

# **Abbey Capital Daily Futures Fund Limited**

**Audited Financial Statements for the year  
January 1, 2021 to December 31, 2021**

**Abbey Capital Limited is an Alternative Investment Fund Manager, regulated by the Central Bank of Ireland. Abbey Capital Limited is the Commodity Pool Operator of Abbey Capital Daily Futures Fund Limited and operates it as an exempt pool pursuant to 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: P092694**

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A copy of the audited Financial Statements of the ACL Alternative Fund is included with these audited 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 Daily Futures 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, Mick Swift, Director of Abbey Capital Limited (Commodity Pool Operator of Abbey Capital Daily Futures Fund Limited) hereby affirm that, to the best of my knowledge and belief, the information contained in this annual report is accurate and complete.



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Mick Swift  
Director  
Abbey Capital Limited  
Commodity Pool Operator of Abbey Capital Daily Futures Fund Limited

March 1, 2022

## Directory

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

### **Directors**

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

### **Listing Sponsor**

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

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

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

### **Legal Adviser**

Conyers Dill & Pearman  
Clarendon House  
2 Church Street  
Hamilton  
Bermuda

### **Investment Manager**

Abbey Capital Limited  
1-2 Cavendish Row  
Dublin 1  
Ireland

### **Auditor**

KPMG  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

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

BNP Paribas Bank & Trust Cayman Limited  
Buckingham Square  
3<sup>rd</sup> Floor  
720 West Bay Road  
Grand Cayman, KY1-1104  
Cayman Islands

### **Depository**

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

## **Investment Manager’s Report**

### **Legal Structure**

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

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

<b>Share Class in Issue</b>	<b>Launch Date</b>	<b>NAV per share as of December 31, 2021</b>
USD A Share Class	March 3, 2014	\$145.40
USD B Share Class	January 2, 2013	\$142.81
USD E Share Class	January 15, 2014	\$133.63

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 offering 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**

The Fund’s USD A Share Class (“ACDFF USD A”) returned +10.57%<sup>(1)</sup> in 2021. The ACDFF USD A invests solely into the ACL Alternative Fund USD Share Class A. The ACL Alternative Fund USD Share Class A returned +12.14% in 2021. Since inception in December 2000, the ACL Alternative Fund USD Share Class A has returned cumulatively +341.82%, providing an annualised return for the ACL Alternative Fund USD Share Class A of +7.30%<sup>(2)</sup>.

<sup>(1)</sup> Abbey Capital Daily Futures Fund Limited (USD B Share Class) (“ACDFF”) commenced trading in January 2013 and ACDFF USD A Share Class was launched in March 2014. Return figures shown are net of fees and include interest. Please note that due to different fee structures within the ACDFF shares classes, different share classes will have different returns. Some ACDFF share classes may have generated a lower return than the ACDFF USD A Share Class. Past results are not indicative of future results. Investing in managed futures is not suitable for all investors given its speculative nature and the high level of risk involved including the risk of total loss of initial investment.

<sup>(2)</sup>The ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited. The ACL Alternative Fund (USD Share Class A) commenced as a program 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). Past results are not indicative of future results. Investing in managed futures is not suitable for all investors given its speculative nature and the high level of risk involved including the risk of total loss of initial investment.

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

Strongly trending markets across commodities and equities throughout much of the year gave rise to a generally favorable environment for managed futures strategies. Long-term Trendfollowing ("Trendfollowing") managers in particular benefited from a prevalence of sustained market moves.

The market environment between January and May yielded very favourable conditions for the ACL Alternative Fund. Gains were dominated by Trendfollowing managers, with strong uptrends developing across various agricultural, energy, metals and equity markets. Strong Chinese demand, along with constrained supplies due to adverse weather conditions in Brazil and the US impact led to a substantial rise in agricultural commodity prices over the period, with corn and soybeans hitting 8-year highs in April and May, respectively.

The pace of the vaccine rollout and its impact on the reopening of the global economy was also an important influencer of market sentiment during this initial phase of the year. As the outlook for economic recovery in 2021 improved, we saw consistently strong uptrends in energy and equity markets. Inflation emerged as a major driver of sentiment across financial and commodity markets over this period, with copper prices notably hitting an all-time high in May.

Despite the Fed continuing to refer to inflationary pressures as "transitory", it raised its expectation for 2021 headline inflation in June, and surprised markets further by signalling the potential for earlier than expected rate hikes. The USD began a rally in June that would continue for much of the remainder of the year. In July, we saw heightening concerns relating to the new COVID-19 Delta variant, as well as signs of a slowing Chinese economy which sparked fears of contagion and a potential slowdown in global growth.

Trading in bond and currency markets was choppy through the June to August period overall, resulting in losses for the ACL Alternative Fund as the drivers of market sentiment periodically shifted between growth concerns, higher inflation, and mixed economic data releases. In commodity markets, natural gas rallied consistently through this period as unusually warm weather in the US led to spiking demand.

The ACL Alternative Fund was positive in September, a month that saw both bonds and equities record negative performance, and in October. Performance in energy was positive as global energy markets rallied due to increasingly severe supply concerns amid weather related interruptions to production in the US and unusually low stockpiles in Europe. An established long exposure to the USD also saw gains as the greenback continued its rise.

In November, we saw a significant risk event drive dislocations in markets. The emergence of the COVID-19 Omicron variant led to a sudden spike in uncertainty and risk aversion into month end. As sentiment shifted sharply negative, the ACL Alternative Fund sustained losses in equity and energy market pullbacks, resulting in a -4.2% return for the month.

However, sentiment began to rebound in December, as concerns about the impact of the Omicron variant began to ease. The ACL Alternative Fund was positive in December with gains recorded from longs in equities and energy.

For 2021 overall, Trendfollowing was the primary driver of gains at the trading style level, while the non-Trendfollowing trading styles were positive in aggregate. Longs in commodities and equities led positive performance at the sector level, while trading in bonds was the most notable detractor.

## Investment Manager's Report (continued)

### Fund Performance to date (continued)

The ACL Alternative Fund's USD Share Class A has delivered total cumulative returns of +341.82%<sup>(2)</sup> since inception, versus +446.19% for the S&P 500 Total Return Index and +143.34% for the SG CTA Index<sup>(3)</sup> over the same time frame.

During the year we removed one Trendfollowing and one Global Macro manager from the ACL Alternative Fund, while we also added a Global Macro manager.

The ACL Alternative Fund continued to target a risk allocation to Trendfollowing strategies of 50-60% of portfolio risk through the year, with the balance allocated to diversifying non-trend strategies<sup>(4)</sup>. We continued to target allocations to managers at 21% annualised volatility.

Since January 2013, the ACDF USD A has delivered total cumulative returns (including pro forma returns) of +36.60%<sup>(1)</sup>, versus +298.76% for the S&P 500 Total Return Index, +27.13% for the SG CTA Index and +25.16% for the Barclay BTOP 50 Index<sup>(3)</sup> over the same time frame.

### Abbey Capital Limited – Investment Manager

Abbey Capital completed its twenty-first year of track record in 2021.

During the year, we continued to see growth across our customised and US mutual fund businesses and noted renewed interest and asset flows towards the managed futures industry. In 2021 Abbey Capital reached a new firmwide high in assets under management.

We have continued to consistently invest in our infrastructure, further developing our internal research and back-office systems. Like many businesses we have continued to work-from-home over much of 2021. Prior and ongoing investment in our cloud-based architecture has been an important factor in adapting quickly to this new environment.

Looking ahead, while the global economy has made great progress in its recovery from the COVID-19 pandemic, the unknown paths for inflation and the pandemic itself, mean that much uncertainty remains in the months ahead. Against this backdrop, we continue to believe in the importance of holding diversifying strategies<sup>(4)</sup> and remain optimistic on the outlook for managed futures as we move into 2022.

### Abbey Capital Limited

#### February 2022

<sup>(1)</sup> Abbey Capital Daily Futures Fund Limited (USD B Share Class) ("ACDF") commenced trading in January 2013 and ACDF USD A Share Class was launched in March 2014. Return figures shown are net of fees and include interest. Please note that due to different fee structures within the ACDF shares classes, different share classes will have different returns. Some ACDF share classes may have generated a lower return than the ACDF USD A Share Class. Past results are not indicative of future results. Trading in managed futures is not suitable for all investors given its speculative nature and the high level of risk involved including the risk of total loss of initial investment.

<sup>(2)</sup> The ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited. The ACL Alternative Fund (USD Share Class A) commenced as a program 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). Past results are not indicative of future results. Trading in managed futures is not suitable for all investors given its speculative nature and the high level of risk involved including the risk of total loss of initial investment.

<sup>(3)</sup> The above is shown for illustrative purposes only. None of the funds managed by Abbey Capital Limited are benchmarked against any index. The SG CTA Index is derived from data which is self-reported by investment managers based on the performance of privately managed funds. In contrast the S&P 500 is an index comprising of publicly traded shares. As a result, these indices may not be directly comparable and the above is shown for illustrative purposes only.

<sup>(4)</sup> ACL Alternative Fund's appointed managers have been classified in accordance with the Trading Style that best describes each of their primary trading strategies as determined by Abbey Capital. Diversification does not assure profit, nor does it protect against loss (including in a declining market).



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

## Independent Auditors' Report

To the Shareholders of Abbey Capital Daily Futures Fund Limited

### 1. Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Abbey Capital Daily Futures Fund Limited ("the Fund"), set out on pages 10 to 21, which comprise the Statement of Assets and Liabilities and the Condensed Schedule of Investments as at the 31 December 2021, the Statement of Operations and the Statement of Changes in Net Assets for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2021, and its financial performance for the year then ended in accordance with U.S. generally accepted accounting principles (US GAAP).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bermuda, together with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

#### **Key Audit Matters**

In arriving at our audit opinion above on the financial statements, the key audit matter that had most significance in our audit was as follows:

***Valuation of Investments in ACL Alternative Fund, a segregated account of ACL Alternative Fund SAC Limited US\$106,377,830***

*Refer to page 14 (accounting policy) and pages 15, 19 to 20 (financial disclosures)*

#### **The key audit matter**

The Fund has an investment in ACL Alternative Fund, a segregated account of ACL Alternative Fund SAC Limited, which is at 31 December 2021 made up 99% of the total assets (by value) of the Fund. We do not consider the investment in ACL Alternative Fund to be at high risk of material misstatement, or to be subject to a significant level of judgment because the assets of ACL Alternative Fund comprise liquid, quoted investments, exchange

#### **How the matter was addressed in our audit**

Our procedures included, but were limited to:

- obtaining and documenting our understanding of the processes in place to record investment transactions and to value the portfolio.
- obtaining the financial statements of ACL Alternative Fund and assessing whether the net asset value in the financial statements as an appropriate approximation of fair value.





traded derivatives, foreign exchange contracts and interest rate swap contracts, the valuation of which is not considered to be complex.

However due to the materiality in the context of the financial statements as a whole, the Investment in ACL Alternative Fund is considered of most significance in the audit of the financial statements.

In assessing the fair value, we take into consideration the underlying securities of ACL Alternative Fund (Level 1 and Level 2 securities). We also checked that positions held by ACL Alternative Fund are actively trading as at year end.

No material misstatements were noted as part of our testing.

### **Other Information**

Management is responsible for the other information. The other information comprises the Investment Manager's Report and Remuneration Policy information but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **2. Respective responsibilities and restrictions on use**

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP 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, assessing the Fund ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix of this report, which is to be read as an integral part of our report.

Our report is made solely to the Fund's 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 Fund's Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is James Casey.

**KPMG**

**KPMG**  
**Chartered Accountants, Statutory Audit Firm**

*1 Harbourmaster Place*

*IFSC*

*Dublin 1*

*Ireland*

*03 March 2022*



## **Appendix to the Independent Auditor's Report**

### ***Further information regarding the scope of our responsibilities as auditor***

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Statement of Assets & Liabilities**

	<b>December 31, 2021 US\$</b>
<b>Assets</b>	
Investment in ACL Alternative Fund (Note 3)	106,377,830
Cash and cash equivalents (Note 11)	480,009
Equalization credits & depreciation deposits receivable	24,886
Redemption receivable from ACL Alternative Fund	95,343
<b>Total assets</b>	<u><b>106,978,068</b></u>
<b>Liabilities</b>	
Sundry payables and accrued expenses (Note 7)	62,055
Subscription in advance (Note 2)	260,000
Redemption payable (Note 2)	95,265
Subscription payable to ACL Alternative Fund	199,760
<b>Total liabilities</b>	<u><b>617,080</b></u>
<b>Net assets</b>	<u><b>106,360,988</b></u>
Paid-in capital (Note 6)	100,466,505
Distributable earnings	5,894,483
<b>Net assets</b>	<u><b>106,360,988</b></u>
Shares in issue – USD A Share Class	406,878
Shares in issue – USD B Share Class	1,000
Shares in issue – USD E Share Class	352,141
Net Asset Value per share – USD A Share Class	\$145.40
Net Asset Value per share – USD B Share Class	\$142.81
Net Asset Value per share – USD E Share Class	\$133.63

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

  
Director

  
Director


Date: March 1, 2022

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

**Statement of Operations**

	<b>For the year January 1 to December 31, 2021 US\$</b>
<b>Investment Income</b>	
Interest Income	67
<b>Fund expenses</b>	
Audit & Tax Fees	(46,404)
Administration Fees (Note 4)	(12,000)
Registrar and Transfer Agent Fees (Note 4)	(10,000)
Legal Fees	(10,000)
Directors' Fees	(5,000)
Corporate and Other Fees	(25,013)
<b>Total expenses</b>	<u>(108,417)</u>
<b>Net investment loss</b>	<u>(108,350)</u>
<b>Net realized loss on</b> Investments in ACL Alternative Fund (Note 9)	(486,953)
<b>Net change in unrealized gain on</b> Investments in ACL Alternative Fund (Note 9)	8,923,117
<b>Net gain from investments in ACL Alternative Fund</b>	<u>8,436,164</u>
<b>Net increase in net assets resulting from operations</b>	<u>8,327,814</u>

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

  
Director  
Date: March 1, 2022

  
Director

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

# Abbey Capital Daily Futures Fund Limited

For the year ended  
December 31, 2021

## Statement of Changes in Net Assets

	<b>December 31, 2021 US\$</b>
<b>Operations</b>	
Net investment loss for the year	(108,350)
<b>Net realized loss from</b>	
Investments in ACL Alternative Fund (Note 9)	(486,953)
<b>Net change in unrealized gain on</b>	
Investments in ACL Alternative Fund (Note 9)	8,923,117
<b>Net increase in net assets resulting from operations</b>	<u>8,327,814</u>
<b>Capital share transactions</b>	
Issuance of shares (Note 6)	20,348,838
Redemption of shares (Note 6)	(7,170,423)
<b>Net increase in net assets resulting from capital share transactions</b>	<u>13,178,415</u>
Net increase in net assets	21,506,229
<b>Net assets:</b>	
Beginning of the year	84,854,759
<b>End of year</b>	<u>106,360,988</u>

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

**Financial Highlights**

The following table includes selected data for the three Sub-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.

	<b>USD A Share Class</b>	<b>USD B Share Class</b>	<b>USD E Share Class</b>
Net investment loss	(0.18)	(0.20)	(0.14)
Net realized & unrealized gain on investments	14.08	15.24	10.85
<b>Net increase in net asset value per share*</b>	<b>13.90</b>	<b>15.04</b>	<b>10.71</b>
<b>Net asset value per share:</b>			
Beginning of the year	\$131.50	\$127.77	\$122.92
End of year	\$145.40	\$142.81	\$133.63
Total investment return	10.57%	11.77%	8.71%
Ratio of expenses to average net assets	(0.11%)	(0.11%)	(0.11%)
Ratio of net investment loss to average net assets	(0.11%)	(0.11%)	(0.11%)
<b>Net assets at end of year</b>	<b>59,160,218</b>	<b>142,810</b>	<b>47,057,960</b>

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

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

## Notes to the Financial Statements

### 1. The Fund and its activities

Abbey Capital Daily Futures Fund Limited (the "Fund") was incorporated on November 29, 2012 under the laws of Bermuda as an open-ended investment fund with variable capital and limited liability. The Fund has created one Share Class, namely the USD Share Class, which is divided into a number of sub-classes. The sub-classes are the USD A Share Class, USD B Share Class, USD D Share Class and USD E Share Class; at the year end only these four sub-classes had launched. The USD D Share Class was fully redeemed on December 1, 2019. All sub-classes offer investors daily dealing. The Directors have the power to issue further Share Classes in different currencies in the future. The Fund is a feeder fund to the ACL Alternative Fund (the "ACL Alternative Fund") as it invests substantially all of its assets into the ACL Alternative Fund. The ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited, a segregated accounts company incorporated as an open-ended investment company with limited liability under the laws of Bermuda. The NAV for the Fund's USD Share Class A is listed on the Bermuda Stock Exchange. As at December 31, 2021 the Fund owns 6.71% 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 audited Financial Statements.

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

### 2. Significant accounting policies

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

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

#### Estimates and assumptions

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

#### Investment income and expenses

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

#### Valuation of investments

The Fund records its investment in the ACL Alternative Fund at fair value. The fair value of the Fund's investment in the ACL Alternative Fund is the Net Asset Value per share as reported by the Administrator of the ACL Alternative Fund to investors. The valuation of investments held by the ACL Alternative Fund is discussed in the notes to the ACL Alternative Fund audited 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. There were no requests for redemptions effective for January 4, 2022 reclassified to redemptions payable on the Statement of Assets and Liabilities. Redemption amounts dealt in December 2021 totalling US\$95,265 remained payable to investors at the year end. The Fund has sufficient liquid assets available to ensure full payment of these redemption amounts.

**Subscriptions received in advance**

Subscriptions received in advance represent amounts received from an investor for the issuance of shares with an effective date after December 31, 2021.

**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.

The Fund records its investment in the ACL Alternative Fund based on its proportionate share of the net assets of ACL Alternative Fund using NAV as a practical expedient and is therefore not categorized within the fair value hierarchy. Valuation of investments held by ACL Alternative Fund, including but not limited to, the valuation techniques used and categorization within the fair value hierarchy of investments are discussed in the notes to the ACL Alternative Fund.

All investments held by the ACL Alternative Fund as of December 31, 2021 fall within Level 1 or Level 2 of the fair value hierarchy.

**Notes to the Financial Statements (continued)****4. Fees and Expenses**

The Fund's USD A Share Class, USD B Share Class and USD E Share Class will incur expenses up to a maximum of 0.19% of the Fund's average Net Asset Value per year. Any additional expenses in excess of 0.19% of the Fund's average Net Asset Value will be paid by the Investment Manager. For the year ended December 31, 2021 expenses incurred represented 0.11% of the Fund's average Net Asset Value.

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

The Fund pays US\$1,000 per month to the Administrator for the calculation of the Net Asset Value. The Fund pays US\$833 per month to the Registrar and Transfer Agent. These fees accrue daily and are paid monthly in arrears.

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

The Fund is responsible for out of pocket expenses incurred by the Administrator, the Registrar and Transfer Agent, the Corporate Secretary and Bermuda Registrar for the benefit of the Fund.

As a shareholder of ACL Alternative Fund, the Fund is required to pay its pro-rata share of the various fees and expenses of ACL Alternative Fund including brokerage commissions, administrative expenses, audit, legal etc.

**Fund Distributors**

Each of the Distributors may charge a Placement Fee of up to 2% on all sales of the Shares to a client of that Distributor. The Placement Fee shall be specified on the signature page to the Subscription Agreement or otherwise communicated by the Distributor to a subscriber prior to the subscriber committing to acquiring such Shares. Placement Fees will be paid in addition to the subscription amount and will be debited from the subscriber's account with the relevant Distributor, by and for the benefit of such Distributor.

**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.

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

**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 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\$2,095 per annum, based upon the Fund's authorized share capital.

**6. Share Capital**

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

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

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

(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 or she 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.

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

Transactions in Shares for the year ending December 31, 2021 were as follows:

<b>USD A Share Class</b>	<b>No. of Shares</b>	<b>Total US\$</b>
Balance at December 31, 2020	326,553	43,736,061
Shares issued in the year	92,459	13,288,588
Shares redeemed in the year	(12,134)	(1,718,281)
<b>Balance at December 31, 2021</b>	<b>406,878</b>	<b>55,306,368</b>
<b>USD B Share Class</b>	<b>No. of Shares</b>	<b>Total US\$</b>
Balance at December 31, 2020	1,000	100,000
Shares issued in the year	-	-
Shares redeemed in the year	-	-
<b>Balance at December 31, 2021</b>	<b>1,000</b>	<b>100,000</b>
<b>USD E Share Class</b>	<b>No. of Shares</b>	<b>Total US\$</b>
Balance at December 31, 2020	339,953	41,937,038
Shares issued in the year	53,045	7,060,250
Shares redeemed in the year	(40,857)	(5,452,142)
<b>Balance at December 31, 2021</b>	<b>352,141</b>	<b>43,545,146</b>

**7. Sundry payables and accrued expenses**

	<b>December 31, 2021</b>
	<b>US\$</b>
Administration Fee	1,000
Registrar and Transfer Agent Fee	833
Audit Fee	9,948
Tax Fee	36,000
Corporate, Legal and Other	14,274
<b>Total Sundry payables and accrued expenses</b>	<b>62,055</b>

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

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

**Investment in ACL Alternative Fund**

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

**Market risk**

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

Pursuant to Investment Manager's Risk Management Policy, risks throughout the Investment Manager are identified, measured, assessed and monitored in the Risk Register. This system identifies factors that could cause risk, including operational risk, measures to reduce risk and any required solutions. It is reviewed on an ongoing basis by the respective business units and the Risk Management Unit. Reviews are completed by staff in consultation with the Risk Management Unit. The Risk Register is reviewed and approved annually by the Board of Directors of the Investment Manager.

**Leverage**

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

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

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

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

**8. Financial Instruments (continued)**

**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>For the year ended December 31, 2021 US\$</b>
Realised loss on investments	(486,953)
Net change in unrealised gain on investments	8,923,117
<b>Total gains on investments</b>	<b><u>8,436,164</u></b>

The amounts presented above exclude the Fund’s interest income and interest expense.

**10. Related party disclosures**

The Fund considers the Investment Manager, its principal owners, members of management, members of their immediate families and entities under common control to be related parties of the Fund. Amounts due from and due to related parties are generally settled in the normal course of business.

The Fund is a feeder fund that invests substantially all of its assets in the ACL Alternative Fund. ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited.

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

**11. Cash and cash equivalents**

Amounts held with the Fund’s Depository (BNP Paribas Securities Services, Dublin Branch) as at December 31, 2021 amounted to US\$480,009. BNP Paribas Securities Services, Dublin Branch is rated by the following credit agencies: S&P A-1, Moody P-1 and Fitch F1.

**Notes to the Financial Statements (continued)****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, 2019	Dec 31, 2020	Dec 31, 2021
USD A Share Class	NAV	\$123.00	\$131.50	\$145.40
USD B Share Class	NAV	\$118.12	\$127.77	\$142.81
USD E Share Class	NAV	\$115.67	\$122.92	\$133.63
Share Class		Dec 31, 2019	Dec 31, 2020	Dec 31, 2021
USD A Share Class	FUM	\$41,623,774	\$42,940,266	\$59,160,218
USD B Share Class	FUM	\$118,120	\$127,772	\$142,810
USD E Share Class	FUM	\$41,957,016	\$42,786,721	\$47,057,960

**14. Subsequent events**

Events subsequent to December 31, 2021 have been evaluated up to March 1, 2022 the date these audited Financial Statements were available to be issued.

No material subsequent events have occurred since December 31, 2021 that would require recognition or disclosure in these audited Financial Statements.

**15. Approval of audited Financial Statements**

These audited Financial Statements were approved by the Board of Directors on March 1, 2022.

## **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;

<b>For year ended December 31, 2021</b>	<b>Number of Beneficiaries</b>	<b>Total Remuneration Paid</b>	<b>Fixed Remuneration Paid</b>	<b>Variable Remuneration paid</b>	<b>Carried Interest paid by AIF</b>
		<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Total remuneration paid by the Investment Manager during the financial year	70	10,426,866	6,268,505	4,158,361	-
<b>Remuneration paid to employees of the Investment Manager who have a material impact on the risk profile of the Fund</b>					
Senior Management (including executives)*	2	2,061,319			
Risk Takers and other identified staff*	2	2,061,319			
<b>Allocation of total remuneration of the employees of the Investment Manager to the Fund**</b>					
Senior Management (including executives)*	2	32,565			
Other risk takers and other identified staff*	2	32,565			

\* 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, 2021 to December 31, 2021**

**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: P046201**

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

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# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Affirmation Statement

ACL Alternative Fund

A segregated account of 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, Mick Swift, Director of Abbey Capital Limited (Commodity Pool Operator of ACL Alternative Fund and 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.



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Mick Swift

Director

Abbey Capital Limited

Commodity Pool Operator of ACL Alternative Fund and ACL Alternative Fund SAC Limited

March 1, 2022

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Directory

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

### **Directors**

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

### **Auditor**

KPMG  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

### **Legal Adviser**

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

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

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

### **Investment Manager**

Abbey Capital Limited  
1-2 Cavendish Row  
Dublin 1  
Ireland

### **Listing Sponsor**

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

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

BNP Paribas Bank & Trust Cayman Limited  
Buckingham Square  
3<sup>rd</sup> Floor  
720 West Bay Road  
Grand Cayman, KY1-1104  
Cayman Islands

### **Depository**

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

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Investment Manager's Report

### Legal Structure

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

The Company has created five share classes, namely the USD Share Class, the GBP Hedged Share Class, the EUR Hedged Share Class, the CHF Hedged Share Class and the Yen Hedged Share Class, each of which is subdivided into a number of sub-classes of which thirteen 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.

<b>Share Classes in Issue</b>	<b>Launch Date</b>	<b>NAV per share as of December 31, 2021</b>
USD Share Class A	January 31, 2002	\$369.55
USD Share Class B	July 3, 2006	\$213.75
USD Share Class C	January 2, 2009	\$122.48
USD Share Class E	April 1, 2014	\$150.36
Euro Hedged Share Class A	July 1, 2004	EUR238.93
Euro Hedged Share Class B	July 1, 2009	EUR132.36
Euro Hedged Share Class C	January 29, 2010	EUR118.81
GBP Hedged Share Class A	June 1, 2010	£140.08
GBP Hedged Share Class B	January 30, 2006	£225.29
CHF Hedged Share Class A	April 15, 2011	CHF101.11
CHF Hedged Share Class B	March 1, 2010	CHF124.36
JPY Hedged Share Class B	January 21, 2011	¥11,785
JPY Hedged Share Class D	August 31, 2010	¥11,873

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

### Investment Objective and Strategy

The investment objective of the Fund is to seek long-term capital appreciation for its shareholders.

The Fund allocated to 19 trading funds (the "Trading Funds") as at December 31, 2021, each Trading Fund being a separate and distinct segregated account established and maintained by the Company. Through its shareholdings in the Trading Funds, the Fund operates as a multi-manager fund. The trading advisors of the Trading Funds (the "Trading Advisors") are given a power of attorney to trade on behalf of a Trading Fund through managed accounts in the Trading Fund's name held with the Trading Fund's principal brokers.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Investment Manager's Report (continued)

### Investment Objective and Strategy (continued)

Diversification is achieved at the Trading Fund, trading style and market sector level<sup>(3)</sup>. The Fund, through its allocation of assets to the Trading Funds, has exposure to a range of trading styles, including Long-term Trendfollowing ("Trendfollowing"), Short-term Systematic ("Short-term"), Value and Global Macro. Market exposure is broadly diversified with positions in global currency, financial and commodity markets. The Trading Advisors for the Trading Funds are selected on the basis of a variety of quantitative and qualitative criteria, including:

- long-term positive returns on capital invested;
- favorable risk-adjusted performance measures;
- favorable inter-Trading Advisor correlations to provide diversification benefits between Trading Advisors<sup>(3)</sup>; and
- proven track record and risk management capability.

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

### Fund Performance to date

The Fund (USD Share Class A) returned +12.14% in 2021. Since inception in December 2000 the Fund (USD Share Class A) has returned cumulatively +341.82%, providing an annualised return for the USD Share Class A of +7.30%<sup>(1)</sup>.

Strongly trending markets across commodities and equities throughout much of the year gave rise to a generally favorable environment for managed futures strategies. Long-term Trendfollowing managers in particular benefited from a prevalence of sustained market moves.

The market environment between January and May yielded very favourable conditions for the Fund as strong uptrends across various agricultural, energy, metals and equity markets provided opportunities for Trendfollowing managers. Strong Chinese demand, along with constrained supplies due to adverse weather conditions in Brazil and the US impact led to a substantial rise in agricultural commodity prices over the period, with corn and soybeans hitting 8-year highs in April and May, respectively.

The pace of the vaccine rollout and its impact on the reopening of the global economy was also an important influencer of market sentiment during this initial phase of the year. As the outlook for economic recovery in 2021 improved, we saw consistently strong uptrends in energy and equity markets. Inflation emerged as a major driver of sentiment across financial and commodity markets over this period, with copper prices notably hitting an all-time high in May.

Despite the Fed continuing to refer to inflationary pressures as "transitory", it raised its expectation for 2021 headline inflation in June, and surprised markets further by signalling the potential for earlier than expected rate hikes. The USD began a rally in June that would continue for much of the remainder of the year. In July, we saw heightening concerns relating to the new COVID-19 Delta variant, as well as signs of a slowing Chinese economy which sparked fears of contagion and a potential slowdown in global growth.

<sup>(1)</sup> The ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited. The ACL Alternative Fund (USD Share Class A) commenced as a program 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). Please note that due to different fee structures within the ACL Alternative Fund, different share classes will have different returns. Some ACL Alternative Fund share classes may have generated a lower return than the ACL Alternative Fund USD Share Class A. Past results are not indicative of future results. Investing in managed futures is not suitable for all investors given the level of risk involved, including the risk of total loss of initial investment.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Investment Manager's Report (continued)

### Fund Performance to date (continued)

Trading in bond and currency markets was choppy through the June to August period overall, resulting in losses for the Fund as the drivers of market sentiment periodically shifted between growth concerns, higher inflation, and mixed economic data releases. In commodity markets, natural gas rallied consistently through this period as unusually warm weather in the US led to spiking demand.

The Fund was positive in September, a month that saw both bonds and equities record negative performance, and in October. Performance in energy was positive as global energy markets rallied due to increasingly severe supply concerns amid weather related interruptions to production in the US and unusually low stockpiles in Europe. An established long exposure to the USD also saw gains as the greenback continued its rise.

In November, we saw a significant risk event drive dislocations in markets. The emergence of the COVID-19 Omicron variant led to a sudden spike in uncertainty and risk aversion into month end. As sentiment shifted sharply negative, the Fund sustained losses in equity and energy market pullbacks, resulting in a -4.2% return for the month.

However, sentiment began to rebound in December, as concerns about the impact of the Omicron variant began to ease. The Fund was positive in December with gains recorded from longs in equities and energy.

For 2021 overall, Trendfollowing was the primary driver of gains at the trading style level, while the non-Trendfollowing trading styles were positive in aggregate. Longs in commodities and equities led positive performance at the sector level, while trading in bonds was the most notable detractor.

The Fund's USD Share Class A has delivered total cumulative returns of +341.82%<sup>(1)</sup> since inception, versus +446.19% for the S&P 500 Total Return Index and +143.34% for the SG CTA Index<sup>(2)</sup> over the same time frame.

During the year we removed one Trendfollowing and one Global Macro manager from the Fund, while we also added a Global Macro manager.

The Fund continued to target a risk allocation to Trendfollowing strategies of 50-60% of portfolio risk through the year, with the balance allocated to diversifying non-trend strategies<sup>(3)</sup>. We continued to target allocations to managers at 21% annualised volatility.

<sup>(1)</sup>The ACL Alternative Fund is a segregated account of ACL Alternative Fund SAC Limited. The ACL Alternative Fund (USD Share Class A) commenced as a program 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). Please note that due to different fee structures within the ACL Alternative Fund, different share classes will have different returns. Some ACL Alternative Fund share classes may have generated a lower return than the ACL Alternative Fund USD Share Class A. Past results are not indicative of future results. Investing in managed futures is not suitable for all investors given the level of risk involved, including the risk of total loss of initial investment.

<sup>(2)</sup>The above is shown for illustrative purposes only. None of the funds managed by Abbey Capital Limited are benchmarked against any index. The SG CTA Index is derived from data which is self-reported by investment managers based on the performance of privately managed funds. In contrast the S&P 500 is an index comprising of publicly traded shares. As a result, these indices may not be directly comparable and the above is shown for illustrative purposes only.



# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Investment Manager's Report (continued)

### Abbey Capital Limited – Investment Manager

Abbey Capital completed its twenty-first year of track record in 2021.

During the year, we continued to see growth across our customised and US mutual fund businesses and noted renewed interest and asset flows towards the managed futures industry. In 2021 Abbey Capital reached a new firmwide high in assets under management.

We have continued to consistently invest in our infrastructure, further developing our internal research and back-office systems. Like many businesses we have continued to work-from-home over much of 2021. Prior and ongoing investment in our cloud-based architecture has been an important factor in adapting quickly to this new environment.

Looking ahead, while the global economy has made great progress in its recovery from the COVID-19 pandemic, the unknown paths for inflation and the pandemic itself, mean that much uncertainty remains in the months ahead. Against this backdrop, we continue to believe in the importance of holding diversifying strategies<sup>(3)</sup> and remain optimistic on the outlook for managed futures as we move into 2022.

### Abbey Capital Limited

February 2022

<sup>(3)</sup>ACL Alternative Fund's appointed managers have been classified in accordance with the Trading Style that best describes each of their primary trading strategies as determined by Abbey Capital. Diversification does not assure profit, nor does it protect against loss (including in a declining market).



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

## Independent Auditors' Report

To the Shareholders of ACL Alternative Fund, a segregated account of ACL Alternative Fund SAC Limited

### 1. Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of ACL Alternative Fund ("the Fund"), set out on pages 11 to 44, which comprise the Statement of Assets and Liabilities and the Condensed Schedule of Investments as at the 31 December 2021, the Statement of Operations and the Statement of Changes in Net Assets for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2021, and its financial performance for the year then ended in accordance with U.S. generally accepted accounting principles (US GAAP).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bermuda, together with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

#### **Key Audit Matters**

In arriving at our audit opinion above on the financial statements, the key audit matters that have most significance in our audit were as follows:

**Valuation of Level 2 Derivatives. Assets: US\$68,455,552; Liabilities: US\$66,636,903**

*Refer to page 22 (accounting policy) and pages 23 to 24 and 33 to 40 (financial disclosures)*

#### **The key audit matter**

As a consequence of the Fund's investment strategy, the Fund has a significant exposure to both long and short exchange traded derivatives, interest rate swaps and foreign exchange contracts.

There is a risk that the financial assets are valued incorrectly which could result in a material misstatement in valuation. This could occur through the application of an inappropriate valuation methodology or

#### **How the matter was addressed in our audit**

Our procedures included, but were not limited to:

- obtaining and documenting our understanding of the processes in place to record investment transactions and to value the portfolio.
- Engaging the KPMG Financial Instruments Team (KFI) to recalculate the fair value of 100% of derivative instruments and foreign exchange contracts based on third party



**The key audit matter**

the use of inappropriate assumptions (price and vendor selection, etc) or data (i.e. exchange price, volume, etc).

**How the matter was addressed in our audit**

market information such as Bloomberg; and

- considering the adequacy of related disclosures.

No material misstatements were noted as part of our testing.

**Accuracy of Level 1 Derivatives. Assets: US\$62,352,091; Liabilities: US\$59,531,665**

*Refer to page 22 (accounting policy) and pages 23 to 24 and 33 to 40 (financial disclosures)*

**The key audit matter**

As a consequence of the Fund's investment strategy, the Fund has a significant exposure to both long and short exchange traded derivatives, interest rate swaps and foreign exchange contracts. We do not consider these derivatives to be complex.

However due to the materiality in the context of the financial statements as a whole, they are considered to be of significance in the audit of the financial statements

**How the matter was addressed in our audit**

Our procedures included, but were not limited to:

- obtaining and documenting our understanding of the processes in place to record investment transactions and to value the portfolio.
- Engaging the KPMG Financial Instruments Team (KFI) to recalculate the fair value of 100% of derivative instruments and foreign exchange contracts based on third party market information such as Bloomberg; and
- considering the adequacy of related disclosures.

No material misstatements were noted as part of our testing.

**Other Information**

Management is responsible for the other information. The other information comprises the Investment Manager's Report, Remuneration Policy information and Additional Information for qualified investors in Switzerland but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## **2. Respective responsibilities and restrictions on use**

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP 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, assessing the Fund ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix of this report, which is to be read as an integral part of our report.

Our report is made solely to the Fund's 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 Fund's Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is James Casey.

**KPMG**

**KPMG**  
**Chartered Accountants, Statutory Audit Firm**

*1 Harbourmaster Place*

*IFSC*

*Dublin 1*

*Ireland*

*03 March 2022*



## **Appendix to the Independent Auditor's Report**

### ***Further information regarding the scope of our responsibilities as auditor***

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Condensed Schedule of Investments

		Fair Value US\$	% of Net Asset Value
<b>Short Term Deposits</b>			
Rabobank, January 4, 2022, 0.05%		119,416,214	7.54%
Mizuho Bank Limited, January 4, 2022, 0.10%		118,838,248	7.50%
National Bank of Canada, January 4, 2022, 0.06%		118,710,967	7.49%
Bank of Montreal, January 4, 2022, 0.07%		118,643,289	7.49%
Skandinaviska Enskilda Banken, January 4, 2022, 0.28%		112,686,650	7.11%
HSBC Bank Plc, January 4, 2022, 0.04%		112,615,132	7.11%
ABN AMRO, January 4, 2022, 0.04%		94,054,615	5.93%
DZ Bank, January 4, 2022, 0.06%		79,006,153	4.99%
Sumitomo Mitsui Trust Bank, January 4, 2022, 0.01%		58,013,333	3.66%
<b>Total Short Term Deposits</b> <b>(cost: US\$931,952,345)</b>		<b>931,984,601</b>	<b>58.82%</b>
<b>Purchased Future Option Contracts</b>			
	<b>No. of contracts</b>	<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Equity Index Futures Contracts (Jan22)	769	486,787	0.03%
<b>Total Purchased Future Option Contracts</b> <b>(cost: US\$1,915,402)</b>	<b>769</b>	<b>486,787</b>	<b>0.03%</b>
<b>Sold Future Option Contracts</b>			
	<b>No. of contracts</b>	<b>Fair Value US\$</b>	<b>% of Net Asset Value</b>
Various Equity Index Futures Contracts (Jan22)	(595)	(176,150)	(0.01%)
<b>Total Sold Future Option Contracts</b> <b>(cost: (US\$255,946))</b>	<b>(595)</b>	<b>(176,150)</b>	<b>(0.01%)</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-Mar22)	4,826	2,140,411	0.14%
Various Energy Futures Contracts (Jan22-Dec23)	3,514	3,922,678	0.25%
Various Grains Futures Contracts (Jan22-May23)	10,296	254,591	0.02%
Various Equity Index Futures Contracts (Jan22-Dec25)	10,221	13,346,329	0.84%
Various Interest Rate Futures Contracts (Mar22-Jun25)	1,746	(218,266)	(0.01%)
Various Financial Futures Contracts (Mar22)	14,256	(14,851,667)	(0.94%)
Various Meat Futures Contracts (Feb-Jun22)	853	288,858	0.02%
Various Metal Futures Contracts (Jan-Dec22)	4,872	10,612,676	0.67%
Various Industrial Futures Contracts (Jan-May22)	33	8,878	0.00%
Various Tropical Futures Contracts (Mar-Dec22)	1,088	(184,232)	(0.01%)
<b>Total Long Futures Contracts</b>	<b>51,705</b>	<b>15,320,256</b>	<b>0.98%</b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Condensed Schedule of Investments (continued)

Investment in Short Futures Contracts	No. of contracts	Fair Value US\$	% of Net Asset Value
Various Currency Futures Contracts (Jan-Mar22)	(12,880)	(6,176,891)	(0.39%)
Various Energy Futures Contracts (Jan-Dec22)	(1,673)	(953,993)	(0.06%)
Various Grains Futures Contracts (Feb22-Mar23)	(3,877)	(201,516)	(0.01%)
Various Equity Index Futures Contracts (Jan-Mar22)	(5,212)	(3,576,816)	(0.23%)
Various Interest Rate Futures Contracts (Jan22-Mar25)	(19,021)	2,036,093	0.13%
Various Financial Futures Contracts (Mar22)	(15,171)	4,752,644	0.30%
Various Meat Futures Contracts (Feb-Jun22)	(230)	(117,931)	(0.01%)
Various Metal Futures Contracts (Jan-Dec22)	(2,943)	(8,320,462)	(0.53%)
Various Industrial Futures Contracts (Jan22)	(1)	(26)	(0.00%)
Various Tropical Futures Contracts (Mar22)	(101)	(251,568)	(0.02%)
<b>Total Short Futures Contracts</b>	<b>(61,109)</b>	<b>(12,810,466)</b>	<b>(0.82%)</b>
Investments in Long Interest Rate Swap Contracts		Fair Value US\$	% of Net Asset Value
Various Interest Rate Swap Contracts		(32,784,171)	(2.07%)
<b>Total Long Interest Rate Swap Contracts</b>		<b>(32,784,171)</b>	<b>(2.07%)</b>
Investments in Short Interest Rate Swap Contracts		Fair Value US\$	% of Net Asset Value
Various Interest Rate Swap Contracts		37,153,286	2.35%
<b>Total Short Interest Rate Swap Contracts</b>		<b>37,153,286</b>	<b>2.35%</b>
Investments in Long Forward Foreign Exchange Contracts		Fair Value US\$	% of Net Asset Value
Various Forward Foreign Exchange Contracts		7,973,822	0.50%
<b>Total Long Forward Foreign Exchange Contracts</b>		<b>7,973,822</b>	<b>0.50%</b>
Investments in Short Forward Foreign Exchange Contracts		Fair Value US\$	% of Net Asset Value
Various Forward Foreign Exchange Contracts		(10,524,289)	(0.66%)
<b>Total Short Forward Foreign Exchange Contracts</b>		<b>(10,524,289)</b>	<b>(0.66%)</b>
Net unrealized gains on Futures, Options, Swap and Forward Contracts		4,639,075	0.30%
Other Net Assets and Liabilities		647,724,161	40.88%
<b>Net assets</b>		<b>1,584,347,837</b>	<b>100.00%</b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Statement of Assets and Liabilities

	<b>December 31, 2021</b>
	<b>US\$</b>
<b>Assets</b>	
<b>Fund</b>	
Investments in short term deposits (Note 3)	427,039,091
Derivative & foreign exchange contracts, at fair value (Note 3,7)	628,961
Cash and cash equivalents	74,609,902
Due from broker	7,554,748
Subscription receivable	199,760
Other assets	7,932
<b>Trading Funds</b>	
Investments in short term deposits (Note 3)	504,945,510
Derivative & foreign exchange contracts, at fair value (Note 3,7)	130,178,682
Cash and cash equivalents	191,827,017
Due from broker	382,680,212
<b>Total Assets</b>	<b><u>1,719,671,815</u></b>
<b>Liabilities</b>	
<b>Fund</b>	
Derivative & foreign exchange contracts, at fair value (Note 3,7)	363,192
Depreciation deposits / Equalization credits (Note 4)	911,254
Redemptions payable (Note 2)	2,222,767
<b>Trading Funds</b>	
Derivative & foreign exchange contracts, at fair value (Note 3,7)	125,805,376
Fees payable (Note 4)	6,021,389
<b>Total Liabilities</b>	<b><u>135,323,978</u></b>
<b>Net Assets</b>	<b><u>1,584,347,837</u></b>
<b>Analysis of Net Assets</b>	
Paid-in capital (Note 6)	1,173,794,223
Distributable earnings	410,553,614
<b>Net Assets</b>	<b><u>1,584,347,837</u></b>

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, 2021

## Statement of Assets and Liabilities (continued)

### NAV Information & Shares in Issue

Share Class	NAV per Share	Shares in issue
USD Share Class A	\$369.55	3,105,983
USD Share Class B	\$213.75	1,118,074
USD Share Class C	\$122.48	23,611
USD Share Class E	\$150.36	473,465
Euro Hedged Share Class A	EUR238.93	283,755
Euro Hedged Share Class B	EUR132.36	83,316
Euro Hedged Share Class C	EUR118.81	1,051
GBP Hedged Share Class A	£140.08	1,235
GBP Hedged Share Class B	£225.29	4,527
CHF Hedged Share Class A	CHF101.11	847
CHF Hedged Share Class B	CHF124.36	49,995
JPY Hedged Share Class B	¥11,785	182,083
JPY Hedged Share Class D	¥11,873	62,127

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



Director

Date: March 1, 2022



Director

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Statement of Operations

	<b>For the year January 1 to December 31, 2021 US\$</b>
<b>Investment income</b>	
<b>Fund</b>	
Interest income	633,901
<b>Trading Funds</b>	
Interest income	403,400
<b>Total Investment income</b>	<u><b>1,037,301</b></u>
<b>Expenses</b>	
<b>Fund</b>	
Legal & other professional fees	(1,373)
<b>Trading Funds</b>	
Investment manager management fees (Note 4)	(13,033,560)
Investment manager incentive fees (Note 4)	(9,671,922)
Trading advisors' management fees (Note 4)	(7,190,191)
Trading advisors' incentive fees (Note 4)	(27,271,189)
Administration fees (Note 4)	(1,340,756)
Depository fees (Note 4)	(237,816)
Audit & Tax fees	(207,423)
Legal & other professional fees	(172,364)
Registrar & transfer agent fees (Note 4)	(149,821)
Directors' fees (Note 4)	(14,702)
<b>Total expenses</b>	<u><b>(59,291,117)</b></u>
<b>Net investment loss</b>	<u><b>(58,253,816)</b></u>
<b>Net realized gain/(loss) on:</b>	
Investments in derivative contracts and foreign currency contracts of the Fund (Note 9)	(11,642,148)
Investments in derivative contracts and foreign currency contracts of the Trading Funds (Note 9)	277,667,877
<b>Net change in unrealized gain/(loss) on:</b>	
Investments in derivative contracts and foreign currency contracts of the Fund (Note 9)	(509,989)
Investments in derivative contracts and foreign currency contracts of the Trading Funds (Note 9)	(67,993,843)
<b>Net gain from investments in derivative contracts and foreign currency</b>	<u><b>197,521,897</b></u>
<b>Net increase in net assets resulting from operations</b>	<u><b>139,268,081</b></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, 2021

## Statement of Operations (continued)

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



Director  
Date: March 1, 2022



Director

## ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

### Statement of Changes in Net Assets

	<b>December 31, 2021</b>
	<b>US\$</b>
<b>Operations</b>	
Net investment loss for the year	(58,253,816)
<b>Net realized gain from</b>	
Investments in derivative contracts and foreign exchange	266,025,729
<b>Net change in unrealized loss on</b>	
Investments in derivative contracts and foreign exchange	(68,503,832)
<b>Net increase in net assets resulting from operations</b>	<u><b>139,268,081</b></u>
<b>Capital share transactions</b>	
Proceeds on issue of shares (Note 6)	204,181,344
Paid on redemption of shares (Note 6)	(158,290,641)
Depreciation deposits applied (Note 4)	16,002,213
<b>Net increase in net assets resulting from capital share transactions</b>	<u><b>61,892,916</b></u>
<b>Net increase in net assets</b>	<u><b>201,160,997</b></u>
<b>Net Assets</b>	
Beginning of the year	1,383,186,840
End of year	<u><b>1,584,347,837</b></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, 2021

## 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 E	GBP Hedged Share Class A
Currency	USD	USD	USD	USD	GBP
Net investment loss	(16.58)	(10.54)	(6.59)	(7.96)	(5.40)
Net realized & unrealized gain on investments	56.58	33.02	19.10	23.42	20.56
<b>Net increase in Net Asset Value per Share*</b>	<b>40.00</b>	<b>22.48</b>	<b>12.51</b>	<b>15.46</b>	<b>15.16</b>
Net Asset Value per share:					
Beginning of year	329.55	191.27	109.97	134.90	124.92
End of year	369.55	213.75	122.48	150.36	140.08
Total return before incentive fees	14.62%	14.33%	13.28%	13.54%	14.22%
Investment Manager incentive fees	(0.70%)	(0.79%)	(0.12%)	(0.30%)	(0.31%)
Trading Advisor incentive fees	(1.78%)	(1.78%)	(1.78%)	(1.78%)	(1.78%)
<b>Total net return</b>	<b>12.14%</b>	<b>11.76%</b>	<b>11.38%</b>	<b>11.46%</b>	<b>12.13%</b>
Expenses to average net assets before incentive fees	(1.36%)	(1.61%)	(2.61%)	(2.36%)	(1.36%)
Investment Manager incentive fees	(0.70%)	(0.79%)	(0.12%)	(0.30%)	(0.31%)
Trading Advisor incentive fees	(1.78%)	(1.78%)	(1.78%)	(1.78%)	(1.78%)
<b>Total net expenses**</b>	<b>(3.84%)</b>	<b>(4.18%)</b>	<b>(4.51%)</b>	<b>(4.44%)</b>	<b>(3.45%)</b>
Net investment loss before incentive fees	(1.30%)	(1.55%)	(2.55%)	(2.31%)	(1.30%)
Investment Manager incentive fees	(0.70%)	(0.79%)	(0.12%)	(0.30%)	(0.31%)
Trading Advisor incentive fees	(1.78%)	(1.78%)	(1.78%)	(1.78%)	(1.78%)
<b>Total net investment loss</b>	<b>(3.78%)</b>	<b>(4.12%)</b>	<b>(4.45%)</b>	<b>(4.39%)</b>	<b>(3.39%)</b>
<b>Net assets, end of year in USD</b>	<b>1,147,817,390</b>	<b>238,993,588</b>	<b>2,891,830</b>	<b>71,190,901</b>	<b>234,071</b>

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

\*\* 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, 2021

## Financial Highlights (continued)

Share Class	GBP Hedged Share Class B	Euro Hedged Share Class A	Euro Hedged Share Class B	EUR Hedged Share Class C
Currency	GBP	EUR	EUR	EUR
Net investment loss	(9.41)	(7.86)	(4.74)	(5.64)
Net realized & unrealized gain on investments	33.19	32.93	18.37	16.81
<b>Net increase in Net Asset Value per Share*</b>	<b>23.78</b>	<b>25.07</b>	<b>13.63</b>	<b>11.17</b>
Net Asset Value per share:				
Beginning of year	201.51	213.86	118.73	107.64
End of year	225.29	238.93	132.36	118.81
Total return before incentive fees	13.91%	13.50%	13.26%	12.16%
Investment Manager incentive fees	(0.33%)	(0.00%)	(0.00%)	(0.00%)
Trading Advisor incentive fees	(1.78%)	(1.78%)	(1.78%)	(1.78%)
<b>Total net return</b>	<b>11.80%</b>	<b>11.72%</b>	<b>11.48%</b>	<b>10.38%</b>
Expenses to average net assets before incentive fees	(1.61%)	(1.36%)	(1.61%)	(2.61%)
Investment Manager incentive fees	(0.33%)	(0.00%)	(0.00%)	(0.00%)
Trading Advisor incentive fees	(1.78%)	(1.78%)	(1.78%)	(1.78%)
<b>Total net expenses**</b>	<b>(3.72%)</b>	<b>(3.14%)</b>	<b>(3.39%)</b>	<b>(4.39%)</b>
Net investment loss before Trading Advisor incentive fees	(1.55%)	(1.30%)	(1.55%)	(2.55%)
Investment Manager incentive fees	(0.33%)	(0.00%)	(0.00%)	(0.00%)
Trading Advisor incentive fees	(1.78%)	(1.78%)	(1.78%)	(1.78%)
<b>Total net investment loss</b>	<b>(3.66%)</b>	<b>(3.08%)</b>	<b>(3.33%)</b>	<b>(4.33%)</b>
<b>Net assets, end of year in USD</b>	<b>1,380,338</b>	<b>77,176,546</b>	<b>12,553,607</b>	<b>142,108</b>

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

\*\* 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, 2021

## Financial Highlights (continued)

Share Class	CHF Hedged Share Class A	CHF Hedged Share Class B	JPY Hedged Share Class B	JPY Hedged Share Class D
Currency	CHF	CHF	JPY	JPY
Net investment loss	(3.30)	(4.40)	(464)	(537)
Net realized & unrealized gain on investments	13.81	17.05	1,798	1,808
<b>Net increase in Net Asset Value per Share*</b>	<b>10.51</b>	<b>12.65</b>	<b>1,334</b>	<b>1,271</b>
Net Asset Value per share:				
Beginning of year	90.60	111.71	10,451	10,602
End of year	101.11	124.36	11,785	11,873
Total return before incentive fees	13.38%	13.11%	14.55%	13.77%
Investment Manager incentive fees	(0.00%)	(0.00%)	(0.00%)	(0.00%)
Trading Advisor incentive fees	(1.78%)	(1.78%)	(1.78%)	(1.78%)
<b>Total net return</b>	<b>11.60%</b>	<b>11.33%</b>	<b>12.77%</b>	<b>11.99%</b>
Expenses to average net assets before incentive fees	(1.36%)	(1.61%)	(1.61%)	(2.11%)
Investment Manager incentive fees	(0.00%)	(0.00%)	(0.00%)	(0.00%)
Trading Advisor incentive fees	(1.78%)	(1.78%)	(1.78%)	(1.78%)
<b>Total net expenses**</b>	<b>(3.14%)</b>	<b>(3.39%)</b>	<b>(3.39%)</b>	<b>(3.89%)</b>
Net investment loss before incentive fees	(1.30%)	(1.55%)	(1.55%)	(2.05%)
Investment Manager incentive fees	(0.00%)	(0.00%)	(0.00%)	(0.00%)
Trading Advisor incentive fees	(1.78%)	(1.78%)	(1.78%)	(1.78%)
<b>Total net investment loss</b>	<b>(3.08%)</b>	<b>(3.33%)</b>	<b>(3.33%)</b>	<b>(3.83%)</b>
<b>Net assets, end of year in USD</b>	<b>93,973</b>	<b>6,818,896</b>	<b>18,645,210</b>	<b>6,409,379</b>

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

\*\* 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, 2021

## Notes to the Financial Statements

### 1. The Fund and its activities

The ACL Alternative Fund (the “Fund”) is a segregated account of ACL Alternative Fund SAC Limited (the “Company”). The Company is an open-ended investment fund, located in Bermuda with variable capital and limited liability. The Company was incorporated on January 4, 2002. The Company commenced operating as a Segregated Accounts Company on May 18, 2009 following its restructure under the Segregated Account Companies Act 2000 of Bermuda, as amended (the “Act”). As a result of this restructure, the Company created segregated accounts, including the Fund and the Trading Funds. As segregated accounts, the assets and liabilities of each segregated account are segregated, which means the assets of each segregated account are available to meet the liabilities to creditors in respect of that segregated account only and will be protected from creditors of the Company or the Company’s other segregated accounts<sup>(4)</sup>.

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

As at December 31, 2021 the Fund allocates in excess of 60% of its assets to 19 Trading Funds, each Trading Fund being a segregated account of the Company. Appointed Trading Advisors are given a power of attorney to trade on behalf of a Trading Fund through a managed account in the Trading Fund’s name held with one of the Trading Fund’s principal brokers. Through its allocation of assets to the Trading Funds, the Fund operates as a multi-advisor fund. As at December 31, 2021, the ACL Alternative Fund allocated to 19 underlying managers.

The Fund is one of five segregated accounts which are open to investors and which invest in the Trading Funds.

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 thirteen are currently in issue; a USD Share Class A, a USD Share Class B, a USD Share Class C, 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 CHF Hedged Share Class A, a CHF Hedged Share Class B, a JPY Hedged Share Class B and a JPY Hedged Share Class D. The GBP Hedged Share Class C was fully redeemed on August 24, 2021 and the CHF Hedged Share Class C was fully redeemed on October 13, 2021. The USD Share Class A, Euro Hedged Share Class A and GBP Hedged Share Class A are listed on the Euronext Dublin Stock Exchange. The functional currency is the United States Dollar.

Abbey Capital Limited has been appointed to act as Investment Manager of the Company and the Fund pursuant to the Investment Manager Agreement. Subject to the overall supervision of the Directors and to the Fund’s investment objectives, policies and restrictions, the Investment Manager will have discretion to manage the investment and re-investment of the Fund’s assets.

### 2. Significant accounting policies

These financial statements are presented using the United States Dollar (USD or US\$) as the functional currency and are prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”). The Fund is considered an Investment Company under US GAAP and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 946, Financial Services – Investment Companies (“ASC 946”). The significant policies adopted by the Fund are as follows;

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



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

**Investments through Trading Funds**

The Fund's allocated share of the underlying investments of each Trading Fund are measured at fair value. The allocated share of the realised and change in unrealised gain/(loss) and expenses are included in the Statement of Operations.

**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.

Investment transactions are accounted for on a trade date basis. 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.

**Amounts due from broker**

Amounts due from broker represent margin deposited with the broker to fund derivative trading.

**Cash and cash equivalents**

Cash, including cash denominated in foreign currencies, represents cash deposits held at financial institutions. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original investments of three months or less. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value.

Cash equivalents are held for meeting short-term liquidity requirements, rather than for investment purposes. Cash and cash equivalents are held at major financial institutions and are subject to counterparty risk as described in note 7.

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

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

**Options purchased**

When an option is purchased, an amount equal to the premium paid is recorded as an investment and is subsequently adjusted to the current market value of the option purchased. Premiums paid for the purchase of options which expire unexercised are treated by the Fund on the expiration date as realized losses. If a purchased call option is exercised, the premium increases the cost basis of the security or foreign currency purchased by the Fund.

**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, 2021 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 within the line "Net change in unrealized gain/(loss) on investments in derivative contracts and foreign currency".

**Futures contracts**

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

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

**Interest Rate Swaps**

The Fund values interest rate swaps using a discounted cash flow model based on the terms of the contract (including the notional amount and contract maturity) and multiple inputs including where applicable, yield curves, prepayment rates and currency exchange rates.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Notes to the Financial Statements (continued)

### 2. Significant accounting policies (continued)

#### 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 US\$768,000 effective for January 4, 2022 have been reclassified to redemptions payable on the Statement of Assets and Liabilities. Further redemption amounts dealt in December 2021 totaling US\$1,454,767 remained payable to investors at year end.

### 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, 2021. All values shown are stated in USD.

Assets	Level 1 US\$	Level 2 US\$	Level 3 US\$	Balance as at
				December 31, 2021 Total US\$
Investments in short term deposits	931,984,601	-	-	931,984,601
Investments in derivative contracts	62,352,091	43,104,194	-	105,456,285
Investments in foreign exchange contracts	-	25,351,358	-	25,351,358
<b>Total Assets</b>	<b>994,336,692</b>	<b>68,455,552</b>	<b>-</b>	<b>1,062,792,244</b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Notes to the Financial Statements (continued)

### 3. Fair value measurements (continued)

Liabilities	Level 1 US\$	Level 2 US\$	Level 3 US\$	Balance as at December 31, 2021 Total US\$
Investments in derivative contracts	(59,531,665)	(38,735,078)	-	(98,266,743)
Investments in foreign exchange contracts	-	(27,901,825)	-	(27,901,825)
<b>Total Liabilities</b>	<b>(59,531,665)</b>	<b>(66,636,903)</b>	<b>-</b>	<b>(126,168,568)</b>
<b>Total</b>	<b>934,805,027</b>	<b>1,818,649</b>	<b>-</b>	<b>936,623,676</b>

There were no significant transfers between any of the levels of the fair value hierarchy during the year ended December 31, 2021. In addition, there were no Level 3 Assets or Liabilities held by the Fund as at December 31, 2021 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 CHF Hedged Share Class A, the CHF Hedged Share Class B, 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 allocated 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. Investment Manager management fees for the year to December 31, 2021 were US\$13,033,560 of which US\$1,117,213 was payable at year end.

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 incentive fees for the year to December 31, 2021 were US\$9,671,922 of which US\$Nil was payable at year end.

**Notes to the Financial Statements (continued)****4. Fees and expenses (continued)****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, 2021, amounts of US\$22,412,352 were crystallized from the Depreciation Deposit account of which US\$16,002,213 was paid to the fund and US\$6,410,139 was paid to the Investment Manager. As at December 31, 2021, the total amount of depreciation deposits payable to investors amounted to US\$911,223.

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.

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, 2021 the equalization credits payable to investors amounted to US\$31.

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. Trading Advisor management fees for the period to December 31, 2021 were US\$7,190,191 of which US\$584,165 was payable at year end.

## Notes to the Financial Statements (continued)

### 4. Fees and expenses (continued)

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

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 month or quarter (the "Incentive Fee"). Trading Advisor incentive fees for the period to December 31, 2021 were US\$27,271,189 of which US\$3,232,415 was payable at year end.

"Net New Trading Advisor Profit" means, with respect to any calendar month or quarter, any net profits (or losses) realized on all transactions closed out in the Trading Fund during the month or quarter (after deduction of brokerage commissions, exchange fees, NFA fees and give-up fees), but prior to the deduction of any fees charged by the Investment Manager, Administrator or Depositary for services to the Fund, plus:

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

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

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

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

The aggregate fees payable by the Fund to the Administrator, Registrar and Transfer Agent are calculated based on the Fund's pro rata share of the Investment Managers' total assets under administration with the Administrator on each Valuation day.

The effective fee rate is calculated as 14bp p.a. of the Net Asset Value of up to US\$250 million, 12bp p.a. on the next US\$250 million, 10bp p.a. on the next US\$500 million, 8bp p.a. on the next US\$500 million, 6bp p.a. on the next US\$1.5 billion and 4bp p.a. thereafter. In addition, BNP Paribas Bank & Trust Cayman Limited receives US\$12,500 per month in relation to administration, registrar & transfer agency services.

These fees will accrue daily and will be paid monthly in arrears, by the Trading Funds. All of the fees specified in the foregoing paragraph above for administration, registrar and transfer agency services will be paid in aggregate by each Trading Fund from the account it maintains.

#### **Depositary fees**

In accordance with the obligations under the Alternative Investment Fund Managers Directive, ("AIFMD"), the Investment Manager and the Directors of the Fund have appointed BNP Paribas Securities Services, Dublin branch ("Depositary") as Depositary. The Depositary 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.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Notes to the Financial Statements (continued)

### 4. Fees and expenses (continued)

#### Depository fees (continued)

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 year were US\$237,816. As at December 31, 2021, the total Depository fees payable were US\$18,502.

#### 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 US\$20,000. Mr. Carney does not receive any Directors' fee. Such fees shall be paid semi-annually in arrears.

### 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 Company 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 Company is liable to pay in Bermuda an annual government registration fee, at a current rate of US\$4,275 per annum, based upon the Company's authorized share capital.

### 6. Share Capital

Shares

Authorized and issued: 100 Founder Shares of US\$0.01 each, having been issued for the purposes of incorporation or the Company.
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.
In ACL Alternative Fund, Five Share Classes were authorized as at December 31, 2021 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.
As at December 31, 2021, shares have been issued in thirteen sub classes, namely the USD Share Class A, USD Share Class B, USD Share Class C, 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, CHF Hedged Share Class A, CHF Hedged Share Class B, JPY Hedged Share Class B and the JPY Hedged Share Class D.

Each Share is entitled to a vote.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Notes to the Financial Statements (continued)

### 6. Share Capital (continued)

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

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

Income, expenses, realized and unrealized gains are allocated between Classes based on their relative net assets (with the exception of Class specific income and expenses, in particular the gains or losses arising on the Euro Hedged Share Class A, Euro Hedged Share Class B, Euro Hedged Share Class C, GBP Hedged Share Class A, GBP Hedged Share Class B, GBP Hedged Share Class C, CHF Hedged Share Class A, CHF Hedged Share Class B, CHF Hedged Share Class C, JPY Hedged Share Class B and the JPY Hedged Share Class D currency hedging transactions). Each share shall be entitled to such dividends as the Directors may from time to time declare. Founder shares shall not be entitled to any dividends.

If the Directors decide that it is in the best interests of Shareholders to wind up the Company, the Secretary shall forthwith at the Director's request, convene a special general meeting of the Company to consider a proposal to appoint a liquidator to wind up the Company. The liquidator on appointment will firstly apply the assets of each Fund in satisfaction of creditors' claims of that Trading Fund as he deems appropriate. The assets of the Fund will then be distributed amongst the Shareholders of the Fund.

USD Share Class A	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
<b>Balance at December 31, 2020</b>	<b>3,027,775</b>	<b>3,028</b>	<b>534,000,211</b>	<b>534,003,239</b>
Shares issued	289,685	289	104,497,815	104,498,104
Shares redeemed	(210,254)	(210)	(75,101,543)	(75,101,753)
Depreciation deposits applied	-	-	11,256,279	11,256,279
<b>Balance at December 31, 2021</b>	<b>3,107,206</b>	<b>3,107</b>	<b>574,652,762</b>	<b>574,655,869</b>
Shares to redeem (Jan 4, 2022)	(1,223)	(1)	(451,999)	(452,000)
<b>Balance at December 31, 2021</b>	<b>3,105,983</b>	<b>3,106</b>	<b>574,200,763</b>	<b>574,203,869</b>
USD Share Class B	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
<b>Balance at December 31, 2020</b>	<b>1,011,437</b>	<b>1,012</b>	<b>218,310,878</b>	<b>218,311,890</b>
Shares issued	218,647	218	46,274,660	46,274,878
Shares redeemed	(110,532)	(111)	(22,832,513)	(22,832,624)
Depreciation deposits applied	-	-	2,265,020	2,265,020
<b>Balance at December 31, 2021</b>	<b>1,119,552</b>	<b>1,119</b>	<b>244,018,045</b>	<b>244,019,164</b>
Shares to redeem (Jan 4, 2022)	(1,478)	(1)	(315,999)	(316,000)
<b>Balance at December 31, 2021</b>	<b>1,118,074</b>	<b>1,118</b>	<b>243,702,046</b>	<b>243,703,164</b>



# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Notes to the Financial Statements (continued)

### 6. Share Capital (continued)

USD Share Class C	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
Balance at December 31, 2020	27,475	28	12,354,040	12,354,068
Shares issued	-	-	-	-
Shares redeemed	(3,864)	(4)	(471,620)	(471,624)
Depreciation deposits applied	-	-	18,985	18,985
<b>Balance at December 31, 2021</b>	<b>23,611</b>	<b>24</b>	<b>111,901,405</b>	<b>11,901,429</b>
USD Share Class E	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
Balance at December 31, 2020	394,588	395	52,240,891	52,241,286
Shares issued	120,858	121	18,006,228	18,006,349
Shares redeemed	(41,981)	(42)	(6,241,364)	(6,241,406)
Depreciation deposits applied	-	-	1,060,764	1,060,764
<b>Balance at December 31, 2021</b>	<b>473,465</b>	<b>474</b>	<b>65,066,519</b>	<b>65,066,993</b>
Euro Hedged Share Class A	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
Balance at December 31, 2020	233,115	233	28,513,412	28,513,645
Shares issued	92,199	92	25,661,584	25,661,677
Shares redeemed	(41,559)	(41)	(12,104,978)	(12,105,020)
Depreciation deposits applied	-	-	931,776	931,776
<b>Balance at December 31, 2021</b>	<b>283,755</b>	<b>284</b>	<b>43,001,794</b>	<b>43,002,078</b>
Euro Hedged Share Class B	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
Balance at December 31, 2020	43,077	43	13,216,390	13,216,433
Shares issued	51,179	51	7,948,219	7,948,270
Shares redeemed	(10,940)	(11)	(1,626,096)	(1,626,107)
Depreciation deposits applied	-	-	95,246	95,246
<b>Balance at December 31, 2021</b>	<b>83,316</b>	<b>83</b>	<b>19,633,759</b>	<b>19,633,842</b>
Euro Hedged Share Class C	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
Balance at December 31, 2020	1,051	1	10,615,409	10,615,410
Shares issued	-	-	-	-
Shares redeemed	-	-	-	-
Depreciation deposits applied	-	-	-	-
<b>Balance at December 31, 2021</b>	<b>1,051</b>	<b>1</b>	<b>10,615,409</b>	<b>10,615,410</b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Notes to the Financial Statements (continued)

### 6. Share Capital (continued)

CHF Hedged Share Class A	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
Balance at December 31, 2020	847	1	1,010,666	1,010,667
Shares issued	-	-	-	-
Shares redeemed	-	-	-	-
Depreciation deposits applied	-	-	984	984
<b>Balance at December 31, 2021</b>	<b>847</b>	<b>1</b>	<b>1,011,650</b>	<b>1,011,651</b>

CHF Hedged Share Class B	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
Balance at December 31, 2020	42,920	42	13,341,401	13,341,443
Shares issued	7,075	7	955,622	955,629
Shares redeemed	-	-	-	-
Depreciation deposits applied	-	-	49,153	49,153
<b>Balance at December 31, 2021</b>	<b>49,995</b>	<b>49</b>	<b>14,346,176</b>	<b>14,346,225</b>

CHF Hedged Share Class C	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
Balance at December 31, 2020	922	1	3,046,018	3,046,019
Shares issued	-	-	-	-
Shares redeemed	(922)	(1)	(101,355)	(101,356)
Depreciation deposits applied	-	-	-	-
<b>Balance at December 31, 2021</b>	<b>-</b>	<b>-</b>	<b>2,944,663</b>	<b>2,944,663*</b>

\*CHF Hedged Share Class C was fully redeemed on October 13, 2021. The remaining balance reflects the realized gain/loss from inception of the Share Class as subscriptions are recorded at cost at the date of subscription and redemptions are recorded at market value at the date of redemption.

GBP Hedged Share Class A	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
Balance at December 31, 2020	40,405	40	38,338,315	38,338,355
Shares issued	-	-	-	-
Shares redeemed	(39,170)	(39)	(7,329,269)	(7,329,308)
Depreciation deposits applied	-	-	12,315	12,315
<b>Balance at December 31, 2021</b>	<b>1,235</b>	<b>1</b>	<b>31,021,361</b>	<b>31,021,362</b>

GBP Hedged Share Class B	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
Balance at December 31, 2020	1,808	2	6,663,073	6,663,075
Shares issued	2,719	3	836,434	836,437
Shares redeemed	-	-	-	-
Depreciation deposits applied	-	-	8,058	8,058
<b>Balance at December 31, 2021</b>	<b>4,527</b>	<b>5</b>	<b>7,507,565</b>	<b>7,507,570</b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Notes to the Financial Statements (continued)

### 6. Share Capital (continued)

GBP Hedged Share Class C	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
Balance at December 31, 2020	2,005	2	1,999,737	1,999,739
Shares issued	-	-	-	-
Shares redeemed	(2,005)	(2)	(302,331)	(302,333)
Depreciation deposits applied	-	-	-	-
<b>Balance at December 31, 2021</b>	<b>-</b>	<b>-</b>	<b>1,697,406</b>	<b>1,697,406**</b>

\*\*GBP Hedged Share Class C was fully redeemed on August 24, 2021. The remaining balance reflects the realized gain/loss from inception of the Share Class as subscriptions are recorded at cost at the date of subscription and redemptions are recorded at market value at the date of redemption.

JPY Hedged Share Class B	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
Balance at December 31, 2020	395,515	395	68,724,818	68,725,213
Shares issued	-	-	-	-
Shares redeemed	(213,432)	(213)	(22,216,515)	(22,216,728)
Depreciation deposits applied	-	-	303,633	303,633
<b>Balance at December 31, 2021</b>	<b>182,083</b>	<b>182</b>	<b>46,811,936</b>	<b>46,812,118</b>

JPY Hedged Share Class D	Number of Shares	Share Capital US\$	Share Premium US\$	Total US\$
Balance at December 31, 2020	147,260	147	108,168,195	108,168,342
Shares issued	-	-	-	-
Shares redeemed	(85,133)	(85)	(9,194,297)	(9,194,382)
Depreciation deposits applied	-	-	-	-
<b>Balance at December 31, 2021</b>	<b>62,127</b>	<b>62</b>	<b>98,973,898</b>	<b>98,973,960</b>

As at December 31, 2021, 7.23% of the USD Share Class A Shares were held by ACL Global Fund, 11.89% of the USD Share Class A Shares were held by Abbey Capital Multi-Manager Fund Limited, 18.58% of the USD Share Class B Shares were held by Abbey Capital Multi-Manager Fund Limited, 5.15% of the USD Share Class A Shares were held by Abbey Capital Daily Futures Fund Limited, 0.06% of the USD Share Class B Shares were held by Abbey Capital Daily Futures Fund Limited and 66.25% 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, 2021; 4.53% of the USD Share Class A, 0.05% of the USD Share Class B, 14.82% of the Euro Hedged Share Class A, 5.81% of the EUR Hedged Share Class B, 9.02% of the GBP Hedged Share Class B, and 8.89% of the CHF Hedged Share Class B.

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

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Notes to the Financial Statements (continued)

### 7. Financial instruments (continued)

#### Counterparty risk

There is a risk that counterparties may not perform their obligations and that settlement of transactions may not occur. The U.S. Commodity Exchange Act, as amended (the "CEA"), requires a clearing broker to segregate all funds received from such broker's customers in respect of futures (but not forwards) transactions from such broker's proprietary funds. If any of the Trading Fund's commodity brokers were not to do so to the full extent required by law, or in the event of a substantial default by one or more of such broker's other customers, the assets of the Trading Fund might not be fully protected in the event of the bankruptcy of such broker. Furthermore, in the event of such a bankruptcy, the Trading Funds would be limited to recovering only a pro rata share of all available funds segregated on behalf of the affected commodity broker's combined customer accounts, even though certain property specifically traceable to the Trading Funds (for example, United States Treasury bills or cash deposited by the Trading Funds with such broker) was held by such broker. Commodity broker bankruptcies have occurred in which customers were not able to recover from the broker's estate the full amount of their funds on deposit with such broker and owing to them. The below table shows the short term credit rating of the Fund's counterparties as at December 31, 2021:

Counterparty	S&P	Moody	Fitch
<b>Deposit Banks</b>			
Bank of Montreal	A-1	P-1	F1
Mizuho Bank Limited	A-1	P-1	F1
DZ Bank AG	A-1	P-1	F1
National Bank of Canada	A-1	P-1	F1
Sumitomo Mitsui Trust Bank Ltd	A-1	P-1	F1
ABN AMRO	A-1	P-1	F1
Rabobank, N.A.	A-1	P-1	F1
HSBC Bank Plc.	A-1	P-1	F1
Skandinaviska Enskilda Banken	A-1	P-1	F1
<b>FCM and Prime Broker</b>			
Deutsche Bank	A-2	P-1	F2
JPMorgan Securities Limited	A-1	P-1	F1
SG Americas Securities, LLC	A-1	P-1	F1
Societe Generale International Limited	A-1	P-1	F1
Bank of America N.A.	A-2	P-1	F1
UBS A.G.	A-1	P-1	F1
<b>Depository and Custodian</b>			
BNP Paribas Securities Services, Dublin Branch	A-1	P-1	F1
Bank of New York Mellon	A-1	P-1	F1

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Notes to the Financial Statements (continued)

### 7. Financial instruments (continued)

#### Counterparty risk (continued)

As at December 31, 2021, cash required to be held as margin with the brokers amounted to US\$322,221,017. The remaining cash held with the brokers is excess margin.

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

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

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

#### 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, 2021, 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	827,519	256	843,056	256
Futures contracts	273,854	4,826	1,173,288	12,880
<b>Commodity price</b>				
Futures contracts	1,266,487	20,656	543,597	8,825

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Notes to the Financial Statements (continued)

### 7. Financial instruments (continued)

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

Primary underlying risk	Long exposure		Short exposure	
	Notional amount US\$'000	No. of contracts	Notional amount US\$'000	No. of contracts
<b>Bond price</b>				
Futures contracts	2,732,001	14,256	2,123,353	15,171
<b>Interest rate price</b>				
Futures contracts	542,166	1,746	5,009,166	19,021
Swap contracts	1,686,474	199	1,931,486	199
<b>Equity price</b>				
Futures contracts	1,227,674	10,221	430,487	5,212
Options contracts*	-	769	-	595

\*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, 2021, categorized by primary underlying risk and the impact on the Statement of Changes for the year ended December 31, 2021, 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	25,351,358	(27,901,825)	2,471,466	(5,035,935)
Futures contracts	5,497,105	(9,533,585)	(4,694,787)	(7,446,618)
Option contracts	-	-	(521,730)	(479,096)
<b>Commodity price</b>				
Futures contracts	30,558,015	(25,500,062)	257,828,848	(47,342,302)
Options contracts	-	-	244,851	-
<b>Bond price</b>				
Futures contracts	7,257,998	(17,357,021)	(69,460,535)	(11,240,883)
Options contracts	-	-	(1,806,150)	(9,336)
<b>Interest rate price</b>				
Futures contracts	3,012,967	(1,195,141)	(389,164)	968,896
Option contracts	-	-	(236,990)	430,725
Swap contracts	43,104,194	(38,735,078)	622,526	4,795,766
<b>Equity price</b>				
Futures contracts	15,539,219	(5,769,706)	92,299,544	(2,405,837)
Options contracts	486,787	(176,150)	(10,332,150)	(739,212)
<b>Total</b>	<b>130,807,643</b>	<b>(126,168,568)</b>	<b>266,025,729</b>	<b>(68,503,832)</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 Company's maximum expected level of leverage is 250 times the Net Asset Value of the Fund using the Gross method. The Company'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 rate 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.

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



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

Pursuant to the Investment Manager's Risk Management Policy, risks throughout the Investment Manager are identified, measured, assessed and monitored in the Risk Register. This system identifies factors that could cause risk, including operational risk, measures to reduce risk and any required solutions. It is reviewed on an ongoing basis by the respective business units and the Risk Management Unit. Reviews are completed by staff in consultation with the Risk Management Unit. The Risk Register is reviewed and approved annually by the Board of Directors of the Investment Manager.

**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 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.

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

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, 2021 US\$665,946 of cash was held in foreign currency with the Depositary / Brokers.

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, 2021 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 hedging transactions (comprising futures and forward foreign exchange contracts) during the year. The total realized loss on foreign exchange hedging transactions amounted to (US\$11,642,148) and is included in the Statement of Operations within the balance "Net realized gain on investments in derivative contracts and foreign currency". The total change in unrealized loss on foreign exchange hedging transactions amounting to (US\$509,989) is included in the Statement of Operations within the balance "Net change in 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, 2021

## Notes to the Financial Statements (continued)

### 7. Financial instruments (continued)

#### Foreign currency risk (continued)

As at December 31, 2021, 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 22	19	62,500	1,606,806	38,238
EURO FX Future Mar 22	637	125,000	90,792,406	507,211
JPY FX Future Mar 22	232	12,500,000	25,224,200	(361,050)
CHF FX Future Mar 22	51	125,000	7,007,400	83,512
<b>Net unrealized gain</b>				<b>267,911</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, 2021, the 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 US\$	Gross Offset in the Statement of Assets and Liabilities US\$	Net Amounts of Recognized Assets Presented in the Statement of Assets and Liabilities US\$
Derivative and foreign exchange contracts	130,807,643	-	130,807,643
<b>Total</b>	<b>130,807,643</b>	<b>-</b>	<b>130,807,643</b>

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Notes to the Financial Statements (continued)

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

	Net Amounts of Assets presented in the Statement of Assets and Liabilities	Gross Amounts Not Offset in the Statement of Assets and Liabilities		Net Amount
	US\$	Financial Instruments	Cash Collateral received	
Bank of America N.A.	23,142,337	(21,089,663)	-	2,052,674
Deutsche Bank	3,823,618	(3,823,618)	-	-
JP Morgan Securities Limited	15,086,602	(9,734,038)	-	5,352,564
UBS A.G.	8,856,307	(8,740,155)	-	116,152
SG Americas Securities, LLC	79,898,779	(70,238,656)	-	9,660,123
<b>Total</b>	<b>130,807,643</b>	<b>(113,626,130)</b>	<b>-</b>	<b>17,181,513</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 Recognized Liabilities	Gross Offset in the Statement of Assets and Liabilities	Net Amounts of Recognized Liabilities Presented in the Statement of Assets and Liabilities
	US\$	US\$	US\$
Derivative and foreign exchange contracts	(126,168,568)	-	(126,168,568)
<b>Total</b>	<b>(126,168,568)</b>	<b>-</b>	<b>(126,168,568)</b>

	Net Amounts of Liabilities presented in the Statement of Assets and Liabilities	Gross Amounts Not Offset in the Statement of Assets and Liabilities		Net Amount
	US\$	Financial Instruments	Cash Collateral pledged	
Bank of America N.A.	(21,791,638)	21,089,663	701,975	-
Deutsche Bank AG	(5,289,176)	3,823,618	964,950	(500,608)
JP Morgan Securities Limited	(12,487,222)	9,734,038	2,753,184	-
UBS A.G.	(11,396,011)	8,740,155	2,655,856	-
SG Americas Securities, LLC	(75,204,521)	70,238,656	4,965,865	-
<b>Total</b>	<b>(126,168,568)</b>	<b>113,626,130</b>	<b>12,041,830</b>	<b>(500,608)</b>

## ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

### 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, 2021</b>
	<b>US\$</b>
Realized gains on investments in derivative contracts and foreign currency	1,234,947,081
Net change in unrealized gains on investments in derivative contracts and foreign currency	143,867,042
<b>Total gains on realized and change in unrealized on investments in derivative contracts and foreign currency</b>	<b>1,378,814,123</b>
	<b>December 31, 2021</b>
	<b>US\$</b>
Realized losses on investments in derivative contracts and foreign currency	(968,921,352)
Net change in unrealized losses on investments in derivative contracts and foreign currency	(212,370,874)
<b>Total losses on realized and change in unrealized on investments in derivative contracts and foreign currency</b>	<b>(1,181,292,226)</b>

Gains and losses presented above exclude interest income.

#### 10. Related party disclosures

The Fund considers the Investment Manager, its principal owners, members of management, members of their immediate families and entities under common control to be related parties to the Fund. Amounts due from and due to related parties are generally settled in the normal course of business. Please see note 4 for details of transactions with the Investment Manager.

ACL Alternative Fund is a master fund which investors may invest in, either directly, or through one of the feeder funds, namely Abbey Capital Multi-Manager Fund Limited, Abbey Capital ACL Alternative Fund, Abbey Capital Daily Futures Fund Limited or ACL Global Fund. Details of interests held by the feeder funds are included in note 6.

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. None of the Directors hold any investments in the Fund or Trading Funds.

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Notes to the Financial Statements (continued)

### 11. Brokerage commissions

Brokerage commissions of US\$13,107,171 were paid by the Fund and the Trading Funds to which it allocates its assets for the year from January 1 to December 31, 2021. This amount is included 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.

### 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 Fund's domicile, the investment objective of the Fund and the trading strategies and instruments traded by the Trading Funds, the Directors of the Company 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, 2019	Dec 31, 2020	Dec 31, 2021
USD Share Class A	NAV	\$303.81	\$329.55	\$369.55
USD Share Class B	NAV	\$176.77	\$191.27	\$213.75
USD Share Class C	NAV	\$102.66	\$109.97	\$122.48
USD Share Class E	NAV	\$125.61	\$134.90	\$150.36
Euro Hedged Share Class A	NAV	EUR200.36	EUR213.86	EUR238.93
Euro Hedged Share Class B	NAV	EUR111.51	EUR118.73	EUR132.36
Euro Hedged Share Class C	NAV	EUR102.12	EUR107.64	EUR118.81
GBP Hedged Share Class A	NAV	£116.56	£124.92	£140.08
GBP Hedged Share Class B	NAV	£188.65	£201.51	£225.29
GBP Hedged Share Class C*	NAV	£94.73	£100.17	-
CHF Hedged Share Class A	NAV	CHF85.03	CHF90.60	CHF101.11
CHF Hedged Share Class B	NAV	CHF105.11	CHF111.71	CHF124.36
CHF Hedged Share Class C**	NAV	CHF85.26	CHF89.71	-
JPY Hedged Share Class B	NAV	¥9,798	¥10,451	¥11,785
JPY Hedged Share Class D	NAV	¥9,990	¥10,602	¥11,873

# ACL Alternative Fund

A segregated account of ACL Alternative Fund SAC Limited

December 31, 2021

## Notes to the Financial Statements (continued)

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

Share Class		Dec 31, 2019	Dec 31, 2020	Dec 31, 2021
USD Share Class A	FUM	\$1,062,276,786	\$997,810,292	\$1,147,817,390
USD Share Class B	FUM	\$217,726,311	\$193,461,267	\$238,993,588
USD Share Class C	FUM	\$3,529,454	\$3,021,556	\$2,891,830
USD Share Class E	FUM	\$52,099,519	\$53,229,139	\$71,190,901
Euro Hedged Share Class A	FUM	\$60,711,036	\$60,873,127	\$77,176,546
Euro Hedged Share Class B	FUM	\$8,994,218	\$6,245,033	\$12,553,606
Euro Hedged Share Class C	FUM	\$120,369	\$138,101	\$142,108
GBP Hedged Share Class A	FUM	\$147,751,546	\$6,898,524	\$234,071
GBP Hedged Share Class B	FUM	\$451,479	\$497,873	\$1,380,339
GBP Hedged Share Class C*	FUM	\$251,389	\$274,442	-
CHF Hedged Share Class A	FUM	\$74,490	\$86,685	\$93,973
CHF Hedged Share Class B	FUM	\$482,709	\$5,413,376	\$6,818,896
CHF Hedged Share Class C**	FUM	\$81,296	\$93,423	-
JPY Hedged Share Class B	FUM	\$35,672,720	\$40,025,700	\$18,645,210
JPY Hedged Share Class D	FUM	\$14,322,007	\$15,118,302	\$6,409,379

\*The GBP hedged Share Class C was fully redeemed on August 24, 2021.

\*\*The CHF Hedged Share Class C was fully redeemed on October 13, 2021.

### 15. Subsequent events

Events subsequent to December 31, 2021 have been evaluated up to March 1, 2022, the date these Financial Statements were available to be issued.

No material subsequent events have occurred since December 31, 2021 that would require recognition or disclosure in these Financial Statements.

### 16. Approval of the audited Financial Statements

These audited Financial Statements were approved by the Board of Directors on March 1, 2022.

## Appendix

### Unaudited Supplemental Disclosures to the Financial Statements

#### 1. 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 will be reviewed and approved on an annual basis by the Chief Investment Officer and Chairman of the Board and by the board of directors of Abbey Capital Limited.

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, 2021

## Appendix (continued)

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

#### 1. Remuneration Policy (continued)

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

For the Year Ended December 31, 2021	Number of Beneficiaries	Total Remuneration Paid USD	Fixed Remuneration Paid USD	Variable Remuneration paid USD	Carried Interest paid by AIF USD
Total remuneration paid by the Investment Manager during the financial year	70	10,426,866	6,268,505	4,158,361	-
<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	2,061,319			
Identified staff*	2	2,061,319			
<b>Allocation of total remuneration of the employees of the Investment Manager to the Fund**</b>					
Senior Management (including executives)*	2	615,286			
Identified staff*	2	615,286			

\* 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.

**Appendix (continued)****Unaudited Supplemental Disclosures to the Financial Statements  
(continued)****2. Additional information for qualified investors in Switzerland**

The Fund\* is compliant with Swiss law for distribution to qualified investors in Switzerland. The Confidential Private Placement Memorandum, the Bye-Laws, the, the annual and semi-annual reports as well as the statement of purchases and sales are available free of charge from the Swiss Representative of the Fund: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, phone: +41 22 705 11 78, Internet: [www.carnegie-fund-services.ch](http://www.carnegie-fund-services.ch). The Swiss Paying Agent of the Fund is Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva, Switzerland. This document may only be issued, circulated or distributed so as not to constitute an offering to the general public in Switzerland. Recipients of the document in Switzerland should not pass it on to anyone without first consulting their legal or other appropriate professional adviser, or the Swiss representative. The past performance is no indication of current or future performance and the performance data does not take account of the commissions and costs incurred on the issue and redemption of shares.

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