THE GLOBAL DIVERSIFICATION FUND -MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND

Audited Financial Statements for the year ended 31 December 2019

THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND

CONTENTS

THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND

GENERAL INFORMATION

The following information is derived from and should be read in conjunction with the full text and definitions section of the Prospectus as amended on 18 April 2019.

The Global Diversification Fund (the "Trust") was constituted on 24 September 2009 under the laws of Jersey, Channel Islands by the Trust Instrument between, State Street Fund Services (Jersey) Limited (manager of the Fund up to 22 June 2017) and State Street Custodial Services (Jersey) Limited (the "Trustee"). The Trust has been established under the terms of which a number of individual funds may be established to which differing investment policies may be applied.

The Multi-Manager Global Equity Investment Fund (the "Fund") was established on 24 September 2009 and was authorised by the Jersey Financial Services Commission under the Collective Investment Funds (Jersey) Law 1988 (the "CIF Law").

With effect from 23 June 2017 Carne Global AIFM Solutions (C.I.) Limited (the "Manager") replaced State Street Fund Services (Jersey) Limited as the Manager of the Fund.

On 15 March 2018 all issued Units in the Multi-Manager Global Equity Investment Fund - USD Class were listed on The International Stock Exchange (TISE). The Multi-Manager Global Equity Investment Fund - JPY Hedged Class has no units issued and was not listed on TISE.

The decision to list was based on the investor preference that they invest in a listed vehicle. The majority of investors in The Global Diversification Fund (GDF) had been interested in listing the units in order to provide more substance to their investments by providing additional layer of governance in the respective jurisdiction.

GDF's are open-ended funds – they are open to an unlimited number of institutional investors.

The Fund adheres to TISE Listings Rules & Regulations.

INVESTMENT OBJECTIVE

The investment objective of the Multi-Manager Global Equity Investment Fund - USD Class is to seek to achieve long-term out-performance of the Morgan Stanley Capital International ("MSCI") Kokusai Index (in US Dollars) by operating as a fund of funds and primarily investing its assets in various underlying funds investing in equities.

The investment objective of the Multi-Manager Global Equity Investment Fund - JPY Hedged Class is to seek to achieve long-term out-performance of the MSCI Kokusai Index (in US Dollars) adjusted with the cost of hedging against JPY by operating as a fund of funds and primarily investing its assets in various Underlying Funds investing in equities.

PRICES

The prices for buying and selling Redeemable Participating Units in the Fund are calculated by reference to the Net Asset Value per Redeemable Participating Unit. The issue price will be calculated by reference to the Net Asset Value of each Redeemable Participating Unit on the relevant valuation point and rounded upwards to the nearest whole cent. The sales charge, if any, to be paid per Redeemable Participating Unit shall be calculated as a percentage of the issue price at a rate determined in its discretion by the Manager or its duly authorised agent not exceeding 3%. The redemption price payable on redemption of Redeemable Participating Units will be calculated by reference to the Net Asset Value of each Redeemable Participating Unit on the relevant valuation point less an adjustment to round the resulting amount down to the nearest whole cent.

GENERAL INFORMATION (continued)

DEALING

The dealing day shall be the Wednesday of each week and the first business day after each calendar month end or such other or additional days from time to time as determined by the Manager. Applications for the issue of Redeemable Participating Units must be received by the Manager before 12 noon (Jersey time) on the business day immediately preceding the relevant dealing day on which Redeemable Participating Units are to be issued. Redemption requests must be received by the Manager prior to 12 noon (Jersey time) on the business day immediately preceding the dealing day on which Redeemable Participating Units are to be redeemed.

DISTRIBUTIONS TO UNITHOLDERS

The Manager will determine semi-annually if and to what extent distributions will be made out of net income and, if considered appropriate, out of net realised capital gains and net unrealised capital gains. The distributions shall be paid semi-annually in March and September each year.

THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND TRUSTEE

1. Manager

The Manager is responsible for the preparation of the financial statements for each financial year which give a true and fair view of the state of affairs of the Fund at the end of the year and of its total return for that year. The Manager has elected to prepare the financial statements in accordance with the Financial Reporting Standard 102 "Financial Reporting" ("FRS 102"); the Financial Reporting Standard applicable in the United Kingdom ("UK") and Republic of Ireland.

In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK and Republic of Ireland accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The Manager is also required to manage the Fund in accordance with the Trust Instrument, maintain proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and enable them to ensure that the financial statements comply with the Trust Instrument and generally accepted accounting principles.

2. Trustee

The Trustee is responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for ensuring the Fund has been managed, in all material respects:

- in accordance with the limitations imposed on the investment and borrowing powers of the Manager and Trustee in the Trust Instrument, by the scheme particulars and by all regulations for the time being in force; and
- otherwise in accordance with the provisions of the Trust Instrument and those regulations.

THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND

TRUSTEE'S REPORT TO THE REDEEMABLE PARTICIPATING UNITHOLDERS OF THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND

We have enquired into the conduct of Carne Global AIFM Solutions (C.I.) Limited in the management of the Fund for the year ended 31 December 2019, in our capacity as Trustee.

In our opinion the Fund has been managed in that year in all material respects:

(a) in accordance with the limitations imposed on the investment and borrowing powers of the Manager and Trustee by the Trust Intrument, by the scheme particulars and by all regulations for the time being in force; and

(b) otherwise in accordance with the provisions of the Trust Instrument and those regulations.

State Street Custodial Services (Jersey) Limited
Lime Grove House
Green Street
St Helier
Jersey JE1 2ST
Channel Islands

Date: 7 May 2020

INDEPENDENT AUDITOR'S REPORT TO THE REDEEMABLE PARTICIPATING UNITHOLDERS OF THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND

Report on the audit of the non-statutory financial statements

1. Opinion

In our opinion the non-statutory financial statements of the Global Diversification Fund – Multi-Manager Global Equity Investment Fund (the 'Fund'):

- give a true and fair view of the state of the Fund's affairs as at 31 December 2019 and of the Fund's profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

We have audited the non-statutory financial statements, which comprise:

- the statement of total return;
- the statement of changes in net asset attributable to redeemable participating unitholders;
- the balance sheet; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the non-statutory financial statements section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the non-statutory financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

INDEPENDENT AUDITOR'S REPORT TO THE REDEEMABLE PARTICIPATING UNITHOLDERS OF THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND (continued)

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • The valuation and existence of investments. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Fund in the current year was USD 5,301,000, which was determined on the basis of 1% of the net asset value attributable to the Redeemable Participating Unitholders (the 'NAV').
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There have been no significant changes in our audit approach in respect of the current year's audit other than using a lower benchmark percentage in our determination of materiality and change in key audit matters. We have not identified any non-compliance with the Fund's prospectus's investment restrictions in the prior periods and in the current year risk assessment, we considered this is no longer a key audit matter.

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where: • the Fund Manager's use of the going concern basis of accounting in preparation of the non-statutory financial statements is not appropriate; or • the Fund Manager has not disclosed in the non-statutory financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the non-statutory financial statements are authorised for issue.	We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE REDEEMABLE PARTICIPATING UNITHOLDERS OF THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND (continued)

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the non-statutory financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those, which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the non-statutory financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation and existence of investments

Key audit matter description	The Fund holds investments of USD 524,023,160 as disclosed in note 8 of the non-statutory financial statements and these investments are measured at fair value as disclosed in Fund's significant accounting policies in note 1(e) of the non-statutory financial statements. Given the importance of the net asset value to unitholders, we identified a potential risk of misstatement, whether due to fraud or error, relating to the valuation and existence of the Fund's investments. There is a risk that the prices used in the valuation may not be reflective of fair value and a risk of error that may occur over the recording of the number of units held by the Fund. These risks would directly have a material impact to the net asset value of the Fund.
How the scope of our audit responded to the key audit matter	To address the key audit matter we performed the following procedures: • Obtained an understanding and tested relevant controls over the existence and valuation of investments; • Obtained and reviewed the service organisation control reports (controls over the business process and the general computer controls) and assessed the audit impact of any identified exceptions/deficiencies in the area of recording of investments; • Obtained the investment portfolio holdings breakdown report of all investments held by the Fund as at year end and reconciled the year end market value of investments to the balance recorded in the trial balance/financial statements and checked completeness of information; • Reconciled on a sample check basis, the year-end existing units per the investment portfolio holding breakdown report to units movements during the year (opening balances, purchases/sales); • Tested on a sample check basis, the year-end price per unit used in valuation to an independent price source such as Bloomberg/Reuters or to an independent third party confirmation directly received by us; and • Confirmed on a sample check basis, the Fund's investment portfolio units held at year-end, to confirmations received directly by us from the administrators of the underlying investments.
Key observations	Based on work performed we concluded that the valuation and existence of investments is appropriate.

INDEPENDENT AUDITOR'S REPORT TO THE REDEEMABLE PARTICIPATING UNITHOLDERS OF THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND (continued)

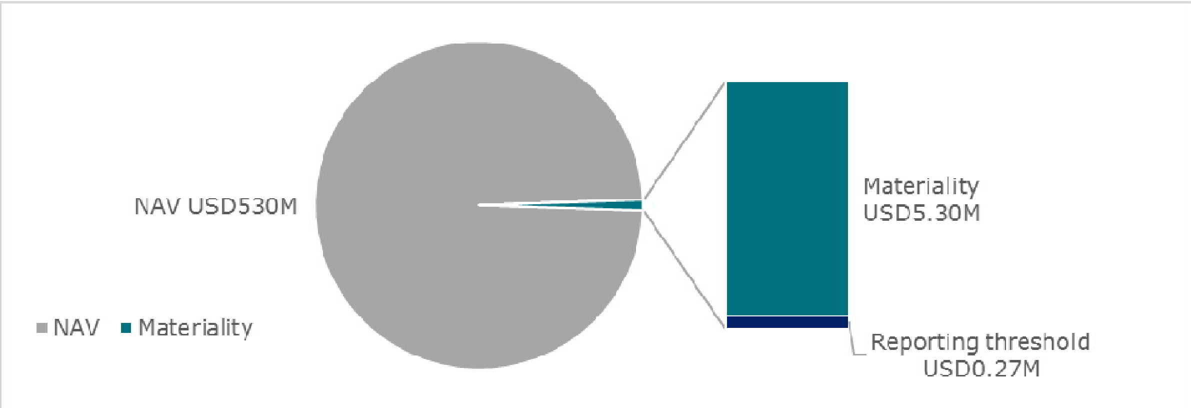
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the non-statutory financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the non-statutory financial statements as a whole as follows:

Materiality	USD 5,301,000 (2018: USD 8,562,000)
Basis for determining materiality	1% of the net asset value (2018: 2% of the net asset value)
Rationale for the benchmark applied	Net asset value is deemed the most appropriate benchmark since the Unitholders' main interest is the growth of the Fund asset over the life of the Fund and this is considered the key performance indicator for the investors in the Fund in assessing financial performance.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the non-statutory financial statements as a whole. The Fund performance materiality was set at 70% of the Fund materiality for the current year audit. In determining performance materiality, we considered the following factors:

- Our risk assessment, including our assessment of the Fund's overall control environment and that we consider it appropriate to rely on controls over a number of business processes; and

- Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with the Fund Manager and the Trustee that we would report to the Fund Manager and the Trustee, all audit differences in excess of USD 265,000 (2018: USD 428,100), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We would also report to the Fund Manager and the Trustee on disclosure matters that we identified when assessing the overall presentation of the non-statutory financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2. Our consideration of the control environment

The accounting function for the Fund is provided by State Street. We have obtained their ISAE 3402 Report covering the period under audit, which documents the suitability of design and implementation and operating effectiveness of controls. We have reviewed the report and assessed the controls relevant to the accounting functions undertaken by State Street for the Fund in order to rely on controls.

The administrator maintains the books and records of the Fund. Our audit therefore included obtaining an understanding of this service organisation (including obtaining and reviewing their controls assurance report) and its relationship with the Fund.

8. Other information

The Fund Manager is responsible for the other information. The other information comprises the information included in the annual report, other than the non-statutory financial statements and our auditor's report thereon.

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

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the non-statutory financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. Responsibilities of the Fund's Manager and Trustee

As explained more fully in the statement of responsibilities of the Manager and Trustee, the Trustee is responsible for the safeguarding the assets of the Fund and the Fund Manager is responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Fund Manager determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE REDEEMABLE PARTICIPATING UNITHOLDERS OF THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND (continued)

10. Auditor's responsibilities for the audit of the non-statutory financial statements

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

A further description of our responsibilities for the audit of the non-statutory financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Use of our report

This report is made solely to the Fund's Redeemable Participating Unitholders, as a body, in accordance with our letter of engagement dated 4 December 2019 and solely for the purpose of showing the financial results and the financial position of the Fund to the Unitholders. Our audit work has been undertaken so that we might state to the Fund's Redeemable Participating Unitholders, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund, for our audit work, for this report, or for the opinions we have formed.

Siobhan Durcan

Siobhan Durcan, ACA, FCCA

For and on behalf of Deloitte LLP

St Helier, Jersey

Date: 7 May 2020

THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND

Statement of Total Return

	Notes	US$	Year ended 31/12/19 US$	US$	Year ended 31/12/18 US$
Net capital gain/(loss) on investments	9		121,965,378		(37,634,818)
Other net gain/(loss)	10		44		(209,293)
Revenue	11	74,833		93,135	
Expenses	12	(1,543,030)		(1,506,741)	
Net expenses before taxation		(1,468,197)		(1,413,606)	
Taxation	4	-		-	
Net expenses after taxation			(1,468,197)		(1,413,606)
Total return before distributions			120,497,225		(39,257,717)
Distributions	7		(18,500,000)		(55,000,000)
Change in net assets attributable to Unitholders			101,997,225		(94,257,717)

In arriving at the results for the year, all amounts in the Statement of Total Return relate to continuing activities.

Statement of Changes in Net Assets attributable to Redeemable Participating Unitholders

	US$	Year ended 31/12/19 US$	US$	Year ended 31/12/18 US$
Total Net Assets attributable to Redeemable Participating Unitholders at the start of the year		428,142,745		487,400,462
Movement due to sales and repurchase of Units:				
Amounts receivable on creation of Units	-		35,000,000	
Amounts payable on redemption of Units	-		-	
		-		35,000,000
Change in net assets attributable to Unitholders		101,997,225		(94,257,717)
Total Net Assets attributable to Redeemable Participating Unitholders at the end of the year		530,139,970		428,142,745

The Notes on pages 13 to 27 form an integral part of these financial statements.

THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND

Balance Sheet

	Notes	31/12/19 US$	31/12/18 US$
Assets			
Fair value of investments	8	524,023,160	421,382,024
Cash and bank balances	13	6,530,350	7,134,520
Total Assets		530,553,510	428,516,544
Liabilities			
Creditors - amounts falling due within one year	14	(413,540)	(373,799)
Total Liabilities (excluding net assets attributable to Redeemable Participating Unitholders)		(413,540)	(373,799)
Net Assets attributable to Redeemable Participating Unitholders		530,139,970	428,142,745

The financial statements on pages 11 to 27 were approved by the Manager, Carne Global AIFM Solutions (C.I.) Limited on 7 May 2020 and signed on its behalf by:

Paul Ha……………………………………………**Authorised Signatory**

……………………………………………………**Authorised Signatory**

Analysis of Total Assets

	% of Total Assets
Collective Investment Schemes	98.77
Other current assets	1.23
	100.00

The Notes on pages 13 to 27 form an integral part of these financial statements.

THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND

Notes to the financial statements for the year ended 31 December 2019

1. Significant accounting policies

a) Basis of preparation of financial statements

Statement of Compliance
These financial statements have been prepared in accordance with the Financial Reporting Standard 102 "Financial Reporting" ("FRS 102"); the Financial Reporting Standard applicable in the UK and Republic of Ireland and certain elements of the Statement of Recommended Practice (the "SORP") - Financial Statements of Authorised Funds, issued by the Investment Management Association ("IMA") in May 2014.

The financial statements are not required to comply with the SORP. The Manager has chosen to comply with most of the provisions of the SORP as this represents best accounting practice and reflects the nature of the Fund's investment business. The financial statements depart from the SORP in that they do not include an Investment Adviser's Report and Investment Portfolio since the Investment Adviser reports to the Redeemable Participating Unitholders on a regular basis and it is not cost effective to duplicate this work.

The financial statements also depart from the SORP in that they do not include transaction costs disclosures. Due to operational challenges in extracting the transaction costs on the purchase and sale of open forward foreign currency exchange contracts, open futures contracts, credit default swaps and swaptions, transaction costs on these instruments cannot be separately identified.

The financial statements also depart from the SORP in that they do not include reconciliation of net distribution for the year to net revenue after tax and they do not include disclosure of the exposure to each derivative counterparty and the nature of collaterals held or pledged in respect of those positions.

Furthermore and for consistency reasons, the financial statements depart from the SORP in that they do not include details of major purchases and sales of investments, five year net asset per unit tables, total expense ratios, dividend table, detail about investment and borrowing powers, comparative table, risk disclosures pertaining to the weighted average interest rate of fixed rate instruments and the weighted average period for which interest rates are fixed.

The format and wording of certain line items on the primary statements contains departures from the SORP to reflect this Fund's structure as an Investment Fund.

The Fund has adopted the provisions of International Financial Reporting Standard 9 "Financial Instruments" ("IFRS 9") relating to recognition and measurement of financial instruments.

The Fund has only adopted the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments. The fair valuation input utilised by the Fund is the last traded market price or the latest available net assets value for investments in collective investment schemes. The Fund departs from the SORP in that the use of the last traded market price or the latest available net assets value is not in accordance with the SORP which states the fair value of long positions should be the quoted bid price. The use of the last traded market price or the latest available net assets value is however in accordance with the pricing requirements of the Prospectus.

All references to net assets throughout the documents refers to net assets attributable to holders of Redeemable Participating Units unless otherwise stated.

1. Significant accounting policies (continued)

b) Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the inclusion of financial instruments at fair value. The financial statements are prepared in US Dollars (US$).

c) Income and expenses recognition

Investment income is recognised on an accruals basis. Income which suffers a deduction of tax at source is shown gross of withholding tax.

Dividend income arising from investments is recognised when the right to receive payment is established, normally the ex-dividend date.

Expenses are accounted for on an accruals basis.

d) Net capital gains and losses on investments

Realised gains and losses on sales of investments are calculated based on the difference between the average historical cost of the investment in local currency and the sales proceeds. Total realised and unrealised gains and losses on investments reflecting changes in the fair value of investments held during the year together with any profit or loss on disposal are included in net capital gains or losses on investments in the Statement of Total Return.

Derivatives or forward contracts are used for efficient portfolio management. Where such financial instruments are used to protect or enhance capital, the realised gains and losses on settled contracts and unrealised gains and losses on open contracts derived therefrom are included in other net gains or losses in the Statement of Total Return.

e) Fair value of investments

The Fund values its investments in accordance with IFRS 9 as described below:

Collective investment schemes - investments in collective investment schemes are valued at the year end date on the basis of the latest available net asset value per unit in such schemes. Investment schemes listed on a recognised stock exchange or other regulated market are valued at the current last traded market price on the stock exchange or market which constitutes the principal market for such scheme. Unlisted investments are valued based on the latest available net asset value for the shares or units obtained from the relevant administrator. The last traded market price or the latest available net asset value constitute the fair value. Changes in fair value are recognised as unrealised gains or losses and are included in net capital gain or loss on investments in the Statement of Total Return. Realised gains or losses, being the difference between the investment's cost price and the sales price, are recognised as net capital gain or loss on investments in the Statement of Total Return.

Recognition/Derecognition - purchases and sales of investments are recognised on trade date i.e. the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value and transaction costs for all financial assets carried at fair value through profit or loss are expensed as incurred.

Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Notes to the financial statements for the year ended 31 December 2019 (continued)

1. Significant accounting policies (continued)

f) Foreign exchange

Foreign currency assets and liabilities, including investments, are translated into US Dollars at the closing exchange rate on the last business day of the Fund's financial year. The foreign exchange gain or loss based on the translation of the original cost of the investments is included in the net capital gains and losses in the Statement of Total Return, the gain or loss arising on the translation of other monetary assets and liabilities, is included in other net gains or losses in the Statement of Total Return.

Foreign currency transactions are translated into US Dollars at the rate of exchange ruling on the date of the transaction.

Foreign exchange gains and losses arising between the transaction and settlement dates on purchases or sales of foreign currency denominated securities and financial derivative instruments are included in other net gains or losses in the Statement of Total Return.

g) Going concern

The Fund invests in open-ended fund structures, the strategies of which require these structures to invest in actively traded listed securities and bonds with limited restrictions not to invest in investments, which are not readily marketable.

The Manager believes that the underlying structures can arrange liquidity in a short time to meet any of the Fund's redemption requests.

The Fund can redeem its invested units in these structures, on a weekly basis based on prices received by the administrators of these structures per dealing days therefore the Fund's investments are frequently traded and liquid.

Even in the presence of any redemption restrictions in the underlying structures on any particular dealing day, the Fund can still redeem its invested units up to a certain percentages of the total NAV of the underlying structures at any dealing day.

Furthermore, the Manager is comfortable with the redemption terms and the ability to meet Unitholders redemptions in a timely manner. The Manager has powers under the trust instrument to be able to defer any large redemption requests for a certain time period in order to give the investment advisor time to raise sufficient cash.

The Manager is also monitoring the level of potential redemptions or redemptions instructed by the investors and provides regular updates and has regular meetings with the Redeemable Participating Unitholders to keep a track of any on-going issues which might affect the continuation of the Fund.

The Manager will always maintain sufficient cash to meet its expenses requirement which are not material.

As a consequence, the Manager believes that the Fund is well placed to meet any obligations, which are primarily the redemption requirements, that might fall due should there be insufficient cash available at that time.

After reviewing all available information, the Manager has formed a judgment at the time of approving the financial statements, that there is a reasonable expectation that the Fund has adequate financial resources to continue in operational existence for the foreseeable future, being at least 12 months from the approval of the financial statements.

1. Significant accounting policies (continued)

g) Going concern (continued)

The COVID-19 epidemic is believed to have originated in Wuhan, Hubei, China. While containment efforts were made to slow the spread of the epidemic the outbreak has now spread globally and has led to the World Health Organisation declaring the COVID-19 outbreak a pandemic on 11 March 2020.

The Manager is aware that global financial markets have been monitoring and reacting to the outbreak, Note 18 explains the impact it has on the Fund post year-end. All markets have incurred increased volatility and uncertainty since the onset of the pandemic.

The Manager has also noted the operational risks that are posed to the Fund and its service providers due to global and local movement restrictions that have been enacted by various governments. COVID-19 pandemic is an unprecedented event and the eventual impact on the global economy and markets will largely depend on the scale and duration of the outbreak. The Manager will continue to monitor this situation. The ultimate extent of the effect of this on the entity is not possible to estimate at this time.

Due to the uncertainty of COVID-19's impact the Manager has considered the activities of the Fund together with the factors likely to affect its future development. The assets of the Fund consist predominantly of Level 2 investments that have been assessed by the Manager as readily realisable and the Fund has minimal expenses, therefore, it has adequate resources to continue in operational existence for the foreseeable future. The Manager does not anticipate any non-tradability or marketability issue in the underlying fund's investments, which in turn could affect the Fund's investments to move or reclassify from level 2 to level 3.

Accordingly, the Manager continues to adopt the going concern basis of accounting in preparing the financial statements.

See Note 16 for Brexit assessment.

h) Cash flow

The Fund qualifies for an exemption from the need to prepare a Statement of Cash Flows as it meets the following conditions:

(i) substantially all of the entity's investments are relatively liquid;
(ii) substantially all of the investments are carried forward at fair value; and
(iii) the entity provides a Statement of Changes in Net Assets Attributable to Redeemable Participating Unitholders.

The Fund has availed of the exemption available to open-ended investment funds under Section 3.60 of the SORP and is not presenting a Statement of Cash Flows.

i) Redeemable Participating Units

The Redeemable Participating Units are redeemable at the unitholder's option and are classified as financial liabilities.

j) Distributions

Distributions on Redeemable Participating Units are disclosed in the Statement of Total Return. Distributions are calculated in line with the Prospectus and are discretionary in nature and as such do not constitute a contracted obligation.

2. Fair value hierarchy

The SORP requires disclosure relating to the fair value hierarchy in which fair value measurements are categorised for assets and liabilities. The disclosures are based on a three-level fair value hierarchy for the inputs used in valuation techniques to measure fair value.

The fair value hierarchy as required under the SORP is based on the valuation inputs used to fair value the financial assets and liabilities and consideration of the market activity for each individual financial asset and liability. The definition for Levels 1, 2 and 3 are set out below.

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;
Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly; and
Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement was categorised in its entirety was determined on the basis of the lowest level input that was significant to the fair value measurement in its entirety. For this purpose, the significance of an input was assessed against the fair value measurement in its entirety. If a fair value measurement used observable inputs that required significant adjustment based on unobservable inputs, that measurement was at Level 3. Assessing the significance of a particular input to the fair value measurement in its entirety required judgment, considering factors specific to the asset or liability. The determination of what constituted “observable” required significant judgment by the Manager.

The Manager considered observable data to be that market data which was readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Critical accounting estimates and accounting judgments
Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The significant estimates, assumptions and accounting judgments that are material to the financial statements are outlined in the following tables.

Based on the definitions for the fair value hierarchy levels above, collective investment schemes with quoted prices in an active market are deemed Level 1. The fair value of investments held in unquoted collective investment schemes are derived from the underlying net asset value “NAV” of the investments which are determined generally under accounting principles of their respective jurisdiction. Such unquoted collective investment schemes are classified as Level 2 as they are regularly traded and their underlying investments are predominately in listed equites or quoted fixed income investments which are indirectly observable prices included in the NAV. As at 31 December 2019, there were no Level 1 or Level 3 instruments held.

The following table is a summary of the fair value hierarchy applied under the SORP in valuing the Fund’s financial assets and liabilities measured as at 31 December 2019 and 31 December 2018:

31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	US$	**US$**	**US$**	**US$**
Financial assets at fair value through statement of total return:				
Collective Investment Schemes	-	524,023,160	-	524,023,160
Total financial assets at fair value through statement of total return	-	524,023,160	-	524,023,160

2. Fair value hierarchy (continued)

Critical accounting estimates and accounting judgments (continued)

31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	US$	**US$**	**US$**	**US$**
Financial assets at fair value through statement of total return:				
Collective Investment Schemes	-	421,382,024	-	421,382,024
Total financial assets at fair value through statement of total return	-	421,382,024	-	421,382,024

3. Significant agreements and related parties

Manager

Carne Global AIFM Solutions (C.I.) Limited has been appointed to act as Manager of the Fund pursuant to the Trust Instrument. The Fund pays to the Manager a fee equal to 0.04% per annum of the adjusted Net Asset Value of each Fund subject to a minimum monthly fee of US$6,500 as defined by the Fund's Prospectus or in accordance with any side letter agreement in force. The Manager's fees are calculated and accrued weekly and paid quarterly in arrears out of the Fund. The Manager is also entitled to recover certain out-of-pocket expenses including transaction fees incurred in carrying out its duties under the Trust Instrument.

The Manager shall be entitled to receive out of each Fund a transaction charge of US$20 for each application, redemption or conversion of Redeemable Participating Units in the Fund and on investment of the Fund's assets in an underlying fund that is managed, advised, sponsored or administered by the Manager or any of its affiliates or to which the Manager or any of its affiliates provides custodial or other services. On investment of a Fund's assets in a non-affiliated Underlying Fund, the Manager shall be entitled to receive out of the Fund a transaction charge of up to US$100.

Trustee

State Street Custodial Services (Jersey) Limited has been appointed to act as Trustee of the Fund's assets pursuant to the Trust Instrument. The Fund pays the Trustee a fee equal to 0.01% per annum of the adjusted Net Asset Value of the Fund. The Trustee's fees are calculated and accrued on each valuation point and paid quarterly in arrears.

The Trustee is also entitled to recover certain out of pocket expenses incurred in carrying out its duties under the Trust Instrument. Assets of the Fund are held on behalf of the Trustee by the State Street global custodian network.

Investment Adviser

Nissay Asset Management Corporation has been appointed to act as Investment Adviser pursuant to the Investment Advisory Agreement. The Fund pays to the Investment Adviser a fee at the rate of 0.25% per annum of the Net Asset Value of the Fund as defined by the Fund's Prospectus or in accordance with any side letter agreement in force. The Investment Adviser's fees are calculated and accrued on each valuation point and paid quarterly in arrears.

Administrator

The fees of the Administrator are borne by the Manager. The Administrator's properly incurred expenses and disbursements shall be borne by the Fund.

Notes to the financial statements for the year ended 31 December 2019 (continued)

3. Significant agreements and related parties (continued)

Under the definition included in Section 33 of FRS 102 “Related Party Disclosures” the Manager and the Trustee are considered related parties to the Fund. Information required to be disclosed under FRS 8 is included in this Note and Notes 12, 14 and 20.

4. Taxation

Prima facie under Jersey tax law, the Trustees of a Jersey Trust are subject to Jersey tax on the income which arises to them in their capacity as Trustee. Notwithstanding this, by concession, on the basis that all Redeemable Participating Unitholders beneficially entitled to distributions from the income of the Fund are non-resident in Jersey for tax purposes, the Fund will not be subject to Jersey income tax on all income arising outside Jersey and bank interest arising in Jersey.

The Fund will be subject to Jersey income tax at the general income tax rate (currently 10%) on any income arising in Jersey. The Manager does not intend to conduct the business of the Fund so as to give rise to taxable Jersey source income.

Redeemable Participating Unitholders not resident in Jersey will not suffer Jersey tax on distributions on units held and no Jersey tax is payable by Redeemable Participating Unitholders on redemption proceeds of units.

Capital gains, dividends and interest on securities held in the Fund may be subject to withholding or capital gains taxes imposed by the country of origin of the issuer of any such securities.

There were no withholding tax on dividends received for the year ended 31 December 2019 (2018: US$Nil) and Capital Gains tax for the year ended 31 December 2019 amounted to US$Nil (2018: US$Nil).

5. Net asset value per Redeemable Participating Unit

For the Redeemable Participating Units to be classified as equity instruments they are required to meet all three of the following conditions:

(i) The Fund is a stand-alone fund or is the sub fund of an umbrella;
(ii) The Fund has only a single class of units; and
(iii) The Fund is not obliged to distribute by way of cash any part of the total return to unitholders.

The Fund does not meet all of the conditions and so the Redeemable Participating Units are classified as Debt.

The NAV per Redeemable Participating Unit is determined as at each Dealing Day by dividing the NAV of the Fund by the number of Redeemable Participating Units in issue.

The dealing NAV per Redeemable Participating Unit based on the mid-market valuation of investments as at 31 December 2019 was US$17,634.85 (2018: US$14,241.97).

6. Redeemable Participating Units in issue

The number of Redeemable Participating Units in issue as at 31 December 2019 was 30,062.05 (2018: 30,062.05).

Notes to the financial statements for the year ended 31 December 2019 (continued)

6. Redeemable Participating Units in issue (continued)

The following tables show the movement in the number of redeemable participating units for the year ended 31 December 2019 and 31 December 2018:

31 December 2019	Class	
	USD	JPY Hedged
Opening balance	30,062	-
Units issued	-	-
Units redeemed	-	-
Closing balance	30,062	-

31 December 2018	Class	
	USD	JPY Hedged
Opening balance	27,902	-
Units issued	2,160	-
Units redeemed	-	-
Closing balance	30,062	-

7. Distributions to Redeemable Participating Unitholders

Distributions of US$18,500,000 were paid to the Redeemable Participating Unitholders during the year ended 31 December 2019 (2018: US$55,000,000).

8. Fair value of investments

	31/12/19 US$	31/12/18 US$
Historical cost as at 1 January	358,286,339	336,793,889
Additions	40,000,000	125,000,000
Disposals	(43,978,906)	(103,507,550)
Historical cost as at 31 December	354,307,433	358,286,339
Net unrealised surplus for the year	169,715,727	63,095,685
Fair value as at 31 December	524,023,160	421,382,024

9. Net capital gain/(loss) on investments

	Note	Year ended 31/12/19 US$	Year ended 31/12/18 US$
Proceeds from sales of investments during the year		59,324,242	151,137,502
Historical cost of investments sold during the year		(43,978,906)	(103,507,550)
Net gains realised on investments sold during the year	1(d)	15,345,336	47,629,952
Net unrealised (surplus) at the start of the year		(63,095,685)	(148,360,455)
Net unrealised surplus at the end of the year	1(d)	169,715,727	63,095,685
Net capital gain/(loss) on investments during the year		121,965,378	(37,634,818)

Notes to the financial statements for the year ended 31 December 2019 (continued)

10. Other net gain/(loss)

	Note	Year ended 31/12/19 US$	Year ended 31/12/18 US$
Foreign currency gain/(loss)	1(f)	44	(209,293)

11. Revenue

	Note	Year ended 31/12/19 US$	Year ended 31/12/18 US$
Bank interest	1(c)	35,869	66,390
Other income		38,964	26,745
		74,833	93,135

12. Expenses

	Note	Year ended 31/12/19 US$	Year ended 31/12/18 US$
Payable to the Manager			
Management fee	3	(194,121)	(190,605)
Payable to the Trustee			
Trustee fee	3	(48,505)	(47,519)
Payable to the Investment Adviser			
Investment advisory fee	3	(1,212,630)	(1,187,997)
Payable to Custodian and Sub-Custodian			
Custodian and sub-custodian fee		(48,505)	(47,519)
Other expenses			
Audit fee		(28,866)	(12,100)
Other fees		(10,403)	(21,001)
		(39,269)	(33,101)
Total expenses		(1,543,030)	(1,506,741)

13. Cash and bank balances

	31/12/19 US$	31/12/18 US$
Cash and bank balances	6,530,350	7,134,520

Notes to the financial statements for the year ended 31 December 2019 (continued)

14. Creditors – amounts falling due within one year	**31/12/19 US$**	**31/12/18 US$**
Accrued expenses – related parties	(396,894)	(362,190)
Accrued expenses – other parties	(16,646)	(11,609)
	(413,540)	(373,799)

Accrued expenses payable to related parties are unsecured, non-interest bearing and repayable on demand.

15. Efficient portfolio management

The Fund may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes subject to the conditions and within the limits from time to time as per the Prospectus.

As at 31 December 2019, the Fund had not entered into any contracts for derivative instruments (2018: US$Nil).

16. Market and risk implications

As described in Note 1, the Manager has prepared the financial statements on the going concern basis. In doing so, and in pursuing the investment objectives referred to on page 1, the Manager has considered the following market and risk implications.

The market risk of the Fund may be affected by three main components: changes in actual market prices, interest rates and foreign currency movements.

The Manager performs quarterly reviews and agrees on policies for managing each of these risks.

The Manager receives quarterly reporting on risk matters and reviews the risk management process on an annual basis. These policies have remained substantially unchanged since the beginning of the year to which these financial statements relate.

Brexit assessment

Pursuant to the European Referendum Act 2015, a referendum on the United Kingdom's ("UK") membership of the European Union ("EU") was held on 23 June 2016 with the majority voting to leave the EU. On 29 March 2017, the UK Government exercised its right under Article 50 of the Treaty of the European Union ("Article 50") to leave the EU. The withdrawal agreement was ratified by the UK Parliament on 23 January 2020 and by the EU on 30 January; it came into force on 31 January 2020. This began a transition period that is set to end on 31 December 2020, during which the UK and EU will negotiate their future relationship. The UK remains subject to EU law and remains part of the EU customs union and single market during the transition period, but is no longer part of the EU's political bodies or institutions.

The government has ruled out any form of extension to the transition period. As a result, there is a risk that the UK and the EU will fail to agree the terms of their future trading relationship by the 31 December deadline and that the UK exits the transition period without a trade deal ('No Deal Brexit').

The Fund is a Non-EU domiciled and marketed to Non-EU institutional investors. The investment strategy is to seek to achieve long-term out-performance against its index.

16. Market and risk implications (continued)

Brexit assessment (continued)

As Manager of the Fund, we have conducted a Brexit assessment to determine what, if any, would be the impact to the Fund of the various Brexit scenarios, those being:

- No Deal ('Hard Brexit')
- Negotiated Brexit
- Soft Brexit (for example, the 'Norway Option')

The risks to the Fund of a disorderly exit of the UK from the EU arise either directly, as a result of significant trade and operational disruption or indirectly, as a result of general market downturn.

In this scenario, it is anticipated that the Fund would be affected indirectly. There would be some reduction in economic growth within the UK, and to a lesser extent in Europe, under a No Deal Brexit or negotiated Brexit scenario. However, this would have minimal impact on the Fund's performance due to its limited exposure to UK assets.

The risks around the supply chain are likely to be insignificant due to the nature of the business and there is unlikely to be an impact on the Company or the Fund as a result of any restrictions on trade, logistics, customs and borders following Brexit. The Fund's Administrator and Manager are domiciled outside the EU which will restrict any impact on the Fund.

The operating system of the Manager is cloud-based. Therefore, Brexit would have no bearing on the Manager's systems and technology. The operating systems of the administrator and trustee would be similarly unaffected, with both entities having servers located in Jersey.

From a capital-raising perspective there would be no impact or risk from Brexit as the Fund raises capital outside of the EU, with no restriction on the freedom of movement of capital envisaged post-Brexit.

Whilst the medium to long-term consequences of the decision to leave the EU remain uncertain, there could be short-term volatility which could have a negative impact on general economic conditions in the UK and business and consumer confidence in the UK, which may in turn have a negative impact elsewhere in the EU and more widely. The longer-term consequences may be affected by the terms of any future arrangements the UK has with the remaining member states of the EU. Among other things, the perceived likelihood of a No Deal Brexit could lead to instability in the foreign exchange markets, including volatility in the value of Sterling or the Euro.

Deteriorating business, consumer or investor confidence could lead to (i) reduced levels of business activity; (ii) higher levels of default rates and impairment; and (iii) mark to market losses in trading portfolios resulting from changes in credit ratings, share prices and solvency of counterparties.

No assurance can be given that such matters would not adversely affect the market value, performance and/or liquidity of the securities held by the Fund and/or the ability of the Fund to satisfy its obligations. The impact of Brexit on the Fund has been assessed to be minimal.

The Manager has considered the above Brexit assessment in the market risks below and concluded that there is no material impact on the disclosures stated.

Notes to the financial statements for the year ended 31 December 2019 (continued)

16. Market and risk implications (continued)

Methodology used for risk management

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. This risk arises on financial instruments whose fair value or future cash flows are affected by changes in interest rates. The Fund is not exposed to significant interest rate risk as the majority of the Fund's financial assets are investments in collective investment schemes which neither pay interest nor have a maturity date except on its cash and bank balances that is subject to variable interest rates.

The tables below summarise the Fund's significant exposure to interest rate risks as at 31 December 2019 and 31 December 2018:

	Interest Bearing				
31 December 2019	**Maturity Date Less than 1 Year US$**	**Maturity Date 1 – 5 Years US$**	**Maturity Date More than 5 Years US$**	**Non-interest Bearing US$**	**Total US$**
Assets					
Collective investment schemes	-	-	-	524,023,160	524,023,160
Cash and bank balances*	6,530,350	-	-	-	6,530,350
Total Assets	6,530,350	-	-	524,023,160	530,553,510
Liabilities					
Creditors - amounts falling due within one year	-	-	-	(413,540)	(413,540)
Total Liabilities (excluding net assets attributable to redeemable participating unitholders)	-	-	-	(413,540)	(413,540)
Net Assets	6,530,350	-	-	523,609,620	530,139,970

	Interest Bearing				
31 December 2018	**Maturity Date Less than 1 Year US$**	**Maturity Date 1 – 5 Years US$**	**Maturity Date More than 5 Years US$**	**Non-interest Bearing US$**	**Total US$**
Assets					
Collective investment schemes	-	-	-	421,382,024	421,382,024
Cash and bank balances*	7,134,520	-	-	-	7,134,520
Total Assets	7,134,520	-	-	421,382,024	428,516,544
Liabilities					
Creditors - amounts falling due within one year	-	-	-	(373,799)	(373,799)
Total Liabilities (excluding net assets attributable to redeemable participating unitholders)	-	-	-	(373,799)	(373,799)
Net Assets	7,134,520	-	-	421,008,225	428,142,745

*Cash and bank balances only are subject to variable interest rates.

Notes to the financial statements for the year ended 31 December 2019 (continued)

16. Market and risk implications (continued)

Methodology used for risk management (continued)

Interest rate risk (continued)
A 5% change in the interest rates, with all other variables held constant, would result in US$326,518 (10% in 2018: US$713,452) change in Net Assets.

Foreign currency risk
Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the rate of exchange between the currency in which the financial asset or financial liability is denominated in and the functional currency of the Fund.

A portion of the financial assets of the Fund is denominated in currencies other than the US$ with the effect that the Balance Sheet and Statement of Total Return can be significantly affected by currency movements.

The following table sets out the Fund's net exposure to foreign currency as at 31 December 2019 and 31 December 2018.

Currency	Assets		Liabilities		Net Exposure	
	31/12/19	31/12/18	31/12/19	31/12/18	31/12/19	31/12/18
	US$	US$	US$	US$	US$	US$
EUR	69,362,224	52,946,724	-	-	69,362,224	52,946,724
	69,362,224	52,946,724	-	-	69,362,224	52,946,724
USD	461,191,286	375,569,820	(413,540)	(373,799)	460,777,746	375,196,021
	530,553,510	428,516,544	(413,540)	(373,799)	530,139,970	428,142,745

The impact of a 10% exchange rate increase between US$ and the foreign currencies relevant to the Fund is US$6,936,222 (2018: US$5,294,672). A 10% decrease would have an equivalent but opposite effect.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Fund is a "Fund of Funds" investing primarily in quoted and unquoted collective investment schemes and thus it might not be possible to easily realise the unquoted collective investment schemes investments and free up liquidity. However, the Manager (and the majority of the underlying funds) has powers under the Trust Instrument to be able to defer any large redemption requests for a certain time period in order to give the Investment Adviser time to raise sufficient cash.

As at 31 December 2019 the Fund invested 98.77% (2018: 98.34%) of its assets in collective investment schemes.

Other obligations of the Fund include payables for investments purchased and accrued expenses. Payables for investments purchased are typically settled within three days of the security trade date. Accrued expenses of the Fund typically have a maturity of between one and three months depending on the timing of when invoices are received and processed.

16. Market and risk implications (continued)

Methodology used for risk management (continued)

Liquidity risk (continued)
As at 31 December 2019 and 31 December 2018 the Fund's financial liabilities had maturity dates of less than 3 months.

Credit risk
Exposure to credit risk arises from counterparties failing to meet all or part of their obligations. This includes changes to the market value of assets caused by changes in perception of the creditworthiness of counterparties. The maximum exposure is equal to the carrying amount of those assets.

The Fund may be exposed to a credit risk on brokers, investees and counterparties with whom they trade and will also bear the risk of settlement default. Details of how the Fund manages its exposure to credit risk are contained in the Fund's Prospectus.

The risk of default on securities transactions is considered minimal as the vast majority of securities are dematerialised and thus the book entry is made for cash settlement at the same time as the book entry for the transfer of the security. A trade will fail if either party fails to meet its obligation.

The Fund will be exposed to the risk of the Custodian or certain custodians used by the Custodian, in relation to the Fund's cash held by the Custodian. In event of insolvency or bankruptcy of the Custodian, the Fund will be treated as a general creditor of the Custodian in relation to cash holdings of the Fund.

The following table details the exposure to credit risk at the reporting date:

	31/12/19 US$	**31/12/18 US$**
Cash and bank balances	6,530,350	7,134,520

Capital risk management
The capital of the fund is represented by the net assets attributable to holders of redeemable participating units. The amount of net assets attributable to holders of redeemable participating units can change significantly as the Fund is subject to subscriptions and redemptions. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund. There is no externally-imposed capital requirement to the Fund.

In order to manage capital risk, the Fund's policy is first to monitor the levels of potential redemptions, and the levels of intended subscriptions and redemptions actually instructed by investors. The Trustee and the Manager monitor capital on the basis of the value of net assets attributable to Redeemable Participating Unitholders.

Market price risk
The Fund's investments are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Fund's market price risk is managed through a combination of ways outlined in the Fund's Prospectus.

A 10% change in the actual market prices at the year-end date, with all other variables held constant, would result in US$52,402,316 (2018: US$42,138,202) change in Net Assets.

Notes to the financial statements for the year ended 31 December 2019 (continued)

17. Significant events during the year

A revised Prospectus was issued on 18 April 2019. No significant matters have been changed by the revised Prospectus.

There were no other significant events during the year.

18. Significant events after the year end

During the period from the date of the Balance Sheet to the date that the Financial Statements were approved, the coronavirus (COVID-19) outbreak has caused extensive disruptions to businesses and economic activities globally. The uncertainties over the emergence and spread of COVID-19 have caused market volatility on a global scale. In accordance with the requirements of FRS102, the fair valuations at the date of the Balance Sheet reflect the economic conditions in existence at that date. Between the date of the Balance Sheet and the date of approval of these financial statements, the Morgan Stanley Capital International ("MSCI") Kokusai Index (in US Dollars) has decreased by 14.34%.

Subsequent to the year end, as at 14 April 2020, the NAV per Redeemable Participating Unit of the Fund has decreased from US$17,634.85 to US$14,631.68. The total NAV of the Fund has decreased from US$530,139,970 to US$439,858,331. This movement takes into account routine transactions but also reflects the significant market movements of recent months.

The Manager has not gated nor deferred any unitholders redemption requests to date and is not aware of any final unitholder redemption requests subsequent to year-end.

No invested units' redemptions were gated or deferred by the underlying investment structures subsequent to year-end.

There are no post Balance Sheet events which require adjustment at the year end.

There were no other significant events after the year end.

19. Ultimate controlling party

The Manager considers there to be no ultimate controlling party.

20. Related party transactions

The Manager earned fees of US$194,121 (2018: US$190,605) during the year of which US$51,212 remained payable at the year end (31 December 2018: US$46,734). The Investment Adviser earned fees of US$1,212,630 (2018: US$1,187,997) during the year of which US$320,076 remained payable at the year end (31 December 2018: US$292,089). The Trustee earned fees of US$48,505 (2018: US$47,519) during the year of which US$12,803 remained payable at the year end (31 December 2018: US$11,684). The Custodian and Sub-Custodian earned fees of US$48,505 (2018: US$47,519) during the year of which US$12,803 remained payable at the year end (31 December 2018: US$11,683).

21. Approval of the financial statements

The financial statements were approved by the Manager, Carne Global AIFM Solutions (C.I.) Limited on 7 May 2020.

THE GLOBAL DIVERSIFICATION FUND – MULTI-MANAGER GLOBAL EQUITY INVESTMENT FUND

MANAGEMENT AND ADMINISTRATION

MANAGER

Carne Global AIFM Solutions (C.I)
Limited
Channel House
Green Street
St. Helier
Jersey JE2 4UH
Channel Islands

LISTING SPONSOR

Bedell Channel Islands Limited
26 New Street
St. Helier
Jersey JE2 3RA
Channel Islands

TRUSTEE / CUSTODIAN

State Street Custodial Services (Jersey)
Limited
Lime Grove House
Green Street, St. Helier
Jersey JE1 2ST
Channel Islands

ADMINISTRATOR AND REGISTRAR

State Street Fund Services (Jersey)
Limited
Lime Grove House
Green Street
St. Helier
Jersey JE1 2ST
Channel Islands

AUDITOR

Deloitte LLP
PO Box 403
Gaspé House
66-72 Esplanade
St. Helier
Jersey JE4 8WA
Channel Islands

INVESTMENT ADVISER/PROMOTER

Nissay Asset Management Corporation
NihonSeimei Marunouchi BLDG
1-6-6 Marunouchi Chiyoda-ku
Tokyo 100-8219
Japan

LEGAL ADVISERS (IN JERSEY)

Bedell Cristin
26 New Street
St. Helier
Jersey JE2 3RA
Channel Islands