

BlueCrest AllBlue Fund Limited

Annual Financial Report

for the year ended 31 December 2012

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CHAIRMAN’S STATEMENT

Dear Shareholder

I am pleased to report that BlueCrest AllBlue Fund Limited (“BCAB” or the “Company”) achieved another year of positive performance in 2012 with an increase of 6.5% in the net asset value (“NAV”) and 1.8% in the share price for the Sterling Share Class. BCAB has now generated positive NAV returns for investors in every year since its inception in 2006.

The increase of 6.5% in NAV was achieved despite a more challenging and volatile macro-economic and political environment. Concerns over the European debt crisis continued to dominate investors’ thinking and the rapid swings in sentiment provided multiple opportunities for investors to be wrong-footed. BlueCrest Capital Management LLP’s (“BlueCrest”) ability to navigate successfully through these treacherous waters with limited volatility in the returns in AllBlue Limited (“AllBlue”) is a testament of its ability to manage risk. BlueCrest continues to invest heavily in its business including the risk management area. Risk is managed in a highly structured manner at the level of individual portfolio managers, at the level of each underlying fund and at the AllBlue level. BlueCrest has confirmed to your Board that its risk management practices and procedures remained in full operation throughout 2012. Furthermore, the underlying funds of AllBlue continued to invest in highly liquid instruments and leverage levels remained consistent with prior years.

More information on the performance of AllBlue and of each underlying fund is provided in the report by BlueCrest Capital Management (UK) LLP on page 15. In summary, the NAV movement of the Company’s Shares outperformed both the bond and the hedge fund universes in 2012, although lagged the exceptionally strong equity markets. Nonetheless, with an annualised total return of 9.7% since launch in 2006, the Sterling Class continues to comfortably outperform all comparators, including equities over the period.

Summary performance of the Company is:

	2012	2011	2010
Sterling Share NAV	6.5%	2.2%	8.2%
Dollar Share NAV	5.8%	1.8%	7.9%
HFRX Global Hedge Fund Index	3.5%	-8.9%	5.2%
MSCI World Index	13.2%	-7.6%	8.2%
BarCap Global Aggregate Bond Index (Hedged)	5.7%	5.4%	4.6%

CHAIRMAN’S STATEMENT (continued)

The share price returns of BCAB were lower than that of the NAV in 2012 as the share price discount to NAV widened. This was disappointing as it diminished the returns to shareholders for the year – the Sterling Share price rose by 1.8%. The Board is very alert to the volatility of the share price around the NAV and the impact that this has on shareholder returns. It seeks, within its ability, to temper this volatility. Historically this has been undertaken both through the issuance of shares at a premium and the buyback of shares at a discount.

In the spring of 2012, as previously announced, the Board instituted a policy of investing a small amount of the Company’s assets in a 1.5x leveraged version of AllBlue, the AllBlue Leveraged Feeder Limited (“AllBlue Leveraged”), to enable the Company to hold cash for the purpose of buyback. The Company holds AllBlue, AllBlue Leveraged and cash in the necessary proportions to maintain substantially similar economic exposure as if it were fully invested in AllBlue and rebalances, as required, to maintain this economic exposure.

The ready availability of cash liquidity has enabled the Board to be pro-active in the management of the discount. Commencing in May 2012, the Company has repurchased nearly £50m worth of Sterling Shares at an average discount of just under 5.5%, making it amongst the most active companies in the sector in terms of buybacks. The discount touched nearly 7% in the Sterling Shares and subsequently has seemed to stabilise at between 4% and 5%.

Despite these actions and the good performance of the NAV, the Company triggered the 12 month discount floor provision of the Articles in respect of each class of share. This provision ensures that, should the shares of a class trade at an average discount of more than 5% over a rolling 12 month period, shareholders would have the opportunity to vote on whether they wish that class of shares to continue. Votes were triggered in the Sterling Shares and Dollar Shares in December 2012 and in the Euro Shares in January 2013, with the Continuation Votes held on 17 April 2013. Given the performance and prospects for the Company, the Board recommended voting in favour of the resolutions for the three Classes to continue.

The resolutions for the Sterling and Euro Classes were passed but that for the Dollar Class was not passed, by a small margin. As a result, the Board are required to present redemption proposals to shareholders of the Dollar Class in accordance with the Company’s Articles of Incorporation. These will have no impact on Sterling or Euro Class shareholders or on the operations of the Company as a whole.

CHAIRMAN’S STATEMENT (continued)

While the Company has always sought to provide useful and timely information to shareholders, it conducted a careful review of its effectiveness in the autumn of 2012. A range of shareholders were contacted. They provided useful feedback which the Board has carefully considered. As a result of this, the Board is in the process of improving the quality and accessibility of information. You will see the fruits of this over the course of the rest of this year, as new information and formats are rolled out and the website is improved. I hope that you will find these changes to be of assistance. The programme of improvements is very much an evolutionary process on which we would welcome feedback. The revised information and formatting will be available on the website, in the normal way, but can also be emailed to all shareholders who elect to receive it. If you wish to receive timely information by email, please send a request to info@bluecrestallblue.com.

Strong and active governance is of paramount importance to your Board. The Company applies the AIC Code of Corporate Governance and a report is provided on page 24 of these Financial Statements. Board diversity and skills is crucial and a further review of Board performance was undertaken in 2012. The Board is fully satisfied that the directors individually and in aggregate have appropriate experience and skills. The Management & Engagement Committee has continued with its review of service providers. Following a review of corporate broker services in 2011, the Board has subsequently reviewed Guernsey legal services and is pleased to have appointed Carey Olsen as Guernsey co-counsel.

The Board believes that the level of returns historically generated by AllBlue, combined with the low levels of volatility, make BCAB an excellent core investment and a true portfolio diversifier in a balanced portfolio. The Board has every expectation that these characteristics will endure. As BlueCrest note in their report, the early months of 2013 have been marked by a notable increase in the diversification and dispersion of returns between regions and asset classes as significant global events no longer have a common effect in all markets. This greatly assists the trading prospects for AllBlue and for the underlying funds. I anticipate another year of positive performance in 2013 and I look forward to reporting to you next with the Half Year Financial Statements. In the meantime, please feel free to contact myself or other members of the Board if you have any queries or suggestions.

Yours faithfully

Richard Crowder

Chairman

30 April 2013

ABOUT THE COMPANY

The Company is a self-managed closed-ended investment company incorporated on 21 April 2006 in Guernsey with registered number 44704 with an unlimited life. The Company currently has three classes of share in issue, being Sterling Shares, Euro Shares and US Dollar Shares (together the “Shares”).

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

As at 29 April 2013, the last practicable date prior to the publication of this report, the Company’s total share capital consisted of 601,532,514 Ordinary Shares, of which 475,939,537 were designated as Sterling Shares (of which 29,314,797 Sterling Shares were held in treasury), 9,221,755 as Euro Shares and 116,371,222 as US Dollar Shares. As at 19 April 2013, the latest practicable date prior to the publication of this report, the unaudited aggregate net assets of the Company (in Sterling terms) were approximately £969 million, equivalent to an unaudited Net Asset Value (“NAV”) per Sterling Share of £1.8382, per Euro Share of €1.7726 and per US Dollar Share of US\$1.7555.

■ Investment Objective and Policy

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 Limited (“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 31 December 2012, AllBlue was invested in six underlying funds comprising BlueCrest Capital International Limited, BlueTrend Alignment Fund Limited, BlueCrest Multi Strategy Credit Fund Limited, BlueCrest Emerging Markets Fund Limited, BlueCrest Mercantile Fund Limited and BlueMatrix Limited (together, including the master funds into which such funds invest, the “Underlying Funds”), all of which are managed by BlueCrest Capital Management LLP (“BlueCrest”). AllBlue may in the future exclude any or all of these funds or from time to time include any other investment fund established by BlueCrest or by managers with close links to BlueCrest.

ABOUT THE COMPANY (continued)

BlueCrest is the appointed investment manager of AllBlue. BlueCrest has appointed on behalf of AllBlue, acting as its agent, certain members of its 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 BlueCrest. 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.

■ **AllBlue Leveraged Feeder Limited**

As announced on the 26 March 2012, the Company redeemed a portion of its investment in each currency share class of AllBlue (on a pro-rata basis) on 1 April 2012 in order to generate 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 AllBlue, the Company has invested an appropriate amount of the redemption proceeds into shares in AllBlue Leveraged Feeder Limited (“AllBlue Leveraged”). AllBlue Leveraged invests all of its assets in the ordinary shares of AllBlue but with the addition of leverage of approximately 50 per cent. of its net asset value, giving investment exposure which is 1.5 times that of AllBlue (excluding all fees and expenses attributable to such investments).

The effect of these arrangements will be that the Company’s aggregate investment exposure to AllBlue will remain broadly the same whilst providing access to more immediate liquidity.

On 1 January 2013 the Company restructured the Cash Reserve and AllBlue Leveraged investments so that they were held solely within the Sterling Class but so that the Cash Reserve remained available for use by all three share classes.

ABOUT THE COMPANY (continued)

■ 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 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. During the financial period the Company had access to a revolving overdraft facility with Barclays Private Clients International Limited (“Barclays”) in the amount of £500,000, which was cancelled following receipt of the Cash Reserve. During the first quarter of 2013 the Company entered into a facility with HSBC Bank PLC (the “Facility”) in the amount of Twenty Million Pounds Sterling which was repaid in full after one month. The Facility was obtained for the purpose of financing the Company’s share buyback programme pending receipt of funds from a quarterly redemption of AllBlue.

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.

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 50 per cent. of AllBlue Leveraged’s net asset value, but may vary from time to time.

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

■ BlueCrest Capital Management LLP

BlueCrest has been appointed as the investment manager of AllBlue and AllBlue Leveraged and the Underlying Funds. BlueCrest 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. BlueCrest has appointed on behalf of AllBlue, acting as its agent, certain members of its group (the “AllBlue Sub-Investment Managers”) as sub-investment managers to manage the assets of AllBlue, as agents of AllBlue. BlueCrest has a similar power in respect of AllBlue Leveraged and each of the Underlying Funds.

BlueCrest is an English limited liability partnership incorporated on 11 August 2008 with number OC339259 and registered office at 40 Grosvenor Place, London SW1X 7AW acting solely through its office in Guernsey located at BlueCrest House, Glatigny Esplanade, St Peter Port, Guernsey GY1 1WR (tel: +44 (0)14 81733 800).

ABOUT THE COMPANY (continued)

BlueCrest is licensed and regulated by the Guernsey Financial Services Commission 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 pool operator and is a member of the National Futures Association in such capacity.

■ **Currency Risk Management**

As AllBlue’s base currency is the US Dollar, BlueCrest may from time to time enter into forward exchange contracts in order to hedge the US Dollar exposure of the assets attributable to its Sterling Shares and Euro Shares in order to neutralise, as far as possible, the impact of fluctuations in the exchange rates between Sterling or Euro, as the case may be, and the US Dollar. Whilst hedging of currency exposure may occur within AllBlue, the Directors do not intend that the Company will carry out any additional hedging arrangements.

■ **Further Issue of Shares**

Subject to the terms of the Companies Laws, 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 and to raise additional capital for investment, the Company may seek to issue additional shares. Further issues of 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.

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 3 August 2012 at which the pre-emption rights granted to shareholders were disapplied in relation to up to 500 million new shares for a period concluding on 31 December 2013, unless such resolution is previously revoked by the Company’s shareholders in general meeting. This authority to allot up to 500 million new shares on a non-pre-emptive basis has historically been sought and received by the Company and the Directors intend to request that the authority to allot new shares on a non-pre-emptive basis is reviewed at each subsequent general meeting of the Company. 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).

ABOUT THE COMPANY (continued)

■ Conversion Facility

The Company has the ability to offer a conversion facility as at the first Business Day of each calendar month (“Conversion Day”). The Directors have the discretion not to operate the conversion facility with respect to any share class or possible share classes from time to time. Where the conversion facility is made available, shareholders are entitled to convert their Ordinary Shares in any currency class for Ordinary Shares in another currency class as at the Conversion Day. The Company will use reasonable endeavours to procure that the Board will use reasonable endeavours to ensure that new shares created pursuant to the conversion are admitted to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange approximately 35 Business Days after the relevant Conversion Day.

With effect from 17 April 2013 the Board has suspended all future conversions of Euro and Sterling Shares into US Dollar Shares pending conclusion of the redemption offer for US Dollar Shares described on page 22.

■ 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, as amended (the “Law”). In accordance with the Law any share buy backs will be affected 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 cancelled or held in treasury.

As announced on 28 May 2012, the Company engaged a buy-back agent to effect share buy-backs on behalf of the Company and this engagement remained in effect throughout the financial period and thereafter as at the date of this report.

As at 29 April 2013 the Company had brought back £48 million through on market share repurchases of 29,314,797 Sterling Shares at an average discount to the prevailing NAV of 5.5 per cent.

■ 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 commencing from 1 January 2008, 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 Net Asset Value 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).

ABOUT THE COMPANY (continued)

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.

■ Portfolio Summary

The Company’s investments (excluding cash, cash equivalents, receivables and prepayments) as at 31 December 2012 were:

Investment	Number of Shares	Valuation in Local Currency	Valuation £	Total Net Assets %
Sterling				
AllBlue Limited Sterling Shares	4,134,904.52	£794,340,381	794,340,381	82.89
AllBlue Leveraged Feeder Limited Sterling Shares	260,595.20	£61,861,522	61,861,522	6.46
Institutional Sterling Government Liquidity Fund – Core (Acc) Shares	22,092.55	£2,222,280	2,222,281	0.23
Euro				
AllBlue Limited Euro Shares	83,756.26	€16,030,194	13,014,691	1.36
AllBlue Leveraged Feeder Limited Euro Shares	5,898.62	€1,268,651	1,030,000	0.11
US Dollar				
AllBlue Limited US\$ Shares	637,114.88	US\$122,662,872	75,484,846	7.88
AllBlue Leveraged Feeder Limited US\$ Shares	47,446.10	US\$10,091,647	6,210,245	0.65
			£954,163,966	99.58

ABOUT THE COMPANY (continued)**Net Asset Value per Share for Financial Statements Purposes**

As at 31 December 2012, the net asset values of the Shares were:

	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$
Net asset value at 1 January 2012	1.6834	1.6334	1.6187
Add: net movement in unrealised appreciation on investments	0.1097	0.0932	0.0984
Less: operating expenses	(0.0014)	(0.0013)	(0.0012)
Add: effect of share buybacks and conversions	0.0012	0.0045	(0.0029)
Net asset value as at 31 December 2012	1.7929	1.7298	1.7130

DIRECTORS

The Company has five Directors, all are non-executive and held office throughout the reporting year and all Directors remain in office as at the date of this report.

Richard Crowder, Chairman (aged 63) holds a range of non-executive directorships and consultancy appointments. Having worked as an Investment Manager with Ivory & Sime in Edinburgh and as a Head of Investment Research with W.I. Carr in the Far East, he undertook a wide range of responsibilities for Schroders in London and the Far East, culminating in the role of Managing Director for Schroders’ Singapore associate. Having then worked as Chairman of Smith New Court International Agency and Director of Smith New Court Plc, Mr Crowder was the founding Managing Director of Schroders’ Channel Islands subsidiary from 1991 until he became a non-executive Director in 2000. He is resident in Guernsey.

Andrew Dodd (aged 41) is a principal, executive committee member and board member of BlueCrest. He is also a director of AllBlue Limited, BlueCrest BlueTrend Limited and several of the Underlying Funds and a member of the AllBlue Committee which is responsible for portfolio allocations within AllBlue Limited. He joined BlueCrest in 2006 after a 13 year career at Goldman Sachs where he specialised in advising insurance, banking and asset management clients with respect to mergers and acquisitions, capital markets, structured finance and asset/liability management. He holds a BA in Philosophy, Politics and Economics from Oxford University. He is resident in Switzerland.

The Directors considers that Mr Dodd’s membership of the Board provides the Board with important knowledge of the detailed operations and risks of BlueCrest, AllBlue and the Underlying Funds. As Chief Financial Officer of BlueCrest Mr Dodd’s day to day interests are broadly aligned with those of the Board, without the conflict of interests which could otherwise be present if he were, for instance, on the trading desk at BlueCrest. Mr Dodd abstains from voting on any matter in connection with AllBlue or BlueCrest and has waived all fees in connection with his appointment to the Company.

Jonathan Hooley, Chairman of Audit Committee (aged 57) retired as the senior partner of KPMG in the Channel Islands on 30 September 2007. His career with KPMG spanned some 30 years. He was a tax partner with KPMG for over 20 years, firstly in London where he was an international tax partner specialising in banking and other financial sector work and subsequently in Guernsey where he has been responsible for advising a large number of investment funds. Mr Hooley is a Chartered Director, Chartered Accountant and a Chartered Tax Adviser. He is a non-executive director of F&C Commercial Property Trust Limited. He is also a Jurat of the Royal Court of Guernsey. He is resident in Guernsey.

DIRECTORS (continued)

Paul Meader, Senior Independent Director (aged 47) is an independent director of a number of investment management companies and investment funds. He was, until recently, Head of Portfolio Management for Collins Stewart based in Guernsey, having previously held the role of Chief Executive of Corazon Capital Group which was acquired by Collins Stewart in 2010. Mr. Meader has 26 years’ experience in financial markets in London, Dublin and Guernsey following senior positions in portfolio management and trading, with particular expertise in fixed income investments. Prior to joining Corazon he was Managing Director of Rothschild’s Swiss private-banking subsidiary in Guernsey. Mr Meader is a Chartered Fellow of the Chartered Institute of Securities & Investments and is past Chairman of the Guernsey International Business Association, of the International Bankers’ Association and of the Guernsey Investment Managers’ & Stockbrokers’ Association. He is resident in Guernsey.

John Le Prevost (aged 61) is the Chief Executive Officer of Anson Group Limited and Chairman of its two operating subsidiaries Anson Fund Managers Limited (the Company’s Administrator and Secretary) and Anson Registrars Limited (the Company’s Registrar). He has spent 30 years working in offshore trusts and investment business during which time he was Managing Director of County NatWest Investment Management (Channel Islands) Limited, Royal Bank of Canada’s mutual fund company in Guernsey and Republic National Bank of New York’s international trust company. He is a director of a number of companies associated with Anson Group’s business as well as being a non-executive director of Thai Prime Fund Limited and is a trustee of the Guernsey Sailing Trust. He is resident in Guernsey.

ADMINISTRATOR AND COMPANY SECRETARY

Anson Fund Managers Limited (“Anson” or the “Administrator”) is a Guernsey incorporated privately owned company and provides administration and secretarial services to the Company pursuant to an Administration and Secretarial Agreement. In such capacity, Anson is responsible for the general secretarial functions required by The Companies (Guernsey) Law, 2008 (the “Law”) and ensures that the Company complies with its continuing obligations as well as advising on the corporate governance requirements and recommendations as applicable to a company listed on the premium segment of the Official List and admitted to trading on the main market of the London Stock Exchange.

The Administrator is also responsible for the Company’s general administrative functions such as the calculation of the net asset value of Shares and the maintenance of accounting and statutory records. In addition, at the direction and request of the Board, the Administrator is responsible for undertaking the required actions to adjust the Company’s portfolio in order to reflect monthly share conversions or other activities undertaken by the Board in accordance with the Investment Policy.

Anson specialises in providing a wide range of support services to companies and funds. Anson’s clients include trading companies, open ended and closed ended funds, unit trusts, investment companies and limited partnerships, many of which are listed on stock exchanges such as the LSE, AIM, CISX and Euronext Amsterdam.

REPORT BY THE INVESTMENT MANAGER OF ALLBLUE LIMITED

On the invitation of the Directors of the Company, this commentary has been provided by BlueCrest 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 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.

■ Report on AllBlue Limited (“AllBlue”) by BlueCrest Capital Management (UK) LLP and BlueCrest Capital Management LLP for the year ended 31 December 2012

In 2012, markets were driven by extraordinary policy intervention and stimulus, surrounded by political rhetoric that made predictions of performance more challenging as macro economics and fundamental valuations had a lower impact. To a large extent, investor behaviour was driven by a cycle of fear followed by supportive central bank action and then relief, both in Europe and the US. In Europe, as the Greek crisis intensified and other peripheral countries’ economies deteriorated, the ECB stepped in to calm markets with a second round of LTRO (Long Term Refinancing Operation) liquidity. The restored confidence in the Eurozone was short lived, as markets reversed sharply in second quarter and this time the ECB’s response was to offer forceful promises of bond buying through Outright Monetary Transactions (OMT) which did reduce the panic in the third quarter. Investors’ fears then rotated to weakness in the US economy, partially helped by the Fed’s actions with QE3. After the presidential election, concerns turned to the debt burden and the ‘Fiscal Cliff’, addressed by Congress with a last minute agreement at year end. These shifts in sentiment led to distinct periods of ‘risk on’ and ‘risk off’ behaviour in markets, resulting in few sustained macro trends and a decline in volatility.

Despite the challenging environment, the fund performed well as the estimated 2012 return for AllBlue (Class A USD) is 5.97%, with 12 month annualised volatility of 2.36% and 12 month correlation to the MSCI World Index of -0.08. All underlying funds delivered positive performance for 2012, with the exception of the small allocation to BlueMatrix. The discretionary trading funds employ a specialist model, consisting of a group of traders and strategies each with a dedicated area of focus. This enabled returns to be generated from specific opportunities within each segment which when aggregated across the markets covered resulted in consistent gains for the portfolios. Systematic strategies faced more challenging conditions. The greatest contributors to AllBlue performance were BlueCrest Capital International, BlueCrest Emerging Markets and BlueCrest Multi Strategy Credit, with BlueCrest Mercantile and BlueTrend Alignment also adding more modestly to returns. BlueMatrix detracted 10bps.

REPORT BY THE INVESTMENT MANAGER OF ALLBLUE LIMITED (continued)

Reviewing the returns on a quarterly basis, fund performance was positive consistently, with the strongest results in the third quarter as the majority of the underlying funds were profitable. Whilst still positive, the first quarter delivered the lowest performance as the BlueTrend Alignment fund was negatively impacted by market reversals in March.

Over 2012, there were relatively modest adjustments to positioning as the Committee believed that, in an environment where predictions on strategy level performance were challenged by the dominance of political factors on markets, it would be prudent to maintain the portfolio’s allocations close to the long-run average. The main allocation changes made were to increase BlueCrest Capital International, Multi-Strategy Credit and BlueMatrix and to reduce BlueTrend Alignment, Emerging Markets and Mercantile. These allocation changes reflected shifts in the relative opportunity set available for the strategies through the year, as well as to recognise the higher expected risk-adjusted returns for BlueMatrix, following improvements to the model.

Throughout the course of the year the fund’s Value at Risk (“VaR”) (Historic Simulation, 95% confidence, 1 day VaR) has averaged 0.25%, with a low of 0.17% being seen in July and a high of 0.35% being observed in December. The underlying funds continued to hold significant levels of unencumbered cash, with levels at year end ranging from 27% in BlueCrest Mercantile and BlueCrest Multi Strategy Credit to 49% in BlueMatrix. The imputed cash level for AllBlue was around 33%, in addition a number of the underlying funds utilise Alignment (BlueCrest’s absolute return fixed income fund) to manage a portion of what would otherwise be unencumbered cash; the fund look-through exposure to unencumbered cash plus Alignment was 67% at year-end.

A high level of diversification was seen between the underlying funds, with the average correlation being -3%. The highest correlation in 2012, measured on weekly data, was between BlueCrest Capital International and BlueTrend Alignment (53.5%), whilst the lowest correlation was observed between BlueCrest Multi Strategy Credit and BlueCrest Capital International (-27.0%).

REPORT BY THE INVESTMENT MANAGER OF ALLBLUE LIMITED (continued)**■ AllBlue: Allocations, Performance and Attribution of Underlying Funds****AllBlue Allocation**

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012 Change
BlueCrest Capital International	32.2%	34.1%	38.6%	36.9%	35.0%	2.7%
BlueCrest Emerging Markets	17.5%	16.5%	16.5%	16.4%	16.5%	-1.0%
BlueCrest Multi Strategy Credit	17.4%	15.9%	15.9%	19.9%	20.0%	2.6%
BlueCrest Mercantile	12.5%	12.1%	11.6%	11.3%	11.1%	-1.4%
BlueTrend Alignment	17.2%	18.0%	14.1%	12.1%	12.1%	-5.1%
BlueMatrix	3.1%	3.3%	3.2%	3.1%	5.2%	2.1%
Cash	0.1%	0.1%	0.2%	0.2%	0.2%	0.1%

AllBlue Allocations as of the 1st day of each quarter end month (Q1: March, Q2: June, Q3: September, Q4: December).

Fund Performance

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012
AllBlue	0.78%	1.03%	2.77%	1.28%	5.97%
BlueCrest Capital International	1.85%	0.50%	2.48%	0.89%	5.83%
BlueCrest Emerging Markets	2.38%	-0.06%	3.52%	4.70%	10.90%
BlueCrest Multi Strategy Credit	0.19%	3.82%	1.47%	1.59%	7.22%
BlueCrest Mercantile	1.43%	0.44%	0.62%	2.22%	4.79%
BlueTrend Alignment	-2.36%	0.14%	7.24%	-2.34%	2.40%
BlueMatrix	-0.43%	-0.73%	-0.11%	-1.23%	-2.49%

The figures shown are for the longest running share class in each strategy, namely Class A USD for all funds excluding BlueCrest Multi Strategy Credit which is for Class X USD.

AllBlue Attribution

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012
BlueCrest Capital International	0.59%	0.16%	0.91%	0.30%	2.01%
BlueCrest Emerging Markets	0.37%	-0.01%	0.58%	0.75%	1.73%
BlueCrest Multi Strategy Credit	0.04%	0.61%	0.29%	0.31%	1.26%
BlueCrest Mercantile	0.17%	0.05%	0.08%	0.24%	0.56%
BlueTrend Alignment	-0.36%	0.24%	0.92%	-0.27%	0.51%
BlueMatrix	-0.01%	-0.02%	0.00%	-0.06%	-0.10%

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

REPORT BY THE INVESTMENT MANAGER OF ALLBLUE LIMITED (continued)

■ 2012 Key Performance Drivers by Fund

BlueCrest Capital International

The Rates team were the largest return driver, with gains seen across all of their sub-strategies; curve trading strategies made the greatest contribution to profits from all of the sub-strategies within Rates, with numerous trades across maturities and markets proving profitable through the ‘risk on’, ‘risk off’ moves that led to changes in yield curve slopes and shapes. Meanwhile, the Relative Value team delivered consistently good performance through the year from a diversified range of sub-strategies such as curve, bond basis and swap relative value, with both the European and North American markets providing a significant contribution to profits. The positive return of Alignment for the year was achieved through a range of strategies, led by interest rates followed by Agency, Credit, Mortgage Backed and Inflation linked bond strategies. The performance impact of other strategies was not significant, as more challenging markets reduced returns and the allocations made within the portfolio were modest in size.

BlueCrest Emerging Markets

Strong performance in 2012 was driven by dynamic positioning through the markets’ ‘risk on’, ‘risk off’ cycles, via a number of strategies including relative value and directional trading. The most successful asset classes were local market interest rates, sovereign credit and FX, with the small risk allocation to corporate credit strategies adding modestly to returns. Within local interest rate markets, positioning generally had a long bias through the year, as the portfolio anticipated lower rates in emerging markets as they sought to protect their economies from the slow down in developed markets. The most successful regions were CEMEA, benefitting from improved sentiment in the Eurozone in the latter part of the year, along with Latin America. Asia and developed markets (in strategies linked to emerging markets), also generated positive returns.

BlueCrest Multi Strategy Credit

The portfolio started 2012 with defensive positioning based on a cautionary outlook for credit given broader market risks. As markets rallied, performance in the first quarter was modest with short positions partially detracting from gains. In the second quarter, the increased volatility within markets played to the strength of the team’s trading capabilities and profits were generated from several relative value strategies in the US and Europe. In the US, high yield and corporate credit indices were profitable, whereas in Europe, shorts in investment grade corporates benefitted from the weakening economy. Markets continued to offer attractive trading opportunities through the second half of the year and the fund’s positioning moved more positive, taking a long-bias in US credit. Areas of particular success include asset backed securities and US high yield indices, which benefitted from improved sentiment after the US Federal Reserve’s QE3 actions.

REPORT BY THE INVESTMENT MANAGER OF ALLBLUE LIMITED (continued)

BlueCrest Mercantile

Over 2012, the two main credit sub-strategies, Bank Basel II and Trade Credit Opportunities, produced positive returns whereas the Commodities Finance sub-strategy delivered a modestly negative return. Within the Bank Basel II sub-strategy, performance of the underlying portfolios remained positive throughout the year as overall default rates in the portfolio's assets continued to be very low. The Trade Credit opportunities portfolio also performed well, as good sector selection and the identification of and access to cheap assets led to solid net positive carry, less the cost of hedges. The portfolio maintained defensive positioning through holding shorter duration assets, in anticipation of better entry points for longer maturity assets in due course. The Commodity Finance sub-strategy performed well in the first quarter after a profitable position sale, but gains were partially offset later in the year by losses on gold-related assets.

BlueTrend Alignment

The environment for trend following remained challenging and the BlueTrend strategy was modestly positive for 2012; the lowest annual performance of the nine calendar years since inception. However the positive contribution from the Alignment fund, used to invest a portion of the unencumbered cash holding, increased returns for the year. Within BlueTrend, the best performing sectors were Short Interest Rates (gaining approximately 5% gross), Bonds (gaining approximately 3% gross) and Equity (gaining approximately 2% gross). Conversely Metals, Energies, FX and Crops were negative performers (losing approximately 3%, 2%, 2% and 1% respectively). Margin to Equity for the fund ranged between 9.3% and 23.1% with an average of 15.0% (measured on monthly data). BlueCrest's Systematic Trading Team continues to seek enhancements and additions to the underlying models of BlueTrend, with a number of research developments being released over the course of 2012.

BlueMatrix

It was a challenging start to the year for statistical arbitrage strategies due to high single stock correlation rendering the models less effective. On 1 October after extensive research work by the Systematic Trading Team it was decided to extend and enhance the signal set from which BlueMatrix seeks to generate its returns. Previously the fund had a very narrow focus, leaving the strategy prone to whether the environment suited that specific signal set; since October the strategy combines several return sources based upon technical, fundamental and other signal styles. In the fourth quarter, the performance of the enhanced model was mixed across regions and signals. The European portfolio was the main contributor to performance with consistently positive returns; the US portfolio was also a positive contributor. The Asian portfolio faced the most difficult conditions and detracted from the positive performance provided by the other regions.

**MANAGEMENT REPORT
for the year ended 31 December 2012**

A description of important events which have occurred during the financial year, their impact on the performance of the Company as shown in the Financial Statements and a description of the principal risks and uncertainties facing the Company, together with an indication of important events that have occurred since the end of the financial year and the Company’s likely future development is given in the Chairman’s Statement on pages 2 to 4, the Report of the Directors on pages 22 to 35 and the Notes to the Financial Statements on pages 46 to 70 and is incorporated here by reference.

There were no material related party transactions which took place in the financial year, other than those disclosed in the report of the Directors and at Note 6 to the Financial Statements.

■ **Going Concern**

The performance of the investments held by the Company over the reporting year are described in the Statement of Comprehensive Income 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 market 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. During the year under review the Company entered into the Facility in order to cover the expense of the Company’s buyback programme prior to receipt of redemption proceeds.

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 9.

As at 11 April 2013, for the purposes of the continuation votes the Sterling Shares had traded at an average 5.22% discount to their net asset values, the Euro Shares at an average 5.02% discount and the US Dollar Shares at an average discount of 5.04%, all over the previous twelve month period. As at 19 April 2013, being the latest practicable date prior to the publication of this document, the Sterling Shares were trading at a discount of 4.15% to their net asset value, the Euro Shares at a discount of 2.90% to their net asset value and the US Dollar Shares at a discount of 1.81% to their net asset value.

MANAGEMENT REPORT (continued)
for the year ended 31 December 2012

The continuation vote mechanism was triggered for the Sterling Shares and US Dollar Shares as announced on 31 January 2013 and for the Euro Shares as announced on 28 February 2013. Continuation resolutions were passed for Sterling and Euro Share classes of Ordinary Shares at separate Class meetings held on 17 April 2013 and accordingly no further continuation vote can be triggered for each class until 31 December 2013 (for the Sterling Share class) and 31 January 2014 (for the Euro Share class). The Continuation resolution was not passed for the US Dollar Share class and therefore the Directors will formulate redemption proposals to be put to the shareholders of that class only offering to redeem their shares at the relevant Net Asset Value (less the costs of all such redemptions).

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, they continue to adopt the going concern basis in the preparation of this annual financial report.

■ **Responsibility Statement**

The Board of Directors, as identified on pages 12 and 13, jointly and severally confirm that, to the best of their knowledge:

- (a) the Financial Statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- (b) This Management Report includes or incorporates by reference a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Jonathan Hooley

Director

30 April 2013

REPORT OF THE DIRECTORS

The Directors present their Report and Financial Statements for the year ended 31 December 2012.

■ **The Company**

The Company is a self-managed closed-ended investment company incorporated in Guernsey on 21 April 2006 with an unlimited life. The Company has three classes of Shares in issue, being Sterling Shares, Euro Shares and US Dollar Shares. All three classes of Shares have been admitted to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange’s main market for listed securities. The Company is a member of the Association of Investment Companies.

■ **Investment Objective and Investment Policies**

The investment objective and policy of the Company is as stated on page 5.

■ **Shareholder Information**

The Company announces the confirmed net asset value of each share class on a monthly basis and a commentary on the investment performance of AllBlue is provided by BlueCrest. The estimated net asset value of each share class is announced weekly to a Regulatory Information Service. The daily market closing prices of Shares are available on Reuters, Bloomberg and on-line on the internet. A copy of the Registration Document, Summary Note and Securities Note of the Company can be found at www.bluecrestallblue.com.

All Shares may be dealt in directly through a stockbroker or professional adviser acting on an investor’s behalf. The buying and selling of Shares may be settled through CREST.

The Company’s register of shareholders is maintained by Anson Registrars Limited in Guernsey and they can be contacted on +44 (0)1481 711301.

■ **Results and Dividends**

The results for the year are set out in the Statement of Comprehensive Income on pages 38 and 39. In accordance with the Investment Objective the Directors did not declare any dividends during the year under review and the Directors do not recommend the payment of a dividend as at the date of this report.

■ **Directors**

The Directors, all of whom are non-executive, as shown on pages 12 and 13 all held office throughout the reporting year and all Directors remain in office as at the date of signature of these Financial Statements. No Director has a contract of service with the Company, nor are any such contracts proposed.

REPORT OF THE DIRECTORS (continued)

The interests of the Directors in the Shares of the Company as at the date of signature of these Financial Statements are as follows:

Director	Number and Class of Shares
Mr Andrew Dodd	329,165 Sterling Shares
Mr John Le Prevost	62,034 Sterling Shares
Mr Jonathan G Hooley	409,664 Sterling Shares
Mr Paul Meader	29,163 Sterling Shares
Mr Richard Crowder	92,775 Sterling Shares

■ Related Party Transactions

Anson Fund Managers Limited is the Administrator and Secretary of the Company, Anson Registrars Limited is the Registrar, Transfer Agent and Paying Agent of the Company and Anson Administration (UK) Limited is the UK transfer Agent of the Company. Mr Le Prevost is a Director and controller of Anson Fund Managers Limited, Anson Administration (UK) Limited and Anson Registrars Limited. Other than the above-mentioned interests, none of the Directors, nor any persons connected with them, had a material interest in any of the Company’s transactions.

Andrew Dodd is a principal, executive committee member and board member of BlueCrest. He is also a director of AllBlue Limited and several of the Underlying Funds and a member of the AllBlue Committee which is responsible for portfolio allocations within AllBlue Limited.

■ Substantial Shareholdings

The Directors have been notified of the following substantial interests in the Company’s relevant share capital as at the date of this report.

Name	Number of Voting Rights	% of Voting Rights
Rathbone Brothers Plc	52,698,189	9.36
BlackRock Inc	48,348,497	8.59
Quilter & Co Ltd	32,943,033	5.85
Weiss Asset Management LP	29,818,745	5.30
Schroders Plc	29,530,195	5.25
Cazenove Capital Management Limited	29,108,951	5.17

REPORT OF THE DIRECTORS (continued)

■ Net Asset Value

The Net Asset Value for accounting purposes of the Company’s Shares, including all distributable reserves as at 31 December 2012 was GBP 1.7929 (Sterling Shares), EUR 1.7298 (Euro Shares) and USD 1.7130 (US Dollar Shares).

The Company’s net asset value is based on valuations of unquoted investments. In calculating the net asset value and the net asset value per Share of the Company, the Administrator relies on the net asset values of the shares in AllBlue and AllBlue Leveraged supplied by the administrator of each fund.

■ Statement of Directors’ Responsibilities

The Directors are required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that year. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements have been properly prepared in accordance with the Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

■ Corporate Governance

Statement of Compliance with the AIC Code of Corporate Governance

In accordance with Listing Rule 9.8.7 the Company is required to comply with the requirements of the UK Corporate Governance Code. A copy of the UK Corporate Governance Code is available for download from the Financial Reporting Council’s website (www.frc.org.uk).

REPORT OF THE DIRECTORS (continued)

The Board of the Company has considered the principles and recommendations of the Association of Investment Companies (the “AIC”) Code of Corporate Governance (the “AIC Code”) by reference to the AIC Corporate Governance Guide for Investment Companies (the “AIC Guide”). The AIC Code, as explained by the AIC Guide addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to an investment company.

With effect from 1 January 2012 the Company is also required to comply with the Guernsey Financial Services Commission Financial Sector Code of Corporate Governance (the “GFSC Code”). As the Company reports under the AIC Code it is deemed to meet the requirements of the GFSC Code. The Board has undertaken to evaluate its corporate governance compliance on an on-going basis.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors’ remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions not relevant to the position of the Company, being a self-managed investment company. The Company has therefore not reported further in respect of these provisions. The Company has complied with all Principles of the AIC Code and conforms with all detailed recommendations subject to the following explanations.

The Board comprises five non-executive Directors all of whom are independent (with the Chairman being independent on appointment) for the purposes of Principle Two of the AIC Code and Listing Rule 15.2.12A except for Mr Dodd, who is a member of the Board of the investment manager of AllBlue Limited and Mr Le Prevost, who is a director and controller of the (i) Administrator and Secretary, (ii) Registrar and (iii) Transfer Agent of the Company.

Biographies of the Directors appear on pages 12 and 13, demonstrating the wide range of skills and experience they bring to the Board and highlights of the specific key skills and experience are included on page 31. In accordance with Principle Five of the AIC Code the following details all other public company directorships and employments held by each Director and shared directorships of any commercial company held by two or more Directors:

REPORT OF THE DIRECTORS (continued)

Richard Crowder

Absolute Alpha Fund PCC Ltd
Aviva Investors Alternative Funds PCC
Better Capital PCC Limited
FF&P Alternative Strategy PCC Limited
FF&P Global Property Fund PCC Limited
FF&P Enhanced Opportunities Fund PCC Limited
FF&P Venture Funds PCC Limited
Japan Residential Investment Company Limited
Pantheon International Participations Plc
Rufford & Ralston PCC Limited

Jonathan Hooley

F&C Commercial Property Trust Limited

Paul Meader

Guaranteed Investment Products 1 PCC Limited – non-executive directorship with John Le Prevost
ICG-Longbow Senior Secured UK Property Debt Investments Ltd

John Le Prevost

Close Assets Fund Limited
Guaranteed Investment Products 1 PCC Limited – non-executive directorship with Paul Meader
Harewood Structured Investment PCC Limited
Thai Prime Fund Limited

Andrew Dodd

BlueCrest BlueTrend Limited

REPORT OF THE DIRECTORS (continued)

The Board meets at least four times a year to consider the business and affairs of the Company for the previous quarter. Between these quarterly meetings the Board keeps in contact by email and telephone as well as meeting to consider specific matters of a transactional nature. All directors have complete direct access to the Secretary and the Secretary is responsible for ensuring that Board procedures are followed and that there are good information flows both within the Board and between Committees and the Board. Additionally the Board holds strategy meetings with its relevant advisors in attendance as appropriate. The Directors are kept fully informed of investment and financial controls and other matters that are relevant to the business of the Company and should be brought to the attention of the Directors. The Directors also have access, where necessary in the furtherance of their duties, to professional advice at the expense of the Company.

During the year under review the Board met nine times. Of those nine meetings four were quarterly board meetings and five were ad hoc meetings held at short notice to deal with specific matters. The Director’s attendance is summarised below:

Director	Quarterly Board Meetings	Ad hoc Meetings
Richard Crowder	4 of 4	4 of 5
Andrew Dodd	4 of 4	4 of 5
Jonathan Hooley	4 of 4	4 of 5
Paul Meader	4 of 4	4 of 5
John Le Prevost	4 of 4	3 of 5

Letters of appointment for non-executive Directors do not set out a fixed time commitment for board duties as the Board considers that the time required by Directors may fluctuate depending on demands of the Company and other events. Therefore it is required that each Director will allocate sufficient time to the Company to perform their duties effectively and expected that each Director will attend all quarterly Board meetings and meetings of Committees of which they are a member. The Chairman has confirmed that he considers the performance of each director to be effective and that each director demonstrates continued commitment to their role.

■ **Audit Committee**

An Audit Committee has been established consisting of Mr Hooley, Mr Meader and Mr Crowder, Mr Dodd and Mr Le Prevost are entitled to attend. Mr Hooley has been appointed as Chairman. During the year under review the Audit Committee met three times and all members of the Committee attended all meetings.

REPORT OF THE DIRECTORS (continued)

The Audit Committee has regard to the Guidance on Audit Committees published by the Financial Reporting Council in September 2012. The Audit Committee examines the effectiveness of the Company’s internal control systems, the annual and half-yearly reports and Financial Statements, the auditors’ remuneration and engagement, as well as the auditors’ independence and any non-audit services provided by them. The Audit Committee will consider arranging for the external audit contract to be tendered in 2016 (being 10 years from the initial appointment) with the aim of ensuring a high quality and effective audit.

The Audit Committee meets at least twice annually, shortly before the Board meets to consider the Company’s half-yearly and annual financial reports, and reports to the Board with its deliberations and recommendations and also has an annual planning meeting with the Auditor. The Audit Committee operates within clearly defined terms of reference based on the ICSA recommended terms and provides a forum through which the Company’s external auditors report to the Board. The Audit Committee receives information from the Company’s service providers with the majority of information being directly sourced from the Secretary, Administrator and the external auditors. The terms of reference of the Audit Committee are available from the Company’s website.

The Audit Committee considers the nature, scope and results of the Auditor’s work and reviews annually prior to providing a recommendation to the Board on the re-appointment or removal of the Auditor. When evaluating the external auditor the Committee has regard to a variety of criteria including industry experience, independence, reasonableness of audit plan, ability to deliver constructive criticism, effectiveness of communication with Board and the Company’s service providers, quality control procedures, management of audit process and added value beyond assurance in audit opinion.

Auditor independence is maintained through limiting non-audit services to tax reporting and audit-related work that falls within defined categories, for example the verification of the Company’s calculations in respect of a C share conversion. All engagements with the Auditor are subject to pre-approval from the Audit Committee and fully disclosed within the Annual Financial Report for the relevant period. A new lead audit partner is appointed every five years and the Audit Committee ensures the Auditor has appropriate internal mechanisms in place to ensure its independence. Christopher Matthews has been appointed lead audit partner during 2012. The Audit Committee has recommended to the Board that the re-appointment of Ernst & Young LLP as the Company’s external auditors be proposed to shareholders at the 2013 Annual General Meeting.

REPORT OF THE DIRECTORS (continued)

Each year the Board examines the Audit Committee’s performance and effectiveness, and ensures that its tasks and processes remain appropriate. Key areas covered included the clarity of the Committee’s role and responsibilities, the balance of skills among its members and the effectiveness of reporting its work to the Board. The Board is satisfied that all members of the Committee have relevant financial experience and knowledge and ensure that such knowledge remains up to date. Regarding process, members noted that fulfilling the Committee’s remit had led to lengthy meetings, but at the same time they recognized a wish to extend in detail into specific topics. The Board has sought to allow for this by arranging for meetings of the Audit Committee several days prior the Board meeting where the findings of the Committee will be reported.

Overall the Board considered the Audit Committee had the right composition in terms of expertise and has effectively undertaken its activities and reported them to the Board during the year.

The Audit Committee has no significant issues which it wishes to report.

■ Management and Remuneration Committee

A Management and Remuneration Committee has been established consisting of Mr Meader, Mr Hooley and Mr Crowder. Mr Dodd and Mr Le Prevost are entitled to attend all meetings of the Committee. Mr Meader has been appointed as Chairman. The function of the Management and Remuneration Committee is:

- (a) to ensure that the Company’s contracts of engagement with the Administrator and other service providers are operating satisfactorily so as to ensure the safe and accurate management and administration of the Company’s affairs and business and are competitive and reasonable for the shareholders and to make appropriate recommendations to the Board;
- (b) to monitor and assess the appropriate levels of remuneration for all Directors; and
- (c) to ensure that the Company complies to the best of its ability with applicable laws and regulations and adheres to the tenet of generally accepted codes of conduct.

During the year under review the Management and Remuneration Committee met once and all members attended this meeting.

The chairmanship of the Audit and the Management and Remuneration Committees is reviewed annually by the Chairman. In addition, each Director’s performance is assessed annually by the Chairman and the performance of the Chairman is assessed by the Senior Independent Director together with the remaining Directors.

REPORT OF THE DIRECTORS (continued)

The remuneration of the Directors is reviewed on an annual basis and compared with the level of remuneration for directorships of other similar funds. All Directors receive an annual fee (apart from Mr Dodd who has waived all fees in connection with his appointment of the Company) and there are no share options or other performance related benefits available to them.

The Board is committed to an evaluation of its performance being carried out every year. In accordance with Principle Seven of the AIC Code an externally facilitated evaluation of the Board took place in the preceding financial year and is expected to be repeated in 2014. The 2011 external valuation confirmed that the Company observes high standards of corporate governance and the Board confirms that there are no outstanding recommendations from this evaluation.

During the year under review the Board evaluated its performance and that of its Committees and individual Directors without identifying any points of concern.

■ Nomination Committee

A Nomination Committee has been established consisting of Mr Crowder, Mr Meader, Mr Hooley, Mr Le Prevost, Mr Dodd with Mr Crowder being appointed as Chairman of this Committee, except when the Committee considers any matter in connection with the Chairmanship in which case the Committee will elect another Chairman. Given that the Board consists solely of non-executive directors, each of whom are members of the Committee, the Board does not consider the Chairman being a member of the Committee to be inappropriate. The function of the Nomination Committee is to ensure that the Company goes through a formal process of reviewing the balance, independence and effectiveness of the Board, identifying the experience and skills which may be needed and those individuals who might best provide them and to ensure that the individual has sufficient available time to undertake the tasks required. When considering the composition of the Board Directors will be mindful of diversity, inclusiveness and meritocracy. The outside directorships and broader commitments of Directors are also monitored by the Nomination Committee.

The Board had undertaken the aforementioned formal review of the balance, independence and effectiveness of the Board therefore the Nomination Committee did not meet. The Board concluded it did not have any objection to the current commitments of its members, including the shared directorship listed above, on page 26 and that no changes to the composition of the Board were required. Should this view change the Nomination Committee would have regard to the Board’s Diversity Policy that when recruiting Directors, a comparative analysis of candidates’ qualifications and experience, applying pre-established clear, neutrally formulated and unambiguous criteria will be utilised to determine the most suitable candidate for the specific position sought. A review of the skills and experience of the existing Board members is outlined below:

REPORT OF THE DIRECTORS (continued)

Director

Richard Crowder
Chairman

Key Skills and Experience

Wide knowledge of investment management as well as broad experience of non-executive directorship, chairmanship and executive directorship in quoted and unquoted companies.

Paul Meader
Senior Independent Director

An experienced portfolio manager with in-depth knowledge of private wealth management and institutional asset management. Long term experience of asset allocation, fixed income and hedge funds. Significant financial services, fund management, regulatory and non-executive director experience.

Jonathan Hooley
Chairman of Audit Committee

Wide-ranging knowledge of audit, financial reporting, financial services, tax together with substantial financial and non-executive directorship experience.

John Le Prevost

Extensive knowledge of investment company administration, regulation, listing rules, corporate structuring and substantial non-executive director experience of listed companies in the UK and the Far East.

Andrew Dodd

Extensive knowledge and experience of hedge funds, asset/liability management, capital markets, financial management and risk analysis.

All Directors put themselves forward for re-election at each Annual General Meeting. On 3 August 2012, the most recent AGM, shareholders re-elected all Directors of the Company.

The Board believes that changes to its composition, including succession planning for the Chairman or other Director, can be managed without undue disruption to the Company's operations. To date no Director of the Company has resigned. Directors are able and encouraged to provide statements to the Board of their concerns and ensure that any items of concern are recorded in the Board minutes and the Chairman encourages all Directors to present their views on matters in an open forum. The Board is also scheduled to consider the tenure of Directors once any Director has been appointed to the Board for a continuous period of nine years; this is currently scheduled to occur in 2015 for Messrs Crowder, Meader and Le Prevost. Whilst the Board is of the view that directors can continue in certain circumstances beyond a tenure of 9 years, thereafter such Directors will be subject to increasing scrutiny as to their effectiveness and independence.

REPORT OF THE DIRECTORS (continued)

■ Internal Controls and Risk Management Review

The Board is responsible for the Company’s system of internal control and for reviewing its effectiveness. The Board confirms that there is an on-going process for identifying, evaluating and monitoring the significant risks faced by the Company.

The Board carries out an annual review of internal controls of itself and service providers, which are designed to meet the Company’s particular needs and the foreseeable risks to which it is exposed, which could have an impact on the Company. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The Company has put in place arrangements with AllBlue and BlueCrest (as appropriate) for the Company to receive weekly estimated net asset values and estimated and final monthly net asset values in relation to AllBlue and AllBlue Leveraged, together with certain factsheets produced on each fund and other administrative information and reports. The purpose of these arrangements is to ensure that the Directors have sufficient information to enable them to monitor the Company’s investments in AllBlue. In addition, the appointment of Andrew Dodd to the Board, together with his alternate director, allows the Board immediate direct access to senior representatives of the BlueCrest group to discuss issues and receive information on matters which may impact Shareholders.

The Board on a semi-annual basis conducts a full review of the Company’s risk management systems including consideration of a risk matrix which covers various areas of risk including corporate strategy, accuracy of published information, compliance with laws and regulations, relationships with service providers and investment and business activities. The Board considers that the Company has adequate and effective systems in place to identify, mitigate and manage the primary risks to which the Company is exposed.

The Company is a self-managed investment company with no separate investment manager accordingly no fees are payable to an investment manager. BlueCrest is the investment manager of AllBlue and AllBlue Leveraged. Administration and Secretarial duties for the Company are performed by Anson Fund Managers Limited. The Board considers that the systems and procedures employed by the Administrator and by provide sufficient assurance that a sound system of internal controls is in place.

REPORT OF THE DIRECTORS (continued)

The Directors of the Company clearly define the duties and responsibilities of their agents and advisors. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved and the Board monitors their on-going performance and contractual arrangements. The Board has also specified which matters are reserved for a decision by the Board and which matters may be delegated to its agents and advisers.

Specific matters reserved exclusively for the decision of the Board include all matters concerning the acquisition and realisation of shares in underlying investments, the authorisation of conversions between share classes, the variation of terms on which an overdraft facility is used to finance operating costs and the invocation of any premium or discount mechanisms.

■ **Bribery**

The Directors have undertaken to operate the business in an honest and ethical manner and accordingly take a zero-tolerance approach to bribery and corruption. The key components of this approach are implemented as follows:

- The Board is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.
- The Company will implement and enforce effective procedures to counter bribery.
- The Company requires all its service providers and advisors to adopt equivalent or similar principles.

■ **Internal Audit**

There is no internal audit function. As all of the Directors are non-executive and all of the Company’s administration functions have been delegated to independent third parties, the Audit Committee considers that there is no need for the Company to have an internal audit function. However, this matter is reviewed periodically by the Audit Committee which then presents an annual recommendation to the Board accordingly.

■ **Dialogue with Shareholders**

All holders of Shares in the Company have the right to receive notice of, and attend, all general meetings of the Company, during which the Directors are available to discuss issues affecting the Company, and the Directors also meet periodically with major shareholders. The Directors are always available to enter into dialogue with shareholders and make themselves available for such purpose whenever required. The Senior Independent Director can also be contacted by shareholders, through the Secretary, if they have any concerns. The Annual General Meeting also provides a forum for shareholders to raise any queries or concerns directly with the Board in person. The Investment Manager of AllBlue and Jefferies Hoare Govett and Dexion Capital Plc, the Company’s Corporate Brokers, meet regularly with the Company’s major shareholders and reports are provided at least quarterly to the Board of Directors on those shareholders’ views about the Company and any issues or concerns they might have.

REPORT OF THE DIRECTORS (continued)

The Board regularly reviews the Company’s share register at its formal meetings to monitor the shareholder profile and the Board is implementing measures to ensure that information is presented to its Shareholders in a fair, balanced and understandable manner.

In the autumn of 2012 the Company sought the views of a sample range of shareholders regarding the nature and structure of communication and information. The Board has reviewed these findings and as a result asked one of the Directors, Paul Meader, to devote some additional time to reviewing and improving the information provided and to initiating dialogue with a wider shareholder base. The result of this process will be seen during 2013. Mr Meader was paid an additional fee of £15,642.65 during 2012 for the work undertaken in this regard, which the Board believes is an appropriate level of remuneration for the work undertaken.

■ **Disclosure of Information to Auditors**

The Directors who held office at the date of approval of this Directors’ Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company’s Auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company’s Auditors are aware of that information.

■ **Auditor**

Ernst & Young LLP have been the Company’s Auditor since its incorporation and the lead audit partner is currently Chris Matthews. Ernst & Young LLP has expressed its willingness to continue in office as Auditor. A resolution proposing its reappointment will be submitted at the Company’s forthcoming general meeting.

During the year under review the Auditor provided German taxation publication services to the Company and received fees amounting to €5,824. This engagement did not require any consultation or advice to be provided by the Auditor. No other non-audit services were provided by the Auditor.

REPORT OF THE DIRECTORS (continued)

■ Going Concern

Whilst it is not currently anticipated that continuation votes will need to be put to any class of shareholders of the Company in the future, the Board cannot be certain that the requirement for one or more continuation votes will not be triggered and, if continuation votes were triggered, it cannot be confirmed that any or all of such continuation votes would be passed. Notwithstanding such uncertainty, the Financial Statements are prepared on the going concern basis in light of the Board’s assessment of:

- shareholders’ appetite to continue their investments in the Company; and
- the expectation of the Directors that the Company will continue for the foreseeable future.

By order of the Board

Jonathan Hooley

Director

30 April 2013

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF BLUECREST ALLBLUE FUND LIMITED

We have audited the Financial Statements of BlueCrest AllBlue Fund Limited (the “Company”) for the year ended 31 December 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Net Assets Attributable to Shareholders, the Statement of Cash Flows and the related Notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company’s members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

■ Respective responsibilities of directors and auditor

As explained more fully in the Directors’ Responsibilities Statement set out on page 24, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

■ Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

■ Opinion on financial statements

In our opinion the Financial Statements:

- Give a true and fair view of the state of the Company’s affairs as at 31 December 2012 and of its profit for the year then ended;
- Have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- Have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF
BLUECREST ALLBLUE FUND LIMITED (continued)**

■ **Matters on which we are required to report by exception**

We have nothing to report in respect of the following:

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- Proper accounting records have not been kept; or
- The Financial Statements are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company’s compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Christopher James Matthews FCA
for and on behalf of Ernst & Young LLP
Guernsey, Channel Islands
30 April 2013

Notes:

1. The maintenance and integrity of the BlueCrest AllBlue Fund Limited web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.
2. Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

	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	52,576,962	960,050	7,879,041	57,901,667
Net gain on current financial assets at fair value through profit or loss	7	22,281	8	853	22,812
Operating expenses	3	(648,772)	(12,955)	(94,921)	(719,178)
Currency aggregation adjustment		–	–	–	(3,943,579)
Increase in net assets attributable to shareholders		51,950,471	947,103	7,784,973	53,261,722
Earnings per share for the year		Pence (£)	Cent (€)	Cents (\$)	
– Basic and Diluted	5	10.54	9.52	9.43	

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

There is no Other Comprehensive Income for the year.

Reconciliation of basic and diluted earnings per share for investment purposes to earnings per share per the Financial Statements:

	Ordinary Shares		
	Sterling Share Class Pence (£)	Euro Share Class Cent (€)	US Dollar Share Class Cents (\$)
Earnings per share for investment purposes	10.67	9.66	9.55
Adjustment for amortisation of preliminary and other expenses on a straight line basis in accordance with the Prospectus	(0.13)	(0.14)	(0.12)
Earnings per share per the Financial Statements	10.54	9.52	9.43

The earnings per share for investment purposes represents the earnings per share attributable to shareholders in accordance with the Prospectus.

The notes on pages 46 to 70 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME (continued)
for the year ended 31 December 2011

		Ordinary Shares			
		Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
	Notes				
Net gain on non current financial assets at fair value through profit or loss	7	19,312,502	543,403	1,478,302	20,703,690
Operating expenses	3	(673,449)	(11,446)	(109,455)	(753,638)
Currency aggregation adjustment		–	–	–	1,455,117
Increase in net assets attributable to shareholders		18,639,053	531,957	1,368,847	21,405,169
Earnings per share for the year		Pence (£)	Cent (€)	Cents (\$)	
– Basic and Diluted	5	3.71	5.27	1.88	

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

There is no Other Comprehensive Income for the year.

Reconciliation of basic and diluted earnings per share for investment purposes to earnings per share per the Financial Statements:

	Ordinary Shares		
	Sterling Share Class Pence (£)	Euro Share Class Cent (€)	US Dollar Share Class Cents (\$)
Earnings per share for investment purposes	3.85	5.39	2.03
Adjustment for amortisation of preliminary and other expenses on a straight line basis in accordance with the Prospectus	(0.14)	(0.12)	(0.15)
Earnings per share per the Financial Statements	3.71	5.27	1.88

The earnings per share for investment purposes represent the earnings per share attributable to shareholders in accordance with the Prospectus.

The notes on pages 46 to 70 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2012

		Ordinary Shares			
		Sterling Share Class	Euro Share Class	US Dollar Share Class	Total
	Notes	£	€	\$	£
NON CURRENT ASSETS					
Unquoted financial assets designated as at fair value through profit or loss	7	856,201,904	17,298,847	132,754,520	951,941,685
CURRENT ASSETS					
Quoted financial assets designated as at fair value through profit or loss	7	2,222,281	–	–	2,222,281
Cash and cash equivalents		1,018,915	1,782	20,591	1,033,040
Receivables & prepayments	8	109,371	540,181	4,449,583	3,215,991
		3,350,567	541,963	4,470,174	6,471,311
TOTAL ASSETS		859,552,471	17,840,810	137,224,694	958,412,996
CURRENT LIABILITIES					
Payables and accrued liabilities	9	96,214	15,227	111,873	107,270
		96,214	15,227	111,873	107,270
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS		859,456,257	17,825,583	137,112,821	958,305,726
Represented by:					
CAPITAL AND RESERVES					
Share capital	10	–	–	–	–
Share premium	11	–	–	–	–
Treasury shares	12	(30,453,679)	–	–	(30,453,679)
Distributable reserves	13	889,909,936	17,825,583	137,112,821	988,759,405
		859,456,257	17,825,583	137,112,821	958,305,726
SHARES IN ISSUE	10	479,354,793	10,304,993	80,041,527	
NAV PER SHARE		£1.7929	€1.7298	\$1.7130	

The Financial Statements on pages 38 to 72 were approved and authorised for issue by the Board of Directors on 30 April 2013 and are signed on its behalf by:

Jonathan Hooley
Director

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2011

		Ordinary Shares			
		Sterling Share Class	Euro Share Class	US Dollar Share Class	Total
	Notes	£	€	\$	£
NON CURRENT ASSETS					
Unquoted financial assets designated as at fair value through profit or loss	7	835,310,741	14,749,334	136,100,695	935,355,183
CURRENT ASSETS					
Receivables & prepayments	8	71,490	695	6,416	44,102
		71,490	695	6,416	44,102
TOTAL ASSETS		835,382,231	14,750,029	136,107,111	935,399,285
CURRENT LIABILITIES					
Bank overdraft		262,113	4,623	42,698	293,497
Payables and accrued liabilities	9	81,435	18,414	41,093	91,184
		343,548	23,037	83,791	384,681
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS		835,038,683	14,726,992	136,023,320	935,014,604
Represented by:					
CAPITAL AND RESERVES					
Share capital	10	—	—	—	—
Share premium	11	—	—	—	—
Treasury Shares	12	(483,079)	—	—	(483,079)
Distributable reserves	13	835,521,762	14,726,992	136,023,320	935,497,683
		835,038,683	14,726,992	136,023,320	935,014,604
SHARES IN ISSUE		496,030,299	9,016,323	84,028,438	
NAV PER SHARE		£1.6834	€1.6333	\$1.6187	

The notes on pages 46 to 70 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 December 2012

		Ordinary Shares			
		Sterling Share Class	Euro Share Class	US Dollar Share Class	Total
	Notes	£	€	\$	£
Opening balance		835,038,683	14,726,992	136,023,320	935,014,604
Adjustment to allocation of reserves brought forward		153,777	15,534	(278,318)	–
Increase in net assets attributable to shareholders		51,950,471	947,103	7,784,973	53,261,722
Treasury shares	12	(29,970,600)	–	–	(29,970,600)
Share conversions		2,283,926	2,135,954	(6,417,154)	–
Closing balance		859,456,257	17,825,583	137,112,821	958,305,726

The notes on pages 46 to 70 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (continued)
for the year ended 31 December 2011

	Ordinary Shares			
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
Opening balance	832,358,416	21,243,863	98,289,970	913,609,435
Adjustment to allocation of reserves brought forward	804	(17,080)	14,758	–
Increase in net assets attributable to shareholders	18,639,053	531,957	1,368,847	21,405,169
Share conversions	(15,959,590)	(7,031,748)	36,349,745	–
Closing balance	835,038,683	14,726,992	136,023,320	935,014,604

The notes on pages 46 to 70 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

	Ordinary Shares			
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
Operating activities				
Increase in net assets attributable to shareholders	51,950,471	947,103	7,784,973	53,261,722
Unrealised (appreciation)/depreciation on financial assets at fair value through profit or loss	(33,778,630)	(577,017)	(5,729,235)	(37,466,727)
Realised gains on sales of financial assets	(17,663,488)	(174,741)	(1,082,826)	(18,471,712)
Interest income	–	(99)	–	(80)
Interest expense	2,291	48	357	2,555
Currency aggregation adjustment	–	–	–	3,943,579
Adjustment to allocation of reserves brought forward	153,777	15,534	(278,318)	–
(Decrease)/increase in payables	14,779	(3,187)	70,780	16,086
(Increase)/decrease in receivables	(37,881)	(539,486)	(4,443,167)	(3,171,889)
Net cashflow from operating activities	641,319	(331,845)	(3,677,436)	(1,886,466)
Investing activities				
Interest received	–	99	–	80
Purchase of financial assets	(84,051,750)	(1,662,891)	(14,621,467)	(94,399,653)
Proceeds from sale of financial assets	115,821,475	2,209,390	19,430,382	129,572,406
Net cashflow from investment activities	31,769,725	546,598	4,808,915	35,172,833
Financing activities				
Purchase of own shares	(29,970,600)	–	–	(29,970,600)
Realised gains on conversions	(1,157,125)	(208,300)	(1,067,833)	(1,983,369)
Interest paid	(2,291)	(48)	(357)	(2,555)
Net cashflow from financial activities	(31,130,016)	(208,348)	(1,068,190)	(31,956,524)
Cash and cash equivalents at beginning of year	(262,113)	(4,623)	(42,698)	(293,497)
Currency aggregation adjustment	–	–	–	(3,306)
Increase in cash and cash equivalents	1,281,028	6,405	63,289	1,329,843
Cash and cash equivalents at end of year	1,018,915	1,782	20,591	1,033,040

The notes on pages 46 to 70 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS (continued)
for the year ended 31 December 2011

	Ordinary Shares		US Dollar	
	Sterling	Euro	Share	
	Share	Share	Class	Total
	Class	Class	Class	
	£	€	\$	£
Operating activities				
Increase in net assets attributable to shareholders	18,639,053	531,957	1,368,847	21,405,169
Unrealised (appreciation)/depreciation on financial assets at fair value through profit or loss	(13,517,771)	397,485	27,895	(13,152,982)
Realised gains on sales of financial assets	(92,094)	(1,127)	(4,514)	(95,945)
Interest income	–	–	–	–
Interest expense	5,737	102	932	6,424
Adjustment to allocation of reserves brought forward	804	(17,080)	14,758	–
Currency aggregation adjustment	–	–	–	(1,455,117)
(Decrease)/increase in accrued expenses and payables	(21,291)	13,441	12,439	(21,572)
(Increase)/decrease in prepayments and accrued income	(27,710)	119	(2,732)	(9,839)
Net cashflow from operating activities	4,986,728	924,897	1,417,625	6,676,338
Investing activities				
Interest received	–	–	–	–
Proceeds from sale of financial assets	512,059	10,534	55,435	556,584
Net cashflow from investing activities	512,059	10,534	55,435	556,584
Financing activities				
Realised gains on conversions	(5,702,637)	(939,761)	(1,501,682)	(7,454,763)
Interest paid	(5,737)	(102)	(932)	(6,424)
Net cashflow from financing activities	(5,708,374)	(939,863)	(1,502,614)	(7,461,387)
Cash and cash equivalents at beginning of year	(52,526)	(191)	(13,144)	(61,120)
Currency aggregation adjustment	–	–	–	(3,912)
Decrease in cash and cash equivalents	(209,587)	(4,432)	(29,554)	(228,465)
Cash and cash equivalents at end of year	(262,113)	(4,623)	(42,698)	(293,497)

The notes on pages 46 to 70 form an integral part of these Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012**

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 unquoted 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.

Changes in accounting policy and disclosures

The following Standards or Interpretations have been adopted in the current year. Their adoption has not had any impact on the amounts reported in these Financial Statements and is not expected to have any impact on future financial periods:

IAS 1 – Presentation of Financial Statements – amendments to revise the way other comprehensive income is presented effective for annual periods beginning on or after 1 July 2012.

The following Standards or Interpretations that are expected to affect the Company have been issued but not yet adopted by the Company are shown below. Other standards or interpretations issued by the IASB IFRIC are not expected to affect the Company. The Board has not yet assessed the impact of the standards below on the Company and will do so prior to the earliest period of adoption.

IFRS 1 – First-time Adoption of International Financial Reporting Standards – amendments resulting from annual improvements effective for annual periods beginning on or after 1 January 2013.

IFRS 7 – Financial Instruments: Disclosures – amendments relating to the offsetting of assets and liabilities effective for annual periods beginning on or after 1 January 2013.

IFRS 7 – Financial Instruments: Disclosures – amendments requiring disclosures about the initial application of IFRS 9 effective for annual periods beginning on or after 1 January 2015 (or otherwise when IFRS 9 is first applied).

IFRS 9 – Financial Instruments – Classification and Measurement – (revised November 2009) effective for annual periods beginning on or after 1 January 2015 (subject to EU endorsement).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

1 ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

IFRS 9 – Financial Instruments – accounting for financial liabilities and derecognition effective for annual periods beginning on or after 1 January 2015 (subject to EU endorsement).

IFRS 10 – Consolidated Financial Statements – amended by Investment Entities, effective for periods beginning on or after 1 January 2014.

IFRS 12 – Disclosures of interests in other entities – disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles, effective for annual periods beginning on 1 January 2013.

IFRS 13 – Fair Value Measurement – effective for annual periods beginning on or after 1 January 2013.

IAS 1 – Presentation of Financial Statements – amendments resulting from Annual Improvements effective for annual periods beginning on or after 1 January 2013.

IAS 28 – Investments in Associates and Joint Ventures – amendment effective for annual periods beginning on or after 1 January 2013.

IAS 32 – Financial Instruments: Presentation – amendments to application guidance on the offsetting of financial assets and financial liabilities effective for annual periods beginning on or after 1 January 2014.

IAS 32 – Financial Instruments: Presentation – annual improvements effective for annual periods beginning on or after 1 January 2013.

Improvements to IFRS (2009-2011 cycle) – contains several amendments to IFRS, which the IASB considers non-urgent but necessary. The improvements comprise amendments that result in accounting changes for presentation, recognition or measurements purposes, as well as terminology or editorial amendments related to a variety of individual standards effective for annual periods beginning on or after 1 January 2013.

No formal analysis has been completed on the impact of the adoption of any of the above standards or interpretations on the Financial Statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

1 ACCOUNTING POLICIES (continued)

(b) Going concern

As described in Note 10, 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 Company triggered its rolling 12 month discount floor provision for the Sterling and US Dollar share classes, by reference to the final NAV as at 31 December 2012 and for the Euro class as at 31 January 2013. In accordance with the Articles of Incorporation of the Company, continuation resolutions were proposed for all three classes of shares by way of ordinary resolution at separate class meetings held on 17 April 2013 and the continuation resolutions for the Sterling and Euro Classes were passed. The continuation resolution for the Dollar Class was not passed. Therefore, the Directors will make proposals to Shareholders in the Dollar Class in accordance with the provisions of the Articles. This has no impact on the Shareholders of the Sterling and Euro Classes.

The Company has adequate financial resources and as a consequence, the Directors believe 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 £600.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses relating to the Company are allocated across the three 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

1 ACCOUNTING POLICIES (continued)

(g) Investments

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, with unrealised gains and losses on investments arising from change in fair value from prior years recognised in the Statement of Comprehensive Income.

Realised gains or losses are determined on the disposal of investments. These are recognised in the Statement of Comprehensive Income.

In order to assess the fair value of non-current investments the net asset value of the underlying investment in AllBlue and AllBlue Leveraged is taken into consideration.

The Company redeemed a portion of its investment in each share class of AllBlue (on a pro-rata basis) on 1 April 2012 in order to generate 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 the Company’s shares.

During the year, part of the Cash Reserve has been placed in funds of the Institutional Cash Series plc (“ICS”) (an umbrella investment company with variable capital and having segregated liability between its funds) namely the Institutional Sterling Government Liquidity Fund – Core (Acc), the Institutional Euro Government Liquidity Fund – Core (Acc), and the Institutional US Treasury Fund – Core (Acc) (together the “ICS Funds”). These assets are classified as current as they are expected to be used for funding the purchase of treasury shares.

The fair value of the shares in the ICS Funds are derived from quoted prices, and valued using bid prices.

The Company’s net asset value is based on valuations of unquoted investments. In calculating the net asset value and the net asset value per share of the Company, the Administrator relies on the net asset values of the shares in AllBlue Limited supplied by the administrator of AllBlue Limited and AllBlue Leveraged. Those net asset values are based on the net asset value of the various investments held by AllBlue and AllBlue Leveraged.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

1 ACCOUNTING POLICIES (continued)

(h) 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 Euro and US Dollar share classes are initially recorded in their respective currencies and translated into the Company’s functional currency at the reporting date. All differences are taken to the Statement of Comprehensive Income.

(i) 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 a fund of hedge funds incorporated in the Cayman Islands.

(j) 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 Incorporation 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.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions, where applicable, 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Valuation of non-current investments

The Directors consider that the confirmed NAV of AllBlue and AllBlue Leveraged, as produced by the administrator of AllBlue and AllBlue Leveraged, represents the fair value of the investments in the Company.

Different assumptions regarding the valuation techniques of AllBlue and AllBlue Leveraged could lead to different valuations of the investments produced by different parties.

3 OPERATING EXPENSES

	Ordinary Shares			
	Sterling Share Class	Euro Share Class	US Dollar Share Class	Total
1 Jan 2012 to 31 Dec 2012	£	€	\$	£
Administration fees	165,849	3,446	25,820	184,937
Directors' remuneration	154,714	3,214	24,087	172,520
Registration fees	86,680	1,801	13,495	96,657
Directors & Officers insurance	30,399	632	4,733	33,898
Broker fees	45,039	936	7,012	50,223
Audit fees	19,195	399	2,988	21,404
Annual & Regulatory fees	64,566	1,341	10,052	71,997
Legal & Professional fees	29,129	605	4,535	32,481
Printing of reports	12,878	268	2,005	14,361
Bank interest on overdraft facility	2,291	48	357	2,555
Bank facility fee and charges	30,717	244	1,455	31,833
(Profit)/Loss on exchange	–	(32)	(2,757)	(1,765)
Other operating expenses	7,315	152	1,139	8,157
	648,772	13,054	94,921	719,258
Less: Bank interest earned	–	(99)	–	(80)
Total expenses for the year	648,772	12,955	94,921	719,178

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

3 OPERATING EXPENSES (continued)

	Ordinary Shares			
	Sterling Share Class	Euro Share Class	US Dollar Share Class	Total
1 Jan 2011 to 31 Dec 2011	£	€	\$	£
Administration fees	161,417	2,873	26,234	180,745
Directors’ remuneration	148,697	2,646	24,167	166,500
Registration fees	88,411	1,573	14,369	98,996
Directors & Officers insurance	28,666	510	4,659	32,098
Broker fees	85,424	1,520	13,883	95,651
Audit fees	17,235	307	2,801	19,299
Annual & Regulatory fees	55,114	981	8,957	61,713
Legal & Professional fees	58,737	1,045	9,546	65,769
Printing of reports	14,746	262	2,397	16,511
Bank interest on overdraft facility	5,737	102	932	6,424
Bank facility fee and charges	4,584	120	775	5,184
(Profit)/Loss on exchange	–	(576)	(26)	(493)
Other operating expenses	4,681	83	761	5,241
	673,449	11,446	109,455	753,638
Less: Bank interest earned	–	–	–	–
Total expenses for the year	673,449	11,446	109,455	753,638

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

4 DIRECTORS’ REMUNERATION

	Annual fee £
Richard Crowder, Chairman	50,000
Jonathan Hooley, Chairman Audit Committee	40,000
Paul Meader, Senior Independent Director	40,000
John Le Prevost	35,000
Andrew Dodd	Waived
	165,000

Each of the Directors, with the exception of Andrew Dodd, earned additional ad-hoc fees of £1,000 each in the year as well as £1,500 for on site visits for Paul Meader and Richard Crowder. The Directors of the Company are considered key management personnel.

5 EARNINGS PER SHARE

The earnings per each class of shares is based on the net gain for the year of £51,950,471 (2011: £18,639,053) and 492,588,108 (2011: 501,771,770) shares in the Sterling Ordinary Share class, €947,103 (2011: €531,957) and 9,943,415 (2011: 10,089,581) shares in the Euro Ordinary Share class and \$7,784,973 (2011: \$1,368,847) and 82,545,078 (2011: 72,706,125) shares in the US\$ Ordinary Share class.

6 RELATED PARTY TRANSACTIONS

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

Anson Fund Managers Limited is the Company’s Administrator and Secretary, Anson Registrars Limited is the Company’s registrar, transfer agent and paying agent and Anson Administration (UK) Limited is the Company’s UK Transfer Agent. John R Le Prevost is a Director and controller of Anson Fund Managers Limited, Anson Registrars Limited and Anson Administration (UK) Limited. £281,595 (2011: £279,741) of costs were incurred by the Company with these related parties in the year, of which £15,846 (2011: £23,535) was due to these related parties at 31 December 2012.

In accordance with IAS 39 Financial Instruments: Recognition and Measurement, the Company has accounted for the holdings in AllBlue Limited and AllBlue Leveraged Feeder Limited at fair value in accordance with IAS 39, with changes in fair value recognised in profit or loss, rather than accounting for the holding as an investment in an Investment in an Associate (IAS 28).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

7 INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Ordinary Shares			Total £
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	
As at 31 Dec 2012				
UNQUOTED FINANCIAL ASSETS				
Portfolio cost brought forward	681,588,156	13,165,885	126,950,862	774,412,964
Unrealised appreciation on valuation brought forward	153,722,585	1,583,449	9,149,833	160,942,219
Valuation brought forward	835,310,741	14,749,334	136,100,695	935,355,183
Movements in the year:				
Gross share conversions in the year	2,283,926	2,135,954	(6,417,154)	–
Adjustment for realised gain on share conversions	1,157,125	208,300	1,067,833	1,983,369
Purchases at fair value	60,351,750	1,120,222	9,849,819	67,322,669
Sales	(76,677,597)	(1,491,980)	(13,575,908)	(86,243,320)
Exchange gains on currency balances	–	–	–	(3,942,943)
Portfolio cost carried forward	668,703,360	15,138,381	117,875,452	753,532,739
Unrealised appreciation on valuation carried forward	187,498,544	2,160,466	14,879,068	198,408,946
Valuation carried forward	856,201,904	17,298,847	132,754,520	951,941,685
Realised gains on sales	18,801,003	383,033	2,149,806	20,434,940
Increase in unrealised appreciation/(depreciation)	33,775,959	577,017	5,729,235	37,466,727
Net gains on financial assets at fair value through profit or loss	52,576,962	960,050	7,879,041	57,901,667

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

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

	Ordinary Shares			Total £
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	
As at 31 Dec 2011				
UNQUOTED FINANCIAL ASSETS				
Portfolio cost brought forward	692,265,074	19,267,279	89,150,355	765,959,811
Unrealised appreciation on valuation brought forward	140,204,814	1,980,934	9,177,728	147,789,237
Valuation brought forward	832,469,888	21,248,213	98,328,083	913,749,048
Movements in the year:				
Gross Share conversions in the year	(15,959,590)	(7,031,748)	36,349,745	–
Adjustment for realised gain on share conversions	5,702,637	939,761	1,501,682	7,454,763
Purchases at fair value	–	–	–	–
Sales	(419,965)	(9,407)	(50,920)	(460,640)
Exchange gains on currency balances	–	–	–	1,459,030
Portfolio cost carried forward	681,588,156	13,165,885	126,950,862	774,412,964
Unrealised appreciation on valuation carried forward	153,722,585	1,583,449	9,149,833	160,942,219
Valuation carried forward	835,310,741	14,749,334	136,100,695	935,355,183
Realised gains on sales	5,794,731	940,888	1,506,197	7,550,708
Increase in unrealised appreciation/(depreciation)	13,517,771	(397,485)	(27,895)	13,152,982
Net gains on financial assets at fair value through profit or loss	19,312,502	543,403	1,478,302	20,703,690

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

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

	Ordinary Shares			Total £
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	
As at 31 Dec 2012				
QUOTED FINANCIAL ASSETS				
Portfolio cost brought forward	–	–	–	–
Unrealised appreciation on valuation brought forward	–	–	–	–
Valuation brought forward	–	–	–	–
Movements in the year:				
Purchases at fair value	23,700,000	542,669	4,771,648	27,228,854
Sales	(21,480,390)	(542,669)	(4,771,648)	(25,009,244)
Portfolio cost carried forward	2,219,610	–	–	2,219,610
Unrealised appreciation on quoted investment valuation carried forward	2,671	–	–	2,671
Valuation carried forward	2,222,281	–	–	2,222,281
Realised gains on sales	19,610	8	853	20,141
Increase in unrealised appreciation	2,671	–	–	2,671
Net gains on financial assets at fair value through profit or loss	22,281	8	853	22,812

IFRS 7 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 quoted investments held by the Company have been classified as Level 1 and the unquoted investments held by the Company have been classified as Level 2. This is in accordance with the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

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

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

	Fair Value as at 31 Dec 2012 GBP	Fair Value as at 31 Dec 2011 GBP
Financial assets at fair value through profit or loss		
Level 1	2,222,281	–
Level 2	951,941,685	935,355,182

There have not been any transfers between any levels of the fair value hierarchy during the year under review.

8 RECEIVABLES

	Ordinary Shares				
31 Dec 2012	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Elimination £	Total £
Prepayments	30,632	636	4,890	–	34,158
Investment proceeds receivable	–	539,367	4,443,322	–	3,172,257
Other receivables	8,588	178	1,371	–	9,576
Inter class loan accounts	70,151	–	–	(70,151)	–
	109,371	540,181	4,449,583	(70,151)	3,215,991

	Ordinary Shares				
31 Dec 2011	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Elimination £	Total £
Prepayments	30,834	544	5,023	–	34,526
Other receivables	8,552	151	1,393	–	9,576
Inter class loan accounts	32,104	–	–	(32,104)	–
	71,490	695	6,416	(32,104)	44,102

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

9 PAYABLES (AMOUNTS FALLING DUE WITHIN ONE YEAR)

31 Dec 2012	Ordinary Shares			Elimination £	Total £
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$		
Accrued administration fees	14,226	289	2,252	–	15,846
Accrued broker fees	23,768	493	3,794	–	26,503
Accrued registration fees	–	–	–	–	–
Accrued audit fees	19,198	399	3,065	–	21,408
Accrued printing costs	10,613	220	1,694	–	11,834
Inter class loan accounts	–	13,236	96,533	(70,151)	–
Other sundry accruals	28,409	590	4,535	–	31,679
	96,214	15,227	111,873	(70,151)	107,270

31 Dec 2011	Ordinary Shares			Elimination £	Total £
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$		
Accrued administration fees	13,874	245	2,260	–	15,535
Accrued broker fees	27,476	485	4,476	–	30,766
Accrued registration fees	7,145	126	1,164	–	8,000
Accrued audit fees	17,886	315	2,914	–	20,027
Accrued printing costs	9,756	172	1,589	–	10,924
Inter class loan accounts	–	16,978	27,827	(32,104)	–
Other sundry accruals	5,298	93	863	–	5,932
	81,435	18,414	41,093	(32,104)	91,184

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

10 SHARE CAPITAL

Authorised Share Capital

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

Issued	Ordinary Shares			Total
	Sterling Share Class	Euro Share Class	US Dollar Share Class	
Number of shares in issue at 31 December 2012	479,354,793	10,304,993	80,041,527	569,701,313

	Ordinary Shares		
	Number of Sterling Shares	Number of Euro Shares	Number of US Dollar Shares
The movement in shares took place as follows:			
Date of movement			
Sub-total brought forward as at 1 January 2011	505,390,176	13,360,975	61,803,190
Conversion 1 January 2011	38,297	(97,594)	68,620
Conversion 1 February 2011	114,446	1,937	(192,646)
Conversion 1 March 2011	4,526,017	(1,886,726)	(5,023,434)
Conversion 1 April 2011	2,589,084	(1,850,000)	(1,681,366)
Conversion 1 May 2011	270,521	–	(468,590)
Conversion 1 June 2011	(16,270,850)	6,484	27,751,909
Conversion 1 July 2011	(299,650)	23,907	464,692
Conversion 1 August 2011	188,968	(223,400)	–
Conversion 1 September 2011	(269,152)	(90,059)	584,160
Conversion 1 October 2011	77,140	(337,200)	330,395
Conversion 1 November 2011	69,693	(233,790)	210,989
Conversion 1 December 2011	(394,391)	341,789	180,519
Sub-total carried forward	496,030,299	9,016,323	84,028,438

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

10 SHARE CAPITAL (continued)

The movement in shares took place as follows:	Ordinary Shares		
	Number of Sterling Shares	Number of Euro Shares	Number of US Dollar Shares
Date of movement			
Sub-total brought forward as at 1 January 2012	496,030,299	9,016,323	84,028,438
Conversion 1 January 2012	(183,615)	209,461	22,675
Conversion 1 February 2012	(225,547)	274,160	7,489
Conversion 1 March 2012	(92,419)	(3,661)	158,079
Conversion 1 April 2012	214,750	272,633	(724,751)
Conversion 1 May 2012	21,370	(19,782)	(9,679)
Conversion 1 June 2012	174,265	786	(280,869)
Purchase of treasury shares in the quarter ended 30 June 2012	(525,647)	–	–
Conversion 1 July 2012	230,459	(143,279)	(193,465)
Conversion 1 August 2012	574,671	(426,192)	(410,000)
Conversion 1 September 2012	(676,897)	1,359,118	(605,654)
Purchase of treasury shares in the quarter ended 30 September 2012	(5,098,476)	–	–
Conversion 1 October 2012	1,019,382	(22,467)	(1,688,237)
Conversion 1 November 2012	150,607	(12,107)	(237,892)
Conversion 1 December 2012	171,397	(200,000)	(24,607)
Purchase of treasury shares in the quarter ended 31 December 2012	(12,429,806)	–	–
As at 31 December 2012	479,354,793	10,304,993	80,041,527

As explained in Note 1(j) above the share classes have been recognised as liabilities.

In the event of a return of capital on a winding-up or otherwise, Shareholders 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

10 SHARE CAPITAL (continued)

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 a 12 month rolling period, 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 on which the requirement for such a continuation vote was triggered.

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 net asset value 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 net asset value 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).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

11 SHARE PREMIUM

In April 2006 the Shareholders of the Company passed a resolution to cancel the amount standing to the credit of the Company’s share premium account (less any formation expenses set off against the share premium account) and the Directors obtained from the Court in Guernsey an order confirming such cancellation of the share premium account in accordance with The Companies (Guernsey) Law, 1994 (as amended) (the “1994 Law”). The reserve created was thereafter available as distributable profits to be used for all purposes permitted by the 1994 Law, including the buy back of shares and the payment of dividends.

On 1 July 2008 the 1994 Law was replaced by The Companies (Guernsey) Law, 2008 (as amended) (the “2008 Law”). The 2008 Law does not require share premium to be held in a separate account and any premium at which shares are issued can be used for all purposes, including the buy back of shares and the payment of dividends, provided that the Company would after any distribution still meet the statutory Solvency Test as such is defined in the 2008 Law. Accordingly, upon the issue of C Shares in August 2008, December 2009 and June 2010 the entire amount of share premium received on the issue of such C Shares was immediately transferred to distributable reserves.

12 TREASURY SHARES

	Ordinary Shares			Total £
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	
Balance as at 1 January 2012	483,079	–	–	483,079
Cancelled during the year	–	–	–	–
Acquired during the year	29,970,600	–	–	29,970,600
Balance as at 31 December 2012	30,453,679	–	–	30,453,679

The treasury shares reserve represents 18,503,929 (2011: 450,000) Sterling Shares purchased in the market at various prices per share ranging from £1.63 to £1.69 and held by the Company in treasury. No cancellations of Shares took place in the year (no cancellations in 2011).

From May 2012 until 31 December 2012, the Company bought back 18,053,929 Sterling shares with an average price of 166.01 pence and discount of 5.6% to NAV.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

13 DISTRIBUTABLE RESERVES

	Ordinary Shares			
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
31 Dec 2012				
Balance as at 1 January 2012	835,521,762	14,726,992	136,023,320	935,497,683
Increase in net assets attributable to shareholders after other comprehensive income	51,950,471	947,103	7,784,973	53,261,722
Adjustment to allocation of reserves brought forward	153,777	15,534	(278,318)	–
Share conversions	2,283,926	2,135,954	(6,417,154)	–
Balance as at 31 December 2012	889,909,936	17,825,583	137,112,821	988,759,405

	Ordinary Shares			
	Sterling Share Class £	Euro Share Class €	US Dollar Share Class \$	Total £
31 Dec 2011				
Balance as at 1 January 2011	832,841,495	21,243,863	98,289,970	914,092,514
Increase in net assets attributable to shareholders after other comprehensive income	18,639,053	531,957	1,368,847	21,405,169
Adjustment to allocation of reserves brought forward	804	(17,080)	14,758	–
Share conversions	(15,959,590)	(7,031,748)	36,349,745	–
Balance as at 31 December 2011	835,521,762	14,726,992	136,023,320	935,497,683

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company’s financial instruments concerns its holding of shares in ICS, AllBlue and AllBlue Leveraged and the risks attaching to those shares which are market price risk, credit risk, liquidity risk and interest rate risk and 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. 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 the ICS Funds 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 these risks within ICS, AllBlue and AllBlue Leveraged or the Underlying Funds in which AllBlue and AllBlue Leveraged invests (the “Underlying Fund(s)”), 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 5.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

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 net asset value of AllBlue, which itself is driven by the net asset values of the Underlying Funds, each of which hold a large number of positions in listed and unlisted securities.

At 31 December 2012, if the net asset value 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 year would have increased/decreased as stated below, arising due to the increase in the fair value of financial assets at fair value through profit or loss.

	Increase in net assets attributable to shareholders		Decrease in net assets attributable to shareholders	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
	CCY	CCY	CCY	CCY
Sterling shareholders	85,620,190	83,531,074	(85,620,190)	(83,531,074)
Euro shareholders	1,729,885	1,230,547	(1,729,885)	(1,230,547)
Dollar shareholders	13,275,452	8,773,897	(13,275,452)	(8,773,897)
Total	100,625,527	93,535,518	(100,625,527)	(93,535,518)

The sensitivity is higher in 2012 than in 2011 because of an increase in the net financial assets and liabilities at fair value through profit or loss at the reporting date.

(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 and 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 and AllBlue Leveraged or such Underlying Fund deals. The Underlying Funds and, by extension, AllBlue and AllBlue Leveraged and the Company may, therefore, be exposed to systemic risk when AllBlue and AllBlue Leveraged or an Underlying Fund deals with prime brokers and custodians whose creditworthiness may be interlinked.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit Risk (continued)

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.

The maximum credit risk to which the Company was exposed at the year end was £955,123,518 (2011: £935,364,758).

The main concentration of risk for the Company relates to the investments in AllBlue, AllBlue Leveraged and ICS.

(c) Liquidity Risk

In some circumstances, investments held by Underlying Funds of AllBlue and AllBlue Leveraged may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted 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.

There can be no assurance that the liquidity of the investments of AllBlue, AllBlue Leveraged and 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 the net asset value and the net asset value per share in AllBlue. This in turn would limit the ability of the Directors to realise the Company’s investments in AllBlue and AllBlue Leveraged should they consider it appropriate to do so and may result in difficulties in determining the net asset value of a Share in the Company. There was no gating or suspension of AllBlue or AllBlue Leveraged during the year under review or in the previous year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity Risk (continued)

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 readily to 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.

The Company’s shares in issue are traded on the London Stock Exchange Main Market for Listed Securities (“LSE”). However, in certain circumstances there may be a limited market for the Shares and it may not be possible for investors to achieve liquidation of their holding within a short time period or for the investor to realise the full anticipated value of the Shares.

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

As at 31 Dec 2012	1-3 months £	Over 1 year £	Total £
Bank overdraft	–	–	–
Accrued expenses	107,270	–	107,270
Total	107,270	–	107,270
As at 31 Dec 2011	1-3 months £	Over 1 year £	Total £
Bank overdraft	293,496	–	293,496
Accrued expenses	91,184	–	91,184
Total	384,680	–	384,680

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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. In addition, interest rate increases generally increase the interest or 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 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 may have 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 net asset value 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.

(f) Leverage by AllBlue Leveraged

AllBlue Leverage operates with a substantial degree of leverage for the purposes of making investments and is not limited in the extent to which they either may borrow or engage in margin transactions (although is expected to be an amount equal to approximately 50 per cent. of AllBlue Leveraged’s NAV). 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.

As the Company’s Ordinary Shares are traded on the LSE, the Ordinary Shares may trade at a discount to their net asset value per Share. However, in structuring the Company, the Directors have given detailed consideration to the discount risk and how this may be managed.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(g) Capital management (continued)

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 that 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 net asset value per Share where the Directors reasonably believe such purchases will be of material benefit to the Company.

Following approval of the Court in Guernsey, the Company resolved to cancel the amount standing to the credit of its share premium account following Admission. The amount released on cancellation has been credited as a distributable reserve in the books of account and may be used by the Company for the purpose of funding purchases of its Ordinary Shares as described above and the payment of dividends.

On 1 July 2008 The Companies (Guernsey) Law, 1994 (as amended) was replaced by the 2008 Law. The 2008 Law does not require share premium to be held in a separate account and any premium at which Shares are issued can be used for all purposes, including the buy back of Shares and the payment of dividends, provided that the Company would after any distribution still meet the statutory Solvency Test as such is defined in the 2008 Law. Accordingly, upon the issue of C Shares in August 2008, December 2009 and June 2010 the entire amount of share premium received on the issue of such C Shares was immediately transferred to distributable reserves.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2012

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(g) Capital management (continued)

There are no provisions of the Companies Laws 1998 which confer rights of pre-emption in respect of the allotment of Shares. There are, however, pre-emption rights contained in the Articles, but the Directors have been granted the power to issue 500 million further Shares on a non-pre-emptive basis for a period concluding on 31 December 2013, unless such power is previously revoked by the Company’s Shareholders in a general meeting pursuant to section 199 of the 2008 Law by a special resolution of Shareholders passed on 3 August 2012. The Directors intend to request that the authority to allot Shares on a non-pre-emptive basis is renewed at each subsequent general meeting of the Company.

Unless authorised by Shareholders, the Company will not issue further Ordinary Shares or re-issue Ordinary Shares out of treasury for cash at a price below the prevailing net asset value per share unless they are first offered pro-rata to existing shareholders.

The Company monitors capital on the basis of the carrying amount of reserves as presented on the face of the Statement of Financial Position. Capital for the reporting year under review is summarised as follows:

	2012 GBP	2011 GBP
Purchase of own shares	(30,453,679)	(483,079)
Distributable reserves	988,759,405	935,497,683
Total	958,305,726	935,014,604

16 SUBSEQUENT EVENTS

The continuation vote mechanism was triggered for the Sterling Shares and US Dollar Shares as announced on 31 January 2013 and for the Euro Shares as announced on 28 February 2013. Continuation resolutions were passed for Sterling and Euro Share classes of Ordinary Shares at separate Class meetings held on 17 April 2013 and accordingly no further continuation vote could be triggered for each class until 31 December 2013 (Sterling Shares) and 31 January 2014 (Euro Shares). The Continuation resolution was not passed for the US Dollar Share class and therefore the Directors will formulate redemption proposals to be put to the shareholders of that class only prior to 17 July 2013 offering to redeem their shares at the relevant Net Asset Value (less the costs of all such redemptions).

With effect from 17 April 2013 the Board has suspended all future conversions of Euro and Sterling shares into US Dollar shares pending conclusion of the aforementioned redemption offer for US Dollar shares.

SCHEDULE OF INVESTMENTS
as at 31 December 2012

Securities Portfolio	Nominal Holdings	Valuation Source Currency	Valuation GBP	Total Net Assets %
AllBlue Limited Sterling Shares	4,134,904	£794,340,381	£794,340,381	82.89%
AllBlue Leveraged Feeder Limited Sterling Shares	260,595	£61,861,522	£61,861,522	6.46%
Institutional Sterling Government Liquidity Fund – Core (Acc) Shares	22,093	£2,222,281	£2,222,281	0.23%
AllBlue Limited Euro Shares	83,756	€16,030,194	£13,014,691	1.36%
AllBlue Leveraged Feeder Limited Euro Shares	5,899	€1,268,651	£1,030,000	0.11%
AllBlue Limited US Dollar Shares	637,142	\$122,662,873	£75,484,846	7.88%
AllBlue Leveraged Feeder Limited US Dollar Shares	47,446	\$10,091,647	£6,210,245	0.65%
			£954,163,966	99.58%

SCHEDULE OF INVESTMENTS (continued)
as at 31 December 2011

Securities Portfolio	Nominal Holdings	Valuation Source Currency	Valuation GBP	Total Net Assets %
AllBlue Limited Class A Sterling Shares	4,624,588	£835,310,741	£835,310,741	89.33%
AllBlue Limited Class A Euro Shares	81,714	€14,749,334	£12,305,468	1.32%
AllBlue Limited Class A US Dollar Shares	749,011	\$136,100,695	£87,738,973	9.38%
			£935,355,182	100.03%

SHAREHOLDER INFORMATION

The Company’s Sterling Shares, Euro Shares and US Dollar Shares are capable of being traded on The London Stock Exchange’s Main Market for Listed Securities. All Shares may be dealt in directly through a stockbroker or professional adviser acting on an investor’s behalf. The buying and selling of Shares may be settled through CREST.

Approximately 20 Business Days after the end of each month the **confirmed** net asset value of each class of Shares is announced, together with information on the Company’s investments and performance report, to a regulatory information service. In addition, on a weekly basis the Company announces in the same manner the **estimated** net asset value of each class of Shares.

The ISIN, SEDOL and the London Stock Exchange mnemonic of each share class is:

	ISIN	SEDOL	LSE mnemonic
Sterling Shares	GB00B13YVW48	B13YVW4	BABS
Euro Shares	GB00B13YXC81	B13YXC8	BABE
US Dollar Shares	GB00B13YXH37	B13YXH3	BABU

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 telephone on (44) 01481 711301.

Further information regarding the Company can be found on its website at www.bluecrestallblue.com.

DISCLAIMER

The Company has used reasonable care to ensure that the information included in this document is accurate at the date of its issue, but does not undertake to update or revise the information, including any information relating to AllBlue Limited, AllBlue Leveraged Feeder Limited and AllBlue Limited’s underlying funds provided by BlueCrest Capital Management LLP or members of its group, or guarantee the accuracy of such information. To the extent permitted by law neither the Company nor its directors or officers shall be liable for any loss or damage that anyone may suffer in reliance on such information. The information in this document may be changed by the Company at any time.

Past performance cannot be relied on as a guide to future performance. The Company’s investment strategy is speculative and entails substantial risks. The value of an investment may go down as well as up and some or all of the total amount invested may be lost.

DIRECTORS AND SERVICE PROVIDERS

Directors

Richard Crowder
Andrew Dodd
Jonathan Hooley
John R Le Prevost
Paul Meader

Registered Office of the Company

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St Peter Port
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Telephone +44 (0)1481 722260

Administrator and Company Secretary

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Anson Place
Mill Court
La Charroterie
St Peter Port
Guernsey GY1 3GF

Registrar, Paying Agent and Transfer Agent

Anson Registrars Limited
PO Box 426
Anson Place
Mill Court
La Charroterie
St Peter Port
Guernsey GY1 3WX

UK Transfer Agent

Anson Administration (UK) Limited
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England PO15 7AL

Auditor

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St Peter Port
Guernsey GY1 4AF

Corporate Broker

Jefferies Hoare Govett
Vintners Place
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London, England EC4V 3BJ

Corporate Broker

Dexion Capital plc
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Advocates to the Company (as to Guernsey Law)

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Advocates to the Company (as to Guernsey Law)

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Solicitors to the Company as to UK Law

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London, England EC2A 2HS

**NOTICE OF GENERAL MEETING
(Incorporated and registered in Guernsey with company number 44704)**

Notice is hereby given that a General Meeting (the “**General Meeting**”) of the voting members of BlueCrest AllBlue Fund Limited (the “**Company**”) will be held at Anson Place, Mill Court, La Charroterie, St Peter Port, Guernsey GY1 1EJ, Channel Islands on Thursday 8 August 2013 at 10.00 a.m. to consider and, if thought fit, pass the following resolutions of the Company.

Resolutions 1 to 8 will be proposed as ordinary resolutions and resolution 9 will be proposed as a special resolution.

Ordinary Business: to be proposed as ordinary resolutions

1. TO receive the Annual Financial Report for the year ended 31 December 2012.
2. TO re-appoint Ernst & Young LLP as Auditor to the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting to be held in 2014, under section 199 of The Companies (Guernsey) Law, 2008, as amended (the “Law”) and to authorise the Directors to determine its remuneration.
3. TO re-elect as a Director Mr Richard Crowder.
4. TO re-elect as a Director Mr Paul Meader.
5. TO re-elect as a Director Mr Jonathan Hooley.
6. TO re-elect as a Director Mr John Le Prevost.
7. TO re-elect as a Director Mr Andrew Dodd.

Special Business: to be proposed as an ordinary resolution

8. THAT the Company be authorised, in accordance with section 315 (1) (a) of the Law, to make market purchases (within the meaning of section 316 of the Law) of ordinary shares of no par value each, whether denominated in Sterling, Euros or US Dollars (“Shares”), and to cancel such Shares or hold such Shares as treasury shares, provided that:
 - (i) the maximum number of Shares hereby authorised to be purchased shall be 14.99 per cent. of each class of Shares in issue on the date on which this resolution is passed;
 - (ii) the maximum price which may be paid for a Share shall be the higher of (a) an amount equal to 105 per cent. of the average of the middle market quotation for a Share of the relevant class on the relevant market for the five Business Days immediately preceding the day on which the Shares are purchased and (b) the higher of the price of the last independent trade and highest current bid on the London Stock Exchange when the purchase is carried out;
 - (iii) the minimum price which may be paid for a Share shall be 1 pence, 1 Euro cent or 1 US Dollar cent as the case may be; and
 - (iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the general meeting of the Company to be held in 2013, under section 199 of the Law, save that the Company may, prior to such expiry, enter into a contract to purchase Shares under such authority and may make a purchase of Shares pursuant to any such contract.

NOTICE OF GENERAL MEETING (continued)

Special Business: to be proposed as a special resolution

9. THAT the pre-emption rights granted to Shareholders pursuant to article 12(2) of the Articles of Incorporation of the Company (the “Articles”) be disappplied in respect of up to 500,000,000 Shares for a period concluding on 31 December 2014, unless such resolution is previously revoked by the Company’s shareholders in general meeting. For the purpose of this resolution, capitalised terms shall have the same meaning as set out in the Articles.

By order of the Board

BlueCrest AllBlue Fund Limited

Registered in Guernsey with registered number 44704.

Registered Office:

Anson Place

Mill Court

La Charroterie

St Peter Port

Guernsey

GY1 1EJ

Date: 30 April 2013

NOTICE OF GENERAL MEETING (continued)

Notes:

1. A shareholder will only be entitled to attend and vote at this General Meeting if they are registered as holders of Shares as at the close of business on Tuesday 6 August 2013 or, if the General Meeting is adjourned, as at 48 hours before the time of any adjourned General Meeting. This record time is being set for voting because the procedures for updating the registers of members for each class of shares held in uncertificated form require a record time to be set for the purpose of determining entitlements to attend and vote at shareholder meetings.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to speak and vote instead of them. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude members from attending or voting at the General Meeting if they so wish.
3. More than one proxy may be appointed provided each proxy is appointed to exercise the rights attached to different shares.
4. In accordance with the provisions of E.2.1 of the UK Code of Corporate Governance it should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against each resolution.
5. A Form of Proxy is enclosed for use at the General Meeting. The Form of Proxy should be completed in accordance with the instructions set out therein and sent, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, so as to reach the Company's agent, for this purpose being, Anson Registrars Limited, Anson Place, Mill Court, La Charroterie, St Peter Port, Guernsey GY1 1EJ not less than 48 hours before the time for holding the General Meeting.
6. If the General Meeting falls to be adjourned because it is not quorate, it will be adjourned to the same time and place five Business Days later or to such other day and/or time and/or place as the Directors of the Company may determine, whereupon those shareholders then present in person, by their representative or by proxy, shall form the quorum. In the event of any such adjournment the Company will announce the adjournment via a regulatory information service but no notification will be sent directly to shareholders.
7. Where there are joint registered holders of any shares such persons shall not have the right of voting individually in respect of such shares but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the register of shareholders shall alone be entitled to vote.

NOTICE OF GENERAL MEETING (continued)

8. On a poll votes may be given either personally or by proxy and a shareholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
9. Any corporation which is a shareholder may by resolution of its board of Directors or other governing body authorise such person as it thinks fit to act as its representative at the General Meeting. Any person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual shareholder.
10. As at 29 April 2013 (the latest practicable date prior to the printing of this notice) the Company’s issued share capital consisted of 572,217,717 ordinary shares of no par value, all carrying one vote each per share. 29,314,797 ordinary Sterling shares are held in treasury and therefore are not able to vote.
11. Copies of the following documents are available for inspection at the registered office of the Company during usual business hours on any weekday (weekends and public holidays excluded) and will be available for inspection at the place of the General Meeting for 15 minutes before and during the General Meeting itself:
 - (a) a copy of the Company’s Annual Financial Report for the year ended 31 December 2012;
 - (b) copies of the non-executive Directors’ appointment letters; and
 - (c) the Articles of Incorporation.

NOTICE OF GENERAL MEETING (continued)

Explanatory notes to the Notice of General Meeting

At the General Meeting there are nine which shareholders will be asked to consider and, if thought fit, approve. An explanation of each of these Resolutions is given below. Resolutions 1 to 8 (inclusive) are proposed as ordinary resolutions. An ordinary resolution requires more than 50 per cent. of votes cast at the General Meeting relating to that resolution to be cast in favour of it for the resolution to be passed. Resolution 9 is proposed as a special resolution. A special resolution requires at least 75 per cent. of votes cast at the General Meeting relating to that resolution to be cast in favour of the resolution for it to be passed.

Ordinary resolutions

Resolution 1: Annual Report and Accounts

For each financial year the Directors are required to present the Directors’ report, the audited accounts and the auditors’ reports to shareholders at a general meeting. Shareholders are asked to receive the annual report and accounts of the Company for the financial year ended 31 December 2012. The Law requires that the accounts and reports are laid before the General Meeting.

Resolution 2: Appointment and remuneration of the Auditors

Following the previous general meeting of the Company the appointment of the Auditor to continue until the conclusion of the next general meeting to be held in 2013, under section 199 of the Law. Ernst & Young LLP have indicated that they are willing to continue to be the Company’s Auditor for the next year. You are asked to approve their re-appointment and to authorise the Directors of the Company to determine their remuneration.

Resolutions 3 to 7 (inclusive): Re-election of Directors

The Directors have resolved that they will all retire annually and that those wishing to continue to serve will submit themselves for re-election by the shareholders at the General Meeting.

Having considered the performance and contribution made by each of the Directors, the Board believes that each of them continues to perform effectively and with commitment to their roles and, as such, recommends their re-election. Brief biographical details of the Directors seeking re-election can be found in the Annual Financial Report.

Resolution 8: Authority to make Market Purchases

The Company has previously been granted authority to make market acquisitions of its ordinary shares to address, among other things, any imbalance in the supply of, and demand for, ordinary shares. The current authority expires at the end of the General Meeting.

NOTICE OF GENERAL MEETING (continued)

This Resolution proposes to renew the authority of the Company to make market acquisitions of up to a maximum of 14.99 per cent. of each class of shares in issue as at the date of this resolution being passed.

The Directors wish to have the ability to make market purchases of the Company’s Shares should such be considered desirable and this authority provides the flexibility to allow them to do so in the future. The Directors will only exercise this authority when to do so would be in the best interests of the Company, and of its shareholders generally, and could be expected to result in an increase in the earnings per share of the Company.

In accordance with the Law, the Company may only make market purchases of its ordinary shares provided it satisfies the “solvency test” (as detailed in the Law) immediately after the shares are acquired. A company satisfies the “solvency test” if: (i) it is able to pay its debts as they become due; and (ii) the value of its assets is greater than the value of its liabilities. In connection with any purchase of the Company’s ordinary shares, the Directors will therefore need to confirm that the solvency test will be satisfied immediately following such purchase being made.

The minimum price which may be paid for each class of ordinary share is 1 pence, 1 Euro cent or 1 US Dollar cent as the case may be. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the higher of: (i) an amount equal to 105 per cent. of the average of the middle market quotation for a Share of the relevant class on the relevant market on for the five Business Days immediately preceding the day on which the Shares are purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange when the purchase is carried out.

Any shares purchased under the renewed authority will either be cancelled or held in treasury. Such decision will be made by the Directors at the time of the purchases.

As at the date of publication of this notice 29,314,797 ordinary Sterling shares are held by the Company in treasury.

The authority sought under this Resolution will expire at the end of the general meeting of the Company held in 2014 under section 199 of the Law, unless previously varied, revoked or renewed.

NOTICE OF GENERAL MEETING (continued)

Special Resolutions

Resolution 9: Disapplication of pre-emption rights

Article 12(2) of the Articles of Incorporation requires that where ordinary shares are issued, or rights to subscribe for, or convert any securities into, ordinary shares are granted, wholly for cash, or where ordinary shares are sold out of treasury wholly for cash, either shareholder approval must be sought to make a non-pre-emptive offer or a pre-emptive offer must be made to all existing shareholders (but allowing the Directors to make such provision as they think fit in relation to fractional entitlements and/or certain overseas shareholders and/or any other matters). The Board believes that the ability to issue new ordinary shares on a non-pre-emptive basis is in the best interests of the Company as this affords considerable flexibility and a significant reduction in time and costs in effecting fundraisings.

If approved, the disapplication authority will allow the Board to issue up to a maximum number of 500,000,000 ordinary shares which, in accordance with the Listing Rules, 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).

The authority sought under this Resolution will expire on 31 December 2014, unless such resolution is previously revoked by the Company’s shareholders in general meeting.

