



QT Fund Ltd

(A Cayman Islands Exempted Company)

Unaudited Interim Financial Report

For the six month period ended June 30, 2018



QT Fund Ltd

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QT Fund Ltd

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

	Note	Unaudited Total June 30, 2018	Audited Total December 31, 2017
Assets			
Cash and cash equivalents	4.4	168,250,472	-
Financial assets at fair value through profit or loss (cost \$260,716,562 premium paid \$18,150,531) (2017: cost \$223,813,503 premium paid \$0)	6	320,588,922	243,971,042
Due from brokers	4.3	560,632,864	500,866,733
Dividend receivable		102,268	103,946
Other assets		1,262,526	1,451,145
Total assets		1,050,837,052	746,392,866
Liabilities			
Financial liabilities at fair value through profit or loss (proceeds \$43,250,476 premium received \$18,777,800) (2017: proceeds \$30,775,620 premium received \$0)	6	105,292,375	60,352,422
Due to brokers	4.3	86,979,050	62,264,114
Dividend payable		53,082	17,443
Subscriptions received in advance	4.7	168,250,000	-
Management fee payable	5	1,174,638	1,085,830
Incentive fee payable	5	23,298,043	4,751,214
Equalization credit payable		173,231	34,037
Accrued expenses	10	7,260,009	6,072,153
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		392,480,428	134,577,213
Net assets attributable to holders of redeemable participating shares		658,356,624	611,815,653

	Note	Unaudited June 30, 2018	Audited December 31, 2017		
		Shares outstanding	Net Asset Value per redeemable participating share	Shares outstanding	Net Asset Value per redeemable participating share
US Dollar share Class A1 - Unrestricted	9	1,835,526	\$109.1534	1,687,024	\$101.6006
US Dollar share Class A2 - Restricted	9	3,935,729	\$109.1534	3,865,366	\$101.6006
US Dollar share Class A – Total	9	5,771,255	\$109.1534	5,552,390	\$101.6006
US Dollar share Class B2 - Restricted	9	247,215	\$114.8975	463,556	\$102.8780
US Dollar share Class B – Total	9	247,215	\$114.8975	463,556	\$102.8780

QT Fund Ltd

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM JANUARY 1, 2018 TO JUNE 30, 2018 (ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

	Note	Unaudited June 30, 2018	Unaudited February 6, 2017 to June 30, 2017
Revenue			
Gross realized gain on financial assets and liabilities at fair value			
through profit/(loss)	7	597,517,522	251,665,390
Gross realized loss on financial assets and liabilities at fair value			
through profit/(loss)	7	(522,422,275)	(248,199,309)
Gross change in unrealized gain on financial assets and liabilities at fair value through profit/(loss)	7	92,724,596	29,450,184
Gross change in unrealized loss on financial assets and liabilities at fair value through profit/(loss)	7	(84,847,601)	(33,993,928)
Net foreign exchange gain/(loss)	7	1,255,459	(995,932)
Interest income	8	4,614,354	1,609,598
Dividend income	8	984,681	780,052
Total revenue		89,826,736	316,055
Operating expenses			
Incentive fees	5	23,298,043	-
Management fees	5	2,289,864	1,705,283
Commission fees		2,085,981	940,842
Dividend expense	8	831,630	1,135,098
Administration fees	5	409,493	359,145
Professional fees		74,239	77,874
Stock loan fees		46,632	25,255
Directors' fees		25,033	20,143
Other expenses	10	12,807,328	4,822,315
Total operating expenses		41,868,243	9,085,955
Total operating profit/(loss) before finance costs		47,958,493	(8,769,900)
Interest expense	8	642,092	62,501
Total operating profit/(loss) after finance costs		47,316,401	(8,832,401)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares before tax		47,316,401	(8,832,401)
Withholding tax expense		564,221	85,302
Increase/(decrease) in net assets attributable to holders of redeemable participating shares		46,752,180	(8,917,703)

QT Fund Ltd

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE HOLDERS OF REDEEMABLE PARTICIPATING SHARES
FOR THE PERIOD FROM JANUARY 1, 2018 TO JUNE 30, 2018
(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)**

	<u>Note</u>	<u>Amount</u>
Net assets attributable to holders of redeemable participating shares as at the beginning of the period February 6, 2017 (unaudited)		-
Proceeds from issue of redeemable participating shares		601,573,290
Increase/(decrease) in net assets attributable to holders of redeemable participating shares		<u>(8,917,703)</u>
Net assets attributable to holders of redeemable participating shares as at the end of the period June 30, 2017 (unaudited)		<u>592,655,587</u>
Net assets attributable to holders of redeemable participating shares as at the beginning of the period December 31, 2017 (audited)		611,815,653
Proceeds from issue of redeemable participating shares		22,734,037
Payments for redemption of redeemable participating shares		(22,772,015)
Equalization credit	9	(173,231)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares		<u>46,752,180</u>
Net assets attributable to holders of redeemable participating shares as at the end of the period June 30, 2018 (unaudited)		<u>658,356,624</u>

QT Fund Ltd

STATEMENT OF CASH FLOWS FOR THE PERIOD JANUARY 1, 2018 TO JUNE 30, 2018 (ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

	Unaudited June 30, 2018	Unaudited February 6, 2017 to June 30, 2017
Operating activities		
Increase/(decrease) in net assets attributable to holders of redeemable participating shares	46,752,180	(8,917,703)
Adjustments to reconcile increase/(decrease) in net assets to net cash provided by/(used in) operating activities:		
Net realized (gain)/loss on sale of securities	(7,075,040)	(2,822,983)
Net change in unrealized (gain)/loss on securities	5,426,178	318,325
Net unrealized (gain)/loss on derivatives	(13,303,171)	4,225,419
Purchases of securities	(2,343,203,418)	(1,705,243,919)
Proceeds from sale of securities	2,310,673,960	1,431,776,775
Purchase to cover securities sold short	(567,994,046)	(424,772,029)
Proceeds from sale of securities sold short	583,170,341	457,688,596
Premium received on derivative contracts	18,777,800	-
Premium paid on derivative contracts	(18,150,531)	-
Changes in operating assets and liabilities:		
Due from brokers	(59,766,131)	(433,514,981)
Dividend receivable	1,678	(99,181)
Other assets	188,619	(1,319,563)
Due to brokers	24,714,936	75,404,698
Dividend payable	35,639	36,600
Management fee payable	88,808	1,060,438
Incentive fee payable	18,546,829	-
Equalization credit payable	139,194	-
Accrued expenses	1,187,856	4,606,218
Cash flows provided by/(used in) operating activities	211,681	(601,573,290)
Financing activities		
Proceeds from issue of redeemable participating shares	22,734,037	601,573,290
Subscriptions received in advance	168,250,000	-
Payments for redemption of redeemable participating shares	(22,772,015)	-
Equalization credit	(173,231)	-
Cash flows provided by/(used in) financing activities	168,038,791	601,573,290
Net increase/(decrease) in cash and cash equivalents	168,250,472	-
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period	168,250,472	-

QT Fund Ltd

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD JANUARY 1, 2018 TO JUNE 30, 2018
(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

	Unaudited	Unaudited
	June 30, 2018	February 6, 2017 to June 30, 2017
Cash flows from operating activities include:		
Interest received	4,614,354	1,609,598
Dividends received	986,359	676,106
Dividends paid	795,991	1,117,655
Interest paid	642,092	62,501
Taxes paid	210,287	59,108

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

1. General information

QT Fund Ltd (the “Fund”), a Cayman Islands exempted company, was incorporated in the Cayman Islands on September 14, 2016 and commenced operations on February 6, 2017. The Fund registered under the Mutual Funds Law of the Cayman Islands on January 13, 2017. The Fund is also a registered open-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Schemes Rules 2015 issued by the Guernsey Financial Services Commission. The Class A Shares have been admitted to the official list of each of the Cayman Islands Stock Exchange and The International Stock Exchange.

Credit Suisse Asset Management, LLC (the “Investment Manager”), a Delaware limited liability company, serves as the Investment Manager to the Fund pursuant to the investment management agreement (the “IMA”). Pursuant to a sub-investment management agreement, the Investment Manager has appointed Credit Suisse (Hong Kong) Limited, a limited company incorporated under the laws of Hong Kong SAR, and G10 Capital Limited, a limited company incorporated under the laws of England and Wales as its sub-investment managers of the Fund. The Investment Manager is a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended. Each of the Investment Manager and Credit Suisse (Hong Kong) Limited are affiliates of Credit Suisse Group AG (“CSG”).

The Investment Manager is registered as a commodity pool operator with the U.S. Commodity Futures Trading Commission and is a member of the National Futures Association in such capacity under the Commodity Exchange Act.

The Fund’s investment objective is to deliver a consistent, low volatility, positive return stream with limited drawdowns by developing and running a variety of quantitative, systematic trading and investment strategies.

The Investment Manager may cause the assets of the Fund to be invested, directly or indirectly, on margin or otherwise, in interests commonly referred to as securities, other financial instruments and other assets, including, without limitation, capital stock; shares of beneficial interest; partnership interests and similar financial instruments; bonds, notes and debentures (whether subordinated, convertible or otherwise); currencies; commodities; physical and intangible assets; interest rate, currency, commodity, equity, indices and other derivative products; exchange traded funds and similar financial instruments and money market funds.

The board of directors (the “Board”) has overall responsibility to manage the Fund; provided, however, that pursuant to the terms of the IMA between the Fund and the Investment Manager, the Board has delegated the Investment Manager certain aspects of the management, operation, control of the investment and trading activities and calculation of the net asset value (“NAV”) on behalf of the Fund. The Board is not responsible for the day-to-day conduct of the Fund’s trading activities.

SS&C Guernsey Limited (the “Administrator”) serves as the administrator of the Fund and performs certain day-to-day administrative services on the Fund’s behalf.

2. Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards and the Listing Rules of the Exchange.

3. Basis of accounting

The Fund has adopted Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (2012) (the amendments). Management has concluded that the Fund meets the definition of an investment entity.

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

3. Basis of accounting (continued)

3.1 Basis of preparation

The financial statements of the Fund for the six month period ended June 30, 2018 should be read in conjunction with the annual report and financial statements for the year ended December 31, 2017, which were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (“IASB”).

The financial statements of the Fund for the six month period ended June 30, 2018 are unaudited and incorporate unaudited comparative figures for the period from February 6, 2017 (commencement of operations) to June 30, 2017 and the audited comparative figures as at December 31, 2017, as relevant.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied during the period presented, unless otherwise stated.

Capitalized terms used and not defined in these financial statements have the meanings set forth in the prospectus as the context requires.

3.2 Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may defer from these amounts. It also requires the Board and the Investment Manager to exercise its judgment in the process of applying the Fund’s accounting policies.

Information about judgements made in applying accounting policies that have the most significant effects of the amounts recognized in the financial statements include the determination of the functional currency.

4. Significant accounting policies

4.1 Changes in significant accounting policies

The Fund has applied retrospectively, from January 1, 2018, IFRS 9, Financial Instruments (“IFRS 9”). A number of other new standards are also effective for annual periods beginning January 1, 2018 and earlier application is permitted, however, the Fund has not early applied these new or amended standards in preparing these financial statements, as they do not have a material effect on the Fund’s financial statements.

IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items; and replaces IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

The Fund has taken advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes, where relevant. There were no differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 that would have been recognized in net assets attributable to holders of redeemable participating shares at January 1, 2018. The comparative disclosure information throughout the financial statements have been restated to reflect the requirements of IFRS 9, where appropriate.

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

4. Significant accounting policies (continued)

4.1 Changes in significant accounting policies (continued)

Classification of financial assets and financial liabilities

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their contractual cash flow characteristics (see Note 4.1(a) for new measurement categories under IFRS 9 for each class of the Fund's financial assets and financial liabilities, and the comparative original measurement categories under IAS 39). The standard includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). It eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities and derivative financial instruments. However, although under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognized in profit or loss, under IFRS 9 these fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI
- The remaining amount of change in the fair value is presented in profit or loss.

Based on the Fund's assessment, this standard did not have a material impact on the classification of financial assets and financial liabilities of the Fund because:

- The financial instruments classified as held-for-trading under IAS 39 (derivatives) continue to be classified as such under IFRS 9
- Financial instruments previously measured at FVTPL under IAS 39 are designated into this category because they are managed on a fair value basis in accordance with a documented investment strategy. Accordingly, these financial instruments are mandatorily measured at FVTPL under IFRS 9
- Financial instruments currently measured at amortized cost are: cash and cash equivalents, due from brokers, dividend receivable and other assets. These instruments meet the solely payments of principal and interest (SPPI) criterion and are held in a held-to-collect business model. Accordingly, they continue to be measured at amortized cost under IFRS 9.

See Note 4.2(a) for an explanation of how the Fund classifies and measures financial instruments and accounts for related gains and losses under IFRS 9.

Hedge accounting

The Fund does not apply hedge accounting; therefore, IFRS 9 hedge accounting-related changes do not have an impact on its financial statements.

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

4. Significant accounting policies (continued)

4.2 Financial assets and financial liabilities

(a) Classification

The Fund classifies financial assets and financial liabilities into the following categories.

Financial assets at fair value through profit or loss:

- *Held for trading*: derivative financial instruments.
- Equity securities and mutual fund.

Financial assets at amortized cost:

- Cash and cash equivalents, due from brokers, dividend receivable and other assets.

Financial liabilities at fair value through profit or loss:

- *Held for trading*: derivative financial instruments.
- Equity securities.

Financial liabilities at amortized cost:

- *Other liabilities*: due to brokers, incentive fee payable, equalization credit payable, management fee payable, dividend payable, subscriptions received in advance and accrued expenses.

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are categorized as held for trading. The Fund does not classify any derivatives as hedges in a hedging relationship.

Financial assets and financial liabilities designated at fair value through profit or loss are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy requires the Investment Manager and the Board to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information. The Fund classifies its investments in equity securities, as financial assets or financial liabilities at fair value through profit or loss. The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit or loss.

The above assessment was made by the Fund on the basis of facts and circumstances that existed at the date of initial application:

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

4. Significant accounting policies (continued)

4.2 Financial assets and financial liabilities (continued)

(a) Classification (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment, where held, is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above, are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the criteria to be measured at amortized cost, FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise occur.

Financial assets – business model assessment: Policy applicable from January 1, 2018

The Fund makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- i) The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- ii) How the performance of the portfolio is evaluated and reported to the Fund's management;
- iii) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- iv) How the Investment Manager is compensated e.g. whether based on the fair value of assets managed or the contractual cash flows collected; and
- v) The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations of future sales activity.

Transfer of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

4. Significant accounting policies (continued)

4.2 Financial assets and financial liabilities (continued)

(a) Classification (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Fund changed its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets – assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from January 1, 2018

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual term of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- i) The contingent events that would change the amount and timing of cash flows;
- ii) Terms that may adjust the contractual coupon rate, including variable rate features;
- iii) Prepayment and extension features; and
- iv) Terms that limit the Fund’s claim to cash flows from specified assets e.g. non-recourse features.

A prepayment feature is consistent with, solely, payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or a premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(b) Recognition, measurement and de-recognition

Recognition

To enter a short sale, the Fund may need to borrow the security for delivery to the buyer. On each day, obligations to deliver securities borrowed by the Fund to fulfil its short sale contracts are marked-to-market and an unrealized gain or loss is recorded in gains and losses on financial assets at fair value through profit or loss in the statement of comprehensive income. While the transaction is open, the Fund will also incur an expense for any dividends or interest that will be paid to the lender of the securities. The Fund’s obligation for investments sold short is considered closed and the related liability is derecognized when it delivers or replaces the security borrowed under the original transaction.

Regular purchases and sales of investments are recognized on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

4. Significant accounting policies (continued)

4.2 Financial assets and financial liabilities (continued)

(b) Recognition, measurement and de-recognition (continued)

Subsequent measurement and gains and losses

Financial assets

Policy applicable from January 1, 2018:

Subsequent to initial recognition, all financial assets at FVTPL are measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. Financial assets at amortized cost are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses, as applicable. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Policy applicable before January 1, 2018:

The Fund classified its financial assets into loans and receivables; and at FVTPL, and within this category as held for trading or designated at FVTPL. Financial assets at FVTPL were measured at fair value and changes therein, including any interest and dividend income, were recognized in profit or loss. Loans and receivables were measured at amortized cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category were presented in the statement of comprehensive income within gross change in unrealized gain or loss on financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within gross change in unrealized gain or loss on financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Dividend income is recognized from financial assets at FVTPL in the statement of comprehensive income when the Fund's right to receive payments is established. Dividend expense on short sales of equity securities is recognized in the statement of comprehensive income when the Fund's right to make payments is established.

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

4. Significant accounting policies (continued)

4.2 Financial assets and financial liabilities (continued)

(b) Recognition, measurement and de-recognition (continued)

De-recognition

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset; and the transfer qualifies for de-recognition. The Fund enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not de-recognized.

The Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Fund also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

The Fund uses the first in first out (“FIFO”) method to determine realized gain or loss on de-recognition. Gains and losses on the disposal of financial assets and liabilities are computed on a FIFO basis and are included in the statement of comprehensive income in the period in which they arise within gross realized gain or loss on financial assets and liabilities at fair value through profit or loss.

(c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date.

If a significant movement in fair value occurs subsequent to the close of trading up to midnight on the year end date, valuation techniques are applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Fund’s valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered ‘readily available’ market quotations.

Equities/mutual fund

Financial assets and financial liabilities traded on a securities exchange are valued at the closing or settlement price on the principal exchange on which they are traded. If the closing price is not available, the mid of the last quoted bid and ask is taken. In the absence of a mid-price, the latest trade price is used. If the securities are delisted, financial assets are valued at \$0.01 and financial liabilities are valued at the last observable price.

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

4. Significant accounting policies (continued)

4.2 Financial assets and financial liabilities (continued)

(c) Fair value measurement (continued)

Futures and Options

Derivative contracts traded on a derivatives exchange are valued at settlement price. In the absence of a settlement price, the mid of the last quoted bid and ask is taken. In the absence of a mid-price, bid or ask is taken. If the security has not traded on a given day, the previous available settlement price is used or, if not available, the latest trade price is used.

Forward Foreign Currency Contracts

The forward foreign currency contracts pricing model derives the differential in point rates to the expiration date of the forward contracts and calculates its present value.

Equity Swap Contracts

Market inputs to equity swap contracts, such as market prices for equity swaps, are based on the relevant market close price on the relevant exchange. If the required inputs are not available from external pricing sources, they will be obtained either from the counterparty or market maker quotes. If the underlying securities are delisted, financial assets are valued at \$0.01 and financial liabilities are valued at the last observable price.

(d) Amortized cost measurement

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(e) Identification and measurement of impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments. Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Based on the Fund's assessment, changes to the impairment model do not have a material impact on the Fund's financial assets because:

- The majority of the financial assets are measured at FVTPL and the impairment requirements do not apply to such instruments.
- The financial assets at amortized cost are short-term (i.e. no longer than 12 months), of high credit quality and/or highly collateralized. Accordingly, the ECLs on such assets are expected to be small.

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

4. Significant accounting policies (continued)

4.2 Financial assets and financial liabilities (continued)

(e) Identification and measurement of impairment (continued)

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in the statement of comprehensive income when incurred. Interest on impaired assets continues to be recognized. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income. There were no impairments for the six month period ended June 30, 2018 (2017: \$0).

(f) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

4.3 Offsetting financial instruments

Financial assets and liabilities are eligible for offset and the net amount reported in the statement of financial position when, and only when, there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Fund holds financial assets and liabilities that are eligible for offset in the statement of financial position and are subject to a master netting agreement. However, the Fund has elected not to offset assets and liabilities in the statement of financial position. Income and expenses are presented on a gross basis for gains and losses from financial instruments at fair value through profit and loss.

4.4 Due from and due to brokers

Amounts due from and to brokers represent margin and collateral accounts, deposit amounts held with brokers, receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

4.5 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less.

4.6 Operating expenses

The Fund is responsible for all normal operating expenses including dividend expense, commission fees, management fees, incentive fees, equalization credit, administration fees, professional fees, stock loan fees, directors' fees and other expenses. Operating expenses are recorded on the accrual basis.

4.7 Share capital

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

A puttable financial instrument that includes a contractual obligation for the Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity, if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

4. Significant accounting policies (continued)

4.7 Share capital (continued)

- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

The Fund's redeemable shares do not meet these conditions and are classified as financial liabilities measured at the present value of the redemption amounts.

4.8 Subscriptions received in advance

Subscriptions received in advance represent amounts received from investors prior to June 30, 2018 for subscription into the Fund at the next subscription date.

4.9 Allocation of income and expenses

Income and expenses are allocated pro-rata to each individual investor based on their investment in the Fund.

4.10 Foreign currency

(a) Functional and presentation currency

The financial statements are presented in U.S. dollars, which is the Fund's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into United States dollars using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income. Foreign exchange gains and losses relating to cash and cash equivalents and other assets and liabilities are presented in the statement of comprehensive income within net foreign exchange gain or loss.

The Fund does not isolate that portion of the results of operations arising from the effect of changes in foreign exchange rates on investments from fluctuations arising from changes in market prices of investments held. Those fluctuations are included with gross realized gain (loss) and gross change in unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss.

4.11 Interest

Interest income and expense are recognized using the effective interest method.

Interest received or receivable, and interest paid or payable, are recognized in the statement of comprehensive income as interest income and interest expense, respectively.

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

4. Significant accounting policies (continued)

4.12 Dividend income and dividend expense

Dividend income is recognized in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at fair value through profit or loss is recognized in the statement of comprehensive income in a separate line item.

The Fund incurs expenses on short positions in equity securities equal to the dividends due on these securities. Such dividend expense is recognized in the statement of comprehensive income as operating expense when the shareholders' right to receive payment is established.

4.13 Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in the statement of comprehensive income as an expense.

4.14 Taxation

The Fund is a Cayman Islands exempted company. Under the current laws of the Cayman Islands, there are no income, estate, transfer sale or other taxes payable by the Fund. The Fund has received an undertaking from the Governor-in-Cabinet of the Cayman Islands exempting it from all taxes until January 10, 2037. Each shareholder is individually liable for income taxes, if any, in its own tax jurisdiction on its share of the Fund's taxable income (loss). The Investment Manager evaluates tax positions taken or expected to be taken in the course of preparing the Fund's financial statements to determine whether the tax positions are "more-likely-than not" of being sustained by the applicable tax authority.

Tax positions with respect to tax at the Fund level not deemed to meet the "more-likely-than-not" threshold would be recorded as an expense in the current period.

In accordance with IAS 12 - *Income Taxes*, the Fund is required to recognize a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Fund's capital gains or other portfolio income sourced from such foreign country, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting period. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Fund. Therefore, when measuring any uncertain tax liabilities, the Investment Manager considers all of the relevant facts and circumstances available at the time, which could influence the likelihood of payment including any formal or informal practices of the relevant tax authorities.

4.15 Collateral

Cash collateral provided by the Fund is included in the statement of financial position in due from brokers. For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, the Fund classifies that asset in its statement of financial position separately from other assets and identifies the asset as pledged collateral, if applicable. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the notes to the financial statements. As at June 30, 2018, there were \$264,873,956 (2017: \$247,463,202) held at brokers.

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

5. Related party transactions

Certain affiliates of the Investment Manager and employees of the Investment Manager and its affiliates may directly or indirectly invest in the Fund. As of June 30, 2018, approximately 64% (2017: 67%) of redeemable participating Shares were owned by affiliates of the Investment Manager.

Management fee

The Fund pays the Investment Manager a fee for management services (the “Management Fee”), accruing monthly and payable monthly in arrears as of the last day of each month, equal to 1/12 of 0.75% per annum of the net asset value of Class A Shares, and 1/12 of 0.3% per annum of the net asset value of Class B Shares, in each case as of the beginning of each calendar month (before taking into account the estimated accrued Incentive Fee, if any). The Investment Manager may, in its sole discretion, waive all or part of the Management Fee. The Management fee charged for the six month period ended June 30, 2018 was \$2,289,864 (2017: \$1,705,283).

Incentive fee

Generally, at the end of each fiscal year or when all or a portion of Shares is redeemed, 35% of the net realized and unrealized appreciation in the net asset value per Share of the relevant designation of Class A Shares above the reference net asset value of Class A Share, is payable to the Investment Manager (the “Incentive Fee”). Class B shares will not be subject to any Incentive Fee. The Investment Manager may, in its sole discretion, elect to waive all or a portion of the Incentive Fee with respect to any shareholder. The shares issued to B Shares are not subject to the Incentive Fee. Incentive fee charged for the six month period ended June 30, 2018 was \$23,298,043 (2017: \$0).

Other material contracts

Administration fee

The Administrator receives a monthly fee in arrears calculated based on the NAV determined at the end of each month. The total fees paid to the Administrator for the six month period ended June 30, 2018 was \$409,493 (2017: \$359,145).

Prime broker fees

Barclays, J.P. Morgan, and Morgan Stanley, (the “Prime Brokers”) perform a variety of brokerage and custodial services on arm’s length commercial terms for the Fund for which fees are charged at normal commercial rates and expenses are to be reimbursed. The Prime Broker fee also includes the custody fees and the trade fees. The Fund pays all such fees and expenses.

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

6. Financial assets and financial liabilities at fair value through profit or loss

The following table details the categories of financial assets and financial liabilities held by the Fund at the reporting date:

	Unaudited June 30, 2018	Audited December 31, 2017
Assets		
Financial assets at fair value through profit or loss		
Investments in common stock	250,152,810	55,040,556
Investments in mutual fund	5,902,383	169,795,200
Investments in futures contracts	2,024,749	1,383,759
Investments in equity swaps contracts	34,169,048	17,751,527
Investments in option contracts	21,741,609	-
Investments in forward currency contracts	6,598,323	-
Total financial assets at fair value through profit or loss	320,588,922	243,971,042
Liabilities		
Financial liabilities at fair value through profit or loss		
Investments in common stock	(43,409,061)	(31,191,651)
Investments in futures contracts	(4,533,268)	(1,219,403)
Investments in equity swaps contracts	(37,437,525)	(27,344,888)
Investments in forward currency contracts	(3,431,438)	(596,480)
Investments in option contracts	(16,481,083)	-
Total financial liabilities at fair value through profit or loss	(105,292,375)	(60,352,422)

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018
(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

7. Gains and losses from financial assets and liabilities

The following table details the gains and losses from financial assets and liabilities for the period from January 1, 2018 to June 30, 2018:

	Unaudited June 30, 2018	Unaudited February 6, 2017 to June 30, 2017
Gross gain (loss) from financial assets and liabilities designated as at fair value through profit or loss		
Gross realized gain on securities	13,098,919	5,337,620
Gross realized loss on securities	(6,023,879)	(2,514,637)
Gross unrealized gain on securities	1,409,323	537,741
Gross unrealized loss on securities	(6,835,499)	(856,066)
Total gross gain (loss) from financial assets and liabilities as at fair value through profit and loss	1,648,864	2,504,658
Gross gain (loss) from financial assets and liabilities designated as at fair value through profit or loss: held for trading		
Gross realized gain on derivative contracts	584,418,603	246,327,770
Gross realized loss on derivative contracts	(516,398,396)	(245,684,672)
Gross unrealized gain on derivative contracts	91,315,273	28,912,443
Gross unrealized loss on derivative contracts	(78,012,102)	(33,137,862)
Total gross gain (loss) from financial assets and liabilities designated as at fair value through profit or loss: held for trading	81,323,378	(3,582,321)
Gross gain (loss) from financial assets and liabilities carried at amortized cost		
Gross realized foreign currency gain on cash and cash equivalents	1,640,899	59,638
Gross realized foreign currency loss on cash and cash equivalents	(363,456)	(958,754)
Gross unrealized foreign currency gain on cash and cash equivalents	1,074,388	114,877
Gross unrealized foreign currency loss on cash and cash equivalents	(1,096,372)	(211,693)
Total gross gain (loss) from financial assets and liabilities carried at amortized cost	1,255,459	(995,932)
Total gross gain/(loss) from financial assets and liabilities	84,227,701	(2,073,595)

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018
(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

8. Interest and dividends

The following table details the interest income earned by the Fund during the period:

	Unaudited June 30, 2018	Unaudited February 6, 2017 to June 30, 2017
Interest income on financial assets designated as at fair value through profit or loss:		
Mutual Fund	1,031,805	-
Interest income on financial assets carried at amortized cost:		
Cash and cash equivalents	3,582,549	1,609,598
Total interest income	4,614,354	1,609,598

The following table details the dividend income earned by the Fund during the period:

	Unaudited June 30, 2018	Unaudited February 6, 2017 to June 30, 2017
Net dividend income on financial assets designated at fair value through profit or loss:		
Equity securities	984,681	780,052
Total dividend income	984,681	780,052

The following table details the interest expenditure incurred by the Fund during the period:

	Unaudited June 30, 2018	Unaudited February 6, 2017 to June 30, 2017
Interest expense on financial liabilities carried at amortized cost:		
Cash and cash equivalents	642,092	62,501
Total interest expense	642,092	62,501

The following table details the dividend expense incurred by the Fund during the period:

	Unaudited June 30, 2018	Unaudited February 6, 2017 to June 30, 2017
Net dividend expense on financial liabilities at fair value through profit or loss:		
Equity securities sold short	831,630	1,133,801
Mutual fund	-	1,297
Total dividend expense	831,630	1,135,098

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

9. Shareholders' interests

The Fund has an authorized share capital of \$50,000 divided into 1,000 non-redeemable, non-participating voting shares ("Voting Shares") with a par value of US\$1.00 per share and 49,000,000 redeemable, participating shares ("Shares") with a par value of US\$0.001 per share.

The Fund offers two classes of Shares: Class A Shares and Class B Shares denominated in U.S. dollar. Class A Shares and Class B Shares are identical in all respects, except with regard to the management fees and incentive fees as discussed in Note 5.

Class B Shares are primarily offered to affiliates to the Investment Manager and CSG and certain other investors, in the sole discretion of the Investment Manager.

Shares are offered on the first day of each month at a purchase price of \$100 per share during the initial offer period and at the prevailing net asset value per share thereafter. Shares are redeemed on a monthly basis at the prevailing net asset value per share on the redemption date. Generally, a shareholder may redeem all or a portion of its Shares: (i) upon 90 days prior written notice, as of the last day of each calendar month; and (ii) upon 30 days prior written notice, as of the last day of each calendar month subject to a fee equal to 2% of the net asset value of the Shares redeemed (the "Special Redemption Fee"), to be retained by the Fund and will be allocated among the non-redeeming shareholders; provided, however, that redemption proceeds from A Shares redeemed prior to the last day of the applicable Early Redemption Period (as defined below) will be subject to a fee equal to 5% of the net asset value of the Shares redeemed (the "Early Redemption Fee"), to be retained by the Fund for the benefit of the continuing Shareholders.

The early redemption period with respect to Shares is the period commencing on the date of acquisition of such Shares and ending on the last day of the twelfth full month following such subscription date (the "Early Redemption Period").

Redemption of Shares may incur either a Special Redemption Fee or Early Redemption Fee, but in no event will both be charged with respect to the redemption of the same Shares. The Investment Manager may reduce or waive the Early Redemption Fee or the Special Redemption Fee with respect to any Shareholder or designation but only to the extent that a simultaneous subscription to the Fund offsets the amount of the redemption that generates such fees.

Equalization credit

For Class A Shares that are subscribed at a time when the net asset value per Share of the relevant designation is greater than the High Water Mark applicable to such designation, the subscriber will be required to pay an equalization credit. The high water mark is the higher of (i) US\$100 per Share denominated in US Dollars (or such other price per Share at which Shares were first issued upon establishment of the relevant designation or when no Shares of that designation were then currently in issue), and (ii) the highest net asset value per Share of the relevant designation at the end of any previous calculation period (after deduction of the Management Fee and the Incentive Fee).

The equalization credit (the "Equalization Credit") is an amount equal to 35% of the difference between the then current net asset value per Share of the relevant designation (before accrual for any Incentive Fee and any investor related taxes) and the High Water Mark applicable to such designation. The Equalization Credit will equal the Incentive Fee accrued with respect to the other Shares of that designation (the "Accrued Fee") and which should not be charged to the Shares being subscribed for.

To the extent that at the end of the calculation period the Accrued Fee remains payable, then the Equalization Credit will be used to purchase additional Shares of the relevant designation (at the prevailing net asset value per Share of such designation) for issue to the Shareholder. If the Accrued Fee is not payable then the Equalization Credit will remain at risk in the Fund until such time as the Accrued Fee is payable in whole or in part.

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

9. Shareholders' interests (continued)

New issue income

From time to time, the Fund may purchase equity securities in an initial public offering. Such securities are considered "new issues" as defined in Rule 5130 of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Rule 5130 generally prohibits members of FINRA from selling new issues to an account in which a "restricted person" (as defined in Rule 5130) has an interest. Therefore, profits and losses from such new issues are not allocated to the accounts of restricted persons. For the period ended June 30, 2018, the Fund had no new issue income allocated to the holders of applicable shares (2017: \$0).

Transactions in Shares and amount for the period from January 1, 2018 to June 30, 2018 were as follows:

Issued and fully paid	Class A1 Unrestricted	Class A2 Restricted	Total Class A	Class B2 Restricted	Total Class B
Opening balance	1,687,024	3,865,366	5,552,390	463,556	463,556
Issue of redeemable participating shares	148,510	70,378	218,888	-	-
Redemption of redeemable participating shares	(8)	(15)	(23)	(216,341)	(216,341)
Balance at period end	1,835,526	3,935,729	5,771,255	247,215	247,215
Issued and fully paid					
Opening balance	171,402,545	392,723,358	564,125,903	47,689,750	47,689,750
Shares issued during period	15,425,000	7,309,037	22,734,037	-	-
Equalization credit	(117,713)	(55,518)	(173,231)	-	-
Allocation of change in net assets in the period	13,644,866	29,622,929	43,267,795	3,484,385	3,484,385
Redemption of redeemable participating shares	(831)	(1,503)	(2,334)	(22,769,681)	(22,769,681)
Balance at period end	200,353,867	429,598,303	629,952,170	28,404,454	28,404,454
Net asset value per share period end	109.1534	109.1534	109.1534	114.8975	114.8975

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

9. Shareholders' interests (continued)

Transactions in Shares and amount for the period from February 6, 2017 (Commencement of Operations) to December 31, 2017 were as follows:

Issued and fully paid	Class A1 Unrestricted	Class A2 Restricted	Total Class A	Class B2 Restricted	Total Class B
Opening balance	-	-	-	-	-
Issue of redeemable participating shares	1,687,024	3,915,070	5,602,094	521,663	521,663
Redemption of redeemable participating shares	-	(49,704)	(49,704)	(58,107)	(58,107)
Balance at period end	1,687,024	3,865,366	5,552,390	463,556	463,556
Issued and fully paid					
Shares issued during period	168,700,000	391,600,000	560,300,000	52,173,290	52,173,290
Allocation of change in net assets in the period	2,702,545	6,123,358	8,825,903	1,403,962	1,403,962
Redemption of redeemable participating shares	-	(5,000,000)	(5,000,000)	(5,887,502)	(5,887,502)
Balance at period end	171,402,545	392,723,358	564,125,903	47,689,750	47,689,750
Net asset value per share period end	101.6006	101.6006	101.6006	102.8780	102.8780

The Fund does not have any externally imposed capital requirements.

10. Accrued expenses

The following table details the accrued expenses outstanding at the period end:

	Unaudited June 30, 2018	Audited December 31, 2017
Withholding tax payable	(458,643)	(104,709)
Exchange fee payable	-	(104,984)
Accounting fee payable	(28,333)	(18,333)
Administration fee payable	(23,667)	(23,667)
Professional fees payable	(44,500)	(89,000)
Direct manager fixed expenses payable	(2,079,151)	(1,557,146)
Miscellaneous fee payable	(14,670)	(19,863)
Employee benefits payable	(2,062,806)	(1,897,369)
Organizational cost payable	-	(286,400)
Information technology fee payable	(2,548,239)	(1,970,682)
Total accrued expenses	(7,260,009)	(6,072,153)

QT Fund Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(ALL AMOUNTS IN U.S. DOLLARS UNLESS OTHERWISE STATED)

11. Other expenses

The following table details the other expenses incurred by the Fund during the period ended:

	Unaudited June 30, 2018	Unaudited February 6, 2017 to June 30, 2017
Bank fee	559	209
Direct manager fixed expenses	3,768,536	1,209,990
Miscellaneous expense	3,503	30,286
Employee benefits	3,962,062	1,938,603
Organizational costs expense	172,249	117,130
Prime broker and custodian fee	13,630	19
Service fee expense	-	284
Information technology fee expense	4,886,789	1,525,794
Total other expenses	12,807,328	4,822,315

Direct manager fixed expenses include the Investment Manager's direct expenses and expenses of CSG that are directly related to the operations of the Investment Manager as they relate to the management of the Fund, including, without limitation, rent, utilities, supplies, secretarial expenses, stationery, charges for furniture, fixtures and equipment, cost and expenses related to exchange memberships; communications and information technology machinery, equipment and services; and information systems.

Employee benefits include, without limitation, insurance, payroll taxes and compensation of personnel (excluding performance bonuses but including payroll taxes payable on performance bonuses); legal and other advisory and consulting expenses; premiums for liability insurance covering the Investment Manager and its directors, shareholders, officers, employees and agents.

Information technology fee includes expenses of CSG that are allocated to the Investment Manager based upon an internal labor allocation survey that are related to the use of information technology (including IT personnel) by the Investment Manager on behalf of the Fund, including, but not limited to, costs related to software and information technology development, hardware, server costs and personnel expenses (including related overhead) of any employee of the CSG that devotes all or substantially all time to the Fund or other products managed by the Investment Manager. The foregoing costs and expenses related to personnel include all employees of the Investment Manager and any employee of the CSG that devotes time to the Fund or other products managed by the Investment Manager