

# **Abbey Capital Multi-Manager Fund Limited**

**Audited Financial Statements for the year  
January 1, 2015 to December 31, 2015**

**Abbey Capital Limited is an Alternative Investment Fund Manager, regulated by the Central Bank of Ireland. Abbey Capital Limited is the Commodity Pool Operator of Abbey Capital 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 25, 2016

**Directory**

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

**Directors**

Anthony Gannon  
(Non-Executive Director)  
*Resigned on: April 22, 2015*

Peter Carney  
(Non-Executive Director)  
*Appointed: April 22, 2015*  
Nicholas Hoskins  
(Independent Non-Executive Director)  
Roderick Forrest  
(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**

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

**Legal Adviser**

Conyers Dill & Pearman  
Clarendon House  
2 Church Street  
Hamilton  
Bermuda

**Corporate Secretary & Bermuda Registrar**

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

**Depository**

BNY Mellon Trust Company (Ireland) Limited  
Guild House  
Guild Street  
Dublin 1  
Ireland  
*Resigned on: September 30, 2015*

BNP Paribas Securities Services, Dublin Branch  
Trinity Point  
10-11 Leinster Street South  
Dublin 2  
Ireland  
*Appointed: October 1, 2015*

**Administrator, Registrar & Transfer Agent**

BNY Mellon Alternative Investment Services Ltd  
48 Par-la-ville Road  
Suite 464  
Hamilton HM 11  
Bermuda  
*Resigned on: September 30, 2015*

BNP Paribas Fund Administration Services  
(Cayman) Limited  
Grand Pavilion Commercial Center  
802 West Bay Road  
Grand Cayman, KY1-1104  
Cayman Islands  
*Appointed: October 1, 2015*

## Investment Manager's Report

### Legal Structure

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, 2015
USD Share Class A	January 2, 2007	\$143.33
USD Share Class B	August 3, 2009	\$120.32
USD Share Class C	October 1, 2010	\$101.03
USD Share Class D	January 3, 2011	\$106.41

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 Fund SAC Limited. ACL Alternative Fund SAC Limited is a segregated accounts company incorporated as an open-ended investment company with limited liability under the laws of Bermuda.

### Investment Objective and Strategy

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

### Fund Performance to date

Abbey Capital Multi-Manager Fund Limited USD Share Class A ("ACMMF USD A") finished 2015 with a loss of 2.19%<sup>(1)</sup>, leaving the annualised return of +4.08% since inception in January 2007. ACMMF USD 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 4 January 2002. All returns shown are net of fees and include interest.

The ACL Alternative Fund USD Share Class A finished 2015 with a loss of 0.13%. Since inception in December 2000 the ACL Alternative Fund has returned cumulatively +266.65%, providing an annualised return of +8.99%<sup>(2)</sup>.

Concerns about global growth, and central bank policies in response to those concerns, were the dominant drivers of markets through 2015.

<sup>(1)</sup> Abbey Capital Multi-Manager Fund Limited ("ACMMF") USD Share Class A commenced trading in January 2007 and invests solely in the ACL Alternative Fund USD Share Class A. All returns are net of fees and include interest. Please note that due to different fee structures within the ACMMF share classes, different share classes will have different returns. Some ACMMF share classes may have generated a lower return than the ACMMF USD Share Class A.

<sup>(2)</sup> The ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited. The ACL Alternative program commenced in December 2000 and was incorporated as a fund in January 2002. Return figures shown are net of fees and include interest. (Pro forma interest from December 2000 to April 2001 actual interest received thereafter).

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

The year began with a strong period of performance as European Central Bank ("ECB") easing provided further momentum to the decline in EUR/USD and rally in eurozone bonds. These trends, along with the sell-off in energy, had been the main drivers of the exceptionally strong performance from Q2 2014. After such a strong period of trending behaviour in markets, a reversal of trends, at some point, was a risk. Unfortunately in Q2, each of the major trends suffered a reversal and the negative impact was compounded by minor reversals across other markets.

Trading conditions improved in the second half of the year as concerns about weak Chinese and global economic growth triggered renewed declines in industrial commodities. As investor risk appetite declined, global equities sold off, prompting the Federal Reserve ("Fed") to postpone tightening at its September policy meeting. Volatility in equity markets spiked and correlations across markets rose. The ACMMF USD A returned +2.90% in Q3, with Long-term Trendfollowing ("Trendfollowing") managers benefiting from strong trends in commodities and Short-term Systematic ("Short-term") managers providing valuable diversification profiting from a rise in volatility in equities. Given that the S&P 500 Total Return ("S&P 500 TR") Index declined -6.44%<sup>(3)</sup> on the quarter, this period again highlighted the valuable diversification managed futures can provide in a traditional portfolio.

Although the ongoing decline in energy prices did continue to provide opportunities for managers, performance in Q4 was slightly negative. The ECB's easing measures in December were less than markets had expected, triggering short-term reversals in currencies and equities. In December, the Fed finally ended the ongoing speculation by raising interest rates for the first time since 2006. Although the move was widely expected, it was significant in marking another step in the return to more normal market conditions after the Global Financial Crisis.

Performance of the ACMMF USD A in 2015 lagged slightly behind the managed futures industry, with major indices close to flat on the year. The SG CTA Index was 0.03%, while the Barclay BTOP50 Index was -0.97%. Since inception in 2007, the ACMMF USD A has delivered total cumulative returns of +43.33%, versus +74.81% for the S&P 500 TR Index and +30.45% for the Barclay BTOP50 Index<sup>(3)</sup>.

At the trading style level the core-satellite approach of the ACL Alternative Fund was beneficial as FX, Global Macro and Value trading styles contributed positively to performance, while Trendfollowing managers and Short-term managers detracted slightly. However, it was notable that there was no standout strategy, with positive and negative performance experienced by managers across most trading styles, suggesting that individual manager characteristics rather than trading style appeared to drive performance to a large extent.

In 2015, manager return dispersion within the ACL Alternative Fund was somewhat below the long-term average. Interestingly, the largest dispersion was within Trendfollowing, despite the fact that this group tends to be the most highly correlated. Trendfollowing managers who particularly capitalised on the strong trends in energy markets outperformed, while managers with higher risk allocations to financials underperformed.

This dispersion in performance amongst correlated managers pursuing similar strategies again highlights the risk of being allocated to an underperforming single manager rather than holding a diversified portfolio of managers. An investor may struggle to maintain an allocation in the face of relative underperformance, even when that underperformance is driven by transitory factors.

<sup>(3)</sup> Abbey Capital Multi Manager Fund Limited ("ACMMF") USD Share Class A commenced trading in January 2007 and invests solely in the ACL Alternative Fund USD Share Class A. All returns are net of fees and include interest. The above data is shown for illustrative purposes. The ACMMF is not benchmarked against any of the indices referenced. Please note that due to different fee structures within the ACMMF share classes, different share classes will have different returns. Some ACMMF share classes may have generated a lower return than the ACMMF USD Share Class A.

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

At the portfolio level we removed one FX program and added one Short-term program to the ACL Alternative Fund in 2015. The latter further diversifies our exposure in the short-term trading space; the ACL Alternative Fund had appointed 22 managers as of year-end.

In terms of strategy allocations, the ACL Alternative Fund maintained its long-term approach through the year of allocating 50-60% of portfolio risk to Trendfollowing strategies and 40-50% to diversifying, non-trend strategies. We intend to maintain this consistent approach to allocating risk and continue to scale allocations to achieve 21% annualised volatility at the manager level. In our opinion, this consistency of approach in risk allocation is critical in fully exploiting opportunities in markets when they arise.

**Abbey Capital Limited – Investment Manager**

Abbey Capital Limited (“Abbey Capital”) completed its fifteenth year of track record in 2015. We continued to invest in our infrastructure and develop our business. Investor interest in managed futures picked up through the year, with firm assets increasing in 2015. The growth in firm assets came across Abbey Capital’s full suite of portfolio solutions, which include the mutual fund, ERISA structures and private placement funds.

In 2015, Abbey Capital and the ACL Alternative Fund received a number of awards in recognition of both long-term performance and Abbey Capital’s investment process. The highlights of these were the ACL Alternative Fund’s awards for the Best Specialist FoHF over 10 years by Hedge Funds Review at the 14th European Fund of Hedge Funds Awards 2015<sup>(4)</sup>, Best Multi-Manager Fund at the 2015 CTA Intelligence European Performance Awards<sup>(5)</sup> and Fund of the Year 2015 by InvestHedge at the InvestHedge Awards for Performance Excellence 2015<sup>(6)</sup>.

As we close off on 2015, we would like to thank all our investors for their continued support. After the exceptionally strong performance of 2014, 2015 saw choppier conditions across many markets, as investors began to reposition portfolios and re-price risk. The last two years have again highlighted the difficulty in anticipating strong performance and timing allocations in managed futures. Given the episodic nature of returns, our focus remains on the aspects we can control: enhancing the investment process, delivering top-quality client services and developing high-quality investment offerings at a competitive cost.

We remain optimistic on the outlook for the Fund and the industry for the year ahead.

**Abbey Capital Limited**  
**January 2016**

<sup>(4)</sup> Best Specialist FoHF over 10 years was awarded by Hedge Funds Review to the ACL Alternative Fund at the 14th European Fund of Hedge Funds Awards 2015. This long-term performance award was judged on quantitative analysis as well as qualitative experience and expertise.

<sup>(5)</sup> Best Multi-Manager Fund was awarded to the ACL Alternative Fund at the 2015 CTA Intelligence European Performance Awards. Judging decisions were based on performance, qualitative information and structural criteria.

<sup>(6)</sup> Fund of the Year 2015 was awarded by InvestHedge to the ACL Alternative Fund at the InvestHedge Awards for Performance Excellence 2015. The Fund of the Year Award is judged on the top-performing funds over the twelve-month period from July 2014 to June 2015 based on a combination of Sharpe ratio and returns.



**KPMG**  
**Audit**  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5  
Ireland

## **Independent Auditors' Report**

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 31 December 2015 and the related Statement of Operations, Changes in Net Assets for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

This report is made solely to the shareholders as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the shareholders, those matters we are required to state to them in an Auditors' Report and for no other purpose. We do not accept or assume responsibility to anyone other than the shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

### *Directors' Responsibility for the Financial Statements*

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles, and for such internal control as management determines is 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 policies used and the reasonableness of accounting estimates made by management, 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 audit opinion.





## Independent Auditors' Report (continued)

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Abbey Capital Multi-Manager Fund Limited as at 31 December 2015 and its financial performance ended in accordance with U.S. generally accepted accounting principles

A handwritten signature of 'KPMG' in blue ink, written in a cursive style.

KPMG  
Dublin, Ireland  
25 February 2016

# Abbey Capital Multi-Manager Fund Limited

December 31, 2015

## Statement of Assets & Liabilities

As at December 31, 2015

Assets	US\$
Investment in ACL Alternative Fund (Note 3)	455,418,998
Cash and cash equivalents (Note 11)	2,015,538
Equalization credits and depreciation deposits receivable	1,162,296
<b>Total assets</b>	<b>458,596,832</b>
<b>Liabilities</b>	
Sundry payables and accrued expenses (Note 7)	762,890
Subscriptions received in advance	1,302,376
Redemptions payable (Note 2)	3,540,934
<b>Total liabilities</b>	<b>5,606,200</b>
<b>Net assets</b>	<b>452,990,632</b>
Paid-in capital (Note 6)	468,229,063
Distributable earnings	(15,238,431)
<b>Net assets</b>	<b>452,990,632</b>
Shares in issue - USD Share Class A	2,369,853
Shares in issue - USD Share Class B	212,401
Shares in issue - USD Share Class C	324,710
Shares in issue - USD Share Class D	516,569
Net Asset Value per share - USD Share Class A	\$143.33
Net Asset Value per share - USD Share Class B	\$120.32
Net Asset Value per share - USD Share Class C	\$101.03
Net Asset Value per share - USD Share Class D	\$106.41

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

  
Director

  
Director

Date: February 25, 2016

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

# Abbey Capital Multi-Manager Fund Limited

December 31, 2015

## Statement of Operations

For the year January 1  
to December 31,  
2015  
US\$

<b>Investment income</b>	
Interest income (Note 2)	1,209
<b>Fund expenses</b>	
Administration fees (Note 4)	(30,550)
Audit & tax fees (Note 4)	(94,195)
Distribution fees (Note 4)	(7,904,956)
Corporate, legal & other fees (Note 4)	(66,161)
Depository fees (Note 4)	(14,682)
<b>Total expenses</b>	<u>(8,110,544)</u>
<b>Net investment loss</b>	<u>(8,109,335)</u>
<b>Net realized gain on</b>	
Investments in ACL Alternative Fund (Note 9)	12,385,163
<b>Net change in unrealized loss on</b>	
Investments in ACL Alternative Fund (Note 9)	(14,208,175)
Net loss from investments allocated from ACL Alternative Fund	<u>(1,823,012)</u>
<b>Net decrease in net assets resulting from operations</b>	<u>(9,932,347)</u>

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



Director



Director

Date: February 25, 2016

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

# Abbey Capital Multi-Manager Fund Limited

December 31, 2015

## Statement of Changes in Net Assets

	<b>December 31 2015 US\$</b>
<b>Operations</b>	
Net investment loss for the year	(8,109,335)
<b>Net realized gain from</b>	
Investments in ACL Alternative Fund (note 9)	12,385,163
<b>Net change in unrealized loss on</b>	
Investments in ACL Alternative Fund (note 9)	(14,208,175)
<b>Net decrease in net assets resulting from operations</b>	<u>(9,932,347)</u>
<b>Capital share transactions</b>	
Issuance of shares	60,199,428
Redemption of shares	(52,272,049)
<b>Net increase in net assets resulting from capital share transactions</b>	<u>7,927,379</u>
Net decrease in net assets	(2,004,968)
<b>Net assets:</b>	
Beginning of the year	454,995,600
<b>End of year</b>	<u>452,990,632</u>

The accompanying notes and attached Financial Statements of ACL Alternative Fund 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 *	(2.62)	(0.21)	(2.39)	(0.73)
Net realized & unrealized loss on investments	(0.59)	(0.05)	(0.54)	(0.17)
<b>Net decrease in net asset value per share</b>	<b>(3.21)</b>	<b>(0.26)</b>	<b>(2.93)</b>	<b>(0.90)</b>
<b>Net asset value per share:</b>				
Beginning of the year	\$146.54	\$120.58	\$103.96	\$107.31
End of year	\$143.33	\$120.32	\$101.03	\$106.41
Total investment return	(2.19%)	(0.22%)	(2.82%)	(0.84%)
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%)
<b>Net assets at end of year</b>	<b>339,661,433</b>	<b>25,555,603</b>	<b>32,805,511</b>	<b>54,968,085</b>

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

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

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

The Fund was incorporated on 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 ACL Alternative Fund SAC Limited, a segregated accounts company incorporated as an open-ended investment company with limited liability under the laws of Bermuda. The NAV for the Fund's USD Share Class A is listed on the Bermuda Stock Exchange. As at December 31, 2015 the Fund owns 18.59% of the ACL Alternative Fund.

The audited financial statements of the ACL Alternative Fund, including the Condensed Schedule of Investments, are attached to these audited 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").

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

**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.

**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.

**Notes to the Financial Statements (continued)****2. Significant accounting policies (continued)****Foreign currency**

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

**Redemptions payable**

In accordance with FASB ASC Subtopic 480-10, Distinguishing Liabilities from Equity, a request for redemption of shares by an investor is considered a mandatory redeemable financial investment and shall be classified as a liability. Accordingly, requests for redemptions amounting to \$3,540,934 which were effective for January 4, 2016 have been reclassified to redemptions payable on the Statement of Assets and Liabilities. The Fund has sufficient cash at its bank available to ensure full payment of these redemption amounts. No further redemption amounts dealt in 2015 remained payable to investors for the year ending December 31, 2015.

**3. Fair value measurements**

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

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

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

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

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

**Notes to the Financial Statements (continued)****3. Fair value measurements (continued)**

The below table shows information about the Fund's assets and liabilities measured at fair value as of December 31, 2015. All values shown are stated in USD.

	Level 1	Level 2	Level 3	Balance as at December 31, 2015
<b>Assets</b>				
Investment in the ACL Alternative Fund	455,418,998	-	-	455,418,998
<b>Total</b>	<b>455,418,998</b>	<b>-</b>	<b>-</b>	<b>455,418,998</b>

There were no significant transfers between any of the levels of the fair value hierarchy during the year ended December 31, 2015. In addition there were no Level 3 Assets or Liabilities held by the Fund as at December 31, 2015 or at any time during the year then ended.

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

During the period January 1, 2015 to September 30, 2015, the Fund paid US\$1,000 per month to the Administrator for the calculation of the Net Asset Value. The Fund also paid US\$25 per transaction on the Share Register (including subscriptions, and redemptions) to the Registrar and Transfer Agent.

Effective October 1, 2015, the Fund and the ACL Alternative Fund changed fund administrator and registrar & transfer agent from BNY Mellon Alternative Investment Services Limited to BNP Paribas Fund Administration Services (Cayman) Limited ("BNP Paribas"). Effective October 1, 2015, the Fund pays BNP Paribas US\$1,000 per month for the calculation of the Net Asset Value. These fees accrue daily and are paid monthly in arrears.

The Fund pays the Corporate Secretary and Bermuda Registrar an annual fee of US\$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 ending December 31, 2015 were US\$7,904,956 of which US\$627,106 were payable by the Fund for the year ending December 31, 2015. There are no Distribution Fees in the USD Share Class B or USD Share Class D.



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

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

**Depository fees**

In accordance with the obligations under the Alternative Investment Fund Managers Directive, ("AIFMD"), the Investment Manager and the Directors of the Fund appointed a depository, BNY Mellon Trust Company (Ireland) Limited (the "Depository"), to provide the depository services of cash monitoring, safe-keeping and oversight. The Depository is responsible for overseeing the calculation of the value of the Shares of the Fund and ensuring that the value of the Shares of the Fund is calculated in accordance with the Fund's Private Placement Memorandum, the Company's Bye Laws, and Article 19 of AIFMD and is responsible for reporting any breach to the Central Bank of Ireland.

Effective October 1st 2015 the Fund and the ACL Alternative Fund has changed fund Depository from BNY Mellon Trust Company (Ireland) Limited to BNP Paribas Securities Services, Dublin Branch. Depository fees for the year were \$14,682.

**5. Taxation**

At the present time, no income, profit or capital gains taxes are levied in Bermuda and, accordingly, no provision for such taxes has been recorded by the Fund.

The Fund has applied for, and obtained from, the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gains or appreciation of any tax or nature of estate duty or inheritance tax, such tax shall not until March 31, 2035 be applicable to the Fund or to any persons not ordinarily resident in Bermuda and holding such Shares, debentures or other obligations of the Fund.

As an exempted mutual fund company, the Fund is liable to pay in Bermuda an annual government registration fee, at a current rate of US\$1,995 per annum, based upon the Fund's authorized share capital.

**6. Share Capital**

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

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

## Notes to the Financial Statements (continued)

## 6. Share Capital (continued)

(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, 2015 were as follows:

<b>USD Share Class A</b>	<b>No. of Shares</b>	<b>Total US\$</b>
Balance at December 31, 2014	2,376,420	356,636,332
Shares issued in the year	293,374	44,066,313
Shares redeemed in the year	(280,826)	(41,659,356)
Balance at December 31, 2015	<u>2,388,968</u>	<u>359,043,289</u>
Shares redeemed on January 4, 2016	(19,115)	(2,739,730)
<b>Balance at December 31, 2015</b> (in accordance with ASC Subtopic 480-10)	<u><b>2,369,853</b></u>	<u><b>356,303,559</b></u>
<b>USD Share Class B</b>	<b>No. of Shares</b>	<b>Total US\$</b>
Balance at December 31, 2014	219,611	26,279,564
Shares issued in the year	15,413	1,858,860
Shares redeemed in the year	(22,028)	(2,857,588)
Balance at December 31, 2015	<u>212,996</u>	<u>25,280,836</u>
Shares redeemed on January 4, 2016	(595)	(71,590)
<b>Balance at December 31, 2015</b> (in accordance with ASC Subtopic 480-10)	<u><b>212,401</b></u>	<u><b>25,209,246</b></u>

## Notes to the Financial Statements (continued)

## 6. Share Capital (continued)

USD Share Class C	No. of Shares	Total US\$
Balance at December 31, 2014	299,352	30,981,152
Shares issued in the year	53,786	5,775,534
Shares redeemed in the year	(24,176)	(2,538,614)
Balance at December 31, 2015	<u>328,962</u>	<u>34,218,072</u>
Shares redeemed on January 4, 2016	(4,252)	(429,614)
<b>Balance at December 31, 2015</b> (in accordance with ASC Subtopic 480-10)	<u><b>324,710</b></u>	<u><b>33,788,458</b></u>

USD Share Class D	No. of Shares	Total US\$
Balance at December 31, 2014	458,067	46,404,636
Shares issued in the year	76,537	8,498,721
Shares redeemed in the year	(15,216)	(1,675,557)
Balance at December 31, 2015	<u>519,388</u>	<u>53,227,800</u>
Shares redeemed on January 4, 2016	(2,819)	(300,000)
<b>Balance at December 31, 2015</b> (in accordance with ASC Subtopic 480-10)	<u><b>516,569</b></u>	<u><b>52,927,800</b></u>

## 7. Sundry payables and accrued expenses

	December 31, 2015 US\$
Distribution Fees	627,106
Audit & Tax Fees	117,510
Administration fees	3,000
Other payables	15,274
<b>Total Sundry payables and accrued expenses</b>	<u><b>762,890</b></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 audited financial statements.

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

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

The ACL Alternative Fund, through its investments into the Trading Funds, may invest in securities or derivatives which are unlisted or for which there is no active market.

For example, the Trading Funds may invest in derivatives with direct or indirect exposure to emerging markets and such investments may be subject to increased political risk or adverse currency movements compared to securities traded in more developed markets. In addition, the Trading Funds may acquire investments which are only traded over-the-counter. Accurately valuing and realizing such investments, or closing out positions in such investments at appropriate prices, may not always be possible.

**Operational Risk**

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

**Leverage**

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

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

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

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

Gross method. The Fund's maximum expected level of leverage is also one time the Net Asset Value of the Fund using the Commitment method.

**Liquidity risk**

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

**9. Gains and losses from financial instruments**

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

	<b>December 31, 2015</b>
	<b>US\$</b>
Realized gains on Investments	12,385,163
<b>Total gains on realized and change in unrealized on investments</b>	<b>12,385,163</b>
Net change in unrealized losses on investments	(14,208,175)
<b>Total losses on realized and change in unrealized on investments</b>	<b>(14,208,175)</b>

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

**10. Related party disclosures**

The Directors do not currently receive any remuneration from the Fund (however under the Fund's bye-laws, the Directors are entitled to such remuneration as shall be agreed by the Directors and shall be deemed to accrue from day to day). All other related party transactions have been fully disclosed in the Financial Statements, including investment in affiliated funds.

**11. Cash and cash equivalents**

Amounts held with BNP Paribas Securities Services, Dublin Branch as at December 31, 2015 amounted to US\$1,781,649. BNP Paribas Securities Services, Dublin Branch is rated by the

**Notes to the Financial Statements (continued)****11. Cash and cash equivalents (continued)**

following credit agencies: S&P A-1, Moody P-1 and Fitch F1. Amounts held with BNY Mellon Trust Company (Ireland) Limited as at December 31, 2015 amounted to US\$233,889. BNY Mellon Trust Company (Ireland) Limited is rated by the following credit agencies: S&P A-1, Moody P-1 and Fitch F1.

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

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

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

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

Share Class		Dec 31, 2013	Dec 31, 2014	Dec 31, 2015
USD Share Class A	NAV	\$115.76	\$146.54	\$143.33
USD Share Class B	NAV	\$93.36	\$120.58	\$120.32
USD Share Class C	NAV	\$81.81	\$103.96	\$101.03
USD Share Class D	NAV	\$82.78	\$107.31	\$106.41
Share Class		Dec 31, 2013	Dec 31, 2014	Dec 31, 2015
USD Share Class A	FUM	\$359,884,178	\$348,240,144	\$339,661,433
USD Share Class B	FUM	\$30,191,879	\$26,480,399	\$25,555,603
USD Share Class C	FUM	\$29,108,176	\$31,119,511	\$32,805,511
USD Share Class D	FUM	\$49,473,337	\$49,155,546	\$54,968,085

**14. Subsequent events**

Events subsequent to December 31, 2015 have been evaluated up to February 25, 2016, the date these Financial Statements were available to be issued.

No other material subsequent events have occurred since December 31, 2015 that would require recognition or disclosure in these Financial Statements.

**15. Approval of Audited Financial Statements**

These audited financial statements were approved by the Board of Directors on February 25, 2016.

**Appendix****Unaudited Supplemental Disclosures to the Financial Statements****Remuneration Policy**

It is the Investment Manager's policy to maintain an honest, fair and ethical culture that promotes effective risk management. Accordingly, the Investment Manager has established and maintains a Remuneration Policy, which applies to all the Investment Manager employees and officers, and which is designed to ensure that:

- (i) The Investment Manager remunerates its staff in a manner that is sufficient to attract and retain professional staff that have the required skills, expertise and experience to carry out their duties effectively and;
- (ii) sound and effective risk management is promoted and risk-taking, which is inconsistent with the risk profile and rules of the Investment Manager and the Funds that it manages, is not encouraged or rewarded.

The Investment Manager has formulated its Remuneration Policy with the following objectives:

- To be in line with its business strategy, objectives, values and long-term interests;
- To be consistent with, and promote, sound and effective risk management, without encouraging risk-taking that exceeds the level of tolerated risk of the Investment Manager or the funds that it manages;
- To align the personal objectives of staff with the long term interests of the Investment Manager and the funds that it manages;
- To meet the remuneration provisions of AIFMD;
- To ensure our ability to strengthen or maintain a suitable capital base (to meet operational requirements);
- To include measures to avoid conflicts of interest for control staff (risk management or compliance); and
- To be in line with our code of conduct for employees and our compliance culture.

The remuneration policy has been designed by the Chief Executive Officer ("CEO") and will be reviewed on an annual basis by the Board of Directors of the Investment Manager.

The Board and senior management of the Investment Manager have assessed all members of staff and have determined that only the voting members of the Investment Manager's Investment Committee that are also members of the board are authorized to take any decision that affects the risk profile of the Investment Manager and the funds managed by the Investment Manager and so are classified by the Investment Manager as Identified Staff.

For performance related remuneration, the total amount is based on a combination of the assessment of the performance of the individual, of the business unit concerned, and of the overall results of the Investment Manager; when assessing individual performance, financial and non-financial criteria are taken into account. The performance of the Investment Manager is dependent on the performance of the funds that it manages, since the Investment Manager generates its revenue from management and incentive fees paid to it by these funds, and, therefore, the interests of all members of staff are aligned with the interests of the shareholders in the funds managed by the Investment Manager.

## Appendix (continued)

Unaudited Supplemental Disclosures to the Financial Statements  
(continued)

## Remuneration Policy (continued)

The following table shows the remuneration made to persons employed by the Investment Manager during the year, analysed by category;

	31 December 2015	31 December 2015	31 December 2015	31 December 2015	31 December 2015
	Number of Beneficiaries	Total Remuneration Paid	Fixed Remuneration Paid	Variable Remuneration paid	Carried Interest paid
		EUR	EUR	EUR	EUR
Total remuneration paid by the Investment Manager during the financial year	52	7,703,791	2,588,308	5,115,483	-
<b>Remuneration paid to employees of the Investment Manager who may have a material impact on the risk profile of the Fund</b>					
Senior Management (including executives)*	2	2,383,599			
Identified staff*	2	2,383,599			
<b>Allocation of total remuneration of the employees of the Investment Manager to the Fund**</b>					
Senior Management (including executives)*	2	323,854			
Identified staff*	2	323,854			

\* Members of Senior Management (including executives) who may have a material impact on the risk profile of the Fund are also the employees who the Investment Manager has designated as Identified Staff in accordance with the Investment Manager's Remuneration Policy.

\*\* Allocation of total remuneration of the employees of the Investment Manager to the Fund is calculated based on the percentage that the Fund represents of total Fund assets under management of the Investment Manager using average NAVs during the financial year.



# **ACL Alternative Fund**

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

**Audited Financial Statements for the year  
January 1, 2015 to December 31, 2015**

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

**NFA ID: P010654**

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

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## ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

### 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 25, 2016

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Directory

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

### Directors

Peter Carney

*Date of Appointment: April 22, 2015*

(Non-Executive Director)

Anthony Gannon

*Date of Resignation: April 22, 2015*

(Non-Executive Director)

James Keyes

(Independent Non-Executive Director)

Nicholas Hoskins

(Independent Non-Executive Director)

### Auditor

KPMG

1 Harbourmaster Place

IFSC

Dublin 1

Ireland

### Legal Adviser

Conyers Dill & Pearman

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### Corporate Secretary & Bermuda Registrar

M.Q. Services Limited

Victoria Place

31 Victoria Street

Hamilton HM 10

Bermuda

### Depository

BNY Mellon Trust Company (Ireland) Limited

Guild House

Guild Street

Dublin 1

Ireland

*Resigned on: September 30, 2015*

BNP Paribas Securities Services, Dublin

Branch

Trinity Point,

10-11 Leinster Street South

Dublin 2

Ireland

*Appointed: October 1, 2015*

### Investment Manager

Abbey Capital Limited

1-2 Cavendish Row

Dublin 1

Ireland

### Listing Sponsor

McCann FitzGerald Listing Services Limited

Riverside One

Sir John Rogerson's Quay

Dublin 2

Ireland

### Administrator, Registrar & Transfer Agent

BNY Mellon Alternative Investment Services, Ltd.

48 Par-la-ville-Road

Suite 464

Hamilton HM 11

Bermuda

*Resigned on: September 30, 2015*

BNP Paribas Fund Administration Services

(Cayman) Limited

Grand Pavilion Commercial Center

802 West Bay Road

Grand Cayman, KY1-1104

Cayman Islands

*Appointed: October 1, 2015*

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Investment Manager's Report

### Legal Structure

The ACL Alternative Fund (the "Fund") is a segregated account of ACL Alternative Fund SAC Limited (the "Company"). The 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 five Share Classes, namely the USD Share Class, the GBP Hedged Share Class, the EURO Hedged Share Class, the CHF Hedged Share Class and the Yen Hedged Share Class each of which is subdivided into a number of Sub-classes of which sixteen are currently in issue (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, 2015
USD Share Class A	January 31, 2002	\$306.68
USD Share Class B	July 3, 2006	\$180.24
USD Share Class C	January 2, 2009	\$108.89
USD Share Class D	January 15, 2014	\$137.15
USD Share Class E	April 1, 2014	\$132.02
Euro Hedged Share Class A	July 1, 2004	EUR220.35
Euro Hedged Share Class B	July 1, 2009	EUR123.80
Euro Hedged Share Class C	January 29, 2010	EUR118.02
GBP Hedged Share Class A	June 1, 2010	£122.22
GBP Hedged Share Class B	January 30, 2006	£199.77
GBP Hedged Share Class C	February 4, 2011	£104.42
CHF Hedged Share Class A <sup>1</sup>	April 15, 2011	CHF96.26
CHF Hedged Share Class B	March 1, 2010	CHF120.29
CHF Hedged Share Class C	October 15, 2010	CHF101.56
JPY Hedged Share Class B	January 21, 2011	¥10,845
JPY Hedged Share Class D	August 31, 2010	¥11,276

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

### Investment Objective and Strategy

At December 31, 2015 the Fund allocated in excess of 80% of its assets to 22 Trading Funds<sup>2</sup>, 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:

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<sup>1</sup> CHF Hedged Share Class A fully redeemed on February 28, 2015, it was subsequently re-opened on November 30, 2015

<sup>2</sup> As at December 31, 2015 the ACL Alternative Fund allocated to 22 underlying managers.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Investment Manager's Report (continued)

### Investment Objective and Strategy (continued)

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

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

### Fund Performance to date

The ACL Alternative Fund USD Share Class A finished 2015 with a loss of 0.13%. Since inception in December 2000 the ACL Alternative Fund has USD Share Class A returned cumulatively +266.65%, providing an annualised return of +8.99%<sup>3</sup>.

Concerns about global growth, and central bank policies in response to those concerns, were the dominant drivers of markets through 2015. The year began with a strong period of performance as European Central Bank ("ECB") easing provided further momentum to the decline in EUR/USD and rally in eurozone bonds. These trends, along with the sell-off in energy, had been the main drivers of the exceptionally strong performance from Q2 2014. After such a strong period of trending behaviour in markets, a reversal of trends, at some point, was a risk. Unfortunately in Q2, each of the major trends suffered a reversal and the negative impact was compounded by minor reversals across other markets.

Trading conditions improved in the second half of the year as concerns about weak Chinese and global economic growth triggered renewed declines in industrial commodities. As investor risk appetite declined, global equities sold off, prompting the Federal Reserve ("Fed") to postpone tightening at its September policy meeting. Volatility in equity markets spiked and correlations across markets rose. The ACL Alternative Fund USD Share Class A returned +3.49% in Q3, with Long-term Trendfollowing ("Trendfollowing") managers benefiting from strong trends in commodities and Short-term Systematic ("Short-term") managers providing valuable diversification profiting from a rise in volatility in equities. Given that the S&P 500 Total Return ("S&P 500 TR") Index declined -6.44% on the quarter, this period again highlighted the valuable diversification managed futures can provide in a traditional portfolio.<sup>5</sup>

Performance in Q4 was slightly positive as the ongoing decline in energy prices continued to provide opportunities for managers. Although the ECB did ease policy again in December, the measures were less than markets had expected, triggering short-term reversals in currencies and equities. In December, the Fed finally ended the ongoing speculation by raising interest rates for the first time since 2006. Although the move was widely expected, it was significant in marking another step in the return to more normal market conditions after the Global Financial Crisis.

Performance of the ACL Alternative Fund USD Share Class A in 2015 was in line with the managed futures industry<sup>4</sup>, with major indices close to flat on the year. The SG CTA Index was 0.03%, while the BTOP50 Index was -0.97%<sup>5</sup>. Over longer time horizons, such as a 3-year or

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<sup>3</sup> The ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited. The ACL Alternative program commenced in December 2000 and was incorporated as a fund in January 2002. Return figures shown are net of fees and include interest (pro forma interest is included from December 2000 - April 2001, actual interest thereafter).

<sup>4</sup> Please note that due to different currency share classes and different fee structures within the currency share classes different share classes and sub-classes will have different returns. Some share classes and sub-classes may have generated a lower return than the ACL Alternative Fund USD Share Class A.

<sup>5</sup> The above is shown for illustrative purposes only. None of the funds managed by Abbey Capital Limited are benchmarked against any index

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Investment Manager's Report (continued)

### Fund Performance to date (continued)

10-year basis, the Fund has outperformed these indices. Since inception, the ACL Alternative Fund USD Share Class A has delivered total cumulative returns of +266.65%, versus +109.01% for the S&P 500 TR Index and +113.87% for the BTOP50 Index<sup>5</sup>.

At the trading style level the core-satellite approach of the Fund was beneficial as FX, Global Macro and Value trading styles contributed positively to performance, while Trendfollowing managers and Short-term managers detracted slightly. However, it was notable that there was no standout strategy, with positive and negative performance experienced by managers across most trading styles, suggesting that individual manager characteristics rather than trading style appeared to drive performance to a large extent.

In 2015, manager return dispersion within the Fund was somewhat below the long-term average. Interestingly, the largest dispersion was within Trendfollowing, despite the fact that this group tends to be the most highly correlated. Trendfollowing managers who particularly capitalised on the strong trends in energy markets outperformed, while managers with higher risk allocations to financials underperformed.

This dispersion in performance amongst correlated managers pursuing similar strategies again highlights the risk of being allocated to an underperforming single manager rather than holding a diversified portfolio of managers. An investor may struggle to maintain an allocation in the face of relative underperformance, even when that underperformance is driven by transitory factors.

At the portfolio level we removed one FX program and added one Short-term program to the Fund in 2015. The latter further diversifies our exposure in the short-term trading space; the Fund had appointed 22 managers as of year-end. In terms of strategy allocations, the Fund maintained its long-term approach through the year of allocating 50-60% of portfolio risk to Trendfollowing strategies and 40-50% to diversifying, non-trend strategies. We intend to maintain this consistent approach to allocating risk and continue to scale allocations to achieve 21% annualised volatility at the manager level. In our opinion, this consistency of approach in risk allocation is critical in fully exploiting opportunities in markets when they arise.

### Abbey Capital Limited – Investment Manager

Abbey Capital Limited completed its fifteenth year of track record in 2015. We continued to invest in our infrastructure and develop our business. Investor interest in managed futures picked up through the year, with firm assets increasing in 2015. The growth in firm assets came across Abbey Capital's full suite of portfolio solutions, which include the mutual fund, ERISA structures and private placement funds.

In 2015, Abbey Capital Limited and the Fund received a number of awards in recognition of both long-term performance and Abbey Capital's investment process. The highlights of these were the Fund's awards for the Best Specialist FoHF over 10 years by Hedge Funds Review at the 14th European Fund of Hedge Funds Awards 2015<sup>6</sup>, Best Multi-Manager Fund at the 2015 CTA Intelligence European Performance Awards<sup>7</sup> and Fund of the Year 2015 by InvestHedge at the InvestHedge Awards for Performance Excellence 2015<sup>8</sup>.

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<sup>6</sup> Best Specialist FoHF over 10 years was awarded by Hedge Funds Review to the ACL Alternative Fund at the 14th European Fund of Hedge Funds Awards 2015. This long-term performance award was judged on quantitative analysis as well as qualitative experience and expertise.

<sup>7</sup> Best Multi-Manager Fund was awarded to the ACL Alternative Fund at the 2015 CTA Intelligence European Performance Awards. Judging decisions were based on performance, qualitative information and structural criteria.

<sup>8</sup> Fund of the Year 2015 was awarded by InvestHedge to the ACL Alternative Fund at the InvestHedge Awards for Performance Excellence 2015. The Fund of the Year Award is judged on the top-performing funds over the twelve-month period from July 2014 to June 2015 based on a combination of Sharpe ratio and returns.

## **ACL Alternative Fund**

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

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

#### **Abbey Capital Limited – Investment Manager (continued)**

As we close off on 2015, we would like to thank all our investors for their continued support. After the exceptionally strong performance of 2014, 2015 saw choppier conditions across many markets as investors began to reposition portfolios and re-price risk. The last two years have highlighted the difficulty in anticipating strong performance and timing allocations in managed futures. Given the episodic nature of returns, our focus remains on the aspects we can control: enhancing the investment process, delivering top-quality client services and developing high-quality investment offerings at a competitive cost.

We remain optimistic on the outlook for the Fund and the industry for the year ahead.

**Abbey Capital Limited**

**January 2016**





**KPMG**  
**Audit**  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5  
Ireland

## **Independent Auditors' Report**

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 31 December 2015 and the related Statement of Operations and Changes in Net Assets for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

This report is made solely to the shareholders as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the shareholders, those matters we are required to state to them in an Auditors' Report and for no other purpose. We do not accept or assume responsibility to anyone other than the shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

### *Directors' Responsibility for the Financial Statements*

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles, and for such internal control as management determines is 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 policies used and the reasonableness of accounting estimates made by management, 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 audit opinion.



## Independent Auditors' Report (continued)

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the ACL Alternative Fund as at 31 December 2015 and its financial performance ended in accordance with U.S. generally accepted accounting principles

A handwritten signature in black ink, appearing to read 'KPMG'.

KPMG  
Dublin, Ireland  
25 February 2016

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Condensed Schedule of Investments

	Fair Value (US\$)	% of Net Asset Value	
<b>Short Term Deposits</b>			
Bank of Montreal, January 4, 2016, 0.33%	182,573,485	7.45%	
Bank of Tokyo, January 4, 2016, 0.08%	180,743,791	7.38%	
HSBC Bank Plc, January 4, 2016, 0.20%	175,440,350	7.16%	
Mizuho Corporate Bank, January 4, 2016, 0.39%	182,521,011	7.45%	
NBC, January 4, 2016, 0.32%	10,033,026	0.42%	
Sumitomo Mitsui Trust Bank, January 4, 2016, 0.27%	182,568,943	7.45%	
Danske Bank, January 4, 2016, 0.12%	165,019,848	6.74%	
Rabobank Ireland Plc, January 4, 2016, 0.38%	180,324,397	7.36%	
ABN AMRO, January 4, 2016, 0.10%	182,481,405	7.45%	
<b>Total Short Term Deposits</b> (cost: US\$1,441,678,282)	<b>1,441,706,256</b>	<b>58.86%</b>	
<b>Purchased Option Contracts</b>			
	<b>No. of contracts</b>	<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Currency Futures Contracts (Jan16)	7,000	485,000	0.02%
Various Financial Futures Contracts (Apr16-Jun16)	18,019	8,338,656	0.35%
Various Energy Futures Contracts (Jan16)	1,000	550,000	0.02%
Various Metal Futures Contracts (May16)	1,600	3,056,000	0.12%
<b>Total Purchased Option Contracts</b> (cost: US\$16,950,507)	<b>27,619</b>	<b>12,429,656</b>	<b>0.51%</b>
<b>Sold Option Contracts</b>			
	<b>No. of contracts</b>	<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Energy Futures Contracts (Jan16)	(1,000)	(150,000)	(0.01%)
Various Metal Futures Contracts (May16)	(800)	(3,240,000)	(0.13%)
<b>Total Sold Option Contracts</b> (cost: US\$4,149,960)	<b>(1,800)</b>	<b>(3,390,000)</b>	<b>(0.14%)</b>
<b>Investments in Long Futures Contracts</b>			
	<b>No. of contracts</b>	<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Currency Futures Contracts (Jan-Mar16)	7,799	(8,020,206)	(0.33%)
Various Energy Futures Contracts (Jan-Dec16)	5,253	(7,048,352)	(0.29%)
Various Grains Futures Contracts (Jan16-Mar17)	12,234	881,018	0.04%
Various Index Futures Contracts (Jan-Jun16)	9,624	2,914,188	0.12%
Various Interest Rate Futures Contracts (Mar16-Jun19)	45,865	5,223,518	(0.21%)
Various Financial Futures Contracts (Mar-Dec16)	26,172	2,319,026	0.09%
Various Meat Futures Contracts (Jan-Jun16)	591	1,004,963	0.04%
Various Metal Futures Contracts (Feb-Oct16)	802	(703,179)	(0.03%)
Various Tropical Futures Contracts (Mar-Dec16)	1,349	(202,100)	(0.01%)
Various LME Futures Contracts (Jan-Jul16)	13,635	(21,204,172)	(0.86%)
<b>Total Long Futures Contracts</b>	<b>123,324</b>	<b>(35,282,332)</b>	<b>(1.44%)</b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Condensed Schedule of Investments (continued)

Investment in Short Futures Contracts	No. of contracts	Fair Value US\$	% of Net Asset Value
Various Currency Futures Contracts (Feb-Mar16)	(15,142)	6,858,575	0.28%
Various Energy Futures Contracts (Jan16-Jan17)	(16,633)	13,885,046	0.57%
Various Grains Futures Contracts (Feb16-Mar17)	(22,056)	10,907,964	0.45%
Various Index Futures Contracts (Jan-Mar16)	(11,838)	(2,953,834)	(0.12%)
Various Interest Rate Contracts (Mar16-Mar20)	(31,803)	2,601,815	0.11%
Various Financial Contracts (Mar-Sep16)	(15,768)	(773,495)	(0.04%)
Various Meat Futures Contracts (Feb-Jun16)	(3,066)	(3,904,378)	(0.17%)
Various Metal Futures Contracts (Feb-Dec16)	(6,054)	1,114,242	0.05%
Various Industrial Futures Contracts (Mar-Jun16)	(435)	72,445	0.00%
Various Tropical Futures Contracts (Mar16)	(298)	(22,065)	0.00%
Various LME Futures Contracts (Jan-Jul16)	(19,512)	29,760,597	1.22%
<b>Total Short Futures Contracts</b>	<b>(142,605)</b>	<b>57,546,912</b>	<b>2.35%</b>
<b>Investments Long Fx Option Contracts</b>		<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Fx Option Contracts (Jan-Aug16)		6,067,410	0.25%
<b>Total Long Fx Option Contracts (cost: US\$7,087,509)</b>		<b>6,067,410</b>	<b>0.25%</b>
<b>Investments Short Forward Fx Option Contracts</b>		<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Fx Option Contracts (Jan-Aug16)		(2,851,160)	(0.12%)
<b>Total Short Fx Option Contracts (cost: US\$3,587,415)</b>		<b>(2,851,160)</b>	<b>(0.12%)</b>
<b>Investments in Long Forward Foreign Exchange Contracts</b>		<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Foreign Exchange Forward Contracts		(5,050,746)	(0.21%)
<b>Total Long Forward Foreign Exchange Contracts</b>		<b>(5,050,746)</b>	<b>(0.21%)</b>
<b>Investments in Short Forward Foreign Exchange Contracts</b>		<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Foreign Exchange Forward Contracts		10,974,214	0.45%
<b>Total Short Forward Foreign Exchange Contracts</b>		<b>10,974,214</b>	<b>0.45%</b>
<b>Net unrealized gains on Futures, Options and Forward Contracts</b>		<b>40,443,955</b>	<b>1.65%</b>
<b>Other Net Assets and Liabilities</b>		<b>967,126,108</b>	<b>39.49%</b>
<b>Net assets</b>		<b>2,449,276,319</b>	<b>100.00%</b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Statement of Assets and Liabilities

	<b>December 31, 2015</b>
	<b>US\$</b>
<b>Assets</b>	
Investments in Short Term deposits (Note 3)	1,441,706,256
Derivative & foreign exchange contracts, at fair value (Note 3,7)	233,918,980
Cash and cash equivalents	370,715,588
Due from broker	630,388,530
Subscription Receivable	24,953
<b>Total Assets</b>	<b><u>2,676,754,307</u></b>
<b>Liabilities</b>	
Derivative & foreign exchange contracts, at fair value (Note 3,7)	193,475,025
Depreciation deposits / Equalization credits (Note 4)	11,927,930
Subscriptions received in advance	8,611,552
Redemptions payable (Note 2)	6,605,648
Fees payable (Note 4)	6,857,833
<b>Total Liabilities</b>	<b><u>227,477,988</u></b>
<b>Net Assets</b>	<b><u>2,449,276,319</u></b>
<b>Analysis of Net Assets</b>	
Paid-in capital (Note 6)	2,132,563,987
Distributable earnings	316,712,332
<b>Net Assets</b>	<b><u>2,449,276,319</u></b>

## NAV Information & Shares in Issue

<b>Share Class</b>	<b>NAV per Share</b>	<b>Shares in issue</b>
USD Share Class A	\$306.68	5,148,310
USD Share Class B	\$180.24	2,021,143
USD Share Class C	\$108.89	102,189
USD Share Class D	\$137.15	4,975
USD Share Class E	\$132.02	137,727
Euro Hedged Share Class A	EUR220.35	275,435
Euro Hedged Share Class B	EUR123.80	509,086
Euro Hedged Share Class C	EUR118.02	2,620
GBP Hedged Share Class A	£122.22	1,466,893
GBP Hedged Share Class B	£199.77	16,795
GBP Hedged Share Class C	£104.42	20,657
CHF Hedged Share Class A	CHF96.26	37,852
CHF Hedged Share Class B	CHF120.29	84,155
CHF Hedged Share Class C	CHF101.56	5,007
JPY Hedged Share Class B	¥10,845	220,866
JPY Hedged Share Class D	¥11,276	374,294

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

**ACL Alternative Fund**

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

**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 25, 2016



Director

## ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

### Statement of Operations

	<b>For the year January 1 to December 31, 2015 US\$</b>
<b>Investment income</b>	
Interest income (Note 2)	1,660,681
<b>Expenses</b>	
Trading advisors' management fees (Note 4)	(19,598,580)
Trading advisors' incentive fees (Note 4)	(51,956,761)
Investment manager management fees (Note 4)	(20,445,078)
Investment Manager Incentive fees (Note 4)	(25,063,748)
Administration fees (Note 4)	(2,115,048)
Legal & other professional fees (Note 4)	(446,745)
Depository fees (Note 4)	(260,560)
Audit & Tax fees (Note 4)	(208,748)
Directors' fees (Note 4)	(12,500)
<b>Total expenses</b>	<u><b>(120,107,768)</b></u>
<b>Net investment loss</b>	<u><b>(118,447,087)</b></u>
<b>Net realized gain on:</b>	
Investments in derivative contracts and foreign currency (Note 9)	221,648,413
<b>Net change in unrealized loss on:</b>	
Investments in derivative contracts and foreign currency (Note 9)	(162,056,031)
<b>Net gain from investments in derivative contracts and foreign currency</b>	<u><b>59,592,382</b></u>
<b>Net decrease in net assets resulting from operations</b>	<u><b>(58,854,705)</b></u>

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 25, 2016

Director

## ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

### Statement of Changes in Net Assets

	<b>December 31, 2015 US\$</b>
<b>Operations</b>	
Net investment loss for the year	(118,447,087)
<b>Net realized gain from</b>	
Investments in derivative contracts and foreign exchange	221,648,413
<b>Net change in unrealized loss on</b>	
Investments in derivative contracts and foreign exchange	(162,056,031)
<b>Net decrease in net assets resulting from operations</b>	<u>(58,854,705)</u>
<b>Capital share transactions</b>	
Proceeds on issue of shares (Note 6)	575,612,219
Paid on redemption of shares (Note 6)	(408,331,507)
Depreciation deposits applied (Note 4)	22,497,853
<b>Net increase in net assets resulting from capital share transactions</b>	<u>189,778,565</u>
<b>Net increase in net assets</b>	<u>130,923,860</u>
<b>Net Assets</b>	
Beginning of the year	2,318,352,459
<b>End of Year</b>	<u>2,449,276,319</u>

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



# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## 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	USD Share Class D	USD Share Class E
Currency	USD	USD	USD	USD	USD
Net investment loss	(0.82)	(2.49)	(3.01)	(2.79)	(4.00)
Net realized & unrealized gain on investments	0.42	1.21	1.22	1.23	1.69
<b>Net decrease in net asset value per share*</b>	<b>(0.40)</b>	<b>(1.28)</b>	<b>(1.79)</b>	<b>(1.56)</b>	<b>(2.31)</b>
Net Asset Value per share:					
Beginning of year	307.08	181.52	110.68	138.71	134.33
End of year	306.68	180.24	108.89	137.15	132.02
Total return before Trading Advisor incentive fees	3.00%	2.42%	1.52%	2.01%	1.41%
Trading Advisor incentive fees	(2.11%)	(2.11%)	(2.11%)	(2.11%)	(2.11%)
Investment Manager incentive fees	(1.02%)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
<b>Total net return</b>	<b>(0.13%)</b>	<b>(0.71%)</b>	<b>(1.61%)</b>	<b>(1.12%)</b>	<b>(1.72%)</b>
Expenses to average net assets before Trading Advisor incentive fees**	(2.50%)	(2.75%)	(3.75%)	(3.25%)	(3.50%)
Trading Advisor incentive fee	(2.11%)	(2.11%)	(2.11%)	(2.11%)	(2.11%)
Investment Manager incentive fees	(1.02%)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
<b>Total net expenses***</b>	<b>(5.63%)</b>	<b>(5.88%)</b>	<b>(6.88%)</b>	<b>(6.38%)</b>	<b>(6.63%)</b>
Net investment loss before Trading Advisor incentive fees	(1.60%)	(1.85%)	(2.85%)	(2.35%)	(2.60%)
Trading Advisor incentive fees	(2.11%)	(2.11%)	(2.11%)	(2.11%)	(2.11%)
Investment Manager incentive fees	(1.02%)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
<b>Total net investment loss</b>	<b>(4.73%)</b>	<b>(4.98%)</b>	<b>(5.98%)</b>	<b>(5.48%)</b>	<b>(5.73%)</b>
<b>Net assets, end of year in USD</b>	<b>1,578,876,561</b>	<b>364,290,706</b>	<b>11,127,753</b>	<b>682,233</b>	<b>18,182,086</b>

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

\*\* Includes brokerage of 0.84%.

\*\*\* 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.

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

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Financial Highlights (continued)

Share Class	GBP Hedged Share Class A	GBP Hedged Share Class B	GBP Hedged Share Class C	Euro Hedged Share Class A	Euro Hedged Share Class B
Currency	GBP	GBP	GBP	EUR	EUR
Net investment gain/(loss)	2.40	1.89	(0.91)	1.84	(0.06)
Net realized & unrealized gain/(loss) on investments	(1.23)	(0.92)	0.37	(0.94)	0.03
<b>Net increase/(decrease) in net asset value per share*</b>	<b>1.17</b>	<b>0.97</b>	<b>(0.54)</b>	<b>0.90</b>	<b>(0.03)</b>
Net Asset Value per share:					
Beginning of year	121.05	198.80	104.96	219.45	123.83
End of year	122.22	199.77	104.42	220.35	123.80
Total return before Trading Advisor incentive fees	4.10%	3.61%	2.61%	3.53%	3.10%
Trading Advisor incentive fees	(2.11%)	(2.11%)	(2.11%)	(2.11%)	(2.11%)
Investment Manager incentive fees	(1.02%)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
<b>Total net return</b>	<b>0.97%</b>	<b>0.48%</b>	<b>(0.52%)</b>	<b>0.40%</b>	<b>(0.03%)</b>
Expenses to average net assets before Trading Advisor incentive fees**	(2.50%)	(2.75%)	(3.75%)	(2.50%)	(2.75%)
Trading Advisor incentive fees	(2.11%)	(2.11%)	(2.11%)	(2.11%)	(2.11%)
Investment Manager incentive fees	(1.02%)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
<b>Total net expenses***</b>	<b>(5.63%)</b>	<b>(5.88%)</b>	<b>(6.88%)</b>	<b>(5.63%)</b>	<b>(5.88%)</b>
Net investment loss before Trading Advisor incentive fees	(1.60%)	(1.85%)	(2.85%)	(1.60%)	(1.85%)
Trading Advisor incentive fees	(2.11%)	(2.11%)	(2.11%)	(2.11%)	(2.11%)
Investment Manager incentive fees	(1.02%)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
<b>Total net investment loss</b>	<b>(4.73%)</b>	<b>(4.98%)</b>	<b>(5.98%)</b>	<b>(4.73%)</b>	<b>(4.98%)</b>
<b>Net assets, end of year in USD</b>	<b>264,047,398</b>	<b>4,941,525</b>	<b>3,176,719</b>	<b>65,903,604</b>	<b>68,429,800</b>

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

\*\* Includes brokerage of 0.84%.

\*\*\* 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.

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

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Financial Highlights (continued)

Share Class	EUR Hedged Share Class C	CHF Hedged Share Class A ****	CHF Hedged Share Class B	CHF Hedged Share Class C
Currency	EUR	CHF	CHF	CHF
Net investment loss	(2.02)	(7.66)	(1.38)	(2.69)
Net realized & unrealized gain on investments	0.82	3.92	0.67	1.09
<b>Net decrease in Net Asset Value per share*</b>	<b>(1.20)</b>	<b>(3.74)</b>	<b>(0.71)</b>	<b>(1.60)</b>
Net Asset Value per share:				
Beginning of year	119.22	100.00	121.00	103.16
End of year	118.02	96.26	120.29	101.56
Total return before Trading Advisor incentive fee	2.13%	(0.61%)	2.54%	1.58%
Trading Advisor incentive fee	(2.11%)	(2.11%)	(2.11%)	(2.11%)
Investment Manager incentive fees	(1.02%)	(1.02%)	(1.02%)	(1.02%)
<b>Total net return</b>	<b>(1.00%)</b>	<b>(3.74%)</b>	<b>(0.59%)</b>	<b>(1.55%)</b>
Expenses to average net assets before Trading Advisor incentive fee**	(3.75%)	(2.50%)	(2.75%)	(3.75%)
Trading Advisor incentive fee	(2.11%)	(2.11%)	(2.11%)	(2.11%)
Investment Manager incentive fees	(1.02%)	(1.02%)	(1.02%)	(1.02%)
<b>Total net expenses***</b>	<b>(6.88%)</b>	<b>(5.63%)</b>	<b>(5.88%)</b>	<b>(6.88%)</b>
Net investment loss before Trading Advisor incentive fee	(2.85%)	(1.60%)	(1.85%)	(2.85%)
Trading Advisor incentive fee	(2.11%)	(2.11%)	(2.11%)	(2.11%)
Investment Manager incentive fees	(1.02%)	(1.02%)	(1.02%)	(1.02%)
<b>Total net investment loss</b>	<b>(5.98%)</b>	<b>(4.73%)</b>	<b>(4.98%)</b>	<b>(5.98%)</b>
<b>Net assets, end of year in USD</b>	<b>335,679</b>	<b>3,636,186</b>	<b>10,102,729</b>	<b>507,506</b>

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

\*\* Includes brokerage of 0.84%.

\*\*\* 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.

\*\*\*\* CHF Hedged Share Class A fully redeemed on February 28, 2015, it was subsequently re-opened on November 30, 2015.

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

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Financial Highlights (continued)

Share Class	JPY Hedged Share Class B	JPY Hedged Share Class D
Currency	JPY	JPY
Net investment loss	(300)	(378)
Net realized & unrealized gain on investments	146	167
<b>Net decrease in Net Asset Value per share*</b>	<b>(154)</b>	<b>(211)</b>
Net Asset Value per share:		
Beginning of year	10,999	11,487
End of year	10,845	11,276
Total return before Trading Advisor incentive fee	1.73%	1.29%
Trading Advisor incentive fee	(2.11%)	(2.11%)
Investment Manager incentive fees	(1.02%)	(1.02%)
<b>Total net return</b>	<b>(1.40%)</b>	<b>(1.84%)</b>
Expenses to average net assets before Trading Advisor incentive fee**	(2.75%)	(3.25%)
Trading Advisor incentive fee	(2.11%)	(2.11%)
Investment Manager incentive fees	(1.02%)	(1.02%)
<b>Total net expenses***</b>	<b>(5.88%)</b>	<b>(6.38%)</b>
Net investment loss before Trading Advisor incentive fee	(1.85%)	(2.35%)
Trading Advisor incentive fee	(2.11%)	(2.11%)
Investment Manager incentive fees	(1.02%)	(1.02%)
<b>Total net investment loss</b>	<b>(4.98%)</b>	<b>(5.48%)</b>
<b>Net assets, end of year in USD</b>	<b>19,921,761</b>	<b>35,114,073</b>

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

\*\* Includes brokerage of 0.84%

\*\*\* 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.

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

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements

### 1. The Fund and its activities

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

The Company commenced operating as a Segregated Accounts Company on May 18, 2009 following its restructure under the Segregated Account Companies Act 2000 of Bermuda, as amended (the "Act"). As a result of this restructure, the Company created segregated accounts, including the Fund and the Trading Funds. As segregated accounts, the assets and liabilities of each segregated account are segregated, which means the assets of each segregated account are available to meet the liabilities to creditors in respect of that segregated account only and will be protected from creditors of the Company or the Company's other segregated accounts<sup>9</sup>.

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

The Fund currently allocates in excess of 80% of its assets to 22 Trading Funds<sup>10</sup>, 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, 2015, the ACL Alternative Fund allocated to 22 underlying managers.

The Fund has created five Share Classes, a USD Share Class, A GBP Hedged Share Class, a Euro Hedged Share Class a CHF Hedged Share Class and a Yen Hedged Share Class each of which is subdivided into a number of sub-classes of which sixteen are currently in issue; a USD Share Class A, a USD Share Class B, a USD Share Class C, a USD Share Class D, a USD Share Class E, a Euro Hedged Share Class A, a Euro Hedged Share Class B, a Euro Hedged Share Class C, a GBP Hedged Share Class A, a GBP Hedged Share Class B, a GBP Hedged Share Class C, a CHF Hedged Share Class A<sup>11</sup>, 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").

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

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<sup>9</sup> The provisions of the Act have not yet been tested by a court

<sup>10</sup> As at 31st December 2015

<sup>11</sup> CHF Hedged Share Class A fully redeemed on 28 February 2015, it was subsequently re-opened on 30 November 2015

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 2. Significant accounting policies (continued)

#### Estimates and assumptions

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

#### Basis of preparation and consolidation

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

#### Recognition of income

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

#### Valuation of investments

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

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

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

#### Foreign currency

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

#### Options purchased

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

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 2. Significant accounting policies (continued)

#### Options Purchased (continued)

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

#### Options sold

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

#### Short-term deposits

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

#### Forward currency contracts

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

The unrealized gains and losses as a result of marking these contracts to market at December 31, 2015 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 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 \$3,884,203 were effective for January 4, 2016 have been reclassified to redemptions payable on the Statement of Assets and Liabilities. Further redemption amounts dealt in December 2015 totaling \$2,721,445 remained payable to investors at year end.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 3. Fair value measurements

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

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

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

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

As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The table overleaf shows information about the Fund's assets and liabilities measured at fair value as of December 31, 2015. All values shown are stated in USD.



# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 3. Fair value measurements (continued)

				Balance as at December 31, 2015 Total
<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Investments in short term deposits	1,441,706,256	-	-	1,441,706,256
Investments in derivative contracts	166,484,811	-	-	166,484,811
Investments in foreign exchange contracts	-	67,434,169	-	67,434,169
<b>Total Assets</b>	<b>1,608,191,067</b>	<b>67,434,169</b>	<b>-</b>	<b>1,675,625,236</b>
<b>Liabilities</b>				
Investments in derivative and foreign exchange contracts	(131,964,325)	-	-	(131,964,325)
Investments in foreign exchange contracts	-	(61,510,700)	-	(61,510,700)
<b>Total Liabilities</b>	<b>(131,964,325)</b>	<b>(61,510,700)</b>	<b>-</b>	<b>(193,475,025)</b>
<b>Total</b>	<b>1,476,226,742</b>	<b>5,923,469</b>	<b>-</b>	<b>1,482,150,211</b>

There were no significant transfers between any of the levels of the fair value hierarchy during the year ended December 31, 2015. In addition there were no Level 3 Assets or Liabilities held by the Fund as at December 31, 2015 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).

#### Management and incentive fees

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

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

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

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

**Investment manager and trading advisor equalization**

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

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

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

During the year ended December 31, 2015, incentive fees of \$22,497,853 were paid from the Depreciation Deposit account. As at December 31, 2015, the total amount of depreciation deposits payable to investors amounted to \$11,908,483.

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

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

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 4. Fees and expenses (continued)

#### Investment manager and trading advisor equalization (continued)

To the extent that the Net Asset Value per share declines below the offer price, so the proportionate reduction in the equalization credit is returned to the investor. The equalization credit is recorded on the Statement of Assets and Liabilities as a liability. This liability is reduced when shares are returned to the investor. As at December 31, 2015 the equalization credits payable to investors amounted to \$19,447.

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

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

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

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

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

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

#### Administration, registrar fees and transfer agency fees

For the period January 1, 2015 to September 30, 2015 BNY Mellon Alternative Investment Services, Limited were paid fees in relation to administration, registrar and transfer agency services provided to the Funds. Effective October 1st 2015, the Fund changed fund administrator, registrar & transfer agent to BNP Paribas Fund Administration Services (Cayman) Limited. There was no change in fee rates.

These fees are calculated as 14bp p.a. of the Net Asset Value of each Share Class of the ACL Alternative Fund, calculated on each Valuation Day, up to USD250 million, 12bp p.a. on the next USD250 million, 10bp p.a. on the next USD500 million, 8bp p.a. on the next USD500 million, 6bp p.a. on the next USD1.5 billion and 4bp p.a. thereafter. These fees will accrue daily and will be paid monthly in arrears, by the Trading Funds. All of the fees specified in the foregoing paragraph above for administration, registrar and transfer agency services will be paid in aggregate by each Trading Fund from the account it maintains. The Fund will then

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 4. Fees and expenses (continued)

#### Administration, registrar fees and transfer agency fees (continued)

be responsible for paying the individual fees due to the Administrator, and the Registrar and Transfer Agent.

#### Depository fees

In accordance with the obligations under the Alternative Investment Fund Managers Directive, ("AIFMD"), the Investment Manager and the Directors of the Fund have appointed a Depository. For the period of January 1, 2015 to September 30, 2015, BNY Mellon Trust Company (Ireland) Limited were providing depository services of cash monitoring, safe-keeping and oversight. The Depository is responsible for overseeing the calculation of the value of the Shares of the Fund and ensuring that the value of the Shares of the Fund is calculated in accordance with the Fund's Placement Memorandum, the Company's Bye Laws, and Article 19 of AIFMD and is responsible for reporting any breach to the Central Bank of Ireland. During the period January 1, 2015 to September 30, 2015 the fees paid by each Trading Fund to BNY Mellon Trust Company (Ireland) Limited in relation to depository services provided to the Fund were \$150,000.

Effective October 1, 2015, the fund changed depository to BNP Paribas Securities Services, Dublin branch ("Depository"). The fees payable by each Trading Fund to the Depository in relation to Depository services provided to the fund will be calculated as 1.75 bp p.a. of the Net Asset Value of the Fund, up to USD5.5 billion and 1.5 bp p.a. thereafter. These fees will accrue daily and will be paid monthly in arrears, by the Trading Funds. Depository fees for the period of October 1, 2015 to December 31, 2015 were \$110,560. As at 31 December 2015, the total Depository fees payable were \$105,000.

#### 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 or Mr. Carney do 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, 2015 were:

	US\$
Investment Manager management fees	1,700,432
Trading Advisor management fees	1,530,056
Trading Advisor incentive fees	2,681,936
Brokerage commissions and other fees	388,417
Audit & Tax fees	212,750
Administration fees	175,867
Depository fees	105,000
Other professional fees	63,075
<b>Total</b>	<b><u>6,857,833</u></b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 5. Taxation

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

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

### 6. Share Capital

Shares	<p>Authorized and issued: 100 Founder Shares of US\$0.01 each, having been issued for the purposes of incorporation.</p> <p>Authorized and unissued: 100,000,000 redeemable shares of US\$0.001 par value, which are available for issue in classes, each with a designated currency of issue.</p> <p>Five Share Classes were authorized as at December 31, 2015 each of which is subdivided into a number of Sub-classes namely: a USD Share Class A, a USD Share Class B, a USD Share Class C, a USD Share Class D, a USD Share Class E, a Euro Hedged Share Class A, a Euro Hedged Share Class B, a Euro Hedged Share Class C, a Euro Hedged Share Class D, a GBP Hedged Share Class A, a GBP Hedged Share Class B, a GBP Hedged Share Class C, a GBP Hedged Share Class D, a JPY Hedged Share Class A, a JPY Hedged Share Class B, a JPY Hedged Share Class C, a JPY Hedged Share Class D, a CHF Hedged Share Class A, a CHF Hedged Share Class B, a CHF Hedged Share Class C and a CHF Hedged Share Class D.</p> <p>As at December 31, 2015, shares have been issued in sixteen sub classes, namely the USD Share Class A, USD Share Class B, USD Share Class C, USD Share Class D, USD Share Class E, Euro Hedged Share Class A, Euro Hedged Share Class B, Euro Hedged Share Class C, GBP Hedged Share Class A, GBP Hedged Share Class B, GBP Hedged Share Class C, CHF Hedged Share Class A, CHF Hedged Share Class B, CHF Hedged Share Class C, JPY Hedged Share Class B and the JPY Hedged Share Class D.</p>
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Each Share is entitled to a vote.

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

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

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

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 6. Share Capital (continued)

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
<b>Balance at December 31, 2014</b>	<b>4,859,530</b>	<b>4,860</b>	<b>1,032,789,740</b>	<b>1,032,794,600</b>
Shares issued	988,923	989	310,970,681	310,971,670
Shares redeemed	(690,174)	(691)	(218,694,710)	(218,695,401)
Depreciation deposits applied	-	-	12,461,463	12,461,463
<b>Balance at December 31, 2015</b>	<b>5,158,279</b>	<b>5,158</b>	<b>1,137,527,174</b>	<b>1,137,532,332</b>
Shares to redeem (January 4, 2016)	(9,969)	(10)	(3,057,122)	(3,057,132)
<b>Balance at December 31, 2015</b> (in accordance with ASC Subtopic 480-10)	<b>5,148,310</b>	<b>5,148</b>	<b>1,134,470,052</b>	<b>1,134,475,200</b>

USD Share Class B	Share No.	Share Capital	Share Premium	Total
<b>Balance at December 31, 2014</b>	<b>1,922,337</b>	<b>1,923</b>	<b>353,333,969</b>	<b>353,335,892</b>
Shares issued	685,207	685	128,580,910	128,581,595
Shares redeemed	(581,812)	(582)	(105,389,789)	(105,390,371)
Depreciation deposits applied	-	-	4,257,341	4,257,341
<b>Balance at December 31, 2015</b>	<b>2,025,732</b>	<b>2,026</b>	<b>380,782,431</b>	<b>380,784,457</b>
Shares to redeem (January 4, 2016)	(4,589)	(5)	(827,066)	(827,071)
<b>Balance at December 31, 2015</b> (in accordance with ASC Subtopic 480-10)	<b>2,021,143</b>	<b>2,021</b>	<b>379,955,365</b>	<b>379,957,386</b>

USD Share Class C	Share No.	Share Capital	Share Premium	Total
<b>Balance at December 31, 2014</b>	<b>173,723</b>	<b>174</b>	<b>28,049,289</b>	<b>28,049,463</b>
Shares issued	22,348	22	2,472,842	2,472,864
Shares redeemed	(93,882)	(94)	(10,683,640)	(10,683,734)
Depreciation deposits applied	-	-	119,832	119,832
<b>Balance at December 31, 2015</b>	<b>102,189</b>	<b>102</b>	<b>19,958,323</b>	<b>19,958,425</b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 6. Share Capital (continued)

USD Share Class D	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2014	4,975	5	524,183	524,188
Shares issued	-	-	-	-
Shares redeemed	-	-	-	-
<b>Balance at December 31, 2015</b>	<b>4,975</b>	<b>5</b>	<b>524,183</b>	<b>524,188</b>

USD Share Class E	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2014	10,595	10	1,137,749	1,137,759
Shares issued	131,581	132	18,161,420	18,161,552
Shares redeemed	(4,449)	(4)	(584,019)	(584,023)
Depreciation deposits applied	-	-	19,863	19,863
<b>Balance at December 31, 2015</b>	<b>137,727</b>	<b>138</b>	<b>18,735,013</b>	<b>18,735,151</b>

Euro Hedged Share Class A	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2014	192,065	192	4,320,447	4,320,639
Shares issued	125,721	126	31,831,403	31,831,529
Shares redeemed	(42,351)	(42)	(10,677,322)	(10,677,364)
Depreciation deposits applied	-	-	371,839	371,839
<b>Balance at December 31, 2015</b>	<b>275,435</b>	<b>276</b>	<b>25,846,367</b>	<b>25,846,643</b>

Euro Hedged Share Class B	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2014	430,098	430	58,419,852	58,420,282
Shares issued	90,859	91	12,682,112	12,682,203
Shares redeemed	(11,871)	(12)	(1,630,344)	(1,630,356)
Depreciation deposits applied	-	-	979,525	979,525
<b>Balance at December 31, 2015</b>	<b>509,086</b>	<b>509</b>	<b>70,451,145</b>	<b>70,451,654</b>

Euro Hedged Share Class C	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2014	2,620	3	10,784,833	10,784,836
Shares issued	-	-	-	-
Shares redeemed	-	-	-	-
Depreciation deposits applied	-	-	11,725	11,725
<b>Balance at December 31, 2015</b>	<b>2,620</b>	<b>3</b>	<b>10,796,558</b>	<b>10,796,561</b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 6. Share Capital (continued)

GBP Hedged Share Class A	Share No.	Share Capital	Share Premium	Total
<b>Balance at December 31, 2014</b>	<b>1,241,887</b>	<b>1,242</b>	<b>204,556,306</b>	<b>204,557,548</b>
Shares issued	287,260	287	54,903,459	54,903,746
Shares redeemed	(62,254)	(62)	(12,038,879)	(12,038,941)
Depreciation deposits applied	-	-	2,927,265	2,927,265
<b>Balance at December 31, 2015</b>	<b>1,466,893</b>	<b>1,467</b>	<b>250,348,151</b>	<b>250,349,618</b>

GBP Hedged Share Class B	Share No.	Share Capital	Share Premium	Total
<b>Balance at December 31, 2014</b>	<b>18,115</b>	<b>18</b>	<b>10,165,168</b>	<b>10,165,186</b>
Shares issued	5,208	5	1,701,256	1,701,261
Shares redeemed	(6,528)	(7)	(2,067,343)	(2,067,350)
Depreciation deposits applied	-	-	83,559	83,559
<b>Balance at December 31, 2015</b>	<b>16,795</b>	<b>16</b>	<b>9,882,640</b>	<b>9,882,656</b>

GBP Hedged Share Class C	Share No.	Share Capital	Share Premium	Total
<b>Balance at December 31, 2014</b>	<b>27,465</b>	<b>27</b>	<b>5,611,948</b>	<b>5,611,975</b>
Shares issued	5,118	5	813,876	813,881
Shares redeemed	(11,926)	(12)	(1,889,442)	(1,889,454)
Depreciation deposits applied	-	-	7,659	7,659
<b>Balance at December 31, 2015</b>	<b>20,657</b>	<b>20</b>	<b>4,544,041</b>	<b>4,544,061</b>

CHF Hedged Share Class A	Share No.	Share Capital	Share Premium	Total
<b>Balance at December 31, 2014</b>	<b>136</b>	<b>-</b>	<b>614,910</b>	<b>614,910</b>
Shares issued	38,330	38	3,721,571	3,721,609
Shares redeemed	(614)	(1)	(64,168)	(64,169)
Depreciation deposits applied	-	-	237	237
<b>Balance at December 31, 2015</b>	<b>37,852</b>	<b>37</b>	<b>4,272,550</b>	<b>4,272,587</b>

CHF Hedged Share Class B	Share No.	Share Capital	Share Premium	Total
<b>Balance at December 31, 2014</b>	<b>13,343</b>	<b>12</b>	<b>7,323,311</b>	<b>7,323,323</b>
Shares issued	72,418	72	9,545,657	9,545,729
Shares redeemed	(1,606)	(2)	(207,894)	(207,896)
Depreciation deposits applied	-	-	19,686	19,686
<b>Balance at December 31, 2015</b>	<b>84,155</b>	<b>82</b>	<b>16,680,760</b>	<b>16,680,842</b>



# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 6. Share Capital (continued)

CHF Hedged Share Class C	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2014	23,594	24	5,569,503	5,569,527
Shares issued	920	1	103,629	103,630
Shares redeemed	(19,507)	(20)	(2,277,697)	(2,277,717)
Depreciation deposits applied	-	-	38,516	38,516
<b>Balance at December 31, 2015</b>	<b>5,007</b>	<b>5</b>	<b>3,433,951</b>	<b>3,433,956</b>

JPY Hedged Share Class B	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2014	439,872	439	74,558,792	74,559,231
Shares issued	-	-	-	-
Shares redeemed	(219,006)	(219)	(22,708,917)	(22,709,136)
Depreciation deposits applied	-	-	589,420	589,420
<b>Balance at December 31, 2015</b>	<b>220,866</b>	<b>220</b>	<b>52,439,295</b>	<b>52,439,515</b>

JPY Hedged Share Class D	Share No.	Share Capital	Share Premium	Total
Balance at December 31, 2014	532,983	532	145,015,531	145,016,063
Shares issued	1,309	1	120,949	120,950
Shares redeemed	(159,998)	(160)	(15,531,231)	(15,531,391)
Depreciation deposits applied	-	-	609,923	609,923
<b>Balance at December 31, 2015</b>	<b>374,294</b>	<b>373</b>	<b>130,215,172</b>	<b>130,215,545</b>

As at December 31, 2015, 3.37% of the USD Share Class A Shares were held by ACL Global Fund, 100% of the USD Share Class D Shares were held by Abbey Global LP, 23.04% of the USD Share Class A Shares were held by Abbey Capital Multi-Manager Fund Limited, 24.91% of the USD Share Class B Shares were held by Abbey Capital Multi-Manager Fund Limited, 1.00% of the USD Share Class A Shares were held by Abbey Capital Daily Futures Fund Limited, 0.03% of the USD Share Class B Shares were held by Abbey Capital Daily Futures Fund Limited and 97% of the USD Share Class E Shares were held by Abbey Capital Daily Futures Fund Limited.

The Abbey Capital ACL Alternative Fund held the following holdings in the Fund as at December 31, 2015; 2.43% of the USD Share Class A, 0.34% of the USD Share Class B, 13.15% of the Euro Hedged Share Class A, 1.50% of the EUR Hedged Share Class B, 0.47% of the GBP Hedged Share Class A, 14.43% of the GBP Hedged Share Class B, 9.40% of the GBP Hedged Share Class C and 30.40% of the CHF Hedged Share Class B.

### 7. Financial instruments

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

## Notes to the Financial Statements (continued)

### 7. Financial instruments (continued)

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

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

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

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

Drawdown (a reduction in value relative to the previous highest valuation) is monitored daily and a relationship with a Trading Advisor would be immediately terminated if their Risk-Adjusted Drawdown Limit was breached.

Volatility for the Fund and for each Trading Advisor is monitored daily. Each Trading Advisor is assigned a target volatility by the Investment Committee. All changes in Trading Advisors' target volatility are at the discretion of the Investment Committee and can be based on both quantitative and qualitative analysis.

The Fund allocated in excess of 80% of its assets currently to 22 Trading Funds in 2015. The main risks arising from the Trading Fund's financial instruments are as follows:

#### **Market risk**

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

#### **Counterparty risk**

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

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 7. Financial instruments (continued)

#### Counterparty risk (continued)

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

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 below table shows the short term credit rating of the Fund's counterparties as at December 31, 2015:

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

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 7. Financial instruments (continued)

#### Counterparty risk (continued)

The Trading Funds will not be excused from performance under any forward contracts into which it has entered due to defaults under other forward contracts which in the Investment Manager's strategy were to have substantially "covered" the former. The Trading Funds deal in the forward markets only with major financial institution counterparties which the Investment Manager considers to be creditworthy. However, defaults have occurred in the forward markets, and the risk of such defaults cannot be eliminated from the Trading Funds' trading markets, whether due to insolvency, bankruptcy or other causes, could subject the Fund to substantial losses.

The Company, on behalf of the Trading Funds, enters into forward contracts with counterparties. Forward contracts are traded in unregulated markets between principals, and consequently the Trading Funds assume a credit risk on these contracts.

#### Off balance sheet risk/derivative risk

An off balance sheet market risk exists when the maximum potential loss on a particular investment is greater than the value of such investment, as reflected on the Trading Funds' Statement of Assets and Liabilities.

Off balance sheet risk exists, among other situations, when the collateral received by the Trading Funds from counterparties to an agreement with the Company on behalf of the Trading Funds proves to be insufficient to cover the Trading Funds' losses resulting from default by the counterparties of its obligation to perform under the agreement. Futures contracts and forward contracts expose the Trading Funds to a market risk equal to the value of the contracts purchased.

As at December 31, 2015, the volume of the Fund's derivative activities based on their notional amounts and number of contracts are as follows:

Primary underlying risk	Long exposure		Short exposure	
	Notional amount US\$'000	No. of contracts	Notional amount US\$'000	No. of contracts
<b>Foreign exchange price</b>				
Forward contracts	2,026,521	173	1,310,007	173
Futures contracts	11,685,644	7,799	9,861,866	15,142
Option contracts	-	7,000	-	-
<b>Commodity price</b>				
Futures contracts	1,602,469	33,864	5,819,628	68,054
Options contracts*	-	2,600	-	1,800
<b>Bond price</b>				
Futures contracts	190,782,967	26,172	43,500,487	15,768
<b>Interest rate price</b>				
Futures contracts	9,704,632	45,865	59,366,679	31,803
Options contracts*	-	18,019	-	-
<b>Equity price</b>				
Futures contracts	22,126,721	9,624	13,661,680	11,838

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 7. Financial instruments (continued)

#### Off balance sheet risk/derivative risk (continued)

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

The fair value of derivative contracts at December 31, 2015, categorized by primary underlying risk and the impact on the statement of changes for the year ended December 31, 2015, is as follows:

Primary underlying risk	Asset Derivatives Fair Value US\$	Liability Derivatives Fair Value US\$	Realized Gain / (Loss) US\$	Change in Unrealized Gain / (Loss) US\$
<b>Foreign exchange price</b>				
Forward contracts	67,434,168	(61,510,700)	(12,315,979)	(3,642,532)
Futures contracts	14,957,950	(16,119,581)	38,108,448	(13,125,699)
Option contracts	6,552,410	(2,851,160)	2,599,342	(6,367,444)
<b>Commodity price</b>				
Futures contracts	106,320,464	(81,778,434)	163,305,635	(65,111,659)
Options contracts	3,606,000	(3,390,000)	(1,155,881)	(1,636,089)
<b>Bond price</b>				
Futures contracts	13,503,470	(11,957,939)	71,095,048	(45,406,902)
Options contracts	-	-	(3,628,655)	(6,738,049)
<b>Interest rate price</b>				
Futures contracts	4,735,402	(7,357,105)	5,090,669	(15,220,003)
Option Contracts	8,338,656	-	(5,030,458)	4,485,367
<b>Equity price</b>				
Futures contracts	8,470,460	(8,510,106)	(34,148,726)	(9,330,042)
Options contracts	-	-	(2,271,030)	37,021
<b>Total</b>	<b>233,918,980</b>	<b>(193,475,025)</b>	<b>221,648,413</b>	<b>(162,056,031)</b>

## Notes to the Financial Statements (continued)

### 7. Financial instruments (continued)

#### Leverage

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

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

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

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

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

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

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

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

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

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

**Operational risk**

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

**Futures and options risk**

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

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

**Liquidity and valuation of investments**

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

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

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

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

**Foreign currency risk**

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

It may not be possible or practicable to hedge against the consequent currency risk exposure and in certain instances the Investment Manager may consider it desirable not to hedge against such risk. The Investment Manager may enter into cross currency hedging transactions. As at December 31, 2015 \$11,666,164 of cash was held in foreign currency with the Depositary / Broker.

ASC 815-10, "*Disclosures about Derivative Instruments and Hedging Activities*" amends and expands the disclosure requirements of ASC 815 with the intent to provide users of financial statements with an enhanced understanding of how and why an entity uses derivative instruments. The fair value of open derivative instruments held by the Fund as at December 31, 2015 is disclosed on the face of the Statement of Assets and Liabilities.

As noted in Note 4, the Fund may enter into foreign exchange hedging transactions in the EURO, GBP, CHF and JPY Hedged Share Classes. As a result, the Fund has recognized realized and unrealized gains/losses on foreign exchange derivatives (comprising futures and forward foreign exchange contracts) during the year. The total realized loss on foreign exchange derivatives amounted to \$5,593,569 is included in the Statement of Operations within the balance "Net realized gain on investments in derivative contracts and foreign currency". The total unrealized loss on foreign exchange derivatives amounting to \$8,376,519 is included in the Statement of Operations within the balance "Net unrealized loss on investments in derivative contracts and foreign currency". These amounts contribute to off-setting the gains and losses arising on the conversion of ACL Alternative Fund net assets to local currency for the EURO, GBP, CHF and JPY Hedged Share Classes.



# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 7. Financial instruments (continued)

#### Foreign currency risk (continued)

As at December 31, 2015, 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 16	2,980	62,500	281,833,500	(7,412,750)
EURO FX Future Mar 16	1,001	125,000	137,800,438	(1,589,363)
JPY FX Future Mar 16	535	12,500,000	54,891,000	832,594
CHF FX Future Mar 16	115	125,000	14,628,000	(207,000)
<b>Net unrealized loss</b>				<b><u>(8,376,519)</u></b>

### 8. Offsetting assets and liabilities

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

As of December 31, 2015, the Master Fund holds financial instruments and derivative instruments that are eligible for offset in the Statement of Assets and Liabilities and Statement of Operations and are subject to a master netting arrangement. The master netting arrangement allows the counterparty to net any collateral held on behalf of the Fund or liabilities or payment obligations of the counterparty against any liabilities or payment obligations of the Fund to the counterparty.

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

	Gross Amount of Recognized Assets	Gross Offset in the Statement of Assets and Liabilities	Net Amounts of Recognized Assets Presented in the Statement of Assets and Liabilities
	US\$	US\$	US\$
Derivative and foreign exchange contracts	233,918,979	-	233,918,979
<b>Total</b>	<b><u>233,918,980</u></b>	<b><u>-</u></b>	<b><u>233,918,980</u></b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

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

	Net Amounts of	Gross Amounts Not Offset in the		
	Assets presented in	Statement of Assets and Liabilities		
	the Statement of	Financial	Cash Collateral	Net
	Assets and	Instruments	pledged	Amount
	Liabilities			
	US\$	US\$	US\$	US\$
Bank of America N.A.	27,266,954	(27,266,954)	-	-
Credit Suisse International	73,442,161	(64,060,730)	-	9,381,431
Deutsche Bank	34,446,088	(25,357,537)	-	9,088,551
JP Morgan Securities Limited	18,931,531	(16,473,911)	-	2,457,620
SG Americas Securities, LLC	68,920,672	(49,783,654)	-	19,137,018
UBS A.G.	10,911,574	(10,482,879)	-	428,695
<b>Total</b>	<b>233,918,980</b>	<b>193,425,665</b>	<b>-</b>	<b>40,493,315</b>

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

	Gross Amount of	Gross Offset in the	Net Amounts of
	Recognized	Statement of Assets	Recognized Liabilities
	Liabilities	and Liabilities	Presented in the
	US\$	US\$	Statement of Assets and
			Liabilities
	US\$	US\$	US\$
Derivative and foreign exchange contracts	(193,475,025)	-	(193,475,025)
<b>Total</b>	<b>(193,475,025)</b>	<b>-</b>	<b>(193,475,025)</b>

	Net Amounts of	Gross Amounts Not Offset in the		
	Liabilities presented in	Statement of Assets and Liabilities		
	the Statement of	Financial	Cash Collateral	Net Amount
	Assets and	Instruments	received	
	Liabilities			
	US\$	US\$	US\$	US\$
Bank of America N.A.	(27,316,313)	27,266,953	-	(49,360)
Credit Suisse International	(64,060,730)	64,060,730	-	-
Deutsche Bank AG	(25,357,537)	25,357,537	-	-
JP Morgan Securities Limited	(16,473,911)	16,473,911	-	-
SG Americas Securities, LLC	(49,783,655)	49,783,655	-	-
UBS A.G.	(10,482,879)	10,482,879	-	-
<b>Total</b>	<b>(193,475,025)</b>	<b>193,425,665</b>	<b>-</b>	<b>(49,360)</b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 9. Gains and losses from financial instruments

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

	<b>December 31, 2015</b>
	<b>US\$</b>
Realized gains on Investments in derivative contracts and foreign currency	2,450,230,019
Net change in unrealized gains on investments in derivatives and foreign currency	8,407,481
<b>Total gains on realized and change in unrealized on investments in derivative contracts and foreign currency</b>	<b><u>2,458,637,500</u></b>
	<b>December 31, 2015</b>
	<b>US\$</b>
Realized losses on Investments in derivative contracts and foreign currency	(2,228,581,606)
Net change in unrealized losses on investments in derivatives and foreign currency	(170,463,512)
<b>Total losses on realized and change in unrealized on investments in derivative contracts and foreign currency</b>	<b><u>(2,399,045,118)</u></b>

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

### 10. 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.

### 11. Brokerage commissions

Brokerage commissions of \$20,690,940 were paid by the Fund and the Trading Funds to which it allocates its assets for the year from January 1 to December 31, 2015. This amount was consolidated within the realized and unrealized gain or loss on investments in derivative contracts and foreign exchange.

### 12. Commitments and contingencies

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

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

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Notes to the Financial Statements (continued)

### 13. Accounting for uncertainty in income taxes

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

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

Share Class		Dec 31, 2013	Dec 31, 2014	Dec 31, 2015
USD Share Class A	NAV	\$233.39	\$307.08	\$306.68
USD Share Class B	NAV	\$138.55	\$181.52	\$180.24
USD Share Class C	NAV	\$85.00	\$110.68	\$108.89
USD Share Class D	NAV	-	\$138.71	\$137.15
USD Share Class E	NAV	-	\$134.33	\$132.02
Euro Hedged Share Class A	NAV	EUR166.98	EUR219.45	EUR220.35
Euro Hedged Share Class B	NAV	EUR94.62	EUR123.83	EUR123.80
Euro Hedged Share Class C	NAV	EUR91.64	EUR119.22	EUR118.02
GBP Hedged Share Class A	NAV	£91.74	£121.05	£122.22
GBP Hedged Share Class B	NAV	£151.29	£198.80	£199.77
GBP Hedged Share Class C	NAV	£80.31	£104.96	£104.42
CHF Hedged Share Class A	NAV	CHF83.90	CHF109.84	CHF96.26
CHF Hedged Share Class B	NAV	CHF92.73	CHF121.00	CHF120.29
CHF Hedged Share Class C	NAV	CHF79.47	CHF103.16	CHF101.56
JPY Hedged Share Class B	NAV	¥8,403	¥10,999	¥10,845
JPY Hedged Share Class D	NAV	¥8,787	¥11,487	¥11,276

Share Class		Dec 31, 2013	Dec 31, 2014	Dec 31, 2015
USD Share Class A	FUM	\$1,858,034,297	\$1,492,269,226	\$1,578,876,561
USD Share Class B	FUM	\$403,378,846	\$348,946,087	\$364,290,706
USD Share Class C	FUM	\$27,495,682	\$19,227,228	\$11,127,753
USD Share Class D	FUM	-	\$689,962	\$682,233
USD Share Class E	FUM	-	\$1,423,306	\$18,182,086
Euro Hedged Share Class A	FUM	\$77,877,249	\$51,005,229	\$65,903,604
Euro Hedged Share Class B	FUM	\$32,524,197	\$64,452,701	\$68,429,800
Euro Hedged Share Class C	FUM	\$16,130,380	\$377,909	\$335,679
GBP Hedged Share Class A	FUM	\$168,095,700	\$234,328,107	\$264,047,398
GBP Hedged Share Class B	FUM	\$13,565,275	\$5,613,333	\$4,941,525
GBP Hedged Share Class C	FUM	\$6,569,708	\$4,493,751	\$3,176,719
CHF Hedged Share Class A	FUM	\$712,583	\$15,091	\$3,636,186
CHF Hedged Share Class B	FUM	\$15,996,940	\$1,624,484	\$10,102,729
CHF Hedged Share Class C	FUM	\$3,545,076	\$2,449,144	\$507,506
JPY Hedged Share Class B	FUM	\$42,109,903	\$40,361,692	\$19,921,761
JPY Hedged Share Class D	FUM	\$147,412,854	\$51,075,209	\$35,114,073

## **ACL Alternative Fund**

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

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

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

Events subsequent to December 31, 2015 have been evaluated up to February 25, 2016, the date these Financial Statements were available to be issued. No material subsequent events have occurred since December 31, 2015 that would require recognition or disclosure in these Financial Statements.

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

These Financial Statements were approved by the Board of Directors on February 25, 2016.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

## Appendix

### Unaudited 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*	USD Share Class D*	USD Share Class E*
(i) Investment Manager Management Fee	-0.75%	-1.00%	-2.00%	-1.50%	-1.75%
(ii) Investment Manager Incentive Fees	-1.02%	-1.02%	-1.02%	-1.02%	-1.02%
(iii) Trading Advisor Management Fee**	-0.80%	-0.80%	-0.80%	-0.80%	-0.80%
(iv) Trading Advisor Incentive Fees**	-2.11%	-2.11%	-2.11%	-2.11%	-2.11%
(v) Administration Fees	-0.09%	-0.09%	-0.09%	-0.09%	-0.09%
(vi) Depository Fees	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%
(vii) Audit Fees	-0.00%	-0.00%	-0.00%	-0.00%	-0.00%
(viii) Directors' Fees	-0.00%	-0.00%	-0.00%	-0.00%	-0.00%
(ix) Brokerage	-0.84%	-0.84%	-0.84%	-0.84%	-0.84%
(x) Other Fees and Expenses	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%
(xi) Interest Income	+0.07%	+0.07%	+0.07%	+0.07%	+0.07%

\* Based on the average Net Assets of the Fund during 2015.

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

**Appendix (continued)****Unaudited Supplemental Disclosures to the Financial Statements  
(continued)****2. Remuneration Policy**

It is the Investment Manager's policy to maintain an honest, fair and ethical culture that promotes effective risk management. Accordingly, the Investment Manager has established and maintains a Remuneration Policy, which applies to all the Investment Manager employees and officers, and which is designed to ensure that:

- (i) The Investment Manager remunerates its staff in a manner that is sufficient to attract and retain professional staff that have the required skills, expertise and experience to carry out their duties effectively and;
- (ii) sound and effective risk management is promoted and risk-taking, which is inconsistent with the risk profile and rules of the Investment Manager and the Funds that it manages, is not encouraged or rewarded.

The Investment Manager has formulated its Remuneration Policy with the following objectives:

- To be in line with its business strategy, objectives, values and long-term interests;
- To be consistent with, and promote, sound and effective risk management, without encouraging risk-taking that exceeds the level of tolerated risk of the Investment Manager or the funds that it manages;
- To align the personal objectives of staff with the long term interests of the Investment Manager and the funds that it manages;
- To meet the remuneration provisions of AIFMD;
- To ensure our ability to strengthen or maintain a suitable capital base (to meet operational requirements);
- To include measures to avoid conflicts of interest for control staff (risk management or compliance); and
- To be in line with our code of conduct for employees and our compliance culture.

The remuneration policy has been designed by the Chief Executive Officer ("CEO") and will be reviewed on an annual basis by the Board of Directors of the Investment Manager.

The Board and senior management of the Investment Manager have assessed all members of staff and have determined that only the voting members of the Investment Manager's Investment Committee that are also members of the board are authorized to take any decision that affects the risk profile of the Investment Manager and the funds managed by the Investment Manager and so are classified by the Investment Manager as Identified Staff.

For performance related remuneration, the total amount is based on a combination of the assessment of the performance of the individual, of the business unit concerned, and of the overall results of the Investment Manager; when assessing individual performance, financial and non-financial criteria are taken into account. The performance of the Investment Manager is dependent on the performance of the funds that it manages, since the Investment Manager generates its revenue from management and incentive fees paid to it by these funds, and, therefore, the interests of all members of staff are aligned with the interests of the shareholders in the funds managed by the Investment Manager.

## ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

### Appendix (continued)

#### Unaudited Supplemental Disclosures to the Financial Statements (continued)

##### 2. Remuneration Policy (continued)

The following table shows the remuneration made to persons employed by the Investment Manager during the year, analysed by category;

	31 December 2015	31 December 2015	31 December 2015	31 December 2015	31 December 2015
	Number of Beneficiaries	Total Remuneration Paid	Fixed Remuneration Paid	Variable Remuneration paid	Carried Interest paid
		USD	USD	USD	USD
Total remuneration paid by the Investment Manager during the financial year	52	7,703,791	2,588,308	5,155,483	-
<b>Remuneration paid to employees of the Investment Manager who may have a material impact on the risk profile of the Fund</b>					
Senior Management (including executives)*	2	2,383,599			
Identified staff*	2	2,383,599			
<b>Allocation of total remuneration of the employees of the Investment Manager to the Fund**</b>					
Senior Management (including executives)*	2	1,671,739			
Identified staff*	2	1,671,739			

\* Members of Senior Management (including executives) who may have a material impact on the risk profile of the Fund are also the employees who the Investment Manager has designated as Identified Staff in accordance with the Investment Manager's Remuneration Policy.

\*\* Allocation of total remuneration of the employees of the Investment Manager to the Fund is calculated based on the percentage that the Fund represents of total Fund assets under management of the Investment Manager using average NAVs during the financial year.



## **ACL Alternative Fund**

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2015

### **Appendix (continued)**

#### **Unaudited Supplemental Disclosures to the Financial Statements (continued)**

##### **3. Additional information for qualified investors in Switzerland**

The Fund, is compliant with Swiss law for distribution to qualified investors in or from Switzerland. The Swiss representative is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva. The Swiss paying agent is Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva, Switzerland. Investors in Switzerland can obtain the documents of the Fund, such as the Confidential Private Placement Memorandum, the Bye-Laws and the financial reports free of charge from the Swiss representative. This document may only be issued, circulated or distributed so as not to constitute an offering to the general public in Switzerland. Recipients of these documents in Switzerland should not pass it on to anyone without first consulting their legal or other appropriate professional advisor, or the Swiss representative.