

Abbey Capital Multi-Manager Fund Limited

**Annual report & Audited Financial Statements
January 1, 2013 to December 31, 2013**

Abbey Capital Limited is an Alternative Investment Manager, regulated by the Central Bank of Ireland. Abbey Capital Limited is the Commodity Pool Operator of the Abbey Capital Multi-Manager 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.

NFA ID: P029597

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A copy of the Audited Financial Statements of the ACL Alternative Fund is included with these 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.

Affirmation Statement

Abbey Capital Multi-Manager Fund Limited
Victoria Place
31 Victoria Street
Hamilton HM 10
Bermuda

Affirmation Required by the Commodity Exchange Act, Regulation §4.7(b)(3)(i)

I, Anthony Gannon, Director of Abbey Capital Limited (Commodity Pool Operator of Abbey Capital Multi-Manager Fund Limited) hereby affirm that, to the best of my knowledge and belief, the information contained in this annual report is accurate and complete.



Anthony Gannon
Director,
Abbey Capital Limited
February 27, 2014

Directory

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

Directors

Anthony Gannon
(Non-Executive Director)
Nicholas Hoskins
(Independent Non-Executive Director)
Roderick Forrest
(Independent Non-Executive Director)

Investment Manager

Abbey Capital Limited
1-2 Cavendish Row
Dublin 1
Ireland

Listing Sponsor

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

Auditor

KPMG
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

Legal Adviser

Conyers Dill & Pearman
Clarendon House
2 Church Street
Hamilton
Bermuda

Administrator, Registrar & Transfer Agent

BNY Mellon Alternative Investment Services Ltd
48 Par-la-ville Road
Suite 464
Hamilton HM 11
Bermuda

Corporate Secretary & Bermuda Registrar

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

Investment Manager’s Report

Legal Structure

The Abbey Capital Multi-Manager Fund Limited (the “Fund”) was incorporated in Bermuda on October 4, 2006 as an open-ended investment fund with variable capital and limited liability.

The Fund has created four Share Classes; a USD Share Class A, a USD Share Class B, a USD Share Class C and a USD Share Class D. The Fund offers investors monthly 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 December 31, 2013
USD Share Class A	January 2, 2007	\$115.76
USD Share Class B	August 3, 2009	\$93.36
USD Share Class C	October 1, 2010	\$81.81
USD Share Class D	January 3, 2011	\$82.78

The Fund is a feeder fund to 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 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.

The ACL Alternative Fund allocated in excess of 80% of its assets to 24 Trading Funds as at December 31, 2013*, each Trading Fund being a separate and distinct segregated account established and maintained by the ACL Alternative Fund SAC. Through its shareholdings in the Trading Funds, the ACL Alternative Fund operates as a multi-advisor fund. The Trading Advisors of the Trading Funds are given a power of attorney to trade on behalf of the respective 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 Advisor strategy and market sector level. The ACL Alternative Fund invests in a range of trading styles applied by the Trading Advisors, 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 are selected on the basis of a variety of quantitative and qualitative criteria, including:

- long-term positive returns on capital invested
- favorable risk-adjusted performance measures

**As at December 31, 2013 the ACL Alternative Fund allocated to 23 underlying managers with a total of 24 programs.*

Investment Manager's Report (continued)**Investment Objective and Strategy (continued)**

- favorable correlation of a Trading Advisor's strategy with the strategies of other Trading Advisors in light of the ACL Alternative Fund's investment objective
- 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 ACL Alternative Fund's low long-term correlation with equity markets.

Fund Performance to date

The Abbey Capital Multi-Manager Fund USD Share Class A closed 2013 with a loss of -2.8%. The ACMMF Share Class A commenced trading in January 2007 and invests solely in the ACL Alternative Fund USD Share Class A, a segregated account of ACL Alternative Fund SAC Limited. The ACL Alternative Program commenced in 1 December 2000 and was launched as a fund on 3 January 2002. All returns shown are net of fees and include interest.

The ACL Alternative Fund USD Share Class A closed 2013 with a loss of -0.8%. Since inception in January 2002 the ACL Alternative Fund has returned cumulatively +133.4%, providing an annualised return of +7.3%**.

The market environment was somewhat more favourable for CTAs than in 2011 and 2012, as risk-on risk-off diminished, and a more diverse set of factors drove markets. These included Japan's monetary easing, China's economic rebalancing and speculation about US monetary policy. Some trends emerged, correlations between markets declined and volatility in some markets picked up. A number of key markets were rangebound however, and during the summer months in particular, frequent reversals in markets proved costly for many managers in the ACL Alternative Fund.

Where strong trends emerged during the year, the ACL Alternative Fund's Trendfollowing managers participated and profited from the moves. The strong rally in global equities through the year, weakening of the Japanese yen ("JPY") and decline in precious metals all offered profitable trading opportunities. Uncertainty about the outlook for US monetary policy caused a number of reversals in bonds, interest rates and currencies, triggering losses for many of the ACL Alternative Fund's managers. Commodity markets continued to be challenging. Energy markets in particular were difficult for Trendfollowing managers in the Fund, as crude oil traded in a broad range, while natural gas suffered a number of reversals. In the past, the ACL Alternative Fund's relatively high allocation to commodities has been an important source of return and diversification, but in 2013 it detracted from performance.

As a group, the ACL Alternative Fund's Trendfollowing managers produced a slightly negative return, but this masked relatively high dispersion of returns within the trading style. Differences in market sector exposures, speed of systems and extent of strategy diversification contributed to a 66 percentage point dispersion in manager returns in the ACL Alternative Fund. Within the Trendfollowing group, those with longer average holding periods and higher allocations to equity markets tended to outperform their peers. Trendfollowing managers with higher allocations to commodities, and those managers who combine value systems with trendfollowing, underperformed.

More encouragingly, the satellite managers provided good diversification against the core Trendfollowing managers. As a group they contributed positively with Short-term Systematic,

***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).*

Investment Manager's Report (continued)**ACL Alternative Fund Performance to date (continued)**

Global Macro and FX managers producing positive returns for the year. Higher volatility in some market sectors, such as bonds, was helpful for Short-term Systematic managers. Global Macro managers benefited from lower correlations between markets, and FX managers captured some of the major currency moves such as the declines in the JPY and the Australian dollar. Value managers detracted from performance, with the summer sell-off in emerging currencies, in particular, driving losses.

At the portfolio level we removed one Global Macro manager and one Trendfollowing manager and added one Value manager during the year. Strategy allocations were broadly stable over the year and importantly we retained a core allocation of approximately 55% of portfolio risk to Trendfollowing strategies, diversified with allocations to uncorrelated satellite strategies. Although Trendfollowing managers underperformed this year, over the full track record of the ACL Alternative Fund, Trendfollowing has been the key driver of Fund performance.

Fund Performance to date

The ACL Alternative Fund's performance lagged slightly behind those of the major industry indices*** in 2013. The Newedge CTA Index was +0.7% on the year, while the BTOP50 Index was +0.8%****.

Abbey Capital completed its thirteenth year of track record in 2013. Despite the challenging environment for the strategy, we remain focused on the aspects of our business which we can control such as investing in our systems, enhancing our investment process, and delivering top quality client service.

In November, the ACL Alternative Fund was awarded the Best Specialist Fund of Hedge Funds over 10 years by Hedge Fund Review, highlighting that whilst recent performance has been challenging, the Fund has been a strong performer in its peer group over the last decade.

In 2013 a corporate restructure occurred with the establishment of Cavendish Capital Limited, a new holding company of Abbey Capital. The purpose of establishing this holding company was to facilitate allocations by Cavendish Capital Limited of proprietary capital to managed futures. We increased our proprietary exposure to the industry in Q4 2013 and continue to do so in 2014.

We would like to thank all investors for their continued support. We remain confident in managed futures as an asset class, and its potential ability to provide long-term, diversified returns for investors.

Abbey Capital Limited
January 2014

****None of the funds managed by Abbey Capital are benchmarked against any index.*

***** The total cumulative return for the ACL Alternative Program since inception is +179.0%, versus +81.3% for the S&P 500 Total Return Index, +92.8% for the Newedge CTA Index and +92.2% for the BTOP50 Index for the same period. 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).*



KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

To the Shareholders of Abbey Capital Multi-Manager Fund Limited:

We have audited the accompanying financial statements of Abbey Capital Multi-Manager Fund Limited (“the Fund”), which comprise the statement of assets and liabilities and the condensed schedule of investments as at December 31, 2013, and the related statements of operations, changes in net assets and financial highlights for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors’ Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in the United States of America and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2013, and its financial performance for the year then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG

KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

Date: February 27, 2014

Abbey Capital Multi-Manager Fund Limited

December 31, 2013

Statement of Assets & Liabilities

	December 2013 US\$
Assets	
Investment in ACL Alternative Fund (Note 3)	464,247,273
Cash at bank (Note 10)	3,528,740
Equalization credits & depreciation deposits receivable	5,184,784
Prepaid investment into ACL Alternative Fund	4,006,000
Pending redemption from ACL Alternative Fund	22,121,000
Total assets	<u>499,087,797</u>
Liabilities	
Sundry payables and accrued expenses (Note 7)	853,354
Subscriptions received in advance	5,368,600
Redemptions payable (Note 2)	24,208,273
Total liabilities	<u>30,430,227</u>
Net assets	<u>468,657,570</u>
Paid-in capital (Note 6)	570,736,152
Distributable earnings	(102,078,582)
Net assets	<u>468,657,570</u>
Shares in issue – USD Share Class A	3,109,006
Shares in issue – USD Share Class B	323,403
Shares in issue – USD Share Class C	355,797
Shares in issue – USD Share Class D	597,661
Net Asset Value per share – USD Share Class A	\$115.76
Net Asset Value per share – USD Share Class B	\$93.36
Net Asset Value per share – USD Share Class C	\$81.81
Net Asset Value per share – USD Share Class D	\$82.78

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


Director


Director

Date: February 27, 2014

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

Abbey Capital Multi-Manager Fund Limited

December 31, 2013

Statement of Operations

	December 2013 US\$
Investment income	
Interest income (Note 2)	2,498
Fund expenses	
Administration fees (Note 4)	61,626
Audit & tax fees	146,517
Distribution fees (Note 4)	9,837,786
Corporate, legal & other fees	55,548
Total expenses	<u>10,101,477</u>
Net investment loss	<u>(10,098,979)</u>
Net realized loss on Investments in ACL Alternative Fund	(4,779,041)
Net unrealized loss on Investments in ACL Alternative Fund	(1,477,879)
Net realized and unrealized loss from investments in ACL Alternative Fund	<u>(6,256,920)</u>
Net decrease in net assets resulting from operations	<u>(16,355,899)</u>

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



Director



Director

Date: February 27, 2014

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

Abbey Capital Multi-Manager Fund Limited

December 31, 2013

Statement of Changes in Net Assets

	December 2013 US\$
Net decrease in net assets resulting from operations	
Net investment loss for the year	(10,098,979)
Net realized loss on	
Investments in ACL Alternative Fund	(4,779,041)
Net unrealized loss on	
Investments in ACL Alternative Fund	(1,477,879)
Decrease in net assets as a result of operations	<u>(16,355,899)</u>
Capital transactions	
Proceeds on issue of shares	58,139,402
Paid on redemption of shares	(196,599,105)
Net proceeds from capital transactions	<u>(138,459,703)</u>
Total decrease in net assets	(154,815,602)
Net assets:	
Beginning of the year	623,473,172
End of the year	<u>468,657,570</u>

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

Financial Highlights

The following table includes selected data for the four USD Share Classes outstanding throughout the year and other performance information derived from the 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 C	USD Share Class D
Net investment loss *	(2.07)	(0.49)	(1.62)	(0.59)
Net realized & unrealized loss on investments	(1.29)	(0.31)	(1.00)	(0.36)
Net decrease in net asset value per share	(3.36)	(0.80)	(2.62)	(0.95)
Net asset value per share:				
Beginning of the year	\$119.12	\$94.16	\$84.43	\$83.73
End of the year	\$115.76	\$93.36	\$81.81	\$82.78
Total investment return	(2.83%)	(0.86%)	(3.10%)	(1.14%)
Ratio of expenses to average net assets *	(2.04%)	(0.04%)	(2.04%)	(0.04%)
Ratio of net investment* (loss) to average net assets	(2.04%)	(0.04%)	(2.04%)	(0.04%)
Net assets at end of year	359,884,178	30,191,879	29,108,176	49,473,337

* Calculated based on average shares outstanding during the year.

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

Notes to the Financial Statements**1. The Fund and its activities**

The Fund was incorporated on the October 4, 2006 under the laws of Bermuda as an open-ended investment fund with variable capital and limited liability. The Fund has created four Share Classes, the USD Share Class A, the USD Share Class B, the USD Share Class C and the USD Share Class D. All Share Classes offer investors monthly 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 the 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.

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

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.

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 Financial Statements which are attached to these 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.

2. Redemptions payable

In accordance with FASB ASC Subtopic 480-10, Distinguish 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. Accordingly, requests for redemptions amounting to \$23,080,058 which were effective for January 2, 2014 have been reclassified

Notes to the Financial Statements (continued)**2. Redemptions payable (continued)**

to redemptions payable on the Statement of Assets and Liabilities. Further redemption amounts dealt in 2013 totaling \$1,128,215 remained payable to investors at year end. The Fund had made 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 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 - Observable inputs other than quoted prices either directly or indirectly included in Level 1 that are not observable for the asset or liability; and
- Level 3 - Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available.

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 below table shows information about the Fund's assets and liabilities measured at fair value as of December 31, 2013. All values shown are stated in USD.

	Quoted Prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs	Balance as at December 31, 2013
	Level 1	Level 2	Level 3	
Assets				
Investment in the ACL Alternative Fund	464,247,273	-	-	464,247,273
Total	464,247,273	-	-	464,247,273

There were no significant transfers into or out of Level 1 during the year ended December 31, 2013. In addition there were no Level 3 Assets or Liabilities held by the Fund as at December 31, 2013 or at any time during the year then ended.

4. Fees and Expenses**Registrar and Transfer Agent, Administrator and Secretarial Services**

The Fund pays \$25 per transaction on the Share Register (including subscriptions, and

Notes to the Financial Statements (continued)**4. Fees and Expenses****Registrar and Transfer Agent, Administrator and Secretarial Services (continued)**

redemptions) to the Registrar and Transfer Agent and \$1,000 per month to the Administrator for the calculation of the Net Asset Value and preparation of accounts. These fees accrue daily and are paid monthly in arrears. The Fund pays the Corporate Secretary and Bermuda Registrar an annual fee of \$5,750 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

The Fund Distributors may receive a placement fee of up to 2% on all sales of the Shares. Each subscriber is informed of the placement fee attributable to such subscriber's Shares prior to committing to acquiring such Shares. Placement fees are paid in addition to the subscription amount. In addition, the Fund may pay the Fund Distributors an ongoing Distribution Fee equal to 2% of the average month-end Net Asset Value of the Fund for USD A Share Class and the USD C Share Class, accrued and payable monthly in arrears. Distribution fees for the year ended December 31, 2013 were \$9,837,786 of which \$681,161 were payable by the Fund at year end. There are no Distribution Fees in the USD Share Class B or USD Share Class D.

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 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 trading advisor to the Fund or 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 \$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

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

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.

(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 year ending December 31, 2013 were as follows:

USD Share Class A	No. of Shares	Total US \$
Balance at December 31, 2012	4,091,596	554,453,668
Shares issued in the year	324,185	38,941,060
Shares redeemed in the year	(1,159,810)	(135,421,111)
Balance at December 31, 2013	<u>3,255,971</u>	<u>457,973,617</u>
Shares redeemed on Jan 2, 2014	(146,965)	(17,012,034)
Balance at December 31, 2013 (in accordance with ASC Subtopic 480-10)	<u>3,109,006</u>	<u>440,961,583</u>
USD Share Class B	No. of Shares	Total US \$
Balance at December 31, 2012	457,287	48,165,863
Shares issued to in the year	30,692	2,933,000
Shares redeemed in the year	(159,198)	(15,010,385)
Balance at December 31, 2013	<u>328,781</u>	<u>36,088,478</u>
Shares redeemed on Jan 2, 2014	(5,378)	(502,098)
Balance at December 31, 2013 (in accordance with ASC Subtopic 480-10)	<u>323,403</u>	<u>35,586,380</u>

Notes to the Financial Statements (continued)

6. Share Capital (continued)

USD Share Class C	No. of Shares	Total US \$
Balance at December 31, 2012	384,258	38,199,231
Shares issued in the year	60,677	5,164,226
Shares redeemed in the year	(81,166)	(6,644,407)
Balance at December 31, 2013	<u>363,769</u>	<u>36,719,050</u>
Shares redeemed on Jan 2, 2014	(7,972)	(652,171)
Balance at December 31, 2013 (in accordance with ASC Subtopic 480-10)	<u>355,797</u>	<u>36,066,879</u>
USD Share Class D	No. of Shares	Total US \$
Balance at December 31, 2012	723,253	68,377,093
Shares issued in the year	130,619	11,101,116
Shares redeemed in the year	(196,850)	(16,443,144)
Balance at December 31, 2013	<u>657,022</u>	<u>63,035,065</u>
Shares redeemed on Jan 2, 2014	(59,361)	(4,913,755)
Balance at December 31, 2013	<u>597,661</u>	<u>58,121,310</u>

7. Sundry payables and accrued expenses

	December 31, 2013 US \$
Distribution Fees	681,161
Administration, Corporate & Legal Fees	19,193
Audit & Tax Fees	153,000
Total Sundry payables and accrued expenses	<u>853,354</u>

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 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

Notes to the Financial Statements (continued)**8. Financial Instruments (continued)****Market risk (continued)**

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.

9. Related party disclosures

The Directors do not receive any remuneration from the Fund. All other related party transactions have been fully disclosed in the Financial Statements, including investment in affiliated funds.

10. Cash at bank

Amounts held with the Fund's Bank (The Bank of New York Mellon) as at December 31, 2013 amounted to \$3,528,740.

11. 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.

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

Share Class		2011	2012	2013
USD Share Class A	NAV	\$131.63	\$119.12	\$115.76
USD Share Class B	NAV	\$101.98	\$94.16	\$93.36
USD Share Class C	NAV	\$93.54	\$84.43	\$81.81
USD Share Class D	NAV	\$90.93	\$83.73	\$82.78
Share Class		2011	2012	2013
USD Share Class A	FUM	\$550,499,534	\$487,408,377	\$359,884,178
USD Share Class B	FUM	\$46,580,321	\$43,060,311	\$30,191,879
USD Share Class C	FUM	\$29,367,697	\$32,443,153	\$29,108,176
USD Share Class D	FUM	\$52,067,734	\$60,561,331	\$49,473,337

13. Subsequent events

Events subsequent to December 31, 2013 have been evaluated up to February 27, 2014, the date these Financial Statements were available to be issued. No material subsequent events have occurred since December 31, 2013 that would require recognition or disclosure in these Financial Statements.

14. Approval of Audited Financial Statements

These Audited Financial Statements were approved by the Board of Directors on February 27, 2014.

ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

Audited Financial Statements

January 1, 2013 to December 31, 2013

Abbey Capital Limited is an Alternative Investment Manager, regulated by the Central Bank of Ireland. Abbey Capital Limited is the Commodity Pool Operator of the 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 the ACL Alternative Fund SAC Limited

December 31, 2013

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ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Affirmation Statement

ACL Alternative Fund SAC Limited
Victoria Place
31 Victoria Street
Hamilton HM 10
Bermuda

Affirmation Required by the Commodity Exchange Act, Regulation §4.7(b)(3)(i)

I, Anthony Gannon, Director of Abbey Capital Limited (Commodity Pool Operator of ACL Alternative Fund SAC Limited), hereby affirm that, to the best of my knowledge and belief, the information contained in this annual report is accurate and complete.



Anthony Gannon
Director,
Abbey Capital Limited
February 27, 2014

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Directory

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

Directors

Anthony Gannon
(Non-Executive Director)
William D. Thompson*
(Independent Non-Executive Director)
James Keyes**
(Independent Non-Executive Director)
Nicholas Hoskins
(Independent Non-Executive Director)

Investment Manager

Abbey Capital Limited
1-2 Cavendish Row
Dublin 1
Ireland

Auditor

KPMG
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

Listing Sponsor

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

Legal Adviser

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

Custodian

The Bank of New York Mellon
One Wall Street
New York, NY 10286
United States of America

Corporate Secretary & Bermuda Registrar

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

Administrator, Registrar & Transfer Agent

BNY Mellon Alternative Investment Services, Ltd.
48 Par-la-ville-Road
Suite 464
Hamilton HM 11
Bermuda

*In office until January 29, 2013

**Appointed May 10, 2013

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Investment Manager's Report

Legal Structure

The ACL Alternative Fund (the "Fund") is a segregated account of the ACL Alternative Fund SAC Limited (the "Company"). The Company was incorporated as an open-ended investment company in Bermuda on January 4, 2002. The Company commenced operating as a Segregated Accounts Company on July 9, 2009 following its restructure under the Segregated Account Companies Act 2000 of Bermuda, as amended (the "Act").

The Fund has created twenty one Share Classes, of which fourteen 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 December 31, 2013
USD Share Class A	January 31, 2002	\$233.39
USD Share Class B	July 3, 2006	\$138.55
USD Share Class C	January 2, 2009	\$85.00
Euro Hedged Share Class A	July 1, 2004	€166.98
Euro Hedged Share Class B	July 1, 2009	€94.62
Euro Hedged Share Class C	January 29, 2010	€91.64
GBP Hedged Share Class A	June 1, 2010	£91.74
GBP Hedged Share Class B	January 30, 2006	£151.29
GBP Hedged Share Class C	February 4, 2011	£80.31
CHF Hedged Share Class A	April 15, 2011	CHF83.90
CHF Hedged Share Class B	March 1, 2010	CHF92.73
CHF Hedged Share Class C	October 15, 2010	CHF79.47
JPY Hedged Share Class B	January 21, 2011	¥8,403
JPY Hedged Share Class D	August 31, 2010	¥8,787

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

Investment Objective and Strategy

At December 31, 2013 the Fund allocated in excess of 80% of its assets to 24 Trading Funds*, each Trading Fund being a separate and distinct fund 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:

- long-term positive returns on capital invested
- favorable risk-adjusted performance measures
- favorable inter-Trading Advisor correlations to provide diversification benefits between Trading Advisors

*As at December 31, 2013 the ACL Alternative Fund allocated to 23 underlying managers with a total of 24 programs.

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Investment Manager's Report (continued)

Investment Objective and Strategy (continued)

- 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 ACL Alternative Fund USD Share Class A closed 2013 with a loss of -0.8%. Since inception in January 2002 the Fund has returned cumulatively +133.4%, providing an annualised return of +7.3%**.

The market environment was somewhat more favourable for CTAs than in 2011 and 2012, as risk-on risk-off diminished, and a more diverse set of factors drove markets. These included Japan's monetary easing, China's economic rebalancing and speculation about US monetary policy. Some trends emerged, correlations between markets declined and volatility in some markets picked up. A number of key markets were rangebound however, and during the summer months in particular, frequent reversals in markets proved costly for many managers in the Fund.

Where strong trends emerged during the year, the Fund's Trendfollowing managers participated and profited from the moves. The strong rally in global equities through the year, weakening of the Japanese yen ("JPY") and decline in precious metals all offered profitable trading opportunities. Uncertainty about the outlook for US monetary policy caused a number of reversals in bonds, interest rates and currencies, triggering losses for many of the Fund's managers. Commodity markets continued to be challenging. Energy markets in particular were difficult for Trendfollowing managers in the Fund, as crude oil traded in a broad range, while natural gas suffered a number of reversals. In the past, the Fund's relatively high allocation to commodities has been an important source of return and diversification, but in 2013 it detracted from performance.

As a group, the Fund's Trendfollowing managers produced a slightly negative return, but this masked relatively high dispersion of returns within the trading style. Differences in market sector exposures, speed of systems and extent of strategy diversification contributed to a 66 percentage point dispersion in manager returns in the Fund. Within the Trendfollowing group, those with longer average holding periods and higher allocations to equity markets tended to outperform their peers. Trendfollowing managers with higher allocations to commodities, and those managers who combine value systems with trendfollowing, underperformed.

More encouragingly, the satellite managers provided good diversification against the core Trendfollowing managers. As a group they contributed positively with Short-term Systematic, Global Macro and FX managers producing positive returns for the year. Higher volatility in some market sectors, such as bonds, was helpful for Short-term Systematic managers. Global Macro managers benefited from lower correlations between markets, and FX managers captured some of the major currency moves such as the declines in the JPY and the Australian dollar. Value managers detracted from performance, with the summer sell-off in emerging currencies, in particular, driving losses.

At the portfolio level we removed one Global Macro manager and one Trendfollowing manager and added one Value manager during the year. Strategy allocations were broadly stable over the

***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 is included from December 2000 - April 2001, actual interest thereafter).*

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Investment Manager's Report (continued)

Fund Performance to date (continued)

year and importantly we retained a core allocation of approximately 55% of portfolio risk to Trendfollowing strategies, diversified with allocations to uncorrelated satellite strategies. Although Trendfollowing managers underperformed this year, over the full track record of the Fund, Trendfollowing has been the key driver of Fund performance.

The Fund's performance lagged slightly behind those of the major industry indices*** in 2013. The Newedge CTA Index was +0.7% on the year, while the BTOP50 Index was +0.8%****.

Abbey Capital Limited – Investment Manager

Abbey Capital completed its thirteenth year of track record in 2013. Despite the challenging environment for the strategy, we remain focused on the aspects of our business which we can control such as investing in our systems, enhancing our investment process, and delivering top quality client service.

In November, the ACL Alternative Fund was awarded the Best Specialist Fund of Hedge Funds over 10 years by Hedge Fund Review, highlighting that whilst recent performance has been challenging, the Fund has been a strong performer in its peer group over the last decade.

In 2013 a corporate restructure occurred with the establishment of Cavendish Capital Limited, a new holding company of Abbey Capital. The purpose of establishing this holding company was to facilitate allocations by Cavendish Capital Limited of proprietary capital to managed futures. We increased our proprietary exposure to the industry in Q4 2013 and plan to continue to do so in 2014.

We would like to thank all investors for their continued support. We remain confident in managed futures as an asset class, and its potential ability to provide long-term, diversified returns for investors.

Abbey Capital Limited
January 2014

****None of the funds managed by Abbey Capital are benchmarked against any index.*

***** The total cumulative return for the Program since inception is +179.0%, versus +81.3% for the S&P 500 Total Return Index, +92.8% for the Newedge CTA Index and +92.2% for the BTOP50 Index during this period.*



KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

To the Shareholders of ACL Alternative Fund:

We have audited the accompanying financial statements of ACL Alternative Fund (“the Fund”), which comprise the statement of assets and liabilities and the condensed schedule of investments as at December 31, 2013, and the related statements of operations, changes in net assets and financial highlights for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors’ Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in the United States of America and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2013, and its financial performance for the year then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG

KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

Date: February 27, 2014

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Condensed Schedule of Investments

	Fair Value (US\$)	% of Net Asset Value
Short Term Deposits		
Bank of Montreal, Jan 1, 2014, 0.08%	213,994,620	7.61%
Mizuho Corporate Bank, Jan 1, 2014, 0.14%	211,016,713	7.50%
The Bank of Nova Scotia, Jan 1, 2014, 0.03%	123,314,277	4.38%
SEB Merchant Banking, Jan 1, 2014, 0.00%	187,069,210	6.65%
Standard Chartered Bank, Jan 1, 2014, 0.07%	207,003,179	7.36%
UBS AG, Jan 1, 2014, 0.02%	69,688,659	2.48%
Rabobank Ireland Plc, Jan 1, 2014, 0.12%	208,993,720	7.43%
ABN AMRO, Jan 1, 2014, 0.00%	128,889,134	4.58%
Swedbank AB Stockholm, Jan 1, 2014, 0.03%	144,712,388	5.14%
HSBC Bank Plc, Jan 1, 2014, 0.06%	132,437,317	4.71%
DNB Bank ASA, Jan 1, 2014, 0.05%	210,336,432	7.48%
Bank of Tokyo, Jan 1, 2014, 0.10%	139,869,771	4.97%
Total Short Term Deposits (cost: US\$1,977,325,420)	1,977,325,420	70.29%
Investment in Treasury Bills, Mar 20, 2014	999,872	0.04%
Purchased Option Contracts		
	No. of contracts	Fair Value US\$
Various Currency Futures Contracts (Jan-Feb14)	3,816	2,807,675
Various Energy Futures Contracts (Jan14)	68	67,320
Various Grains Futures Contracts (Feb14)	53	594
Various Interest Rate Futures Contracts (Mar14)	4,095	102,375
Various Bond Futures Contracts (Mar14)	905	723,214
Various Meat Futures Contracts (Jan14)	159	3,180
Various Metal Futures Contracts (Jan14)	908	2,142,880
Total Purchased Option Contracts (cost: US\$7,903,391)	10,004	5,847,238
Sold Option Contracts		
	No. of contracts	Fair Value US\$
Various Bond Futures Contracts (Mar14)	(905)	(93,318)
Various Currency Futures Contracts (Feb14)	(1,000)	(637,500)
Various Metal Futures Contracts (Jan14)	(908)	(444,920)
Total Sold Option Contracts (cost: US\$1,285,748)	(2,813)	(1,175,738)
Investments in Long Futures Contracts		
	No. of contracts	Fair Value US\$
Various Currency Futures Contracts (Mar14)	9,256	6,360,004
Various Energy Futures Contracts (Jan14-Oct14)	12,420	1,687,669
Various Grains Futures Contracts (Jan14-Nov14)	12,068	(408,378)
Various Index Futures Contracts (Jan14-Dec15)	26,663	69,499,301
Various Interest Rate Futures Contracts (Feb14-Dec16)	37,629	(2,705,357)
Various Bond Futures Contracts (Mar14-Dec16)	48,754	(16,775,956)
Various Meat Futures Contracts (Jan14-Aug14)	1,817	(456,022)
Various Metal Futures Contracts (Feb14-Dec14)	273	(1,536,928)
Various Tropical Futures Contracts (May14)	46	67,240
Various Industrial Futures Contracts (Jan14)	69	(46,433)
Various LME Futures Contracts (Jan14-Sep14)	3,128	(13,013,029)
Total Long Futures Contracts	152,123	42,672,111
		1.52%

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Condensed Schedule of Investments (continued)

Investment in Short Futures Contracts	No. of contracts	Fair Value US\$	% of Net Asset Value
Various Currency Futures Contracts (Jan14-Mar14)	(10,080)	9,112,109	0.32%
Various Energy Futures Contracts (Jan14-Dec14)	(1,489)	(1,675,411)	(0.06%)
Various Grains Futures Contracts (Jan14-Mar15)	(28,367)	28,461,745	1.01%
Various Index Futures Contracts (Jan14-Mar14)	(1,652)	38,294	0.00%
Various Interest Rate Contracts (Jan14-Mar18)	(21,547)	3,079,217	0.11%
Various Bond Futures Contracts (Mar14-Mar15)	(16,246)	11,832,731	0.42%
Various Meat Futures Contracts (Feb14-Apr14)	(239)	169,180	0.01%
Various Metal Futures Contracts (Feb14-Oct14)	(3,571)	8,007,208	0.28%
Various Industrial Futures Contracts (Feb14-Apr14)	(41)	(30,703)	(0.00%)
Various Tropical Futures Contracts (Mar14)	(18)	290,246	0.01%
Various LME Futures Contracts (Jan14-Jul14)	(2,509)	(8,112,866)	(0.29%)
Total Short Futures Contracts	(85,759)	51,171,750	1.81%
			% of Net Asset Value
Investments in Long FX Options Contracts		Fair Value US\$	
Various FX Options Contracts (Jan14)		438	0.00%
Total FX Options Contracts (cost US\$95,055)		438	0.00%
			% of Net Asset Value
Investments in Long Forward Foreign Exchange Contracts		Fair Value US\$	
Various Foreign Exchange Forward Contracts		2,973,686	0.11%
Total Long Forward Foreign Exchange Contracts		2,973,686	0.11%
			% of Net Asset Value
Investments in Short Forward Foreign Exchange Contracts		Fair Value US\$	
Various Foreign Exchange Forward Contracts		6,416,101	0.23%
Total Short Forward Foreign Exchange Contracts		6,416,101	0.23%
Net unrealized gains on Futures, Options and Forward Contracts		107,905,586	3.84%
Other Net Assets and Liabilities		727,217,812	25.83%
Net assets		2,813,448,690	100%

In accordance with FASB ASC Topic 810, Consolidations, the Trading Funds to which the ACL Alternative Fund allocates its assets have been consolidated with the assets of the ACL Alternative Fund in these financial statements.

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Statement of Assets and Liabilities

	Dec 31, 2013
Assets	US\$
Investments in Short Term deposits (Note 3)	1,977,325,420
Investments in Treasury Bills at fair value (Note 3)	999,872
Derivative & foreign exchange contracts, at fair value (Note 3,7)	255,731,377
Cash held at Custodian (The Bank Of New York Mellon)	230,176,858
Due from broker	613,165,672
Total Assets	<u>3,077,399,199</u>
Liabilities	
Derivative & foreign exchange contracts, at fair value (Note 3,7)	147,825,791
Depreciation deposits / Equalization credits (Note 4)	51,824,126
Subscriptions received in advance	8,653,557
Redemptions payable (Note 2)	45,936,885
Fees payable (Note 4)	9,710,150
Total Liabilities	<u>263,950,509</u>
Net Assets	<u>2,813,448,690</u>
Analysis of Net Assets	
Paid-in capital (Note 6)	2,937,936,343
Distributable earnings	(124,487,653)
Net Assets	<u>2,813,448,690</u>

NAV Information & Shares in Issue

Share Class	NAV per Share	Shares in issue
USD Share Class A	\$233.39	7,960,921
USD Share Class B	\$138.55	2,911,474
USD Share Class C	\$85.00	323,466
Euro Hedged Share Class A	€166.98	339,219
Euro Hedged Share Class B	€94.62	250,008
Euro Hedged Share Class C	€91.64	128,034
GBP Hedged Share Class A	£91.74	1,106,397
GBP Hedged Share Class B	£151.29	54,143
GBP Hedged Share Class C	£80.31	49,396
CHF Hedged Share Class A	CHF83.90	7,582
CHF Hedged Share Class B	CHF92.73	154,012
CHF Hedged Share Class C	CHF79.47	39,825
JPY Hedged Share Class B	¥8,403	527,728
JPY Hedged Share Class D	¥8,787	1,766,629

In accordance with FASB ASC Topic 810, Consolidations, the Trading Funds to which the ACL Alternative Fund allocates its assets have been consolidated with the assets of the ACL Alternative Fund in these financial statements.

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

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

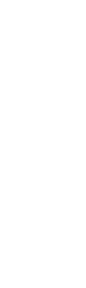
Statement of Assets and Liabilities (continued)

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



Director

Date: February 27, 2014



Director

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Statement of Operations

	Dec 31, 2013 US\$
Investment income	
Interest income (Note 2)	2,615,588
Expenses	
Trading advisors' management fees (Note 4)	(30,713,407)
Trading advisors' incentive fees (Note 4)	(11,253,322)
Investment manager management fees (Note 4)	(29,044,970)
Administration fees (Note 4)	(2,554,939)
Audit & Tax fees (Note 4)	(256,508)
Directors' fees (Note 4)	(9,477)
Legal & other professional fees (Note 4)	(76,059)
Total expenses	<u>(73,908,682)</u>
Net investment loss	<u>(71,293,094)</u>
Net realized loss on:	
Investments in derivative contracts and foreign currency	(73,831,543)
Net change in unrealized gain on:	
Investments in derivative contracts and foreign currency	61,469,076
Net realized and unrealized loss from investments in derivative contracts and foreign currency	<u>(12,362,467)</u>
Net decrease in net assets resulting from operations	<u>(83,655,561)</u>

In accordance with FASB ASC Topic 810, Consolidations, the gains and losses of the Trading Funds to which the ACL Alternative Fund allocates its assets have been consolidated with the gains and losses of the ACL Alternative Fund in these financial statements.

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

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


Director

Date: February 27, 2014

Director 

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Statement of Changes in Net Assets

	Dec 31, 2013 US\$
Net decrease in net assets resulting from operations:	
Net investment loss for the year	(71,293,094)
Net realized loss on:	
Investments in derivative contracts and foreign exchange	(73,831,543)
Net unrealized gain on:	
Investments in derivative contracts and foreign exchange	61,469,076
Decrease in net assets as a result of operations	<u>(83,655,561)</u>
Capital transactions:	
Proceeds on issue of shares	672,818,387
Paid on redemption of shares	(1,353,492,420)
Depreciation deposits applied (Note 4)	1,675,231
Net payments on capital transactions	<u>(678,998,802)</u>
Net decrease in net assets	<u>(762,654,363)</u>
Net Assets:	
Beginning of year	3,576,103,053
End of Year	<u>2,813,448,690</u>

In accordance with FASB ASC Topic 810, Consolidations, the Trading Funds to which the ACL Alternative Fund allocates its assets have been consolidated with the assets of the ACL Alternative Fund in these financial statements.

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

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Financial Highlights

The following tables include selected data for each Share Class outstanding at each month end throughout the year and other performance information derived from the 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	GBP Hedged Share Class A	GBP Hedged Share Class B
Currency	USD	USD	USD	GBP	GBP
Net investment loss	(1.62)	(1.27)	(1.60)	(0.34)	(0.89)
Net realized & unrealized loss on investments	(0.30)	(0.21)	(0.18)	(0.06)	(0.14)
Net decrease in net asset value per share*	(1.92)	(1.48)	(1.78)	(0.40)	(1.03)
Net Asset Value per share:					
Beginning of year	235.31	140.03	86.78	92.14	152.32
End of year	233.39	138.55	85.00	91.74	151.29
Total return before Trading Advisor incentive fees	(0.47%)	(0.72%)	(1.71%)	(0.09%)	(0.34%)
Trading Advisor incentive fees	(0.34%)	(0.34%)	(0.34%)	(0.34%)	(0.34%)
Total net return	(0.81%)	(1.06%)	(2.05%)	(0.43%)	(0.68%)
Expenses to average net assets before Trading Advisor incentive fees**	(2.70%)	(2.94%)	(3.95%)	(2.70%)	(2.94%)
Trading Advisor incentive fee	(0.34%)	(0.34%)	(0.34%)	(0.34%)	(0.34%)
Total net expenses***	(3.04%)	(3.29%)	(4.29%)	(3.04%)	(3.29%)
Net investment loss before Trading Advisor incentive fees	(1.70%)	(1.95%)	(2.95%)	(1.70%)	(1.95%)
Trading Advisor incentive fees	(0.34%)	(0.34%)	(0.34%)	(0.34%)	(0.34%)
Total net investment loss	(2.04%)	(2.29%)	(3.29%)	(2.04%)	(2.29%)
Net assets, end of year in USD	1,858,034,297	403,378,846	27,495,682	168,095,700	13,565,275

* Calculated based on the average number of shares outstanding during the year

** Includes brokerage of 0.92%

*** As set out in Note 4 to these 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.

In accordance with FASB ASC Topic 810, Consolidations, the Trading Funds to which the ACL Alternative Fund allocates its assets have been consolidated with the assets of the ACL Alternative Fund in these financial statements.

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

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Financial Highlights (continued)

Share Class	GBP Hedged Share Class C	Euro Hedged Share Class A	Euro Hedged Share Class B	Euro Hedged Share Class C	CHF Hedged Share Class A
Currency	GBP	EUR	EUR	EUR	CHF
Net investment loss	(1.23)	(0.77)	(0.65)	(1.49)	(0.38)
Net realized & unrealized loss on investments	(0.14)	(0.14)	(0.11)	(0.17)	(0.07)
Net decrease in net asset value per share*	(1.37)	(0.91)	(0.76)	(1.66)	(0.45)
Net Asset Value per share:					
Beginning of year	81.68	167.89	95.38	93.30	84.35
End of year	80.31	166.98	94.62	91.64	83.90
Total return before Trading Advisor incentive fees	(1.33%)	(0.20%)	(0.45%)	(1.44%)	(0.19%)
Trading Advisor incentive fees	(0.34%)	(0.34%)	(0.34%)	(0.34%)	(0.34%)
Total net return	(1.67%)	(0.54%)	(0.79%)	(1.78%)	(0.53%)
Expenses to average net assets before Trading Advisor incentive fees**	(3.95%)	(2.70%)	(2.94%)	(3.95%)	(2.70%)
Trading Advisor incentive fees	(0.34%)	(0.34%)	(0.34%)	(0.34%)	(0.34%)
Total net expenses***	(4.29%)	(3.04%)	(3.29%)	(4.29%)	(3.04%)
Net investment loss before Trading Advisor incentive fees	(2.95%)	(1.70%)	(1.95%)	(2.95%)	(1.70%)
Trading Advisor incentive fees	(0.34%)	(0.34%)	(0.34%)	(0.34%)	(0.34%)
Total net investment loss	(3.29%)	(2.04%)	(2.29%)	(3.29%)	(2.04%)
Net assets, end of year in USD	6,569,708	77,877,249	32,524,197	16,130,380	712,583

* Calculated based on the average number of shares outstanding during the year

** Includes brokerage of 0.92%

*** As set out in Note 4 to these 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.

In accordance with FASB ASC Topic 810, Consolidations, the Trading Funds to which the ACL Alternative Fund allocates its assets have been consolidated with the assets of the ACL Alternative Fund in these financial statements.

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

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Financial Highlights (continued)

Share Class	CHF Hedged Share Class B	CHF Hedged Share Class C	JPY Hedged Share Class B	JPY Hedged Share Class D
Currency	CHF	CHF	JPY	JPY
Net investment loss	(0.63)	(1.30)	(54)	(97)
Net realized & unrealized loss on investments	(0.10)	(0.14)	(8)	(12)
Net decrease in Net Asset Value per share*	(0.73)	(1.44)	(62)	(109)
Net Asset Value per share:				
Beginning of year	93.46	80.91	8,465	8,896
End of year	92.73	79.47	8,403	8,787
Total return before Trading Advisor incentive fee	(0.44%)	(1.43%)	(0.39%)	(0.87%)
Trading Advisor incentive fee	(0.34%)	(0.34%)	(0.34%)	(0.34%)
Total net return	(0.78%)	(1.77%)	(0.73%)	(1.21%)
Expenses to average net assets before Trading Advisor incentive fee**	(2.94%)	(3.95%)	(2.94%)	(3.45%)
Trading Advisor incentive fee	(0.34%)	(0.34%)	(0.34%)	(0.34%)
Total net expenses***	(3.29%)	(4.29%)	(3.29%)	(3.79%)
Net investment loss before Trading Advisor incentive fee	(1.95%)	(2.95%)	(1.95%)	(2.45%)
Trading Advisor incentive fee	(0.34%)	(0.34%)	(0.34%)	(0.34%)
Total net investment loss	(2.29%)	(3.29%)	(2.29%)	(2.79%)
Net assets, end of year in USD	15,996,940	3,545,076	42,109,903	147,412,854

* Calculated based on the average number of shares outstanding during the year

** Includes brokerage of 0.92%

*** As set out in Note 4 to these 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.

In accordance with FASB ASC Topic 810, Consolidations, the Trading Funds to which the ACL Alternative Fund allocates its assets have been consolidated with the assets of the ACL Alternative Fund in these financial statements.

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

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements

1. The Fund and its activities

The ACL Alternative Fund (the "Fund") is a segregated account of the 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 July 9, 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.

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

The Fund currently allocates in excess of 80% of its assets to 24 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 December 31, 2013, the ACL Alternative Fund allocated to 23 underlying managers with a total of 24 programs.

The Fund has created twenty one Share Classes, of which fourteen are currently in issue; a USD Share Class A, a USD Share Class B, a USD Share Class C, 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 Financial Statements are presented using the 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").

Estimates and assumptions

The preparation of Financial Statements in conformity with accounting principles generally accepted in the United States of America 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 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 24 Trading Funds. Accordingly, these financial statements consolidate the Trading Funds.

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

Basis of preparation and consolidation (continued)

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, BNY Mellon Alternative Investment Services Ltd (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 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.

Short-term deposits

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

Notes to the Financial Statements (continued)**2. Significant accounting policies (continued)****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. Unrealized gains and unrealized losses are disclosed net on the Statement of Assets and Liabilities. 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 December 31, 2013 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 year 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 net 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 \$23,086,186 were effective for January 2, 2014 have been reclassified to redemptions payable on the Statement of Assets and Liabilities. Further redemption amounts dealt in December 2013 totaling \$22,850,699 remained payable to investors at year end.

Accounting Pronouncements

In June 2013, the Financial Accounting Standards Board issued Accounting Standards Update No. 2013-08, Financials Services-Investment Companies (Topic 946): Amendments to the Scope Measurement and Disclosure Requirements ("ASU 2013-08"). ASU 2013-08 provides clarifying guidance to determine if an entity qualifies as an investment company. ASU 2013-08 also requires an investment company to measure non-controlling interests in other investment companies at fair value. The following disclosures will also be required upon adoption of ASU 2013-08: (i) whether an entity is an investment company and is applying the accounting and reporting guidance for investment companies, (ii) information about changes, if any, in an entity's status as an investment company; and (iii) information about financial support provided or contractually required to be provided by an investment company to any of its investees. The requirements of ASU 2013-08 are effective for fiscal years that begin after December 15, 2013. The Investment Manager is currently evaluating the impact, if any, that these updates will have on its financial condition or results of operations.

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

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 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 - Observable inputs other than quoted prices either directly or indirectly included in Level 1 that are not observable for the asset or liability; and
- Level 3 - Unobservable inputs for the asset or liability to the extent that relevant observable input are not available.

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 below table shows information about the Fund's assets and liabilities measured at fair value as of December 31, 2013. All values shown are stated in USD.

	Quoted Prices in Active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Balance as at Dec 31, 2013 Total
Assets				
Investments in short term deposits	1,977,325,420	-	-	1,977,325,420
Investments in Treasury Bills	999,872	-	-	999,872
Investments in derivative and foreign exchange contracts	107,905,586	-	-	107,905,586
Total	<u>2,086,230,878</u>	<u>-</u>	<u>-</u>	<u>2,086,230,878</u>

There were no significant transfers into or out of Level 1 during the year ended December 31, 2013. In addition there were no Level 3 Assets or Liabilities held by the Fund as at December 31, 2013 or at any time during the year 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).

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

4. Fees and expenses (continued)

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" Share Classes), 1.00% ("B" Share Classes), 2.00% ("C" Share Classes), 1.50% ("D" Share Classes) and 1.75% ("E" Share Classes) per annum of the Net Asset Value of the Fund.

The Investment Manager is also entitled to an incentive fee for each calendar quarter equal to 7.5% ("A" Share Classes), 10% ("B" Share Classes), 10% ("C" Share Classes), 10% ("D" Share Classes) and 10% ("E" Share 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 period, 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 the incentive fee that 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 year ended December 31, 2013, incentive fees of \$1,675,231 were paid from the Depreciation Deposit account. As at December 31, 2013 the total amount of depreciation deposits payable to investors amounted to \$51,509,348. The Depreciation Deposit will be maintained in a bank account of the Fund and will not be invested in the Fund. Any interest earned on funds in this bank account will accrue for the benefit of the Fund.

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

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

4. Fees and expenses (continued)

Investment manager and trading advisor equalization (continued)

“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.

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 December 31, 2013 the equalization credits payable to investors amounted to \$314,778.

The equalization credit will be maintained in a bank account of the Fund and will not be invested in the Fund. Any interest earned on funds in this bank account will accrue for the benefit of the Fund.

The Trading Funds will pay to the external Trading Advisors of the Company’s other Segregated Accounts/Trading Funds an annual fee based on the Net Asset Value of the Trading Fund’s assets allocated by the Investment Manager 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 Custodian 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 versus the amount of such unrealized profits (or losses) on open positions in the Trading Fund as of the end of the preceding quarter, minus

(B) the Management Fees for the calendar quarter (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 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.

Custodian, administration, secretary and registrar fees

The fees payable by each Trading Fund to The Bank of New York Mellon, in relation to registrar and transfer, administration and custodian services provided to the Funds, will be 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

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

4. Fees and expenses (continued)

Custodian, administration, secretary and registrar fees (continued)

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. 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, custody and secretarial services will be paid in aggregate by each Trading Fund from the account it maintains with the Custodian. The Custodian will then be responsible for paying the individual fees due to the Administrator, and the Registrar and Transfer Agent.

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. Gannon will not receive any Directors' fee. Such fees shall be payable semi-annually in arrears.

Fees payable

Fees payable by the Trading Funds as at December 31, 2013 were:

	US\$
Investment Manager management fees	2,023,520
Trading Advisor management fees	2,110,821
Trading Advisor incentive fees	4,514,378
Brokerage commissions and other fees	537,919
Audit & Tax fees	260,000
Administration fees	200,239
Other professional fees	63,273
Total	<u>9,710,150</u>

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 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

The Share Capital of the Fund is as follows:

Shares	Authorized and issued: 100 Founder Shares of US\$0.01 each, having been issued for the purposes of incorporation.
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ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

6. Share Capital (continued)

Shares	<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>Twenty one Share Classes were authorized as at December 31, 2013: 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 December 31, 2013, shares have been issued in fourteen share classes, namely the USD Share Class A, USD Share Class B, USD Share Class C, 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 period when the calculation of the Net Asset Value is suspended.

Income, expenses, realized and unrealized gains are allocated between Classes based on their relative net assets (with the exception of Class specific income and expenses, 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	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	9,309,184	9,309	2,063,114,435	2,063,123,743
Shares issued	1,343,814	1,344	322,530,438	322,531,783
Shares redeemed	(2,618,696)	(2,619)	(616,279,182)	(616,281,801)
Depreciation deposits applied	-	-	703,826	703,826
Balance at December 31, 2013	8,034,302	8,034	1,770,069,517	1,770,077,551
Shares to redeem (Jan 2, 2014)	(73,381)	(73)	(17,126,565)	(17,126,638)
Balance at December 31, 2013 (in accordance with ASC Subtopic 480-10)	7,960,921	7,961	1,752,942,952	1,752,950,913

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

6. Share Capital (continued)

USD Share Class B	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	4,590,038	4,590	712,685,392	712,689,982
Shares issued	627,952	628	88,831,678	88,832,306
Shares redeemed	(2,263,502)	(2,263)	(313,082,286)	(313,084,549)
Depreciation deposits applied	-	-	309,220	309,220
Balance at December 31, 2013	2,954,488	2,955	488,744,004	488,746,959
Shares to redeem (Jan 2, 2014)	(43,014)	(43)	(5,959,505)	(5,959,548)

Balance at December 31, 2013 (in accordance with ASC Subtopic 480-10)	2,911,474	2,912	482,784,499	482,787,411
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USD Share Class C	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	676,615	677	71,887,531	71,888,208
Shares issued	45,750	46	4,143,373	4,143,419
Shares redeemed	(398,899)	(399)	(35,571,313)	(35,571,712)
Depreciation deposits applied	-	-	10,385	10,385
Balance at December 31, 2013	323,466	324	40,469,976	40,470,300

Euro Hedged Share Class A	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	243,093	243	13,088,705	13,088,948
Shares issued	196,117	196	45,111,654	45,111,850
Shares redeemed	(99,991)	(100)	(22,141,022)	(22,141,122)
Depreciation deposits applied	-	-	9,389	9,389
Balance at December 31, 2013	339,219	339	36,068,726	36,069,065

Euro Hedged Share Class B	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	342,214	342	48,006,476	48,006,818
Shares issued	1,547	2	208,075	208,077
Shares redeemed	(93,753)	(94)	(12,571,701)	(12,571,795)
Depreciation deposits applied	-	-	18,044	18,044
Balance at December 31, 2013	250,008	250	35,660,894	35,661,144

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

6. Share Capital (continued)

Euro Hedged Share Class C	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	267,091	267	43,391,260	43,391,527
Shares issued	25,603	26	3,315,788	3,315,814
Shares redeemed	(164,660)	(165)	(20,918,871)	(20,919,036)
Depreciation deposits applied			10,054	10,054
Balance at December 31, 2013	128,034	128	25,798,231	25,798,359

GBP Hedged Share Class A	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	505,953	506	86,978,543	86,979,049
Shares issued	974,911	975	148,474,804	148,475,779
Shares redeemed	(374,467)	(374)	(54,165,346)	(54,165,720)
Depreciation deposits applied	-	-	71,421	71,421
Balance at December 31, 2013	1,106,397	1,107	181,359,422	181,360,529

GBP Hedged Share Class B	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	313,718	314	85,345,362	85,345,676
Shares issued	11,209	11	2,710,647	2,710,658
Shares redeemed	(270,784)	(271)	(69,009,417)	(69,009,688)
Depreciation deposits applied	-	-	98,744	98,744
Balance at December 31, 2013	54,143	54	19,145,336	19,145,390

GBP Hedged Share Class C	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	63,480	63	10,273,247	10,273,310
Shares issued	4	-	431	431
Shares redeemed	(14,088)	(14)	(1,806,727)	(1,806,741)
Depreciation deposits applied	-	-	7	7
Balance at December 31, 2013	49,396	49	8,466,958	8,467,007

CHF Hedged Share Class A	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	8,273	8	1,337,544	1,337,552
Shares issued	1,231	1	118,236	118,237
Shares redeemed	(1,922)	(2)	(178,793)	(178,795)
Depreciation deposits applied	-	-	11	11
Balance at December 31, 2013	7,582	7	1,276,998	1,277,005

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

6. Share Capital (continued)

CHF Hedged Share Class B	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	329,483	329	38,879,151	38,879,480
Shares issued	11,497	11	1,222,344	1,222,355
Shares redeemed	(186,968)	(187)	(18,840,951)	(18,841,138)
Depreciation deposits applied	-	-	2,862	2,862
Balance at December 31, 2013	154,012	153	21,263,406	21,263,559

CHF Hedged Share Class C	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	103,704	104	12,547,950	12,548,054
Shares issued	2,285	2	207,827	207,829
Shares redeemed	(66,164)	(66)	(5,791,266)	(5,791,332)
Depreciation deposits applied	-	-	1,263	1,263
Balance at December 31, 2013	39,825	40	6,965,774	6,965,814

JPY Hedged Share Class B	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	1,132,392	1,132	133,617,850	133,618,982
Shares issued	219,006	219	20,626,487	20,626,706
Shares redeemed	(823,670)	(824)	(73,937,064)	(73,937,888)
Depreciation deposits applied	-	-	354,261	354,261
Balance at December 31, 2013	527,728	527	80,661,534	80,662,061

JPY Hedged Share Class D	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2012	2,323,182	2,323	295,761,493	295,763,816
Shares issued	377,135	377	35,312,766	35,313,143
Shares redeemed	(933,688)	(934)	(86,103,983)	(86,104,917)
Depreciation deposits applied	-	-	85,744	85,744
Balance at December 31, 2013	1,766,629	1,766	245,056,020	245,057,786

As at December 31, 2013, 3.17% of the USD Share Class A Shares were held by the ACL Global Fund, 0.91% of the USD Share Class A Shares were held by Abbey Global LP, 21.65% of the USD Share Class A Shares were held by the Abbey Capital Multi-Manager Fund Limited, 20.85% of the USD Share Class B Shares were held by the Abbey Capital Multi-Manager Fund Limited, and 0.02% of the USD Share Class B Shares were held by the Abbey Capital Daily Futures Fund.

The Abbey Capital ACL Alternative Fund held the following holdings in the Fund as at December 31, 2013; 2.05% of the USD Share Class A, 5.41% of the USD Share Class B, 5.11% of the USD Share Class C, 13.44% of the Euro Hedged Share Class A, 10.48% of the Euro Hedged Share Class C, 7.28% of the GBP Hedged Share Class A, 2.42% of the GBP Hedged Share Class B, 5.13% of the GBP Hedged Share Class C, 100% of CHF Hedged Share Class A and 5.10% of the CHF Hedged Share Class B.

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

The Fund allocated in excess of 80% of its assets currently to 24 Trading Funds. 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.

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.

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 forward 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.

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

7. Financial instruments (continued)

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 December 31, 2013, 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
Foreign exchange price				
Forward contracts	14,899,864	231	14,890,475	231
Futures contracts	1,564,775	9,256	1,247,857	10,080
Option contracts	2,808	3,817	638	1,000
Commodity price				
Futures contracts	2,382,760	29,821	1,885,739	36,234
Options contracts	2,214	1,188	445	908
Bond price				
Futures contracts	21,284,012	48,754	4,272,117	16,246
Options contracts	723	905	93	905
Interest rate price				
Futures contracts	11,206,893	37,629	6,815,898	21,547
Options contracts	723	4,095	-	-
Equity price				
Futures contracts	2,388,528	26,663	114,044	1,652

The fair value of derivative contracts at December 31, 2013, categorized by primary underlying risk and the impact on the statement of changes for the year ended December 31, 2013, is as follows:

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

7. Financial instruments (continued)

Off balance sheet risk/derivative risk (continued)

Primary risk	underlying	Asset Derivatives Fair Value US\$	Liability Derivatives Fair Value US\$	Realized Gain / (Loss) US\$	Change in Unrealized Gain / (Loss) US\$
Foreign exchange price					
	Futures contracts	21,836,324	(6,364,210)	(4,029,816)	1,002,426
	Forward contracts	59,710,774	(50,320,987)	(90,460,451)	(5,092,619)
	Option contracts	2,808,113	(637,500)	2,558,818	(9,475,676)
Commodity price					
	Futures contracts	65,961,889	(52,558,372)	(113,693,345)	38,278,059
	Options contracts	2,213,974	(444,920)	(15,784,829)	1,443,261
Bond price					
	Futures contracts	21,633,823	(26,577,048)	(121,472,080)	(8,323,710)
	Options contracts	102,375	(93,318)	(1,524,673)	(2,790,943)
Interest rate price					
	Futures contracts	8,798,520	(8,424,660)	(70,732,219)	3,525,254
	Options contract	723,214	-	(789,879)	723,214
Equity price					
	Futures contracts	71,942,371	(2,404,776)	341,510,349	41,196,579
	Options contracts	-	-	586,582	-
Total		255,731,377	(147,825,791)	(73,831,543)	60,485,845

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 segregated accounts with whom the Trading Funds have an open position. 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

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

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

7. Financial instruments (continued)

Liquidity and valuation of investments (continued)

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 December 31, 2013 \$25,738,260 of cash was held in foreign currency with the Custodian / 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 December 31, 2013 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 for 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 year. The total realized loss on foreign exchange derivatives amounting to \$57,264,969, is included in the Statement of Operations within the balance "Net realized gain on investments in derivative contracts and foreign currency". The total unrealized gain on foreign exchange derivatives amounting to \$11,878,256 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.

As at December 31, 2013, 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 Mar 14	1,773	62,500	183,483,337	2,680,113
EURO FX Future Mar 14	715	125,000	123,230,250	276,513
JPY FX Future Mar 14	1,550	12,500,000	184,120,625	(3,855,625)
CHF FX Future Mar 14	139	125,000	19,559,037	5,213
Net unrealized loss				(893,786)

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 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

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

8. Offsetting assets and liabilities (continued)

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 December 31, 2013, 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 Statement of Operations:

	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	Gross Amount of Financial Instruments	Cash Collateral Received	Net Amount
	US\$	US\$	US\$	US\$	US\$	US\$
Derivative and foreign exchange contracts	255,731,377	-	255,731,377	(147,825,791)	-	107,905,586
Total	255,731,377	-	255,731,377	(147,825,791)	-	107,905,586

	Net Amounts of Assets presented in the Statement of Assets and Liabilities	Gross Amounts of Financial Instruments	Not Offset in the Statement of Assets and Liabilities	Net Amount
	US\$	US\$	US\$	US\$
Bank of America N.A.	27,759,875	(16,688,985)	-	11,070,890
Credit Suisse Securities (Europe) Limited	62,408,168	(37,908,685)	-	24,499,483
Deutsche Bank	18,789,214	(18,789,214)	-	-
JP Morgan Securities Limited	25,585,772	(15,362,124)	-	10,223,648
Newedge UK Financial Limited	30,497,464	(8,419,809)	-	22,077,655
Newedge USA LLC	78,122,377	(36,363,243)	-	41,759,134
UBS A.G.	12,568,507	(10,555,236)	-	2,013,271
Total	255,731,377	(144,087,296)	-	111,644,081

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

8. Offsetting assets and liabilities (continued)

The following table provides disclosure regarding the potential effect of offsetting of recognized liabilities presented in the statement of assets, liabilities and partners' capital:

	Gross Amount of Recognized Liabilities	Gross Offset in the Statement of Assets and Liabilities	Net Amounts of Recognized Liabilities Presented in the Statement of Assets and Liabilities	Gross Amount not offset in the Statement of assets and Liabilities	Financial Instruments		Cash Collateral Pledged	Net Amount
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Derivative and foreign exchange contracts	147,825,791	-	147,825,791	(147,825,791)	-	-	-	-
Total	147,825,791	-	147,825,791	(147,825,791)	-	-	-	-

	Net Amounts of Liabilities presented in the Statement of Assets and Liabilities	Gross Amounts Not Offset in the Statement of Assets and Liabilities	Financial Instruments	Cash Collateral Pledged	Net Amount
	US\$	US\$	US\$	US\$	US\$
Bank of America N.A.	16,688,985	16,688,985	-	-	-
Credit Suisse Securities (Europe) Limited	37,908,685	37,908,685	-	-	-
Deutsche Bank AG	22,527,709	18,789,214	-	-	3,738,495
JP Morgan Securities Limited	15,362,124	15,362,124	-	-	-
Newedge UK Financial Limited	8,419,809	8,419,809	-	-	-
Newedge USA LLC	36,363,243	36,363,243	-	-	-
UBS A.G.	10,555,236	10,555,236	-	-	-
Total	147,825,791	144,087,296	-	-	3,738,495

9. Related party disclosures

The Director 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 financial statements, including investments in affiliated funds. None of the Directors hold any investments in the Fund or Trading Funds.

10. Brokerage commissions

Brokerage commissions of \$30,209,345 were paid by the Fund and the Trading Funds to which it allocates its assets for the year from January 1 to December 31, 2013. This amount was consolidated within the realized and unrealized gain or loss on investments in derivative contracts and foreign exchange.

11. 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

ACL Alternative Fund

A segregated account of the ACL Alternative Fund SAC Limited

December 31, 2013

Notes to the Financial Statements (continued)

11. Commitments and contingencies (continued)

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.

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 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.

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

Share Class		2011	2012	2013
USD Share Class A	NAV	\$254.87	\$235.31	\$233.39
USD Share Class B	NAV	\$152.06	\$140.03	\$138.55
USD Share Class C	NAV	\$95.18	\$86.78	\$85.00
Euro Hedged Share Class A	NAV	€182.20	€167.89	€166.98
Euro Hedged Share Class B	NAV	€103.76	€95.38	€94.62
Euro Hedged Share Class C	NAV	€102.52	€93.30	€91.64
GBP Hedged Share Class A	NAV	£99.54	£92.14	£91.74
GBP Hedged Share Class B	NAV	£164.97	£152.32	£151.29
GBP Hedged Share Class C	NAV	£89.35	£81.68	£80.31
CHF Hedged Share Class A	NAV	CHF91.75	CHF84.35	CHF83.90
CHF Hedged Share Class B	NAV	CHF101.91	CHF93.46	CHF92.73
CHF Hedged Share Class C	NAV	CHF89.11	CHF80.91	CHF79.47
JPY Hedged Share Class B	NAV	¥9,243	¥8,465	¥8,403
JPY Hedged Share Class D	NAV	¥9,762	¥8,896	¥8,787

Share Class		2011	2012	2013
USD Share Class A	FUM	\$2,569,312,502	\$2,190,516,148	\$1,858,034,297
USD Share Class B	FUM	\$691,033,507	\$642,753,730	\$403,378,846
USD Share Class C	FUM	\$90,671,101	\$58,716,570	\$27,495,682
Euro Hedged Share Class A	FUM	\$98,119,342	\$53,861,997	\$77,877,249
Euro Hedged Share Class B	FUM	\$12,713,797	\$43,074,197	\$32,524,197
Euro Hedged Share Class C	FUM	\$64,248,561	\$32,885,935	\$16,130,380
GBP Hedged Share Class A	FUM	\$84,230,415	\$75,727,005	\$168,095,700
GBP Hedged Share Class B	FUM	\$53,969,396	\$77,624,551	\$13,565,275
GBP Hedged Share Class C	FUM	\$10,581,830	\$8,422,333	\$6,569,708
CHF Hedged Share Class A	FUM	\$3,942,753	\$762,647	\$712,583
CHF Hedged Share Class B	FUM	\$29,067,672	\$33,654,866	\$15,996,940
CHF Hedged Share Class C	FUM	\$24,812,814	\$9,169,756	\$3,545,076
JPY Hedged Share Class B	FUM	\$95,656,553	\$110,563,443	\$42,109,903
JPY Hedged Share Class D	FUM	\$236,186,900	\$238,369,875	\$147,412,854

ACL Alternative Fund

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December 31, 2013

Notes to the Financial Statements (continued)

14. Subsequent events

Events subsequent to December 31, 2013 have been evaluated up to February 27, 2014, the date these Financial Statements were available to be issued. No material subsequent events have occurred since December 31, 2013 that would require recognition or disclosure in these Financial Statements.

15. Approval of the Audited Financial Statements

These Audited Financial Statements were approved by the Board of Directors on February 27, 2014.

ACL Alternative Fund

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December 31, 2013

Appendix

Audited Supplemental Disclosures to the Financial Statements

1. Fees incurred as a proportion of average Net Assets of the Fund (Refer to Note 4)

	USD Share Class A*	USD Share Class B*	USD Share Class C*
(i) Investment Manager Management Fee	-0.75%	-1.00%	-2.00%
(ii) Investment Manager Incentive Fees	-0.00%	-0.00%	-0.00%
(iii) Trading Advisor Management Fee**	-0.94%	-0.94%	-0.94%
(iv) Trading Advisor Incentive Fees**	-0.34%	-0.34%	-0.34%
(v) Administration Fees	-0.08%	-0.08%	-0.08%
(vi) Audit Fees	-0.00%	-0.00%	-0.00%
(vii) Directors' Fees	-0.00%	-0.00%	-0.00%
(viii) Brokerage	-0.92%	-0.92%	-0.92%
(ix) Other Fees and Expenses	-0.01%	-0.01%	-0.01%
(x) Interest Income	+0.08%	+0.08%	+0.08%

* Based on the average Net Assets of the Fund during 2013.

** Trading Advisor management and incentive fees may range from 0% to a maximum of 2% and 0% to a maximum of 25% respectively.