

# BlueCrest

BlueCrest AllBlue Fund Limited



## BlueCrest AllBlue Fund Limited

Financial Report for the six  
months ended 30 June 2015  
(Unaudited)

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Half year to 30 June 2015 in Numbers

<div>+1.1%</div> <div>Sterling Share price increase</div>	<div>+0.8%</div> <div>NAV per share increase (Sterling Class)</div>	<div>+3.2%</div> <div>NAV per share increase 12 months to 30 June 2015 (Sterling Class)</div>
<div>2.9%</div> <div>12 month Volatility (Sterling NAV)</div>	<div>Zero</div> <div>Number of rolling 12 month periods of declining NAV (since inception)</div>	<div>£811m</div> <div>Net Asset Value 30 June 2015</div>
<div>£14.6m</div> <div>Cost of Shares repurchased during period</div>	<div>4.3%</div> <div>Share price discount to NAV at 30 June 2015 (Sterling Shares)</div>	<div>0.16p</div> <div>Uplift to NAV per Sterling Share from buybacks in the period</div>

# Chairman's Statement

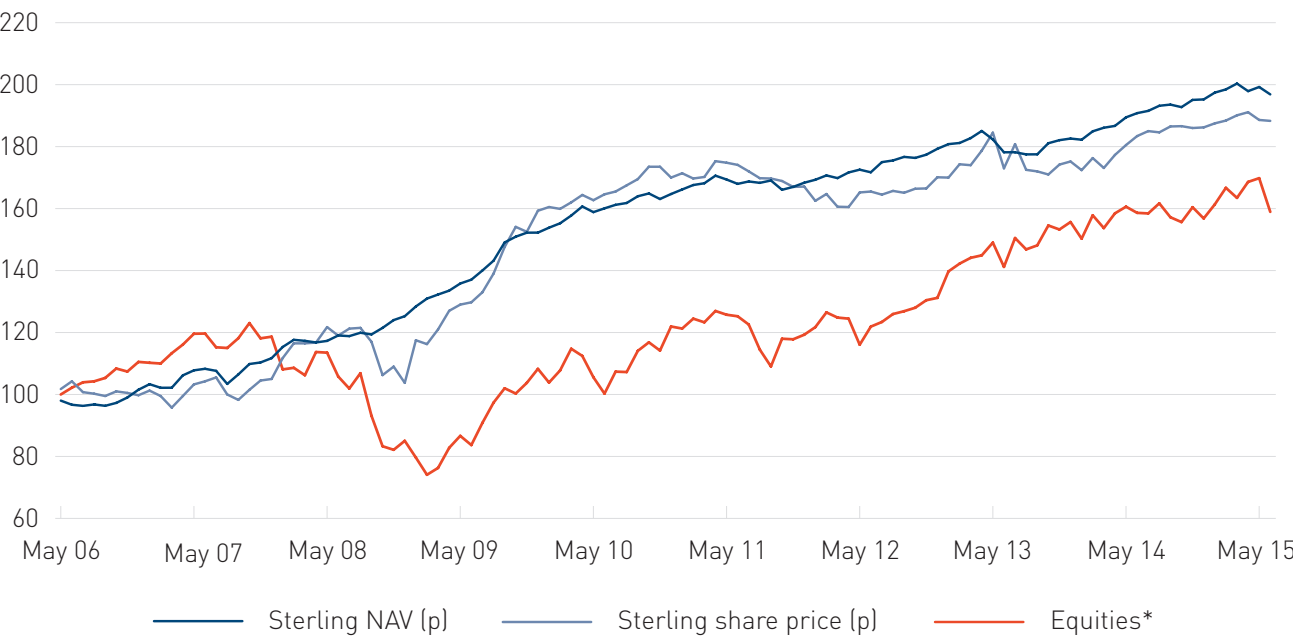
Dear Shareholder

I closed my last report to you, in the Company's annual financial statements to 31st December 2014, with a comment that apparent negatives in the global economic and political arenas abounded and that volatility in financial markets was likely to continue in 2015. So it has proven. Whether one thinks of the brinkmanship around Greece, geo-political risk in Russia and the Middle East or worries over waning Chinese economic momentum, there are plenty of things to keep us all awake at night.

Financial markets have responded to such uncertainty with volatility, occasionally extreme. Bond markets saw sharp rallies and then the sharpest sell-off in many years as sentiment around Greece and European Quantitative Easing waxed and waned. Similarly, a flight to the Dollar saw the Euro move close to parity, only to swiftly reverse. Chinese equities exhibited "bubble-like" characteristics, before collapsing, as all bubbles do.

Such a context is important as a prism through which to view the performance of your company for the first six months of 2015. The performance, as measured by net asset value (Sterling Shares), recorded modest gains of 0.8% which, after the good returns of 2014, felt like a disappointment. But, at a time when the opportunities for loss were so great, it is in some ways reassuring that AllBlue continued to produce positive performance, to control risk rigorously and to act as a diversifier in our investors' portfolios. We accept that the key is to avoid losing money when times are difficult rather than to shoot the lights out only to slump later. In that regard, the very low levels of volatility in our net asset value have continued to prevail and BlueCrest can continue to state that AllBlue has never lost money over any rolling 12 month period of its history. Nonetheless, your Board looks forward to a return to historical levels of performance.

Viewed over the longer term your company remains attractive with a return since 2006 of 7.7% per annum. A chart of the long term performance is shown below:



Source: Bloomberg. Performance is from inception to 30 June 2015. Sterling NAV (p) and Sterling share price (p) are for BlueCrest AllBlue Fund Limited Sterling Share Class. \*"Equities" is the FTSE 100 Index (rebased to 100).

# Chairman's Statement (continued)

## DISCOUNT MANAGEMENT

Of course, the net asset value return is only one part of the equation for shareholders. The variability of the share price relative to the intrinsic value of the shares is an equally important component. It has been pleasing that this has been relatively stable during the period. The discount to NAV has moved in a narrow range, typically between 5% and 4.5%. We believe that this stability is of crucial importance to our shareholders and, as a result, the Company has periodically bought back shares in the market when an excess of supply existed. However, it has been gratifying to note that natural demand has often been seen at around a 5% discount. We will continue, when appropriate, to buy back shares in the market.

It is also notable that BlueCrest and related parties have purchased a considerable number of shares in the Company in the period, which we view as an important vote of confidence in the outlook. At the time of writing, BlueCrest and related entities hold more than 5% of the Company's shares

## CHANGES IMPACTING ALLBLUE

A detailed report on the various portfolio changes and developments during the period are provided in BlueCrest's report on page 10 of these financial statements. However, I would like to draw your attention to some other key events:

First, the spin-off of the systematic side of the BlueCrest business into a new, standalone business called Systematica Investments proceeded smoothly and uneventfully. At its regular due-diligence visit to BlueCrest this spring, the board focused on this change with BlueCrest management and met with personnel from the Systematica side. A number of personnel from the systematic side of the business transferred to Systematica but BlueCrest have continued to expand their operations. Staff numbers have increased back towards 600 despite the spin-off. We are satisfied that the necessary controls and information flows between the two businesses are functioning appropriately. We note that this is assisted by the close management and economic alignment between the two businesses. The utilisation of systematic as well as discretionary investment processes remains a cornerstone of BlueCrest's approach.

Secondly, the introduction of the discretionary equity fund, BlueCrest Equity Strategies Fund, has added value, enhancing returns whilst remaining uncorrelated to the other underlying funds and to broader equity markets.

Finally, AllBlue is now investing in BlueCrest Mercantile and BlueCrest Capital International at lower fees than previously. A number of the underlying funds now have fee bases below the "typical" 2% management fee and 20% performance fee that was the historical hedge fund norm. Of course, neither AllBlue nor your Company levies any management or performance fees.

## SUCCESSION PLANNING

A significant focus for your board continues to be board succession. As I explained in my previous report to you, three directors, John Le Prevost, Paul Meader and I, have all been on the board since the inception of the Company in 2006. The UK Code of Corporate Governance recommends that directors should, generally, not serve more than nine years in order to permit the infusion of new blood into a board, whilst ensuring orderly succession. For the Company, the retention of "corporate memory" and accessing specialist skills are also crucial.

In 2014, Steve Le Page joined the board in place of Jonathan Hooley. As part of our continuing succession plan for Messrs. Le Prevost, Meader and I, we have indicated that one of each of us would step aside in each calendar year commencing in 2015. I am pleased to report that we recently completed the first step of that plan as we welcomed Miss Sarita Keen to the board in June 2015. Sarita has a huge depth of experience in

# Chairman’s Statement (continued)

fund administration in Guernsey garnered over 25 years in the industry and is also an experienced director. I look forward to introducing Sarita to as many of you as possible in the coming months. After Sarita has completed her induction process, she will assume a number of the responsibilities undertaken by John le Prevost, who will then step down.

The search for my successor as Chairman has recently commenced and I look forward to being able to make an announcement regarding this appointment in due course. I will hand over to this person in 2016 and Paul Meader will look to step down in 2017.

## GOVERNANCE

At its recent annual strategy meeting, the board reviewed the composition and mandate of all of the Committees. As a result, there are some changes to the memberships of each Committee which are detailed on the Company’s website. In addition, the mandates of the Risk Committee and the Audit Committee were reviewed in some detail. Some changes have been made that more clearly define the scope and mandate of each Committee. The mandate of the renamed Investment and Market Risk Committee is focused more specifically on the market related risks faced by the Company, with all other risks overseen by the Audit Committee. Revised terms of reference can be found on the Company’s website, [www.bluecrestallblue.com](http://www.bluecrestallblue.com).

## LOOKING FORWARD

We are all aware that in order to remain an attractive investment, the Company must not only exhibit tight risk controls and diversification benefits in portfolios but must also generate attractive returns. As always, your board is persistent in challenging BlueCrest constructively in relation to the performance, portfolio management and risk profile of AllBlue. BlueCrest note that market conditions were not as fruitful in the last six months as in the past but the increasing volatility of fixed income markets is beginning to generate good opportunities for the Company.

I look forward to reporting to you again early in 2016.

Yours faithfully

Richard Crowder  
Chairman

# Company & Investment Overview

The Company is a Guernsey investment company listed on the premium listing segment of the Official List of the United Kingdom Listing Authority and traded on the main market of the London Stock Exchange with assets of approximately £817m\*.

The Company has two share classes, Sterling and Dollar, and seeks to provide shareholders with the following key benefits:

- **Attractive returns** which are not beholden to the direction of asset markets, created by skilled portfolio management and a non-correlated, multi-strategy approach.
- **Strong capital preservation** characteristics reflecting robust risk management and expert blending of various assets across discretionary and systematic funds.
- **Good liquidity** is occasioned by active trading in BCAB’s shares as the turnover on the London Stock Exchange typically exceeds 0.5% of the total shares each week.

The investment objective of the Company is to seek to provide consistent long-term capital growth through an investment policy of investing substantially all of its assets in AllBlue or any successor vehicle of AllBlue. AllBlue is a multi-strategy fund of hedge funds investing in BlueCrest and Systematica funds across two core specialisations: discretionary and systematic trading. These two complementary strategies are blended using seven underlying BlueCrest and Systematica funds.



*\*The investment manager for the BlueTrend funds changed from BlueCrest Capital Management Limited to Systematica Investments Limited as of 1 January 2015. As of 1 July, AllBlue changed the vehicle through which it accesses BlueTrend’s trend-following strategy to BlueTrend 2x Leveraged.*

Using robust risk management, AllBlue blends these seven non-correlated funds to produce attractive returns with low volatility. AllBlue has full transparency into the seven funds aiding the Sterling share class return of 8.3%\*\*\* per annum since inception in 2006, combined with low volatility. A summary on each underlying fund is provided at the end of this section.

Company & Investment Overview (continued)

AllBlue and six of the underlying funds are managed by BlueCrest Capital Management Limited, one of the world’s premier hedge fund managers with offices in the UK, Europe, the US and Asia. Founded in 2000, BlueCrest manages approximately \$9bn\*\* and has a proven track record of generating strong levels of capital growth whilst ensuring capital preservation. It has an award-winning reputation for excellence in discretionary trading. The principals of BlueCrest have a significant level of their own wealth invested alongside their clients, aligning their interests with those of their investors.

BlueTrend is managed by Systematica, an independent firm launched in January 2015 comprising the systematic investment management business previously managed as part of BlueCrest Capital Management Limited. Systematica is led by Leda Braga, formerly head of systematic trading at BlueCrest, and manages approximately \$8.6bn\*\* across a number of futures and equity based strategies.

More information on the Company, its performance and current allocations can be found on the website, [www.bluecrestallblue.com](http://www.bluecrestallblue.com)

\* As at 14 August 2015.  
\*\* As at 1 July 2015.  
\*\*\* AllBlue Limited (Class A, GBP) to 30 June 2015.

Company & Investment Overview (continued)

THE SEVEN UNDERLYING FUNDS

BlueCrest Capital International	A global macro strategy, with a strong fixed income focus. Strategies include directional and curve trading, driven by macro views around central bank activities, their likely actions and market reactions that will impact the level of rates and the shape of the yield curve. Also relative value which looks to identify anomalies across the fixed income markets.
BlueCrest Emerging Markets	A macro strategy that looks to identify opportunities across currency, local interest rates, sovereign and quasi-sovereign credit markets with a focus on liquidity. The strategy trades throughout Latin America, the Middle East, Central and Eastern Europe, Africa and Asia.
BlueCrest Multi Strategy Credit	Engages in opportunities across the full credit spectrum of corporate and sovereign debt markets, implementing strategies such as long/short credit, credit volatility and capital structure arbitrage.
BlueCrest Mercantile	Invests in bonds and loans associated with the production and trade of commercial goods and commodities and then hedges out the associated risks. The credits are purchased from commercial banks who are under pressure to remove them from their balance sheets in order to manage risk concentration and to adhere to regulatory requirements.
BlueCrest Equity Strategies	Engages in long/short and event driven strategies across global equity markets by taking a multi-trader, multi strategy approach. Primarily non-directional.
BlueTrend	A global systematic trend following strategy that trades in excess of 150 liquid markets covering asset classes including equities, fixed income, foreign exchange, energy, metals and agricultural commodities.
BlueCrest Quantitative Equity	A global systematic equity market neutral strategy that draws upon a wide variety of fundamental and technical inputs, as well as other sources. The portfolio construction process incorporates a sophisticated in-house risk model which seeks to maintain market neutrality at the regional level, as well as limiting exposures to other factors such as size or liquidity.



Report by the Manager of AllBlue Limited

Report by the Manager of AllBlue Limited (continued)

On the invitation of the Directors of the Company, this commentary has been provided on behalf of BlueCrest Capital Management Limited as investment manager of AllBlue Limited and is provided without any warranty as to its accuracy and without any liability incurred on the part of the Company, BlueCrest Capital Management Limited or AllBlue Limited. The commentary is not intended to constitute, and should not be construed as, investment advice. Potential investors in the Company should seek their own independent financial advice and may not rely on this communication in evaluating the merits of investing in the Company. The commentary is provided as a source of information for shareholders of the Company but is not attributable to the Company.

The first half of 2015 contained a number of significant macroeconomic and geopolitical developments that heavily influenced markets. In January investors were left stunned by the decision of the Swiss National Bank to abandon its currency peg to the Euro, especially given the vocal support that they had provided only days earlier; the decision saw the Swiss franc appreciate by over 30% intra-day. Another focus for investors has been the evolving situation in Greece; following the election of the anti-austerity Syriza party in January, the Troika continued negotiations over terms for the release of further financial assistance. The tension in these negotiations peaked in June when the Greek government first requested multiple obligations be combined into one month end payment, then called a referendum on the terms offered to them by creditors and finally became the first developed nation to miss a payment to the IMF.

In China, weaker economic data reduced growth expectations and resulted in the central bank cutting interest rates three times over the first half of the year. The Chinese equity market rallied strongly, driven largely by leveraged buying, with the Shanghai Composite index up almost 60% by mid-June; however this then reversed with the index falling over 17% in two weeks and resulted in trading being restricted in a number of individual companies. US data was weak in Q1 however subsequently improved through Q2, seeming to justify the Federal Reserve's view that the earlier weakness was due to transitory effects. In Q2, the US Federal Reserve removed its forward policy guidance, providing another indication to the market that the start of the rate cycle may be approaching, although with timing of rate hikes remaining data dependent.

During the first half of the year AllBlue Limited (Class A, USD) delivered an estimated net return of +0.70%. Four out of the seven underlying funds delivered a positive contribution to AllBlue, with BlueCrest Multi Strategy Credit and BlueCrest Equity Strategies providing the largest contributions. The largest detractors were BlueTrend and BlueCrest Capital International. Further details on the drivers of performance for each strategy are covered below.

Over the course of the first half of the year the allocations to BlueTrend, BlueCrest Quantitative Equity and BlueCrest Equity Strategies were increased by approximately 2.7%, 3.0% and 4.0% respectively. BlueCrest Capital International, BlueCrest Emerging Markets, BlueCrest Mercantile and BlueCrest Multi Strategy Credit saw their allocations decrease by 3.2%, 2.0%, 1.4% and 3.0% respectively.

AllBlue's VaR (95% confidence, 1 day VaR based on 3 year historical simulation) stood at 0.17% of assets at the end of June, having been 0.23% at the end of 2014. The most notable changes, although still modest in size, were the reductions in VaR contributed by BlueTrend, BlueCrest Quantitative Equity and BlueCrest Equity Strategies. The volatility of the strategy, measured on a rolling 12 month basis, has remained low with the fund delivering an annualised volatility of 2.8%.

The following structural changes were made within AllBlue during the Period, or with effect from 1 July 2015:

- As of 1 June, BlueCrest Mercantile reduced its management fee from 2% per annum to 1.5% per annum.
- As of 1 July, AllBlue changed the vehicle through which it accesses BlueTrend's trend-following strategy to BlueTrend 2x Leveraged. This enables AllBlue to gain similar exposure with greater cash efficiency, enabling AllBlue to make additional allocations to its other underlying funds.
- As of 1 July, AllBlue has allocated to a new share class in BlueCrest Capital International, which carries a 1%/25% fee structure compared to 2%/20% in the previous class.

Strategy Review by Fund

BlueCrest Capital International was down an estimated -2.79% (Class F, USD) for the first half of 2015. January was a very challenging month, given the sharp moves in the Swiss franc following the SNB's removal of the peg to the Euro that surprised market participants and led to losses from directional positions. As market conditions began to improve, and volatility started to return to fixed income markets, the fund was able to capture a range of opportunities which left Q2 as the fund's strongest quarter for five years. Over the first half of the year the greatest profits came from US portfolios, with Asian and cross market strategies also profitable; European portfolios detracted over the period.

BlueCrest Emerging Markets was up +1.65% (Class A, USD) for the first half of 2015. In a period that often proved challenging for emerging markets, the strategy generally maintained defensive and tactical positioning whilst controlling risk. All three regions provided a positive contribution, with Latin America leading Asia and then CEEMEA. By asset class the Sovereign Credit and FX strategies were strongest, in both cases led by performance from Asia. Corporate Credit and local Rates markets were also positive contributors.

BlueCrest Multi Strategy Credit was up an estimated +3.89% (Class A, USD) for the first half of 2015. All sub-strategies provided a positive contribution to performance. The largest contributions came from the Volatility, Long/Short and Convertible Arbitrage sub-strategies; the weakest performance came from the Macro sub-strategy. Regionally, the European portfolios outperformed the US portfolios.

BlueCrest Mercantile was up +2.54% (Class A, USD) for the first half of 2015. The Bank Basel III and Trade Credit Opportunities sub-strategies made a positive contribution over the period, whilst Commodities Finance was flat. Trade Credit Opportunities saw gains from a range of positions, including some within Turkey, Brazil, Vietnam, Ukraine and Belarus; these were partially offset by losses earlier in the year following a basis squeeze in Russia as spreads reacted to the ceasefire in eastern Ukraine. Bank Basel III was the strongest performer, as small mark downs in the capital value of assets were offset by gains from hedges, enabling the strategy to capture the net carry.

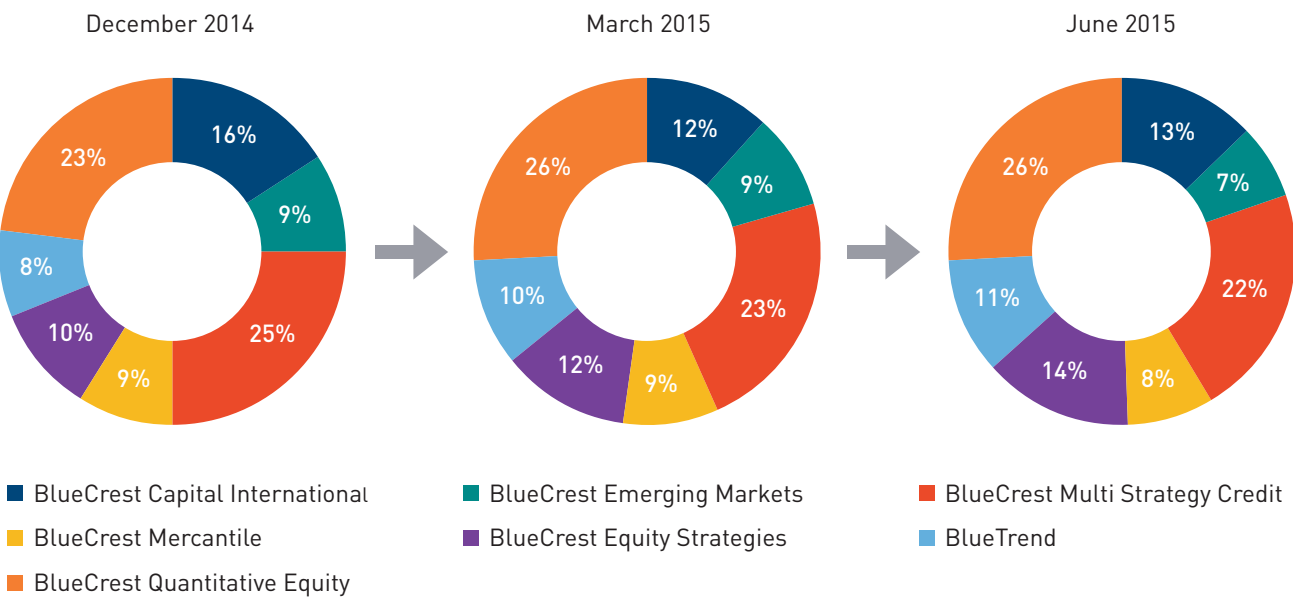
BlueCrest Equity Strategies was up +7.83% (Class B, USD) for the first half of 2015. Both the Long/Short and Event Driven & RV sub-strategies contributed strongly, with both benefitting from continued stock dispersion and corporate actions. All three regions produced positive performance, with Europe accounting for roughly half of the returns, followed by North America and then Asia Pacific. Within the Long/Short strategies, Financials and Energy & Utilities were amongst the profitable sectors, whilst TMT detracted from performance slightly.

BlueTrend was down -2.95% (Class B, USD) for the first half of 2015. It was a tale of two quarters for BlueTrend, with very strong performance for the strategy in the first quarter during which six of the seven sectors contributed positively; however the second quarter proved challenging with only one sector generating a small positive return. In aggregate, performance was led by the Bonds sector, with long positions benefitting as fixed income markets rallied strongly at the beginning of the year. Equities, where the strategy held a long bias of varying size, also contributed positively, as did short term Interest Rates and Metals. The Crops, Energies and FX sectors all detracted from performance by similar amounts, as market reversals and volatility went against the positions held by the strategy.

BlueCrest Quantitative Equity was down -1.21% (Class A, USD) for the first half of 2015. A solid first quarter was followed by a tough April, as many signals saw a reversal of performance and the strategy was additionally impacted by exposure to certain stocks that were involved in corporate actions during the month. Overall, the European portfolios provided a positive contribution whilst North America and Asia Pacific & EM detracted. The strongest contributions came from the Alternative and Traditional signal families. The Value signal was amongst the worst performers in North America and Asia Pacific & EM, whilst Financial Statement Analysis was amongst the strongest in Europe.

# Report by the Manager of AllBlue Limited (continued)

## AllBlue Allocation History



## AllBlue Performance and Attribution of Underlying Funds

	Fund Performance during the Period*	Attribution during the Period**
BlueCrest Capital International	-2.79%	-0.60%
BlueCrest Emerging Markets	1.65%	0.20%
BlueCrest Multi Strategy Credit	3.89%	0.96%
BlueCrest Mercantile	2.54%	0.21%
BlueCrest Equity Strategies	7.83%	0.88%
BlueTrend	-2.95%	-0.58%
BlueCrest Quantitative Equity	-1.21%	-0.34%
AllBlue	0.70%	-

\*The figures shown are for the Class A USD share classes for each fund excluding BlueCrest Capital International which is for Class F USD, BlueCrest Equity Strategies which is for Class B USD and BlueTrend which is for Class B USD. The returns for AllBlue, BlueCrest Capital International and BlueCrest Multi Strategy Credit are based on estimates only.

\*\*Attribution is for AllBlue Limited (Class A, USD) net of manager's fees and expenses.

# Interim Management Report, Going Concern and Responsibility Statements

## Interim Management Report

A description of the important events that have occurred during the first six months of the financial year, their impact on the performance of the Company as shown in the financial statements is given in the Chairman's Statement on pages 4-6, and the notes to the financial statements on pages 25-47 and are incorporated here by reference.

The principal risks and uncertainties facing the Company are unchanged, and are not expected to change, from those disclosed in the Company's most recent Annual Financial Report, which is available at [www.bluecrestallblue.com](http://www.bluecrestallblue.com). These principal risks and uncertainties are: operational risk, investment risk, share price discount risk, concentration risk, leverage risk, counterparty risk, credit risk and regulatory risk. A detailed explanation of the risks summarised above, and how the Company seeks to mitigate them can be found on pages 33 – 35 of the Annual Financial Report for the year ended 31 December 2014. The Board monitors the Company's risk management systems on an ongoing basis.

There were no material related party transactions which took place in the first six months of the financial year, other than those disclosed at note 6 to the financial statements.

This half-yearly financial report has not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

## Going Concern

The performance of the investments held by the Company over the reporting period are described in the Statement of Operations and the outlook for the future is described in the Chairman's Statement. The Company's financial position, its cash flows and liquidity position are set out in the financial statements and the Company's financial risk management objectives and policies, details of its financial instruments and its exposures to price risk, credit risk, liquidity risk, interest rate risk and the risk of leverage by Underlying Funds are set out at note 15 to the financial statements.

The Company's Articles incorporate a discount management provision (which applies to each class of Share individually) that requires a continuation vote to be proposed in respect of the particular class of Shares at a class meeting of the relevant shareholders (by way of ordinary resolution) in the circumstances explained on page 38. The Board monitors the level of discount at which the Shares trade and regularly assesses the likelihood of a continuation vote being required.

After making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of this interim financial report.

## Responsibility Statements for the period from 1 January 2015 to 30 June 2015

- We confirm that to the best of our knowledge:
- the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting;
  - the interim management report includes a fair review of the information required by:
    - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
    - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board of directors on 26 August 2015.

Steve Le Page, Chairman of the Audit Committee

Primary Accounting Policies

Key Accounting Policy and Key Accounting Judgement and Area of Estimation Uncertainty for the Period

The Company's unquoted financial assets designated as at fair value through profit or loss are the most significant element of its Statement of Financial Position and the most significant contributor to its performance as set out in the Statement of Comprehensive Income. Consequently, the Board of the Company wish to highlight here the Company's accounting policy for unquoted financial assets designated as at fair value through profit or loss and the accounting judgments and estimation uncertainties which apply to them.

Accounting Policy for Unquoted Financial Assets designated as at Fair Value through Profit or Loss

All investments are designated upon initial recognition as financial assets at "fair value through profit or loss". Investments are initially recognised on the date of purchase (on 'trade date' basis) at cost, being the fair value of the consideration given, excluding transaction costs associated with the investment.

Investments are subsequently re-measured at fair value at each reporting date. Unrealised gains and losses on investments arising from change in the fair value from prior years are recognised in the Statement of Comprehensive Income. Realised gains or losses on the disposal of investments are determined by reference to average purchase cost. These are also recognised in the Statement of Comprehensive Income.

In order to assess the fair value of the unquoted non-current and current investments, the NAV of the underlying investment in AllBlue, AllBlue Leveraged and the ICS Funds is taken into consideration. The Company's holdings in AllBlue are realisable at their NAV on quarterly dealing days facilitated by the administrators of these funds. Having taken account of the Company's history of successfully realising its holdings at NAV, and in the absence of gating or suspension of redemptions of these funds at the Company's period end, the Directors are satisfied that the reported NAV is a fair estimation of fair value of the Company's current holdings.

The Company's NAV is based on valuations of unquoted investments. As described above, in calculating the NAV and the NAV per share of the Company, the Administrator relies on the NAVs of the shares supplied by the Administrator of AllBlue, AllBlue Leveraged and ICS Funds. Those NAVs are themselves based on the NAV of the various investments held by AllBlue, AllBlue Leveraged and ICS Funds.

Statement of Comprehensive Income  
for the period ended 30 June 2015

		Ordinary Shares			Total £
		Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	
Notes					
Net gain on non current financial assets at fair value through profit or loss	7	5,829,731	–	760,916	6,267,573
Net gain on current financial assets at fair value through profit or loss	7	30,622	–	–	30,622
Net gain on purchase of own shares	12	614,178	–	258,390	783,703
Bank interest received		54,152	–	1,601	55,202
Operating expenses	3	(364,215)	–	(27,752)	(382,423)
<b>Other Comprehensive Income that will be reclassified to profit or loss in future periods</b>					
Currency aggregation adjustment	1(g)	–	–	–	(16,959)
Increase in net assets attributable to shareholders after other Comprehensive Income		6,164,468	–	993,155	6,737,718
		Pence (£)	Cent (€)	Cents (\$)	
Earnings per share for the period – Basic and Diluted	5	1.51	–	2.89	

In arriving at the results for the financial period, all amounts above relate to continuing operations.  
There is no other Comprehensive Income for the period other than as disclosed above.

The notes on pages 25 to 47 and the Primary Accounting Policies on page 14 form an integral part of these financial statements.



# Statement of Comprehensive Income

## for the period ended 30 June 2014

	Notes	Ordinary Shares			Total £
		Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	
Net gain on non current financial assets at fair value through profit or loss	7	32,343,945	621,851	2,899,125	34,391,546
Net gain on current financial assets at fair value through profit or loss	7	995	–	–	995
Net gain on purchase of own shares		2,281,424	–	–	2,281,424
Bank interest received		43,151	806	4,101	46,270
Operating expenses	3	(415,861)	(7,765)	(39,524)	(445,917)
<b>Other Comprehensive Income that will be reclassified to profit or loss in future periods</b>					
Currency aggregation adjustment	1(g)	–	–	–	(1,724,603)
Increase in net assets attributable to shareholders after other Comprehensive Income		<u>34,253,654</u>	<u>614,892</u>	<u>2,863,702</u>	<u>34,549,715</u>
		<b>Pence (£)</b>	<b>Cent (€)</b>	<b>Cents (\$)</b>	
Earnings per share for the period – Basic and Diluted	5	8.18	7.07	7.06	

In arriving at the results for the financial period, all amounts above relate to continuing operations.

There is no other Comprehensive Income for the period other than as disclosed above.

The notes on pages 25 to 47 and the Primary Accounting Policies on page 14 form an integral part of these financial statements.

# Statement of Financial Position

## as at 30 June 2015

Ordinary Shares					
	Notes	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
<b>NON CURRENT ASSETS</b>					
Unquoted financial assets designated as at fair value through profit or loss	7	714,344,897	–	55,958,407	749,959,973
<b>CURRENT ASSETS</b>					
Quoted financial assets designated as at fair value through profit or loss	7	54,275,977	–	–	54,275,977
Cash and cash equivalents		6,980,884	–	59,383	7,018,679
Receivables and prepayments	8	611,235	–	4,229	62,348
		61,868,096	–	63,612	61,357,004
<b>CURRENT LIABILITIES</b>					
Payables and accrued liabilities	9	63,788	–	871,432	66,837
		63,788	–	871,432	66,837
<b>NET CURRENT ASSETS</b>		61,804,308	–	(807,820)	61,290,167
<b>NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS</b>					
	12	776,149,205	–	55,150,587	811,250,140
<b>Due after more than one year</b>		<b>776,149,205</b>	<b>–</b>	<b>55,150,587</b>	<b>811,250,140</b>
<b>SHARES IN ISSUE</b>	10	394,294,909	–	29,407,145	
<b>NAV PER SHARE</b>		£1.9684	€ –	\$1.8754	

The NAV per share per the financial statements is equal to the published NAV per share. The published NAV per share represents the NAV per share attributable to shareholders in accordance with the Prospectus.

The financial statements on pages 15 to 47 were approved and authorised for issue by the Board of Directors on 26 August 2015 and are signed on its behalf by:

Steve Le Page  
Director

The notes on pages 25 to 47 and the Primary Accounting Policies on page 14 form an integral part of these financial statements.

# Statement of Financial Position

as at 31 December 2014

		Ordinary Shares			
	Notes	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
<b>NON CURRENT ASSETS</b>					
Unquoted financial assets designated as at fair value through profit or loss	7	725,358,328	–	75,055,765	773,542,038
<b>CURRENT ASSETS</b>					
Quoted financial assets designated as at fair value through profit or loss	7	1,176,874	–	–	1,176,874
Cash and cash equivalents		45,083,160	34,132	69,347	45,154,187
Receivables and prepayments	8	2,557,439	–	3,797	43,746
		48,817,473	34,132	73,144	46,374,807
<b>CURRENT LIABILITIES</b>					
Payables and accrued liabilities	9	69,201	34,132	3,925,739	99,793
		69,201	34,132	3,925,739	99,793
<b>NET CURRENT ASSETS</b>		48,748,272	–	(3,852,595)	46,275,013
<b>NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS</b>					
	12	774,106,600	–	71,203,170	819,817,051
<b>Due after more than one year</b>		<b>774,106,600</b>	<b>–</b>	<b>71,203,170</b>	<b>819,817,051</b>
<b>SHARES IN ISSUE</b>	10	396,504,386	–	38,229,946	
<b>NAV PER SHARE</b>		£1.9523	€–	\$1.8624	

The NAV per share per the financial statements is equal to the published NAV per share. The published NAV per share represents the NAV per share attributable to shareholders in accordance with the Prospectus.

The notes on pages 25 to 47 and the Primary Accounting Policies on page 14 form an integral part of these financial statements.

# Statement of Changes in Net Assets

Attributable to Shareholders

for the period ended 30 June 2015

		Ordinary Shares			
	Notes	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
Opening balance		774,106,600	–	71,203,170	819,817,051
Adjustment to allocation of reserves brought forward		294,860	–	(362,164)	–
Accretive gain transfer between share classes		(129,125)	–	97,142	–
Increase in net assets attributable to shareholders after other Comprehensive Income		6,164,468	–	993,155	6,737,718
On market purchases of Ordinary Shares	12	(12,175,323)	–	(4,916,765)	(15,304,629)
Share conversions – other	13	(5,269,113)	–	7,994,323	–
Share conversions – shareholders	7	13,156,839	–	(19,858,274)	–
Closing balance		776,149,207	–	55,150,587	811,250,140

The notes on pages 25 to 47 and the Primary Accounting Policies on page 14 form an integral part of these financial statements.

Statement of Changes in Net Assets  
Attributable to Shareholders  
for the year ended 31 December 2014

		Ordinary Shares			
	Notes	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
Opening balance		787,993,496	15,454,948	67,411,438	841,552,800
Adjustment to allocation of reserves brought forward		(1,074,285)	(26,043)	1,750,064	–
Accretive gain transfer between share classes		(256,363)	86,971	291,403	–
Increase in net assets attributable to shareholders		51,958,882	743,124	4,648,568	57,540,468
Redemption of share class	10	–	(13,467,825)	–	(10,459,634)
On market purchases of Ordinary Shares	12	(64,951,079)	–	(6,021,297)	(68,816,584)
Share conversions	13	435,949	(2,791,175)	3,122,992	–
Closing balance		774,106,600	–	71,203,170	819,817,051

The notes on pages 25 to 47 and the Primary Accounting Policies on page 14 form an integral part of these financial statements.

Statement of Cash Flows  
for the period ended 30 June 2015

		Ordinary Shares			
		Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
<b>Operating activities</b>					
Increase in net assets attributable to shareholders after other Comprehensive Income		6,164,468	–	993,155	6,737,718
Decrease in unrealised appreciation on financial assets at fair value through profit or loss		8,647,559	–	1,932,510	9,923,965
Realised gains on sales of financial assets		(14,278,492)	–	–	(14,278,492)
Realised gains on conversions		(229,420)	–	(2,693,426)	(1,943,667)
Realised conversions – other		(5,269,113)		7,994,323	–
Gain on purchase of own shares		(614,178)	–	(258,390)	(783,703)
Interest income		(54,152)	–	(1,601)	(55,202)
Interest expense		8,532		3,274	10,680
Currency aggregation adjustment		–	–	–	–
Adjustment to allocation of reserves brought forward		294,860	–	(362,164)	–
Accretive gain transfer between share classes		(129,125)	–	97,142	–
Decrease in payables		(5,414)	(34,132)	(3,054,307)	(32,956)
Decrease/(increase) in receivables		1,946,204	–	(432)	(18,602)
<b>Net cashflow from operating activities</b>		(3,518,270)	(34,132)	4,650,084	(440,259)
<b>Investing activities</b>					
Interest received		54,152	–	1,601	55,202
Purchase of financial assets		(109,490,481)	–	–	(109,490,481)
Proceeds from sale of financial assets		86,422,000	–	–	86,422,000
<b>Net cashflow from investing activities</b>		(23,014,330)	–	1,601	(23,013,279)

The notes on pages 25 to 47 and the Primary Accounting Policies on page 14 form an integral part of these financial statements.

Statement of Cash Flows

for the period ended 30 June 2015 (continued)

	Ordinary Shares			Total £
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	
<b>Financing activities</b>				
Purchase of own shares	(11,561,145)	–	(4,658,375)	(14,520,926)
Interest paid	(8,532)	–	(3,274)	(10,680)
<b>Net cashflow from financing activities</b>	<b>(11,569,677)</b>	<b>–</b>	<b>(4,661,649)</b>	<b>(14,531,606)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>45,083,160</b>	<b>34,132</b>	<b>69,347</b>	<b>45,154,187</b>
Currency aggregation adjustment	–	–	–	(150,364)
(Decrease)/increase in cash and cash equivalents	(38,102,276)	(34,132)	(9,964)	(37,985,144)
<b>Cash and cash equivalents at end of period</b>	<b>6,980,884</b>	<b>–</b>	<b>59,383</b>	<b>7,018,679</b>

The notes on pages 25 to 47 and the Primary Accounting Policies on page 14 form an integral part of these financial statements.

Statement of Cash Flows

for the period ended 30 June 2014

	Ordinary Shares			Total £
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	
<b>Operating activities</b>				
Increase in net assets attributable to shareholders after other Comprehensive Income	34,253,654	614,892	2,863,702	34,549,715
Increase in unrealised appreciation on financial assets at fair value through profit or loss	(23,149,109)	(339,386)	(2,764,952)	(24,892,139)
Realised gains on sales of financial assets	(8,138,674)	–	–	(8,138,674)
Gain on purchase of own shares	(2,281,424)	–	–	(2,281,424)
Interest income	(43,151)	(806)	(4,101)	(46,270)
Interest expense	28,800	538	2,737	30,882
Currency aggregation adjustment	–	–	–	1,724,603
Adjustment to allocation of reserves brought forward	143,067	(25,487)	(205,674)	–
Accretive gain transfer between share classes	(353,880)	79,103	464,394	–
Increase/(decrease) in payables	(211,270)	41	1,738	14,519
(Increase)/decrease in receivables	(10,509)	31,796	310,889	(11,472)
<b>Net cashflow from operating activities</b>	<b>237,505</b>	<b>360,691</b>	<b>668,733</b>	<b>949,740</b>
<b>Investing activities</b>				
Interest received	43,151	806	4,101	46,270
Realised gains on conversions	(1,057,157)	(282,465)	(134,173)	(1,361,728)
Purchase of financial assets	–	(50,000)	(440,000)	(297,249)
Proceeds from sale of financial assets	40,000,000	–	–	40,000,000
<b>Net cashflow from investing activities</b>	<b>38,985,994</b>	<b>(331,659)</b>	<b>(570,072)</b>	<b>38,387,293</b>

The notes on pages 25 to 47 and the Primary Accounting Policies on page 14 form an integral part of these financial statements.



Statement of Cash Flows

for the period ended 30 June 2014 (continued)

	Ordinary Shares			Total £
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	
<b>Financing activities</b>				
Purchase of own shares	(42,648,398)	–	–	(42,648,398)
Interest paid	(28,800)	(538)	(2,737)	(30,882)
<b>Net cashflow from financing activities</b>	(42,677,198)	(538)	(2,737)	(42,679,280)
<b>Cash and cash equivalents at beginning of period</b>	26,637,325	5,477	54,382	26,674,719
Currency aggregation adjustment	–	–	–	(33,784)
(Decrease)/increase in cash and cash equivalents	(3,453,699)	28,494	95,924	(3,342,247)
<b>Cash and cash equivalents at end of period</b>	23,183,625	33,971	150,306	23,298,688

Notes to the Financial Statements

for the period ended 30 June 2015

1. ACCOUNTING POLICIES

- (a) Basis of preparation

The financial statements have been prepared in conformity with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and applicable Guernsey law. The financial statements have been prepared on an historical cost basis except for the measurement at fair value of financial assets designated at fair value through profit or loss.

The financial statements are presented in Sterling because that is the currency of the primary economic environment in which the Company operates.
- (b) Going concern

As described in Note 11, should the average 12 month discount at which the shares of any class trade to their net asset value exceed 5% of net asset value per share, the Company is obliged to offer a continuation vote to class shareholders.

The Directors believe that the Company has adequate financial resources and as a consequence the Company is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have adopted the going concern basis in preparing the financial information.
- (c) Taxation

The Company has been granted exemption under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 from Guernsey Income Tax, and is charged an annual fee of £1,200.
- (d) Expenses

All expenses are accounted for on an accruals basis. Expenses relating to the Company are allocated across the share classes proportionally based on their individual net asset values.
- (e) Interest income

Interest income is accounted for on an accruals basis.
- (f) Cash and cash equivalents

Cash and cash equivalents are defined as call deposits and short term deposits readily convertible to known amounts of cash and subject to insignificant risk of changes in value, together with bank overdrafts. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and deposits at bank, together with bank overdrafts.

The notes on pages 25 to 47 and the Primary Accounting Policies on page 14 form an integral part of these financial statements.

# Notes to the Financial Statements

## for the period ended 30 June 2015 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### (g) Foreign currency translation

The financial statements are presented in Sterling, which is the Company's functional and presentation currency. Operating expenses in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Investments in US Dollars and Euro share classes are initially recorded in their respective currencies and translated into the Company's functional currency at the reporting date. All differences on these foreign currency translations are taken to the Statement of Comprehensive Income.

At the reporting date the results of the Share Classes are shown on the Statement of Comprehensive Income in their respective currencies. These are then converted using the average exchange rate for the year and the Sterling total presented. Any exchange difference arising on the aggregation of share classes is presented on the Statement of Comprehensive Income.

#### (h) Segment information

For management purposes, the Company is organised into one business unit, and hence no separate segment information has been presented. The Company determines that this operating segment is the investment in share classes of funds of hedge funds incorporated in the Cayman Islands.

#### (i) Shares

Sterling, Euro and US Dollar Ordinary shares have been classified as liabilities in accordance with IAS 32 because of the provisions contained in the Company's Articles of Association as described in Note 10. The Directors have been advised that this treatment does not result in the Shares being treated as a liability for the purpose of applying the solvency test set out in Section 527 of the Companies (Guernsey) Law, 2008, as amended.

The Shares are initially recognised on the date of issue at the net of issue proceeds and share issue costs. The carrying value of the shares is subsequently re-measured as equal and opposite to the other net assets of the Company.

# Notes to the Financial Statements

## for the period ended 30 June 2015 (continued)

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described on pages 25-26 in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Critical judgements in applying the Company's accounting policies*

The following are the critical judgements and estimates that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

#### **Fair Value hierarchy classification**

In determining the level within the fair value hierarchy, set out in IFRS13, the Directors consider whether inputs to a fair value measurement are observable, and significant to its measurement. This requires judgement based on the facts and circumstances around the published NAV of the underlying funds. The Directors consider the availability of the NAV, at the reporting date, and whether holdings would be redeemable at such a NAV with evidence of redemptions at reporting date. They also consider whether unobservable adjustments, such as liquidity discounts, have been made by the Company. In the event there is any change in the above factors, a transfer between fair value hierarchy will be deemed to have occurred and would be disclosed in Note 7.

Notes to the Financial Statements  
for the period ended 30 June 2015 (continued)

3. OPERATING EXPENSES

1 Jan 2015 to 30 Jun 2015				
Ordinary Shares				
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
Administration fees	77,057	–	5,303	80,536
Directors' remuneration	98,771	–	6,797	103,231
Registration fees	42,702	–	2,939	44,630
Audit fees	12,099	–	833	12,646
Legal and Professional fees	67,495	–	4,645	70,543
(Profit)/loss on exchange	(40,342)	–	(2,776)	(42,163)
Other operating expenses	106,433	–	10,011	113,001
Total expenses for the period	364,215	–	27,752	382,423

1 Jan 2014 to 30 Jun 2014				
Ordinary Shares				
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
Administration fees	85,553	1,597	8,131	91,736
Directors' remuneration	72,892	1,361	6,928	78,160
Registration fees	38,930	727	3,700	41,744
Audit fees	11,979	224	1,139	12,845
Legal and Professional fees	88,540	1,653	8,415	94,939
(Profit)/loss on exchange	(10,294)	(192)	(979)	(11,038)
Other operating expenses	128,261	2,395	12,190	137,531
Total expenses for the period	415,861	7,765	39,524	445,917

Notes to the Financial Statements  
for the period ended 30 June 2015 (continued)

4. DIRECTORS' REMUNERATION

	June 2015	June 2014
Richard Crowder, Chairman	30,000	25,000
Steve Le Page, Chairman Audit Committee (appointed 3.6.14)	25,000	3,077
Jonathan Hooley, Chairman Audit Committee (resigned 25.4.14)	–	12,583
Paul Meader, Senior Independent Director	24,000	20,000
John Le Prevost	21,000	17,500
Sarita Keen (appointed 3.6.15)	3,231	–
Andrew Dodd	Waived	Waived
	103,231	78,160

The agreed annual directors fees are Richard Crowder £60,000 (2014: £60,000), Steve Le Page £50,000 (2014: £50,000), Jonathan Hooley £nil (2014: £50,000), Paul Meader £48,000 (2014: £48,000), John Le Prevost £42,000 (2014: 42,000) and Sarita Keen £42,000 (2014: £nil). Where applicable pro rata fees have been paid on resignation and from appointment date.

During the period, Paul Meader undertook additional duties involving liaison with the Company's principal individual shareholders. Mr Meader received an additional fee of £11,575 (30 June 2014: £11,120) for these duties which is included within Legal and Professional fees.

5. EARNINGS PER SHARE

The earnings per each class of shares is calculated based on the net gain for the period and the weighted average number of shares in issue during the period.

1 Jan 2015 to 30 Jun 2015			
Ordinary Shares			
	Sterling Share Class	Euro Share Class	US Dollar Share Class
The net gain for the period	£6,164,468	€–	\$993,155
The weighted average number of shares in issue during the period	407,760,281	–	34,273,880
Earnings per share	1.51	–	2.89

1 Jan 2014 to 30 Jun 2014			
Ordinary Shares			
	Sterling Share Class	Euro Share Class	US Dollar Share Class
The net gain for the period	£34,253,654	€614,892	\$2,863,702
The weighted average number of shares in issue during the period	418,374,365	8,686,543	40,523,598
Earnings per share	8.18	7.07	7.06

# Notes to the Financial Statements

for the period ended 30 June 2015 (continued)

6. RELATED PARTY TRANSACTIONS

Transactions with related parties are made on terms equivalent to those that prevail in an arm’s length transaction.

Anson Registrars Limited is the Company’s registrar, transfer agent and paying agent. John R Le Prevost is a Director and controller of Anson Registrars Limited. £44,630 (June 2014: £41,744) of costs were incurred by the Company with this related party in the period, of which £5,714 (June 2014: £6,800) was payable at 30 June 2015.

JTC (Guernsey) Limited is the Company’s administrator and secretary. £80,536 (June 2014: £91,736) of costs were incurred by the Company with this related party in the year, of which £15,475 (June 2014: £16,573) was payable at 30 June 2015.

From November 2014 JTC (Guernsey) Limited also acted as nominee for a proportion of the GBP shares (265,000 shares).

# Notes to the Financial Statements

for the period ended 30 June 2015 (continued)

7. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2015			
	Ordinary Shares			
UNQUOTED FINANCIAL ASSETS	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
Portfolio cost brought forward	548,101,763	–	66,635,029	590,879,595
Unrealised appreciation on valuation brought forward	177,256,565	–	8,420,736	182,662,443
Valuation brought forward	725,358,328	–	75,055,765	773,542,038
Movements in the period:				
Gross share conversions in the period	13,156,839	–	(19,858,274)	–
Adjustment for realised gain on share conversions	229,420	–	2,693,426	1,943,667
Purchases at fair value	56,422,000	–	–	56,422,000
Sales	(72,143,508)	–	–	(72,143,508)
Exchange gains/(losses) on currency balances	–	–	–	150,363
Portfolio cost carried forward	545,766,514	–	49,470,181	577,252,117
Unrealised appreciation on valuation carried forward	168,578,384	–	6,488,226	172,707,856
<b>Valuation carried forward</b>	<b>714,344,897</b>	<b>–</b>	<b>55,958,407</b>	<b>749,959,973</b>
Realised gains on sales and conversions	14,507,912	–	2,693,426	16,222,160
Decrease in unrealised appreciation	(8,678,181)	–	(1,932,510)	(9,954,587)
<b>Net gains on financial assets at fair value through profit or loss</b>	<b>5,829,731</b>	<b>–</b>	<b>760,916</b>	<b>6,267,573</b>



Notes to the Financial Statements  
for the period ended 30 June 2015 (continued)

7. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

As at 31 December 2014				
Ordinary Shares				
UNQUOTED FINANCIAL ASSETS	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
Portfolio cost brought forward	611,184,594	13,635,470	62,297,403	660,134,815
Unrealised appreciation on valuation brought forward	149,287,016	1,780,001	4,734,981	153,625,105
Valuation brought forward	760,471,610	15,415,471	67,032,384	813,759,920
Movements in the year:				
Gross share conversions in the year	435,949	(2,791,175)	3,122,992	–
Adjustment for realised gain on share conversions	1,714,328	506,929	774,632	2,605,321
Purchases at fair value	–	50,000	440,000	321,300
Sales	(65,233,109)	(11,401,224)	–	(74,087,740)
Exchange gains on currency balances	–	–	–	1,905,899
Portfolio cost carried forward	548,101,763	–	66,635,029	590,879,595
Unrealised appreciation on valuation carried forward	177,256,565	–	8,420,736	182,662,443
Valuation carried forward	725,358,329	–	75,055,765	773,542,038
Realised gains on sales and conversions	21,481,220	2,574,395	774,632	23,977,887
Increase/(decrease) in unrealised appreciation	27,969,549	(1,780,001)	3,685,755	29,037,338
Net gains on financial assets at fair value through profit or loss	49,450,769	794,394	4,460,387	53,015,225

Notes to the Financial Statements  
for the period ended 30 June 2015 (continued)

7. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

As at 30 June 2015				
Ordinary Shares				
QUOTED FINANCIAL ASSETS	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
Portfolio cost brought forward	1,170,881	–	–	1,170,881
Unrealised appreciation on valuation brought forward	5,993	–	–	5,993
Valuation brought forward	1,176,874	–	–	1,176,874
Movements in the year:				
Purchases at fair value	53,068,481	–	–	53,068,481
Portfolio cost carried forward	54,239,362	–	–	54,239,362
Unrealised appreciation on quoted investment valuation carried forward	36,615	–	–	36,615
Valuation carried forward	54,275,977	–	–	54,275,977
Realised gains on sales	–	–	–	–
Increase in unrealised appreciation	30,622	–	–	30,622
Net gains on financial assets at fair value through profit or loss	30,622	–	–	30,622

Notes to the Financial Statements  
for the period ended 30 June 2015 (continued)

7. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

As at 31 December 2014				
Ordinary Shares				
QUOTED FINANCIAL ASSETS	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
Portfolio cost brought forward	1,170,881	–	–	1,170,881
Unrealised appreciation on valuation brought forward	3,606	–	–	3,606
Valuation brought forward	1,174,487	–	–	1,174,487
Portfolio cost carried forward	1,170,881	–	–	1,170,881
Unrealised appreciation on quoted investment valuation carried forward	5,993	–	–	5,993
Valuation carried forward	1,176,874	–	–	1,176,874
Increase in unrealised appreciation	2,387	–	–	2,387
Net gains on financial assets at fair value through profit or loss	2,387	–	–	2,387

IFRS 13 requires fair value to be disclosed by the source of inputs, using a three-level hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of the unquoted investments held by the Company are based on the published NAV of the underlying investments in AllBlue Limited and AllBlue Leveraged Feeder Limited. On the basis that the significant input to the fair value is observable and no unobservable adjustments are made to the valuations, the Company categorises all these investments as Level 2. The quoted investments held by the Company, the ICS Funds, are in an active market with a directly observable price. The Company therefore classifies this investment as Level 1 in accordance with the fair value hierarchy.

Notes to the Financial Statements  
for the period ended 30 June 2015 (continued)

7. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Details of the value of the classifications are listed in the table below. Values are based on the market value of the investments as at the reporting date:

Financial assets at fair value through profit or loss	Fair value as at 30 Jun 2015 GBP	Fair value as at 31 Dec 2014 GBP
Level 1	54,275,977	1,176,874
Level 2	749,959,973	773,542,038

8. RECEIVABLES

30 Jun 2015					
Ordinary Shares					
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Elimination £	Total £
Prepayments	59,656	–	4,229	–	62,348
Inter class loan accounts	551,579	–	–	(551,579)	–
	611,235	–	4,229	(551,579)	62,348

31 Dec 2014					
Ordinary Shares					
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Elimination £	Total £
Prepayments	41,308	–	3,797	–	43,746
Inter class loan accounts	2,516,131	–	–	(2,516,131)	–
	2,557,439	–	3,797	(2,516,131)	43,746

Notes to the Financial Statements  
for the period ended 30 June 2015 (continued)

9. PAYABLES (AMOUNTS FALLING DUE WITHIN ONE YEAR)

30 Jun 2015					
Ordinary Shares					
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Elimination £	Total £
Inter class loan accounts	–	–	866,641	(551,579)	–
Other sundry accruals	63,788	–	4,791	–	66,837
	63,788	–	871,432	(551,579)	66,837

31 December 2014					
Ordinary Shares					
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Elimination £	Total £
Inter class loan accounts	–	–	3,919,377	(2,516,131)	–
Other sundry accruals	69,201	34,132	6,362	–	99,793
	69,201	34,132	3,925,739	(2,516,131)	99,793

10. SHARE CAPITAL

Authorised

An unlimited number of Unclassified shares of no par value each.

30 Jun 2015				
Ordinary Shares				
Issued	Sterling Share Class	Euro Share Class	US Dollar Share Class	Total
Number of shares in issue at 30 June 2015	394,294,909	–	29,407,145	423,702,054

Notes to the Financial Statements  
for the period ended 30 June 2015 (continued)

10. SHARE CAPITAL (continued)

31 Dec 2014				
Ordinary Shares				
Issued	Sterling Share Class	Euro Share Class	US Dollar Share Class	Total
Number of shares in issue at 31 December 2014	396,504,386	–	38,229,946	434,734,332

The movement in shares took place as follows:

Ordinary Shares			
	Number of Sterling Shares	Number of Euro Shares	Number of US Dollar Shares
Brought forward as at 1 January 2014	431,526,962	8,772,064	38,596,617
Conversions	(476,592)	(1,521,979)	2,899,179
Purchase of own shares	(34,545,984)	–	(3,265,850)
Redemption 30 September 2014	–	(7,250,085)	–
Sub-total carried forward 31 December 2014	396,504,386	–	38,229,946
Conversions	3,945,523	–	(6,222,801)
Purchase of own shares	(6,155,000)	–	(2,600,000)
As at 30 June 2015	394,294,909	–	29,407,145

In the event of a return of capital on a winding-up or otherwise, the holders of Shares are entitled to participate in the distribution of capital after paying all the debts and satisfying all the liabilities attributable to the relevant Share class.

The holders of Shares of the relevant Share class shall be entitled to receive by way of capital any surplus assets of the Share class in proportion to their holdings. In the event that the Share class has insufficient funds or assets to meet all the debt and liabilities attributable to that Share class, any such shortfall shall be paid out of funds or assets attributable to the other share classes in proportion to the respective net assets of the relevant Share classes as at the date of winding-up.

Pursuant to Section 276 of the Law, a share in the Company confers on the shareholder the right to vote on resolutions of the Company, the right to an equal share in dividends authorised by the Board of Directors, and the right to an equal share in the distribution of the surplus assets of the Company.

# Notes to the Financial Statements

## for the period ended 30 June 2015 (continued)

### 11. DISCOUNT MANAGEMENT PROVISION

The Company's Articles incorporate a discount management provision (which applies to each class of Ordinary Shares individually) that will require a continuation vote to be proposed in respect of the particular class of Ordinary Shares at a class meeting of the relevant shareholders (by way of ordinary resolution) if, over the previous 12 month rolling period commencing from 1 January 2008, the relevant class of Ordinary Shares has traded, on average (calculated by averaging the closing mid-market share price on the dates which are 5 Business Days after the date on which each estimated Published NAV announcement is made for each NAV Calculation date over the period) at a discount in excess of 5 per cent. to the average net asset value per Ordinary Share of that class (calculated by averaging the NAV per Ordinary Share of that class as at the NAV Calculation Date at the end of each month during the period).

In the event that a vote to continue is proposed and passed for any class of Ordinary Shares as a result of the operation of such mechanism, no further continuation vote will be capable of being proposed for that class for a further 12 months from the date of the passing of the continuation resolution.

If such continuation vote is not passed, the Directors will be required to formulate redemption proposals to be put to the Shareholders of that class offering to redeem their Ordinary Shares at the relevant published NAV on the NAV Calculation Date immediately preceding such redemption (less the costs of all such redemptions). However, where one or more such resolutions in respect of the same period is/are not passed and the class(es) of Ordinary Shares involved represent 75 per cent., or more of the Company's net assets attributable to all Ordinary Shares at the last NAV Calculation Date on or immediately preceding the date of the latest continuation resolution being defeated, the Directors may first (at their discretion) put forward alternative proposals to all Shareholders to offer to repurchase their shares or to reorganise, reconstruct or wind up the Company. If, however, such alternative proposals are not passed by the necessary majority of shareholders of the relevant class, the Directors must proceed to offer to redeem the relevant class(es) of Ordinary Shares on the terms described above.

Where following redemption of any class of Ordinary Shares under the discount management provision, the number of Ordinary Shares of that class remaining in issue represent less than 25 per cent., of the Ordinary Shares of that class in issue immediately before such redemption or the listing for such class of Ordinary Shares on the Official List is withdrawn or threatened to be withdrawn or the Directors determine that the conditions for the continued listing of that class are not (or they believe will not be) met, then the Company may redeem the remaining issued Ordinary Shares of that class within three months of such determination at a redemption price equal to the NAV of the Ordinary Shares of that class on the NAV Calculation Date selected by the Directors for such purpose (less the costs of such redemption).

On 27 June 2014 the Company announced the proposed closure of the Euro Class. The Board advised that given the small size and lack of liquidity of the Euro Class it would be offering Euro Class shareholders the opportunity to convert into US Dollar or Sterling Shares and then seeking consent to cancel the listing on the Official List of the UK Listing Authority of the Euro Class and to redeem all of the Euro Class shares then in issue. The Company issued a Circular dated 4 August 2014 to its shareholders, inviting them to vote on the proposed closure of the Euro Class. On 27 August 2014 at an Extraordinary General Meeting and Euro Class meeting, 97.98% of the voting shareholders voted in favour of the closure of the Euro Class. As a result the remaining Euro Class shares were redeemed on 1 October 2014 and the Euro Class shares were cancelled from the London Stock Exchange effective 2 October 2014.

# Notes to the Financial Statements

## for the period ended 30 June 2015 (continued)

### 12. TREASURY SHARES

The Capital and Reserves disclosure below is intended to highlight the legal nature, under applicable Company Law, of the amounts attributable to shareholders and also the existence and effect of the Treasury shares held by the Company. This is supplemental disclosure and not required under International Financial Reporting Standards ("IFRS").

		Ordinary Shares			
30 June 2015		Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
	Notes				
<b>CAPITAL AND RESERVES</b>					
Share capital	10	–	–	–	–
Treasury shares		(82,833,841)	–	(6,665,409)	(87,112,848)
Distributable reserves	13	858,983,047	–	61,815,996	898,079,581
		<u>776,149,207</u>	<u>–</u>	<u>55,150,587</u>	<u>810,966,734</u>

		Ordinary Shares			
31 December 2014		Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
	Notes				
<b>CAPITAL AND RESERVES</b>					
Share capital	10	–	–	–	–
Treasury shares		(86,173,604)	–	(6,021,297)	(89,759,256)
Distributable reserves	13	860,280,204	–	77,224,467	909,576,307
		<u>774,106,600</u>	<u>–</u>	<u>71,203,170</u>	<u>819,817,051</u>



Notes to the Financial Statements  
for the period ended 30 June 2015 (continued)

12. TREASURY SHARES (continued)

	Ordinary Shares			
30 June 2015	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
TREASURY SHARES				
Balance as at 1 January 2015	86,173,604	–	6,021,297	90,005,896
Acquired during the period	12,175,323	–	4,916,765	15,304,629
Cancelled during the period	(15,515,086)	–	(4,272,653)	(18,234,443)
Balance as at 30 June 2015	82,833,841	–	6,665,409	87,076,082

	Ordinary Shares			
31 December 2014	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
TREASURY SHARES				
Balance as at 1 January 2014	82,314,408	–	7,364,937	86,762,640
Acquired during the year	64,951,079	–	6,021,297	68,816,584
Cancelled during the year	(61,091,884)	–	(7,364,937)	(65,819,968)
Balance as at 31 December 2014	86,173,604	–	6,021,297	89,759,256

The treasury shares reserve represents 42,227,592 (Dec 2014: 43,911,473) Sterling Shares and 3,493,972 (Dec 2014: 3,265,845) Dollar Shares purchased in the market at various prices per share ranging from £1.86 to £1.905 (2014: £1.752 to £1.8648) for Sterling Shares and \$1.775 to \$1.815 (2014: \$1.725 to \$1.775) for Dollar shares, and held by the Company in treasury. Cancellation of 7,838,881 (2014: 36,910,863) Sterling Shares and 2,371,873 (2014: 4,310,945) Dollar Shares took place in the period.

During the year, the Company bought back 6,155,000 (2014: 34,545,984) Sterling shares with an average price of £1.8783 (2014: £1.8084) pence and discount of 4.95% (2014: 4.62%) to NAV. During the year, the Company bought back 2,600,000 (2014: 3,265,850) Dollar Shares with an average price of \$1.792 (2014: \$1.7638) pence and discount of 5.26% (2014: 4.15%) to NAV.

Notes to the Financial Statements  
for the period ended 30 June 2015 (continued)

13. DISTRIBUTABLE RESERVES

	30 June 2015 Ordinary Shares			Total £
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	
Balance as at 1 January 2015	860,280,204	–	77,224,467	909,576,306
Increase in net assets attributable to shareholders after other Comprehensive Income	6,164,468	–	993,155	6,737,718
Adjustment to allocation of reserves brought forward	294,860	–	(362,164)	–
Treasury shares cancelled during the year	(15,515,086)	–	(4,272,653)	(18,234,443)
Accretive gain transfer between share classes	(129,125)	–	97,142	–
Share conversions — other	(5,269,113)	–	7,994,323	–
Share conversions — shareholders	13,156,839	–	(19,858,274)	–
Balance as at 30 June 2015	858,983,047	–	61,815,996	898,079,581

	31 December 2014 Ordinary Shares			Total £
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	
Balance as at 1 January 2014	870,307,904	15,454,948	74,776,376	928,315,440
Increase in net assets attributable to shareholders after other Comprehensive Income	51,958,882	743,124	4,648,568	57,540,468
Adjustment to allocation of reserves brought forward	(1,074,285)	(26,043)	1,750,064	–
Accretive gain transfer between share classes	(256,363)	86,971	291,403	–
Redemption of share class	–	(13,467,825)	–	(10,459,634)
Treasury shares cancelled during the year	(61,091,884)	–	(7,364,937)	(65,819,968)
Share conversions	435,949	(2,791,175)	3,122,992	–
Balance as at 31 December 2014	860,280,204	–	77,224,467	909,576,306

# Notes to the Financial Statements

## for the period ended 30 June 2015 (continued)

### 14. FINANCIAL INSTRUMENTS

The Company’s main financial instruments comprise:

- (a) Cash and cash equivalents that arise directly from the Company’s operations;
- (b) Shares held in AllBlue and AllBlue Leveraged; and
- (c) Shares held in ICS.

### 15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company’s financial instruments concern its holding of shares in AllBlue and AllBlue Leveraged. The risks attaching to those shares are market price risk, credit risk, liquidity risk and interest rate risk and also increased volatility due to leverage employed by the Underlying Funds as explained below.

The Company is not exposed directly to material foreign exchange risk as each class of shares in the Company is directly invested in shares of AllBlue, AllBlue Leveraged and ICS denominated in the same corresponding currency.

So far as the Company is concerned the only risk over which the Board can exercise direct control is the liquidity risk attaching to its ability to realise shares in AllBlue, AllBlue Leveraged and ICS for the purpose of meeting share buy backs and ongoing expenses of the Company. For this purpose the Board have created a Cash Reserve to provide funds to enable the Company to settle share buy backs and meet its expenses in the ordinary course of the business. Thereafter the Board recognises that the Company has via its holding of shares in AllBlue, AllBlue Leveraged and ICS an indirect exposure to the risks summarised below.

For the shares held in ICS the Board notes that such shares may be realised on short notice on any business day with proceeds in respect thereof usually being transmitted by telegraphic transfer on the business day following receipt of the redemption notice by the ICS fund subject to cut-off times depending on the specific ICS fund in which shares are being redeemed.

It must also be noted that there is little or nothing which the Board can do to manage each of the other risks within AllBlue, AllBlue Leveraged or the underlying funds in which AllBlue and AllBlue Leveraged invest under the current investment objective of the Company.

#### (a) Price Risk

The success of the Company’s activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities’ prices and the liquidity of the Underlying Funds’ investments. Volatility or illiquidity could impair the Underlying Funds’ profitability or result in losses.

Details of the Company’s Investment Objective and Policy are given on page 49.

# Notes to the Financial Statements

## for the period ended 30 June 2015 (continued)

### 15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (a) Price Risk (continued)

##### *Price sensitivity*

The Company invests substantially all its assets in AllBlue, AllBlue Leveraged and ICS and does not undertake any structural borrowing or hedging activity at the Company level. Its performance is therefore directly linked to the NAV of AllBlue, which itself is driven by the NAVs of the Underlying Funds, each of which hold a large number of positions in listed and unlisted securities.

At 30 June 2015, if the NAV of AllBlue, AllBlue Leveraged and ICS had been 10% higher/lower with all the other variables held constant, the net assets attributable to Shareholders for the period would have increased by £76,862,087 (2014: £72,653,520) for the Sterling Class and \$5,595,841 (2014: \$7,505,576) for the Dollar Class. This change arises due to the increase/ decrease in the fair value of financial assets at fair value through profit or loss.

#### (b) Credit Risk

The nature of commercial arrangements made in the normal course of business between many prime brokers and custodians means that in the case of any one prime broker or custodian defaulting on its obligations to AllBlue or AllBlue Leveraged or any of the Underlying Funds, the effects of such a default may have negative effects on other prime brokers with whom AllBlue, AllBlue Leveraged or such Underlying Fund deals. The Underlying Funds and, by extension, AllBlue, AllBlue Leveraged and the Company may, therefore, be exposed to systemic risk when AllBlue or AllBlue Leveraged or an Underlying Fund deals with prime brokers and custodians whose creditworthiness may be interlinked.

The assets of Underlying Funds or AllBlue Leveraged may be pledged as margin with prime brokers or other counterparties or held with prime brokers or banks. In the event of the default of any of these prime brokers, banks or counterparties, AllBlue, AllBlue Leveraged and ICS or the Underlying Funds may not receive back all or any of the assets pledged or held with the defaulting party.

Therefore the maximum credit risk to which the Company was exposed at the year end was £811,254,629 (2014: £819,873,099), that is the total net assets.

The main concentration of risk for the Company relates to its investments in AllBlue and AllBlue Leveraged, although this is mitigated by the diversification offered by their investments into Underlying Funds.

#### (c) Liquidity Risk

In some circumstances, investments held by the Underlying Funds of AllBlue and AllBlue Leveraged may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted for them on the various exchanges. Accordingly, an Underlying Fund’s ability to respond to market movements may be impaired and, consequently, the Underlying Fund may experience adverse price movements upon liquidation of its investments which may in turn affect the value of AllBlue and AllBlue Leveraged and hence the Company’s investment in AllBlue and AllBlue Leveraged. Settlement of transactions may be subject to delay and administrative formalities.

Notes to the Financial Statements  
for the period ended 30 June 2015 (continued)

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity Risk (continued)

There can be no assurance that the liquidity of the investments of AllBlue, AllBlue Leveraged, ICS and the Underlying Funds will always be sufficient to meet redemption requests as, and when, made. Any such lack of liquidity may affect the ability of the Company to realise its shares in AllBlue, AllBlue Leveraged and ICS and the value of Shares in the Company. For such reasons AllBlue's, AllBlue Leveraged's and ICS's treatment of redemption requests may be deferred in exceptional circumstances including if a lack of liquidity may result in difficulties in determining their NAV and their NAV per share. This in turn would limit the ability of the Directors to realise the Company's investments should they consider it appropriate to do so and may result in difficulties in determining the NAV of a Share in the Company. There was no gating or suspension of AllBlue or AllBlue Leveraged during the period under review or in the previous year.

The market prices, if any, for such illiquid investments tend to be volatile and may not be readily ascertainable and the relevant Underlying Fund may not be able to sell them when it desires to do so or to realise what it perceives to be their fair value in the event of a sale. The size of the Underlying Funds' positions may magnify the effect of a decrease in market liquidity for such instruments. Changes in overall market leverage, deleveraging as a consequence of a decision by the counterparties with which the Underlying Funds enter into repurchase/reverse repurchase agreements or derivative transactions, to reduce the level of leveraging, or the liquidation by other market participants of the same or similar positions, may also adversely affect the Underlying Funds' portfolios.

The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets.

The Underlying Funds may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Notes to the Financial Statements  
for the period ended 30 June 2015 (continued)

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity Risk (continued)

The table below details the residual contractual maturities of financial liabilities:

	1-3 months	Payable if the continuation vote is not passed	Total
As at 30 June 2015	£	£	£
Net assets at the end of the period attributable to shareholders	–	811,250,140	811,250,140
Accrued expenses	66,837	–	66,837
Total	66,837	811,250,140	811,316,977

	1-3 months	Payable if the continuation vote is not passed	Total
As at 31 December 2014	£	£	£
Net assets at the end of the period attributable to shareholders	–	819,817,051	819,817,051
Accrued expenses	99,793	–	99,793
Total	99,793	819,817,051	819,916,844

(d) Interest Rate Risk

The prices of securities tend to be sensitive to interest rate fluctuations. Unexpected fluctuations in interest rates could cause the corresponding prices of long positions and short positions adopted to move in directions which were not originally anticipated. Generally, an increase in interest rates will increase the carrying costs of investments. However, the Company's investments designated as at fair value through profit or loss are non interest bearing, and therefore are not directly exposed to interest rate risk.

The Company's own cash balances are not materially exposed to interest rate risk as cash and cash equivalents are held on floating interest rate deposits with banks and the Company does not rely on income from bank interest to meet day to day expenses.

(e) Leverage by Underlying Funds

Certain Underlying Funds in which the Company has an economic interest operate with a substantial degree of leverage and are not limited in the extent to which they either may borrow or engage in margin transactions. The positions maintained by such Underlying Funds may in aggregate value be in excess of the NAV of AllBlue and AllBlue Leveraged. This leverage presents the potential for a higher rate of total return but will also increase the volatility of AllBlue, AllBlue Leveraged and, as a consequence, the Company, including the risk of a total loss of the amount invested.

Notes to the Financial Statements

for the period ended 30 June 2015 (continued)

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Leverage by AllBlue Leveraged

AllBlue Leveraged operates with a substantial degree of leverage for the purposes of making investments and is not limited in the extent to which it either may borrow or engage in margin transactions although leverage is expected to be an amount equal to approximately 100 per cent. (50 per cent. prior to 1 January 2015). This leverage presents the potential for a greater rate of total return but will also increase exposure to capital risk and interest costs.

(g) Capital management

The investment objective of the Company is to provide Shareholders with consistent long-term capital growth through an investment policy of investing substantially all of its assets in AllBlue or any successor vehicle to AllBlue. The Company does not intend to pay any distributions to shareholders.

As the Company's Ordinary Shares are of no par value, distributions are not paid and Guernsey Company law does not require the maintenance of a Share premium account, the Directors regard the otherwise distributable reserves of the Company to be its capital for the purposes of this disclosure. Capital for the reporting year under review is summarised in Note 12 to these financial statements.

At the last Annual General Meeting held pursuant to section 199 of the 2008 Law, the Directors were granted authority to buy back up to 14.99 per cent. of the Ordinary Shares in issue. The Company's authority to make purchases of its own issued Ordinary Shares will expire at the conclusion of the next general meeting of the Company to be held pursuant to section 199 of the 2008 Law and renewal of such authority will be sought at the next general meeting. The timing of any purchases will be decided by the Board.

The Directors intend that purchases will only be made pursuant to this authority through the market, for cash, at prices below the prevailing NAV per Share where the Directors reasonably believe such purchases will be of material benefit to the Company.

The Company's authorised Share capital is such that further issues of new Ordinary Shares could be made, subject to waiver of pre-emption rights. Subject to prevailing market conditions, the Board may decide to make one or more further such issues or reissues of Ordinary Shares for cash from time to time. Any further issues of new Ordinary Shares or reissues of Ordinary Shares held in treasury will rank pari passu with Ordinary Shares in issue.

There are no provisions of the Law which confer rights of pre-emption in respect of the allotment of Shares but there are pre-emption rights contained in the Articles. The Directors have, however, been granted the power to issue 500 million further Shares on a non-pre-emptive basis for a period concluding on 31 December 2015, by a special resolution of Shareholders passed on 3 August 2012, unless such power is previously revoked by the Company's Shareholders in a general meeting pursuant to section 199 of the Law. The Directors intend to request that the authority to allot Shares on a non-pre-emptive basis is renewed at each general meeting of the Company.

Unless authorised by Shareholders, the Company will not issue further Ordinary Shares or reissue Ordinary Shares out of treasury for cash at a price below the prevailing NAV per Share unless they are first offered pro rata to existing shareholders

Notes to the Financial Statements

for the period ended 30 June 2015 (continued)

16. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The following Standards or Interpretations have been adopted in the current period. Their adoption has not had any impact on the amounts reported in these Financial Statements.

IFRS 13 Fair Value Measurement – Amendments resulting from Annual improvements for annual periods beginning on or after 1 July 2014.

The following Standards or Interpretations that are expected to be applicable to the Company have been issued but not yet adopted. Other Standards or Interpretations issued by the IASB or IFRIC are not expected to be applicable to the Company. The Board have reviewed the impact of the standards below on the Company and they do not expect there to be any changes to the measurement of items in the Financial Statements but recognise additional disclosure may be required.

IFRS 7 Financial Instruments: Disclosures – Deferral of mandatory effective date of IFRS 9 and amendments relating to additional hedge accounting disclosures (and consequential amendments). Applies only when IFRS 9 is adopted, which is effective for annual periods beginning on or after 1 January 2018.

IFRS 7 Financial Instruments – Amendments resulting from September 2014 Annual Improvements to IFRSs, effective for annual periods beginning on or after 1 January 2016.

IFRS 9 Financial Instruments – Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. There is no mandatory effective date, however IASB has tentatively proposed that this will be effective for accounting periods commencing on or after 1 January 2018 (EU endorsement is outstanding).

IAS 1 Presentation of Financial statements – Amendments resulting from December 2014 disclosure initiative, effective for annual periods beginning on or after 1 January 2016.

IAS 34 Interim Financial Reporting – Amendments resulting from September 2014 Annual Improvements to IFRSs, effective for annual periods beginning on or after 1 January 2016.

17. SUBSEQUENT EVENTS

There have been no subsequent events other than those disclosed elsewhere in this report.



## Schedule of Investments

### SCHEDULE OF INVESTMENTS AS AT 30 JUNE 2015

SECURITIES PORTFOLIO	NOMINAL HOLDINGS	VALUATION SOURCE CURRENCY	VALUATION GBP	TOTAL NET ASSETS %
AllBlue Limited Sterling Shares	3,057,937	£643,298,785	£643,298,785	79.30%
AllBlue Leveraged Feeder Limited Sterling Shares	271,029	£71,046,111	£71,046,111	8.76%
Institutional Sterling Government Liquidity Fund — Core (Acc) Shares	536,782	£54,275,978	£54,275,978	6.69%
AllBlue Limited US Dollar Shares	267,547	\$55,958,407	£35,615,076	4.39%
			£804,235,950	99.14%

### SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2014

SECURITIES PORTFOLIO	NOMINAL HOLDINGS	VALUATION SOURCE CURRENCY	VALUATION GBP	TOTAL NET ASSETS %
AllBlue Limited Sterling Shares	2,864,983	£597,566,380	£597,566,380	72.89%
AllBlue Leveraged Feeder Limited Sterling Shares	488,780	£127,791,949	£127,791,949	15.59%
Institutional Sterling Government Liquidity Fund — Core (Acc) Shares	11,654	£1,176,874	£1,176,874	0.14%
AllBlue Limited US Dollar Shares	361,359	\$75,055,765	£48,183,711	5.88%
			£774,718,914	94.50%

## Company Information

The Company is a self-managed Guernsey investment company incorporated on 21 April 2006 in Guernsey with registered number 44704 and an unlimited life. The Company is authorised by the Guernsey Financial Services Commission as a closed ended investment company. The Company currently has two classes of share in issue, being Sterling Shares and US Dollar Shares. All shares in the Company’s Euro class of shares were fully redeemed on 1 October 2014.

All Shares in issue have been admitted to the Official List of the UKLA and to trading on the London Stock Exchange’s main market for listed securities.

### Investment Information

The investment objective of the Company is to seek to provide consistent long-term capital growth through an investment policy of investing substantially all of its assets in AllBlue or any successor vehicle of AllBlue. Accordingly, the Company’s published investment policy is consistent with that of AllBlue. In the event that AllBlue changes its investment policy without shareholder approval, the directors will consider removing the Company’s assets from AllBlue or taking other appropriate action so that the Company is not in breach of any applicable regulation.

### AllBlue Limited

AllBlue is a fund incorporated in the Cayman Islands with an investment objective to provide consistent long-term appreciation of its assets through investment in a diversified portfolio of underlying funds. Investors in the Company are therefore offered an opportunity to participate indirectly in the same investment portfolio as that of AllBlue.

AllBlue seeks to achieve its investment objective through investment in underlying funds, each of which on its own has a distinct investment objective and approach and which, as part of a portfolio of assets, form a diversified basket of hedge fund investments. As at 30 June 2015, AllBlue was invested in seven underlying funds comprising BlueCrest Capital International Limited, BlueCrest Emerging Markets Fund Limited, BlueCrest Multi Strategy Credit Fund Limited, BlueCrest Mercantile Fund Limited, BlueCrest Equity Strategies Fund Limited, BlueTrend Fund Limited and BlueCrest Quantitative Equity Fund Limited (together, including the master funds into which such funds invest, the “Underlying Funds”), all of which were managed by BlueCrest Capital Management Limited (“BCML”) (acting in its capacity as general partner of BlueCrest Capital Management LP), with the exception of BlueTrend Fund Limited, which was managed by Systematica Investments Limited (acting in its capacity as general partner of Systematica Investments LP). AllBlue may in the future exclude any or all of these funds or from time to time include any other investment fund established by BCML or by managers with close links to BCML.

BCML is the appointed investment manager of AllBlue. BCML has appointed on behalf of AllBlue, acting as its agent, certain members of the BlueCrest group (“AllBlue Sub-Investment Managers”) as sub-investment managers to manage the assets of AllBlue, as agents of AllBlue. The AllBlue Sub-Investment Managers seek to construct a portfolio of investments for AllBlue, comprising the Underlying Funds, by utilising proprietary optimisation techniques as well as an in-depth understanding of underlying positions, correlations and risks. Both allocations and risks are closely monitored on a monthly basis by the AllBlue Sub-Investment Managers’ AllBlue committee, comprising a team of senior investment professionals of the AllBlue Sub-Investment Managers. On a monthly basis the AllBlue Sub-Investment Managers’ AllBlue Committee also reviews the allocation of AllBlue’s assets amongst the Underlying Funds and makes such adjustments as it deems appropriate.

It is the policy of the AllBlue Sub-Investment Managers that the assets of AllBlue will be predominantly fully invested. However, AllBlue may from time to time hold certain assets in cash or cash equivalents, should it consider that this is required for efficient portfolio management or otherwise in the best interests of AllBlue.

## Company Information (continued)

### AllBlue Leveraged Feeder Limited

The Company holds a cash reserve (the “Cash Reserve”) for the purposes of managing day-to-day cash flows, for meeting expenses of the Company and for funding any repurchases of Shares. In order to maintain a substantially similar economic exposure to that of AllBlue, the Company invests an appropriate amount into shares in AllBlue Leveraged. AllBlue Leveraged invests all of its assets in the ordinary shares of AllBlue but with the addition of leverage of approximately 100 per cent. of its net asset value (50 per cent. prior to 1 January 2015), giving investment exposure which is approximately twice (1.5 times prior to 1 January 2015) that of AllBlue (excluding all fees and expenses attributable to such investments).

The effect of these arrangements is that the Company’s aggregate investment exposure to AllBlue is broadly 100% whilst providing access to more immediate liquidity. The Cash Reserve and AllBlue Leveraged investment are held solely within the Sterling class, but so that the Cash Reserve remains available for use by the US Dollar class as well, if needed. The Board reviews the Cash Reserve on a quarterly basis to ensure it is adequate for the Company’s anticipated needs and that a broadly 100% exposure to AllBlue is maintained.

### Borrowing and Leverage

Although the Company has power under its Articles of Incorporation to borrow up to an amount equal to 10 per cent. of its net assets at the time of the drawing, the Directors do not intend that the Company should engage directly in any structural borrowing and any borrowing would only be for the purpose of managing day-to-day cash flow, for meeting expenses of the Company and for funding repurchases of Shares.

AllBlue does not employ any leverage but may be exposed to it in the Underlying Funds and may engage in short term borrowing, as is deemed necessary from time to time, pending the availability of subscription monies, to fund new allocations to the Underlying Funds, or in order to fund redemptions ahead of redemption proceeds being made available.

As of 1 July, AllBlue changed the vehicle through which it accesses BlueTrend’s trend-following strategy to BlueTrend 2x Leveraged. This enables AllBlue to gain similar exposure with greater cash efficiency, enabling AllBlue to make additional allocations to its other underlying funds.

AllBlue Leveraged employs leverage for the purpose of making investments. Whilst there is no limit on the extent of borrowings or leverage that AllBlue Leveraged may employ it is expected to be in an amount equal to approximately 100 per cent. of AllBlue Leveraged net asset value, but may vary from time to time.

None of the Underlying Funds are subject to any limits on the extent to which borrowings or leverage may be employed and they may leverage through the use of borrowings, options, futures, options on futures, swaps and other synthetic or derivative financial instruments.

### BCML

On 1 July 2014, BlueCrest Capital Management LLP was replaced by BCML (acting in its capacity as general partner of BlueCrest Capital Management LP (“BCMLP”)) as investment manager to AllBlue and AllBlue Leveraged.

BCML (acting in its capacity as general partner of BlueCrest Capital Management LP) was appointed as the investment manager of AllBlue and AllBlue Leveraged and the Underlying Funds. BCML has the power (exercisable only with the consent of AllBlue) to appoint, on behalf of AllBlue, acting as its agent, one or more third parties to perform in its place and as agent or agents of AllBlue, any of its functions, powers and duties as investment manager.

Up to 31 December 2014 BCML was a limited liability company registered in Guernsey under company number 58114 with its registered office at BlueCrest House, Gategny Esplanade, St Peter Port, Guernsey, GY1 1WR. On 31 December 2014, BCML migrated from Guernsey to Jersey. The effect of this was that while

## Company Information (continued)

BCML retained its legal personality, its jurisdiction of registration changed and it ceased to be registered in Guernsey. It is now a limited liability company registered in Jersey under company number 117452 with its registered office at Ground Floor, Harbour Reach, La Rue de Carteret, St Helier, Jersey JE2 4HR.

Prior to 31 December 2014 BCML was licensed and regulated by the Guernsey Financial Services Commission (no. 1036021). On 31 December 2014 BCML as general partner of BCMLP became licensed and regulated by the Jersey Financial Services Commission (nos. FSB2125 and AISB0066). BCML remains registered as an investment adviser with the United States Securities and Exchange Commission under the United States Investment Advisers Act of 1940 and with the U.S. Commodity Futures Trading Commission as a commodity trading advisor and a commodity pool operator and is a member of the National Futures Association in such capacity.

On 1 January 2015 BlueCrest completed the spin-out of Systematica Investments, and Systematica Investments Limited (“SIL”) (acting in its capacity as general partner of Systematica Investments LP (“SILP”)) assumed the role of investment manager to certain funds previously managed by BCML, including BlueTrend Fund Limited and the master fund into which it invests.

Systematica Investments Limited is a limited liability company registered in Jersey under company number 116901 and having its registered office at 47 Esplanade, St Helier, Jersey JE1 0BD.

SIL in its capacity as general partner of SILP is licensed and regulated by the Jersey Financial Services Commission (nos. FSB2127 and AISB0068) and registered as an investment adviser with the United States Securities and Exchange Commission under the United States Investment Advisers Act of 1940 and with the U.S. Commodity Futures Trading Commission as a commodity trading advisor and as a commodity pool operator and is a member of the National Futures Association in such capacity.

### Discount Management Provisions

At all previous annual general meetings the Directors obtained shareholder approval to buy back up to 14.99% of each class of Shares in issue and they intend to seek annual renewal of this authority from shareholders at each future general meeting held under section 199 of The Companies (Guernsey) Law, 2008 (the “Law”). In accordance with the Law any share buy backs will be effected by the purchase of Shares in the market for cash at a price below the prevailing net asset value of the relevant class of Shares where the Directors believe such a purchase will enhance shareholder value. Shares which are purchased may be held in treasury or cancelled. As announced on 28 May 2012, the Company engaged a buy-back agent to effect share buy-backs on behalf of the Company. This appointment was extended on 30 June 2015 and will continue until 30 June 2016.

As at 16 July 2015 the Company had bought back, in total, £154.402 million through on market share repurchases of 88,327,336 Sterling Shares at an average discount to the prevailing NAV of 4.9 per cent. and \$10.422 million through on market share repurchases of 5,865,845 US Dollar Shares at an average discount to the prevailing NAV of 4.6 per cent. The Company currently holds 42,027,597 Sterling Shares and 3,173,972 US Dollar Shares in treasury which are available for re-sale at prices above the then prevailing NAV per share.

BlueCrest AllBlue Fund Limited Share Class	Share Price Discount as at 31 December 2014*	Share Price Discount as at 30 June 2015*
Sterling Class	-4.6%	-4.3%
US Dollar Class	-4.4%	-3.5%

\*Source: Bloomberg

Company Information (continued)

Continuation Vote Mechanism

The Company's Articles incorporate a discount management provision (which applies to each class of Share individually) that will require a continuation vote to be proposed in respect of the particular class of Shares at a class meeting of the relevant shareholders (by way of ordinary resolution) if, over the previous 12 month rolling period, the relevant class of Shares has traded, on average (calculated by averaging the closing mid-market share price on the dates which are 5 Business Days after the date on which each estimated NAV announcement is made for each NAV Calculation Date over the period) at a discount in excess of 5 per cent. to the average NAV per Share of that class (calculated by averaging the NAV per Share of that class as at the NAV Calculation Date at the end of each month during the period).

In the event that a vote to continue is proposed and passed for any class of Ordinary Shares, no further continuation vote will be capable of being proposed for that class for a period of 12 months from the date on which the requirement for a continuation vote was triggered.

Further Issue of Shares

Subject to the terms of the Law, the Listing Rules and the Articles, in order to manage any Share price premium to net asset value if the Directors believe there is investor demand that cannot be satisfied through the secondary market or to raise additional capital for investment, the Company may seek to issue additional Shares either through the issue of shares held in treasury or the issue of new shares. Further issues of such Shares will only be made if the Directors determine such issues to be in the best interests of shareholders and the Company as a whole and, pursuant to the Listing Rules, can only be issued for cash at a price above the net asset value of the shares unless first offered pro rata to existing shareholders.

The Directors currently have authority to allot the authorised but unissued share capital of the Company and such authority shall only be exercised at prices which are not less than the prevailing net asset value of the relevant share class at the time. The Company held a General Meeting of Shareholders on 30 July 2015 at which the pre-emption rights granted to Shareholders were dis-applied in relation to up to 43 million New Shares for a period concluding on 31 December 2016, unless such resolutions are previously extended, renewed or revoked by the Company's Shareholders in general meeting. In accordance with the Listing Rules, such New Shares could only be issued at or above net asset value per share (unless offered pro rata to existing shareholders or pursuant to further authorisation by shareholders).

Currency Risk Management

As AllBlue's base currency is the US Dollar, It may from time to time enter into forward exchange contracts in order to hedge the US Dollar exposure of the assets attributable to AllBlue's Sterling shares in order to neutralise, as far as possible, the impact of fluctuations in the exchange rates between Sterling and the US Dollar. For as long as hedging of currency exposure may occur within AllBlue, the Directors do not intend that the Company will carry out any additional hedging arrangements.

Company Information (continued)

Shareholder Information

Approximately 20 business days after the end of each month the confirmed net asset value for each class of Share is announced, together with information on the Company's investments and performance report, to a regulatory information service provider of the London Stock Exchange. In addition, on a weekly basis the Company announces in the same manner the estimated net asset value for each class of Share.

	ISIN	SEDOL	LSE Mnemonic
Sterling share class	GB00B13YVW48	B13YVW4	BABS
US Dollar share class	GB00B13YXH37	B13YXH3	BABU

Conversion Facility

The Company currently offers a monthly conversion between share classes. Conversion forms can be found on the Company's website at [www.bluecrestallblue.com](http://www.bluecrestallblue.com).

Shareholder Enquiries

The Company's CREST compliant registrar is Anson Registrars Limited in Guernsey which maintains the Company's registers of shareholders. They may be contacted by email at [registrars@anson-group.com](mailto:registrars@anson-group.com) or by telephone on (44) 01481 711301. Further information regarding the Company can be found on its website at [www.bluecrestallblue.com](http://www.bluecrestallblue.com).

Glossary

Unless the context suggests otherwise, references within this report to:

- “**AIC Code**” means the AIC Code of Corporate Governance.
- “**AIC**” means the Association of Investment Companies, of which the Company is a member.
- “**AllBlue Leveraged**” means AllBlue Leveraged Feeder Limited.
- “**AllBlue**” means AllBlue Limited.
- “**Articles**” means the Articles of Association of the Company.
- the “**Company**” means BlueCrest AllBlue Fund Limited.
- “**BlueCrest**” means BlueCrest Capital Management Limited.
- “**Board**” means the Board of Directors of the Company.
- “**Business Day**” means any day on which banks are open for business in the Cayman Islands, United Kingdom and/or Guernsey and/or such other place or places as the Directors may from time to time determine.
- “**GFSC Code**” means the Guernsey Financial Services Commission Financial Sector Code of Corporate Governance.
- “**ICS**” means the Institutional Cash Series plc (“ICS”) (an umbrella investment company with variable capital and having segregated liability between its funds).
- “**IFRS**” means the International Financial Reporting Standards as adopted by the European Union and applicable Guernsey law.
- “**JTC**” or the “**Administrator**” means JTC (Guernsey) Limited.
- “**Law**” means the Companies (Guernsey) Law 2008 (as amended).
- “**Period**” means the period from 1 January 2015 to 30 June 2015.
- “**Shares**” means the Sterling Shares and US Dollar Shares of the Company in issue.
- “**Underlying Funds**” means the seven underlying funds of AllBlue comprising BlueCrest Capital International Limited, BlueTrend 2x Leveraged Fund Limited (with effect from 1 July 2015, BlueTrend Fund Limited prior to 1 July 2015), BlueCrest Multi Strategy Credit Fund Limited, BlueCrest Emerging Markets Fund Limited, BlueCrest Mercantile Fund Limited, BlueCrest Equity Strategies Fund Limited and BlueCrest Quantitative Equity Fund Limited (together, including the master funds into which such funds invest).
- “**UKLA**” means United Kingdom Listing Authority.
- “**VaR**” means Value at Risk.

Directors and Service Providers

<b>Directors</b> Richard Crowder *Andrew Dodd Steve Le Page Paul Meader John Le Prevost Sarita Keen *Robert Heaselgrave as alternate director for Andrew Dodd	<b>Registered Office of the Company</b> PO Box 156, Frances House Sir William Place St Peter Port Guernsey GY1 4EU Telephone +44 (0)1481 702400
<b>Administrator and Company Secretary</b> JTC (Guernsey) Limited PO Box 156, Frances House Sir William Place St Peter Port Guernsey GY1 4EU Telephone +44 (0)1481 702400	<b>Registrar, Paying Agent and Transfer Agent</b> Anson Registrars Limited PO Box 426 Anson House, Havilland Street, St Peter Port, Guernsey GY1 3WX
<b>UK Transfer Agent</b> Anson Registrars (UK) Limited 3500 Parkway Whiteley, Hampshire England PO15 7AL	<b>Auditor</b> Ernst & Young LLP 14 New Street St Peter Port Guernsey GY1 4AF
<b>Corporate Brokers</b> Jefferies Hoare Govett Vintners Place, 68 Upper Thames Street London England EC4V 3BJ	<b>Corporate Brokers</b> Dexion Capital plc 1 Tudor Street London England EC4Y 0AH
<b>Advocates to the Company as to Guernsey Law</b> Mourant Ozannes PO Box 186 1 Le Marchant Street St Peter Port Guernsey GY1 4HP	Carey Olsen P.O. Box 98 Carey House, Les Banques St Peter Port Guernsey GY1 4BZ
<b>Solicitors to the Company as to English Law</b> Herbert Smith Freehills LLP Exchange House Primrose Street London England EC2A 2EG	<b>Investor Liaison</b> Broker Profile Augustine House 6A Austin Friars London England EC2N 2HA

