the present time, no income, profit or capital gains taxes are levied in Bermuda and, accordingly, no provision for such taxes has been recorded by the Fund. The Fund has received from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, the Company shall be exempt from all such taxes until March 31, 2035.

As an exempted mutual fund Company, the Fund is liable to pay in Bermuda an annual government registration fee, at a current rate of \$5,190 per annum, based upon the Fund's authorized share capital

**6. Share Capital**

Shares	<p>Authorized and issued: 100 Founder Shares of US\$0.01 each, having been issued for the purposes of incorporation.</p> <p>Authorized and unissued: 100,000,000 redeemable shares of US\$0.001 par value, which are available for issue in classes, each with a designated currency of issue.</p> <p>Five Share Classes were authorized as at June 30, 2016 each of which is subdivided into a number of sub-classes namely: a USD Share Class A, a USD Share Class B, a USD Share Class C, a USD Share Class D, a USD Share Class E, a Euro Hedged Share Class A, a Euro Hedged Share Class B, a Euro Hedged Share Class C, a Euro Hedged Share Class D, a GBP Hedged Share Class A, a GBP Hedged Share Class B, a GBP Hedged Share Class C, a GBP Hedged Share Class D, a JPY Hedged Share Class A, a JPY Hedged Share Class B, a JPY Hedged Share Class C, a JPY Hedged Share Class D, a CHF Hedged Share Class A, a CHF Hedged Share Class B, a CHF Hedged Share Class C and a CHF Hedged Share Class D.</p> <p>As at June 30, 2016, shares have been issued in sixteen sub classes, namely the USD Share Class A, USD Share Class B, USD Share Class C, USD Share Class D, USD Share Class E, Euro Hedged Share Class A, Euro Hedged Share Class B, Euro Hedged Share Class C, GBP Hedged Share Class A, GBP Hedged Share Class B, GBP Hedged Share Class C, CHF Hedged Share Class A, CHF Hedged Share Class B, CHF Hedged Share Class C, JPY Hedged Share Class B and the JPY Hedged Share Class D.</p>
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Each Share is entitled to a vote.

Redeemable shares are offered on each business day. Applications are subject to a sales charge of up to 3% (payable to the Fund and/or its placement agents). Fractional shares may be issued.

Applications and redemptions received by 5.00 pm Irish time (12.00 pm EST or 6.00 pm CET) are processed the following business day. The right to redeem will be temporarily suspended during any year when the calculation of the Net Asset Value is suspended.

Income, expenses, realized and unrealized gains and losses are allocated between Classes based on their relative net assets (with the exception of Class specific income and expenses,

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Notes to the Financial Statements (continued)

### 6. Share Capital (continued)

in particular the gains or losses arising on the Euro Hedged Share Class A, Euro Hedged Share Class B, Euro Hedged Share Class C, GBP Hedged Share Class A, GBP Hedged Share Class B, GBP Hedged Share Class C, CHF Hedged Share Class A, CHF Hedged Share Class B, CHF Hedged Share Class C, JPY Hedged Share Class B and the JPY Hedged Share Class D currency hedging transactions).

USD Share Class A	Number of Shares	Share Capital	Share Premium	Total
<b>Balance at December 31, 2015</b>	<b>5,148,310</b>	<b>5,148</b>	<b>1,134,470,052</b>	<b>1,134,475,200</b>
Shares issued	609,887	610	194,623,941	194,624,551
Shares redeemed	(293,753)	(294)	(93,430,831)	(93,431,125)
Depreciation deposits applied	-	-	1,290,669	1,290,669
<b>Balance at June 30, 2016</b>	<b>5,464,444</b>	<b>5,464</b>	<b>1,236,953,831</b>	<b>1,236,959,295</b>
Shares to redeem (July 1, 2016)	(11,331)	(11)	(3,602,989)	(3,603,000)
<b>Balance at June 30, 2016</b> (in accordance with ASC Subtopic 480-10)	<b>5,453,113</b>	<b>5,453</b>	<b>1,233,350,842</b>	<b>1,233,356,295</b>

USD Share Class B	Number of Shares	Share Capital	Share Premium	Total
<b>Balance at December 31, 2015</b>	<b>2,021,143</b>	<b>2,021</b>	<b>379,955,365</b>	<b>379,957,386</b>
Shares issued	199,213	199	36,567,922	36,568,121
Shares redeemed	(41,799)	(41)	(7,800,627)	(7,800,668)
Depreciation deposits applied	-	-	348,604	348,604
<b>Balance at June 30, 2016</b>	<b>2,178,557</b>	<b>2,179</b>	<b>409,071,264</b>	<b>409,073,443</b>
Shares to redeem (July 1, 2016)	(14,546)	(15)	(2,714,985)	(2,715,000)
<b>Balance at June 30, 2016</b> (in accordance with ASC Subtopic 480-10)	<b>2,164,011</b>	<b>2,164</b>	<b>406,356,279</b>	<b>406,358,443</b>

USD Share Class C	Number of Shares	Share Capital	Share Premium	Total
<b>Balance at December 31, 2015</b>	<b>102,189</b>	<b>102</b>	<b>19,958,323</b>	<b>19,958,425</b>
Shares issued	7,115	7	800,520	800,527
Shares redeemed	(20,640)	(21)	(2,276,849)	(2,276,870)
Depreciation deposits applied	-	-	13,709	13,709
<b>Balance at June 30, 2016</b>	<b>88,664</b>	<b>88</b>	<b>18,495,703</b>	<b>18,495,791</b>
Shares to redeem (July 1, 2016)	(813)	(1)	(91,239)	(91,240)
<b>Balance at June 30, 2016</b> (in accordance with ASC Subtopic 480-10)	<b>87,851</b>	<b>87</b>	<b>18,404,464</b>	<b>18,404,551</b>

**ACL Alternative Fund**

A segregated account of ACL Alternative Fund SAC Limited

For the period ended

June 30, 2016

**Notes to the Financial Statements (continued)****6. Share Capital (continued)**

<b>USD Share Class D</b>	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Total</b>
<b>Balance at December 31, 2015</b>	<b>4,975</b>	<b>5</b>	<b>524,183</b>	<b>524,188</b>
Shares issued	73,340	73	10,492,443	10,492,516
Shares redeemed	(908)	(1)	(134,999)	(135,000)
<b>Balance at June 30, 2016</b>	<b>77,407</b>	<b>77</b>	<b>10,881,627</b>	<b>10,881,704</b>

<b>USD Share Class E</b>	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Total</b>
<b>Balance at December 31, 2015</b>	<b>137,727</b>	<b>138</b>	<b>18,735,013</b>	<b>18,735,151</b>
Shares issued	89,789	90	12,272,861	12,272,951
Shares redeemed	(7,712)	(8)	(1,080,330)	(1,080,338)
Depreciation deposits applied	-	-	58,102	58,102
<b>Balance at June 30, 2016</b>	<b>219,804</b>	<b>220</b>	<b>29,985,646</b>	<b>29,985,866</b>

<b>Euro Hedged Share Class A</b>	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Total</b>
<b>Balance at December 31, 2015</b>	<b>275,435</b>	<b>276</b>	<b>25,846,367</b>	<b>25,846,643</b>
Shares issued	289,619	290	74,997,196	74,997,486
Shares redeemed	(25,738)	(26)	(6,441,017)	(6,441,043)
Depreciation deposits applied	-	-	54,334	54,334
<b>Balance at June 30, 2016</b>	<b>539,316</b>	<b>540</b>	<b>94,456,880</b>	<b>94,457,420</b>

<b>Euro Hedged Share Class B</b>	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Total</b>
<b>Balance at December 31, 2015</b>	<b>509,086</b>	<b>509</b>	<b>70,451,145</b>	<b>70,451,654</b>
Shares issued	79,838	80	11,106,103	11,106,183
Shares redeemed	(4,404)	(4)	(625,774)	(625,778)
Depreciation deposits applied	-	-	44,990	44,990
<b>Balance at June 30, 2016</b>	<b>584,520</b>	<b>585</b>	<b>80,976,464</b>	<b>80,977,049</b>

<b>Euro Hedged Share Class C</b>	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Total</b>
<b>Balance at December 31, 2015</b>	<b>2,620</b>	<b>3</b>	<b>10,796,558</b>	<b>10,796,561</b>
Shares issued	-	-	-	-
Shares redeemed	-	-	-	-
Depreciation deposits applied	-	-	-	-
<b>Balance at June 30, 2016</b>	<b>2,620</b>	<b>3</b>	<b>10,796,558</b>	<b>10,796,561</b>



**ACL Alternative Fund**

A segregated account of ACL Alternative Fund SAC Limited

For the period ended

June 30, 2016

**Notes to the Financial Statements (continued)****6. Share Capital (continued)**

<b>GBP Hedged Share Class A</b>	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Total</b>
<b>Balance at December 31, 2015</b>	<b>1,466,893</b>	<b>1,467</b>	<b>250,348,151</b>	<b>250,349,618</b>
Shares issued	122,529	123	22,276,480	22,276,603
Shares redeemed	(66,039)	(66)	(11,993,555)	(11,993,621)
Depreciation deposits applied	-	-	270,055	270,055
<b>Balance at June 30, 2016</b>	<b>1,523,383</b>	<b>1,524</b>	<b>260,901,131</b>	<b>260,902,655</b>
<b>GBP Hedged Share Class B</b>	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Total</b>
<b>Balance at December 31, 2015</b>	<b>16,795</b>	<b>16</b>	<b>9,882,640</b>	<b>9,882,656</b>
Shares issued	3,772	4	1,114,222	1,114,226
Shares redeemed	(99)	-	(31,038)	(31,038)
Depreciation deposits applied	-	-	736	736
<b>Balance at June 30, 2016</b>	<b>20,468</b>	<b>20</b>	<b>10,966,560</b>	<b>10,966,580</b>
<b>GBP Hedged Share Class C</b>	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Total</b>
<b>Balance at December 31, 2015</b>	<b>20,657</b>	<b>20</b>	<b>4,544,041</b>	<b>4,544,061</b>
Shares issued	-	-	-	-
Shares redeemed	(2,494)	(2)	(372,616)	(372,618)
Depreciation deposits applied	-	-	8,367	8,367
<b>Balance at June 30, 2016</b>	<b>18,163</b>	<b>18</b>	<b>4,179,792</b>	<b>4,179,810</b>
<b>CHF Hedged Share Class A</b>	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Total</b>
<b>Balance at December 31, 2015</b>	<b>37,852</b>	<b>37</b>	<b>4,272,550</b>	<b>4,272,587</b>
Shares issued	-	-	-	-
Shares redeemed	(1,968)	(2)	(200,835)	(200,837)
Depreciation deposits applied	-	-	736	736
<b>Balance at June 30, 2016</b>	<b>35,884</b>	<b>35</b>	<b>4,072,451</b>	<b>4,072,486</b>
<b>CHF Hedged Share Class B</b>	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Total</b>
<b>Balance at December 31, 2015</b>	<b>84,155</b>	<b>82</b>	<b>16,680,760</b>	<b>16,680,842</b>
Shares issued	39,995	40	5,197,482	5,197,522
Shares redeemed	(4,491)	(4)	(536,543)	(536,547)
Depreciation deposits applied	-	-	29,984	29,984
<b>Balance at June 30, 2016</b>	<b>119,659</b>	<b>118</b>	<b>21,371,683</b>	<b>21,371,801</b>

## ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

### Notes to the Financial Statements (continued)

#### 6. Share Capital (continued)

CHF Hedged Share Class C	Number of Shares	Share Capital	Share Premium	Total
Balance at December 31, 2015	5,007	5	3,433,951	3,433,956
Shares issued	-	-	-	-
Shares redeemed	(920)	(1)	(103,336)	(103,337)
Depreciation deposits applied	-	-	1,407	1,407
<b>Balance at June 30, 2016</b>	<b>4,087</b>	<b>4</b>	<b>3,332,022</b>	<b>3,332,026</b>

JPY Hedged Share Class B	Number of Shares	Share Capital	Share Premium	Total
Balance at December 31, 2015	220,866	220	52,439,295	52,439,515
Shares issued	-	-	-	-
Shares redeemed	-	-	-	-
Depreciation deposits applied	-	-	-	-
<b>Balance at June 30, 2016</b>	<b>220,866</b>	<b>220</b>	<b>52,439,295</b>	<b>52,439,515</b>

JPY Hedged Share Class D	Number of Shares	Share Capital	Share Premium	Total
Balance at December 31, 2015	374,294	373	130,215,172	130,215,545
Shares issued	-	-	-	-
Shares redeemed	(80,833)	(81)	(8,264,156)	(8,264,237)
Depreciation deposits applied	-	-	594	594
<b>Balance at June 30, 2016</b>	<b>293,461</b>	<b>292</b>	<b>121,951,610</b>	<b>121,951,902</b>

As at June 30, 2016, 3.01% of the USD Share Class A Shares were held by ACL Global Fund, 5.25% of the USD Share Class D Shares were held by Abbey Global LP, 21.11% of the USD Share Class A Shares were held by Abbey Capital Multi-Manager Fund Limited, 24.08% of the USD Share Class B Shares were held by Abbey Capital Multi-Manager Fund Limited, 2.05% of the USD Share Class A Shares were held by Abbey Capital Daily Futures Fund Limited, 0.03% of the USD Share Class B Shares were held by Abbey Capital Daily Futures Fund Limited, 94.75% of the USD Share Class D Shares were held by Abbey Capital Daily Futures Fund Limited and 50.12% of the USD Share Class E Shares were held by Abbey Capital Daily Futures Fund Limited.

The Abbey Capital ACL Alternative Fund held the following holdings in the Fund as at June 30, 2016; 2.21% of the USD Share Class A, 1.37% of the USD Share Class B, 4.88% of the Euro Hedged Share Class A, 3.09% of the EUR Hedged Share Class B, 0.36% of the GBP Hedged Share Class A, 21.71% of the GBP Hedged Share Class B, 10.69% of the GBP Hedged Share Class C and 41.08% of the CHF Hedged Share Class B.

#### 7. Financial instruments

Asset allocation is determined by the Investment Manager who manages the distribution of assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Investment Manager. In instances where the portfolio has diverged from target asset allocations, the Investment Manager will rebalance to fall in line with the target asset allocations.

**Notes to the Financial Statements (continued)****7. Financial instruments (continued)**

The Investment Manager has developed a tiered investment risk management system incorporating both quantitative and qualitative risk measures to monitor and control the Fund's exposure and whether the Fund's investments are consistent with the Fund's investment objectives, policies and limits as set out in the Fund's constitutional documents and prospectus. This is achieved through the collation of information from the administrator and brokers on all trading, cash movements and subscriptions/redemptions, along with the risk limits and flags created by the Investment Committee, into the Investment Manager's proprietary risk system.

The risk systems produce the required information to enable the Investment Committee to manage risk exposures, make timely and informed decisions, and enable the Risk Management unit to monitor the performance of the Fund. A range of daily reports are produced and these are monitored on a daily basis.

The Red Flag system is a tiered warning system in which colour coded flags are raised when a variety of metrics (described below) move within 75%, 90%, or 100% of previous highs/lows or pre-set levels.

Margin & FX Exposure limits are monitored daily and the general rule is that the relationship with a Trading Advisor would be terminated immediately if these limits were breached. Margin & FX Exposure Limits for each Trading Advisor are outlined in the relevant Trading Advisor Agreement for each Trading Advisor. This system is monitored on a daily basis and the Investment Committee are immediately notified by the Risk Management unit if any of the limits outlined in the Fund's constitutional and offering documents are breached, or other limits are breached.

Drawdown (a reduction in value relative to the previous highest valuation) is monitored daily and a relationship with a Trading Advisor would be immediately terminated if their Risk-Adjusted Drawdown Limit was breached. Volatility for the Fund and for each Trading Advisor is monitored daily. Each Trading Advisor is assigned a target volatility by the Investment Committee. All changes in Trading Advisors' target volatility are at the discretion of the Investment Committee and can be based on both quantitative and qualitative analysis.

The Fund allocated in excess of 75% of its assets currently to 22 Trading Funds in the period January 1, 2016 to June 30, 2016. The main risks arising from the Trading Fund's financial instruments are as follows:

**Market risk**

Market risk represents the potential loss that can be caused by a change in the market value of the financial instruments. The Trading Funds' exposure to market risk is determined by a number of factors including interest rates, foreign currency exchange and market volatility. Investments may be made in markets located in countries which are exposed to the risks of political change or years of political uncertainty which could adversely affect the market value.

**Counterparty risk**

There is a risk that counterparties may not perform their obligations and that settlement of transactions may not occur. The U.S. Commodity Exchange Act, as amended (the "CEA"), requires a clearing broker to segregate all funds received from such broker's customers in respect of futures (but not forwards) transactions from such broker's proprietary funds. If any of the Trading Fund's commodity brokers were not to do so to the full extent required by law, or in the event of a substantial default by one or more of such broker's other customers, the assets of the Trading Fund might not be fully protected in the event of the bankruptcy of such broker.

## ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

### Notes to the Financial Statements (continued)

#### 7. Financial instruments (continued)

##### Counterparty risk (continued)

Furthermore, in the event of such a bankruptcy, the Trading Funds would be limited to recovering only a pro rata share of all available funds segregated on behalf of the affected commodity broker's combined customer accounts, even though certain property specifically traceable to the Trading Funds (for example, United States Treasury bills or cash deposited by the Trading Funds with such broker) was held by such broker. Commodity broker bankruptcies have occurred in which customers were not able to recover from the broker's estate the full amount of their funds on deposit with such broker and owing to them.

The below table shows the short term credit rating of the Fund's counterparties as at June 30, 2016:

Counterparty	S&P	Moody	Fitch
<b>Deposit Banks</b>			
Bank of Tokyo - Mitsubishi UFJ Ltd	A-1	P-1	N/A
National Bank of Canada	A-1	P-1	N/A
Mizuho Bank, Ltd	A-1	P-1	N/A
Danske Bank A/S	A-1	N/A	F1
ABN Amro Nederland NV	A-1	P-1	F1
Bank of Montreal	A-1	P-1	F1
Rabobank	A-1	P-1	F1
Sumitomo Mitsui Trust Bank Ltd	A-1	P-1	N/A
HSBC Holdings PLC	A-1	P-1	F1
Skandinaviska Enskilda Banken	A-1	P-1	F1
BNP Paribas Securities Services, Dublin Branch	A-1	P-1	F1
DNB Bank ASA	A-1	P-1	N/A
Swedbank AB	A-1	P-1	F1
DZ Bank AG	A-1	P-1	F1
<b>FCM and Prime Broker</b>			
Credit Suisse International	A-1	P-1	F1
Deutsche Bank AG-REG	A-2	P-2	F1
JPMorgan Securities Limited	A-2	P-2	F1
SG Americas Securities, LLC	A-1	P-1	F1
Bank of America N.A.	A-2	P-2	F1
UBS A.G.	A-1	P-1	F1
<b>Depository / Custodian</b>			
BNP Paribas Securities Services, Dublin Branch	A-1	P-1	F1
Bank of New York Mellon	A-1	P-1	N/A

**Notes to the Financial Statements (continued)**

**7. Financial instruments (continued)**

**Counterparty risk (continued)**

Commodity broker bankruptcies are not insured by any governmental agency, and investors would not have the benefit of any protection such as that afforded customers of bankrupt securities broker-dealers by the U.S. Securities Investors Protection Corporation. In respect of its forwards trading, the Trading Funds will be subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the principals or agents with or through which the Trading Funds trade. Any failure or refusal to discharge their contractual obligations by the counterparties with which the Trading Funds deal on the forward markets, whether due to insolvency, bankruptcy or other causes, could subject the Fund to substantial losses.

The Trading Funds will not be excused from performance under any forward contracts into which it has entered due to defaults under other forward contracts which in the Investment Manager’s strategy were to have substantially “covered” the former. The Trading Funds deal in the forward markets only with major financial institution counterparties which the Investment Manager considers to be creditworthy. However, defaults have occurred in the forward markets, and the risk of such defaults cannot be eliminated from the Trading Funds’ trading markets, whether due to insolvency, bankruptcy or other causes, could subject the Fund to substantial losses. The Company, on behalf of the Trading Funds, enters into forward contracts with counterparties. Forward contracts are traded in unregulated markets between principals, and consequently the Trading Funds assume a credit risk on these contracts.

**Off balance sheet risk/derivative risk**

An off balance sheet market risk exists when the maximum potential loss on a particular investment is greater than the value of such investment, as reflected on the Trading Funds’ Statement of Assets and Liabilities. Off balance sheet risk exists, among other situations, when the collateral received by the Trading Funds from counterparties to an agreement with the Company on behalf of the Trading Funds proves to be insufficient to cover the Trading Funds’ losses resulting from default by the counterparties of its obligation to perform under the agreement. Futures contracts and forward contracts expose the Trading Funds to a market risk equal to the value of the contracts purchased.

As at June 30, 2016, the volume of the Fund’s derivative activities based on their notional amounts and number of contracts are as follows:

Primary underlying risk	Long exposure		Short exposure	
	Notional amount US\$’000	No. of contracts	Notional amount US\$’000	No. of contracts
<b>Foreign exchange price</b>				
Forward contracts	785,926	259	1,354,994	259
Futures contracts	1,064,926	10,740	902,724	8,605
Option contracts*	-	500	-	500
<b>Commodity price</b>				
Futures contracts	2,746,209	59,697	1,791,897	39,981
<b>Bond price</b>				
Futures contracts	8,149,585	46,340	1,722,503	11,067

**ACL Alternative Fund**

A segregated account of ACL Alternative Fund SAC Limited

For the period ended

June 30, 2016

**Notes to the Financial Statements (continued)****7. Financial instruments (continued)****Off balance sheet risk/derivative risk (continued)**

Primary underlying risk	Long exposure		Short exposure	
	Notional amount US\$'000	No. of contracts	Notional amount US\$'000	No. of contracts
<b>Interest rate price</b>				
Futures contracts	20,215,303	67,220	8,200,430	22,846
Options contracts*	-	11,242	-	-
<b>Equity price</b>				
Futures contracts	886,032	12,437	684,221	8,777

\*The Fund's exposure to option contracts is stated based on a 0.5 Delta. The actual position will vary over time and a stated position may overestimate or underestimate the true Delta. For this reason, only the number of option contracts held has been provided.

The fair value of derivative contracts at June 30, 2016, categorized by the primary underlying risk and the impact on the statement of changes for the period ended June 30, 2016, is as follows:

Primary underlying risk	Asset Derivatives Fair Value US\$	Liability Derivatives Fair Value US\$	Realized Gain / (Loss) US\$	Change in Unrealized Gain / (Loss) US\$
<b>Foreign exchange price</b>				
Forward contracts	133,372,747	(112,088,895)	(23,208,587)	15,360,384
Futures contracts	27,528,148	(35,997,244)	(8,675,165)	(7,307,465)
Option contracts	3,350,774	(277,702)	(15,426,147)	6,881,071
<b>Commodity price</b>				
Futures contracts	105,108,737	(84,998,998)	(20,836,098)	(4,432,291)
Options contracts	-	-	(6,181,335)	623,292
<b>Bond price</b>				
Futures contracts	75,674,164	(14,565,036)	170,666,488	59,563,597
Options contracts	-	-	(3,333,695)	-
<b>Interest rate price</b>				
Futures contracts	18,829,160	(5,327,157)	(7,165,201)	16,123,706
Option Contracts	632,363	-	(957,019)	(7,689,169)
<b>Equity price</b>				
Futures contracts	18,795,140	(11,292,507)	(74,131,335)	7,542,279
Options contracts	-	-	(356,733)	-
<b>Total</b>	<b>383,291,233</b>	<b>(264,547,539)</b>	<b>10,395,173</b>	<b>86,665,404</b>

**Notes to the Financial Statements (continued)****7. Financial instruments (continued)****Leverage**

The Fund enters into derivative contracts on the basis of initial margin deposits or premiums which are equal to a small percentage of the full market value of those contracts. Therefore, the notional values of the contracts traded by the Fund significantly exceed the margin or premium paid for those contracts by the Fund and, as a result of investing in such margin-traded instruments, leverage is inherent to the Fund's investment strategy.

Under AIFMD, the Investment Manager is required to express the level which the Fund's leverage will not exceed, as a ratio between the Fund's total exposure and its Net Asset Value. AIFMD prescribes two methodologies for calculating overall exposure of a fund: the "gross methodology" and the "commitment methodology". These methodologies are briefly summarised below but are set out in full detail in AIFMD.

The commitment methodology takes account of the hedging and netting arrangements employed by a fund at any given time (purchased and sold derivative positions will be netted where both relate strictly to the same underlying asset). By contrast, the gross methodology does not take account of the netting or hedging arrangements employed by a fund.

Based on the methodologies for calculating global exposure outlined above, the Fund's maximum expected level of leverage is 250 times the Net Asset Value of the Fund using the Gross method. The Fund's maximum expected level of leverage is 150 times the Net Asset Value of the Fund using the Commitment method.

The diversification and risk adjustment of the components within the Fund are designed to create a diversified balance of risk within the portfolio across a number of dimensions. One of those dimensions is market sector – equities, long-term interest rates, short-term interest rates, foreign exchange and commodities. The balance of risk is managed by reference to volatility measurements and the relationship of volatility to leverage on a Gross or Commitment basis is a complex one.

For instance, one of the market sectors is short term interest rate futures. These have short duration, typically 3 months, which makes them significantly less sensitive to interest rate changes than longer term interest futures, ranging from 2 years to in excess of 30 years. In order to ensure that the Investment Strategy remains diversified and balanced, and that the short term interest rate positions have the possibility of making a meaningful contribution to performance, the notional amounts of the short term interest rate futures will be significantly larger on average, both relative to the notionals of any longer term interest rate positions, and in absolute terms. Therefore, the high leverage of the Fund on a Gross and Commitment basis is a function of the use of short term interest rate futures within the portfolio. When disregarding short term interest rate positions, or in circumstances where they do not form part of the Fund's portfolio, the maximum level of leverage is expected to be less than 70 times the Net Asset Value of the Fund using the Gross method and 18 times the Net Asset Value of the Fund using the Commitment method.

The Investment Strategy's approach is to construct the Fund's portfolio in a diversified manner. The Investment Manager assesses exposure within the Fund by using a variety of measures including margin-to-equity. The Fund has a maximum margin-to-equity limit of 40%.

The risk utilisation in the programme changes dynamically over time depending on what positions are taken by the Trading Advisors. The Investment Strategy adopts the principle of risk spreading through diversification because holding positions in a wide-range of

**Notes to the Financial Statements (continued)****7. Financial instruments (continued)****Leverage (continued)**

markets reduces concentration risk and has been shown, over time, to decrease portfolio volatility versus a single contract strategy.

**Operational risk**

The Risk Management Framework includes a Policy and procedures that are designed to ensure that all operational risks relating to the Investment Manager can be identified, monitored and managed at all times. The Investment Manager's Risk Management Policy provides for a process whereby risks throughout the company are identified, measured, assessed and monitored. The Investment Manager uses an internal risk assessment process as a framework for defining operational risk. As part of this process, a Risk Assessment document reviews both internal and external risks to the business. This document identifies factors that could cause risk, including operational risk, measures to reduce risk and any required solutions. This document is produced following the completion of the Annual Risk Inventory and the Annual Compliance Risk Inventory, which assess the risks to the units of Investment Manager and to the Funds that it manages and which are completed by senior management in consultation with the Risk Management unit. The Risk Assessment document is reviewed and approved annually by the Board of Directors of the Investment Manager in order to determine the qualitative and quantitative mitigating factors against all identified risk and to assign the appropriate capital against potential liability risk.

**Futures and options risk**

The Investment Manager may engage in various portfolio strategies on behalf of the Trading Funds through the use of futures and options. Due to the nature of futures, cash to meet margin monies will be held by a broker in an omnibus client account segregated from the Clearing Brokers' own property, with whom the Trading Funds have an open position. The Fund may grant a security interest to a Clearing Broker over any cash placed with that Clearing Broker in order to secure its obligations to the Clearing Broker. The Fund may transfer ownership of the cash to the Clearing Broker where the Clearing Broker is required to transfer ownership of the cash to other third parties, such as banks, broker exchanges or central clearing parties, in order to comply with client money rules or to effect a transaction for the Fund. Where ownership of the cash is passed by the Clearing Broker to a third party, the Fund will have no proprietary right to the cash and in the event of insolvency of that third party, the Clearing Broker would only have an unsecured claim on the Fund's behalf to an amount equal to the value of the cash placed with that third party. In these circumstances the Fund is exposed to the risk that any amount received by the Clearing Broker will not be sufficient to satisfy the Fund's claim. Whether ownership of the cash has been transferred or whether cash is held in an omnibus client account, in the event of insolvency or bankruptcy of the futures exchange, or large losses sustained in the broker's segregated accounts, there can be no guarantee that such monies will be returned to the Trading Funds. On execution of an option a Trading Fund may pay a premium to a counterparty.

In the event of the insolvency or bankruptcy of the counterparty, the option premium may be lost in addition to any unrealized gains where the contract is in the money. The risks inherent in the use of the above instruments include adverse changes in the value of such instruments, imperfect correlation between the price of the instruments and movements in the price of the underlying security, index or futures contract and the possible absence of a liquid secondary market for any particular instrument at any time.

**Liquidity and valuation of investments**

In order to ensure that cash is available for the Fund to meet redemption requests, the Investment Manager has established and maintains risk management policies and systems which are designed to ensure that (i) the Fund maintains a level of liquidity appropriate to its underlying obligations; (ii) the Investment Manager monitors the liquidity profile of the Fund's portfolio of assets; (iii) the Investment Manager implements and maintains



**Notes to the Financial Statements (continued)****7. Financial instruments (continued)****Liquidity and valuation of investments (continued)**

appropriate liquidity management systems, to assess the quantitative and qualitative risks of positions and of intended investments; (iv) the Investment Manager conducts periodic stress tests, under both normal and exceptional liquidity conditions, to assess and monitor the liquidity risk of the Fund. Therefore, the Investment Manager's risk management policies and systems are designed to ensure that the liquidity risk of the Fund is monitored and managed and that the liquidity profile of the investments of the Fund complies with the Fund's liquidity obligations.

The Trading Funds may invest in securities or derivatives which are unlisted or for which there is no active market. For example, a Trading Fund may invest in derivatives with direct or indirect exposure to emerging markets and such investments may be subject to increased political risk or adverse currency movements compared to securities traded in more developed markets. In addition, a Trading Fund may acquire investments which are only traded over-the-counter. Accurately valuing and realizing such investments, or closing out positions in such investments at appropriate prices, may not always be possible.

**Foreign currency risk**

The Net Asset Value per Share will be computed in the Functional Currency, whereas the investments of Trading Funds, to which the Fund allocates its assets, may be acquired in a wide range of currencies, some of which may be affected by currency movements of a more volatile nature than those of developed countries and some of which may not be freely convertible.

It may not be possible or practicable to hedge against the consequent currency risk exposure and in certain instances the Investment Manager may consider it desirable not to hedge against such risk. The Investment Manager may enter into cross currency hedging transactions. As at June 30, 2016 \$31,375,361 of cash was held in foreign currency with the Depositary / Broker.

ASC 815-10, "*Disclosures about Derivative Instruments and Hedging Activities*" amends and expands the disclosure requirements of ASC 815 with the intent to provide users of Financial Statements with an enhanced understanding of how and why an entity uses derivative instruments. The fair value of open derivative instruments held by the Fund as at June 30, 2016 is disclosed on the face of the Statement of Assets and Liabilities.

As noted in Note 4, the Fund may enter into foreign exchange hedging transactions in the EURO, GBP, CHF and JPY Hedged Share Classes. As a result, the Fund has recognized realized and unrealized gains/losses on foreign exchange derivatives (comprising futures and forward foreign exchange contracts) during the period. The total realized loss on foreign exchange derivatives amounted to \$31,883,752 is included in the Statement of Operations within the balance "Net realized gain on investments in derivative contracts and foreign currency". The total change in unrealized gain on foreign exchange derivatives amounting to \$8,113,741 is included in the Statement of Operations within the balance "Net unrealized gain on investments in derivative contracts and foreign currency". These amounts contribute to off-setting the gains and losses arising on the conversion of ACL Alternative Fund net assets to local currency for the EURO, GBP, CHF and JPY Hedged Share Classes.

## ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended

June 30, 2016

### Notes to the Financial Statements (continued)

#### 7. Financial instruments (continued)

##### Foreign currency risk (continued)

As at June 30, 2016, the Fund had the following open futures positions for share class hedging purposes:

	No. of contracts	Contract size	Notional Value	Unrealized gain / (loss) in US\$
GBP FX Future Sep 16	3,110	62,500	257,508,000	(25,731,100)
EURO FX Future Sep 16	1,530	125,000	212,430,938	(6,311,250)
JPY FX Future Sep 16	455	12,500,000	55,208,563	1,774,500
CHF FX Future Sep 16	145	125,000	18,603,500	(374,263)
<b>Net unrealized loss</b>				<b><u>(30,642,113)</u></b>

#### 8. Offsetting assets and liabilities

The Fund is required to disclose the impact of offsetting assets and liabilities represented in the Statement of Assets and Liabilities to enable users of the interim unaudited Financial Statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities. These recognized assets and liabilities are financial instruments and derivative instruments that are either subject to an enforceable master netting arrangement or similar agreement or meet the following right of setoff criteria: the amounts owed by the Fund to another party are determinable, the Fund has the right to set off the amounts owed with the amounts owed by the other party, the Fund intends to set off, and the Fund's right of setoff is enforceable at law.

As of June 30, 2016, the Master Fund holds financial instruments and derivative instruments that are eligible for offset in the Statement of Assets and Liabilities and Statement of Operations and are subject to a master netting arrangement. The master netting arrangement allows the counterparty to net any collateral held on behalf of the Fund or liabilities or payment obligations of the counterparty against any liabilities or payment obligations of the Fund to the counterparty.

The following table provides disclosure regarding the potential effect of offsetting of recognized assets presented in the Statement of Assets and Liabilities:

	Gross Amount of Recognized Assets	Gross Offset in the Statement of Assets and Liabilities	Net Amounts of Recognized Assets Presented in the Statement of Assets and Liabilities
	US\$	US\$	US\$
Derivative and foreign exchange contracts	383,291,233	-	383,291,233
<b>Total</b>	<b><u>383,291,233</u></b>	<b><u>-</u></b>	<b><u>383,291,233</u></b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Notes to the Financial Statements (continued)

### 8. Offsetting assets and liabilities (continued)

	Net Amounts of	Gross Amounts Not Offset in the		Net	
	Assets presented	Statement of Assets and Liabilities			Amount
	in the Statement	Financial	Cash		
	of Assets and	Instruments	Collateral		
	Liabilities		pledged		
	US\$	US\$	US\$	US\$	
Bank of America N.A.	35,819,524	(26,826,434)	-	8,993,090	
Credit Suisse International	108,540,622	(57,337,869)	-	51,202,753	
Deutsche Bank	74,261,690	(63,404,244)	-	10,857,446	
JP Morgan Securities Limited	37,786,495	(14,990,452)	-	22,796,043	
SG Americas Securities, LLC	102,867,396	(80,905,145)	-	21,962,251	
UBS A.G.	24,015,506	(21,083,395)	-	2,932,111	
<b>Total</b>	<b>383,291,233</b>	<b>(264,547,539)</b>	<b>-</b>	<b>118,743,694</b>	

The following table provides disclosure regarding the potential effect of offsetting of recognized liabilities presented in the Statement of Assets and Liabilities:

	Gross Amount of	Gross Offset in the	Net Amounts of
	Recognized	Statement of Assets	Recognized Liabilities
	Liabilities	and Liabilities	Presented in the
	US\$	US\$	Statement of Assets and
			Liabilities
	US\$	US\$	US\$
Derivative and foreign exchange contracts	(264,547,539)	-	(264,547,539)
<b>Total</b>	<b>(264,547,539)</b>	<b>-</b>	<b>(264,547,539)</b>

	Net Amounts of	Gross Amounts Not Offset in the		Net	
	Liabilities presented	Statement of Assets and Liabilities			Amount
	in the Statement	Financial	Cash		
	of Assets and	Instruments	Collateral		
	Liabilities		received		
	US\$	US\$	US\$	US\$	
Bank of America N.A.	(26,826,434)	(26,826,434)	-	-	
Credit Suisse International	(57,337,869)	(57,337,869)	-	-	
Deutsche Bank	(63,404,244)	(63,404,244)	-	-	
JP Morgan Securities Limited	(14,990,452)	(14,990,452)	-	-	
SG Americas Securities, LLC	(80,905,145)	(80,905,145)	-	-	
UBS A.G.	(21,083,395)	(21,083,395)	-	-	
<b>Total</b>	<b>(264,547,539)</b>	<b>(264,547,539)</b>	<b>-</b>	<b>-</b>	

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Notes to the Financial Statements (continued)

### 9. Gains and losses from financial instruments

The following table details the gains and losses from financial assets and liabilities:

	<b>June 30, 2016</b>
	<b>US\$</b>
Realized gains on Investments in derivative contracts and foreign currency	1,102,048,189
Net change in unrealized gains on investments in derivatives and foreign currency	374,904,131
<b>Total gains on realized and change in unrealized on investments in derivative contracts and foreign currency</b>	<b><u>1,476,952,320</u></b>
	<b>June 30, 2016</b>
	<b>US\$</b>
Realized losses on Investments in derivative contracts and foreign currency	(1,091,653,016)
Net change in unrealized losses on investments in derivatives and foreign currency	(288,238,727)
<b>Total losses on realized and change in unrealized on investments in derivative contracts and foreign currency</b>	<b><u>(1,379,891,743)</u></b>

Gains and losses presented above exclude interest income and interest expense.

### 10. Related party disclosures

The Directors' fees are not paid directly by the Fund, but are distributed and paid by each of the Trading Funds based on the Fund holdings at month end. All other related party transactions have been fully disclosed in the interim unaudited Financial Statements, including investments in affiliated funds. None of the Directors hold any investments in the Fund or Trading Funds.

### 11. Brokerage commissions

Brokerage commissions of \$13,214,889 were paid by the Fund and the Trading Funds to which it allocates its assets for the period from January 1, 2016 to June 30, 2016. This amount is included in the Statement of Operations within the balance "Net realized gain on Investments in derivative contracts and foreign currency".

### 12. Commitments and contingencies

In accordance with the FASB subtopic ASC 460-10, the Fund is required to disclose information about commitments and contingencies. In the normal course of business the Fund and Trading Funds of the Company enter into contracts that contain a variety of warranties and indemnifications.

The Fund's and the Trading Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund and Trading Funds that have not yet occurred. However, based on experience, the Fund and the respective Trading Funds expect the risk of loss to be remote.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

## Notes to the Financial Statements (continued)

### 13. Accounting for uncertainty in income taxes

Accounting Standards Codification (“ASC”) 740-10 “*Accounting for Uncertainty in Income Taxes – an interpretation of ASC 740*” clarifies the accounting for uncertainty in income taxes recognized in the Fund’s Financial Statements in conformity with ASC 740 “*Accounting for Income Taxes*”. ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position or expected position to be taken on a tax return. Given the Company’s domicile, the investment objective of the Fund and the trading strategies and instruments traded by the Trading Funds, the Directors of the Fund have determined there are no uncertain tax positions. In addition, neither the Company nor the Fund is subject to any tax examinations by the tax authorities in their country of domicile or taxing authorities in other jurisdictions.

### 14. Historic Net Asset Values per share (NAV) and Funds under Management (FUM)

Share Class		Dec 31, 2014	Dec 31, 2015	June 30, 2016
USD Share Class A	NAV	\$307.08	\$306.68	\$317.98
USD Share Class B	NAV	\$181.52	\$180.24	\$186.66
USD Share Class C	NAV	\$110.68	\$108.89	\$112.21
USD Share Class D	NAV	\$138.71	\$137.15	\$141.58
USD Share Class E	NAV	\$134.33	\$132.02	\$136.19
Euro Hedged Share Class A	NAV	EUR219.45	EUR220.35	EUR226.90
Euro Hedged Share Class B	NAV	EUR123.83	EUR123.80	EUR127.32
Euro Hedged Share Class C	NAV	EUR119.22	EUR118.02	EUR120.78
GBP Hedged Share Class A	NAV	£121.05	£122.22	£127.05
GBP Hedged Share Class B	NAV	£198.80	£199.77	£207.41
GBP Hedged Share Class C	NAV	£104.96	£104.42	£107.88
CHF Hedged Share Class A	NAV	CHF109.84	CHF96.26	CHF98.70
CHF Hedged Share Class B	NAV	CHF121.00	CHF120.29	CHF123.19
CHF Hedged Share Class C	NAV	CHF103.16	CHF101.56	CHF103.49
JPY Hedged Share Class B	NAV	¥10,999	¥10,845	¥11,160
JPY Hedged Share Class D	NAV	¥11,487	¥11,276	¥11,578

Share Class		Dec 31, 2014	Dec 31, 2015	June 30, 2016
USD Share Class A	FUM	\$1,492,269,226	\$1,578,876,561	\$1,733,999,592
USD Share Class B	FUM	\$348,946,087	\$364,290,706	\$403,924,547
USD Share Class C	FUM	\$19,227,228	\$11,127,753	\$9,857,502
USD Share Class D	FUM	\$689,962	\$682,233	\$10,959,058
USD Share Class E	FUM	\$1,423,306	\$18,182,086	\$29,934,171
Euro Hedged Share Class A	FUM	\$51,005,229	\$65,903,604	\$135,526,669
Euro Hedged Share Class B	FUM	\$64,452,701	\$68,429,800	\$82,422,231
Euro Hedged Share Class C	FUM	\$377,909	\$335,679	\$350,388
GBP Hedged Share Class A	FUM	\$234,328,107	\$264,047,398	\$256,282,191
GBP Hedged Share Class B	FUM	\$5,613,333	\$4,941,525	\$5,621,362
GBP Hedged Share Class C	FUM	\$4,493,751	\$3,176,719	\$2,594,588
CHF Hedged Share Class A	FUM	\$15,091	\$3,636,186	\$3,620,632
CHF Hedged Share Class B	FUM	\$1,624,484	\$10,102,729	\$15,068,867
CHF Hedged Share Class C	FUM	\$2,449,144	\$507,506	\$432,374
JPY Hedged Share Class B	FUM	\$40,361,692	\$19,921,761	\$23,872,562
JPY Hedged Share Class D	FUM	\$51,075,209	\$35,114,073	\$32,907,988

## **ACL Alternative Fund**

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

### **Notes to the Financial Statements (continued)**

#### **15. Subsequent events**

Events subsequent from June 30, 2016 have been evaluated up to September 23, 2016, the date these interim unaudited Financial Statements were available to be issued. No material subsequent events have occurred since June 30, 2016 that would require recognition or disclosure in these interim unaudited Financial Statements.

#### **16. Approval of the interim unaudited Financial Statements**

These interim unaudited Financial Statements were approved by the Board of Directors on September 23, 2016.

## **ACL Alternative Fund**

A segregated account of ACL Alternative Fund SAC Limited

For the period ended  
June 30, 2016

### **ADDITIONAL INFORMATION FOR QUALIFIED INVESTORS IN SWITZERLAND**

The Fund\* is compliant with Swiss law for distribution to qualified investors in Switzerland. The Confidential Private Placement Memorandum, the Bye-Laws, the annual and semi-annual report, the list of the purchases and sales and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: [www.carnegie-fund-services.ch](http://www.carnegie-fund-services.ch). The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva. For the shares of the Fund distributed to qualified investors in Switzerland, the place of jurisdiction is Geneva. This document may only be issued, circulated or distributed so as not to constitute an offering to the general public in Switzerland. Recipients of the document in Switzerland should not pass it on to anyone without first consulting their legal or other appropriate professional adviser, or the Swiss representative.

\*Only the ACL Alternative Fund is compliant with Swiss law for distribution to qualified investors in Switzerland.

Each time performance data is published, it should be noted that the past performance is no indication of current or future performance, and that it does not take account of the commissions and costs incurred on the issue and redemption of shares.