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## Man AHL Diversified PCC Limited

Report and Aggregated Financial Statements for the year ended  
30 June 2018

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**Board of Directors**

Colin Ball (Resigned on 1 May 2018)  
John Renouf  
William Scott  
William Simpson (Appointed on 1 May 2018)

**Registered Office**

P.O. Box 173  
Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 4HG  
Channel Islands

**Company Secretary**

Intertrust Fund Services (Guernsey) Limited  
Martello Court  
Admiral Park  
St Peter Port  
Guernsey GY1 3HB  
Channel Islands

**Investment Manager, Trading Adviser and Introducing Broker**

AHL Partners LLP  
Riverbank House  
2 Swan Lane  
London EC4R 3AD  
United Kingdom

**Principal Manager, Registrar and Services Manager**

Man Fund Management (Guernsey) Limited  
P.O. Box 173  
Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 4HG  
Channel Islands

**Auditor**

Ernst & Young LLP  
P.O. Box 9  
Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 4AF  
Channel Islands

**Swiss Paying Agent**

RBC Investor Services Bank S.A.  
Esch-sur-Alzette, Zurich branch  
Badenerstrasse 567  
P.O. Box 101  
CH-8048 Zurich  
Switzerland

**Marketing Adviser and Swiss Representative**

Man Investment AG  
Huobstrasse 3  
8808 Pfäffikon SZ  
Switzerland

**Designated Custodian and Depositary Services Provider**

J.P. Morgan Custody Services (Guernsey) Limited  
1st Floor Les Echelons Court  
Les Echelons  
South Esplanade  
St Peter Port  
Guernsey GY1 1AR  
Channel Islands

**Administrator**

BNY Mellon Fund Services (Ireland) Designated Activity Company  
One Dockland Central  
Guild Street  
IFSC  
Dublin 1  
Ireland

**Legal Adviser to the Company as to Guernsey Law**

Ogier (Guernsey) LLP\*  
Redwood House  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 1WA  
Channel Islands

\* Effective 1 February 2018, the Guernsey Legal Advisers to the Company, Ogier which was constituted as a general partnership under Guernsey law converted to a limited liability partnership registered in Guernsey as Ogier (Guernsey) LLP.

Man AHL Diversified PCC Limited (the "Company") was incorporated under the laws of Guernsey on 7 December 2007 as a protected cell company. The Company carries on business as an open-ended investment holding company issuing series of Shares in respect of each protected cell of the Company and as at 30 June 2018 the Company had 3 (2017: 5) protected cells open for subscriptions and redemptions (the "Protected Cells").

The Directors present their report and aggregated financial statements for Man AHL Diversified PCC Limited (the "Company") for the year ended 30 June 2018. The Company comprises five protected cells (each a "Protected Cell") which are listed below:

Man AHL Diversified (Guernsey) Class A USD Shares\*  
 Man AHL Diversified (Guernsey) Class B EUR Shares\*  
 Man AHL Diversified (Guernsey) Class C CHF Shares  
 Man AHL Diversified (Guernsey) Class E AUD Shares\*\*  
 Man AHL Diversified (Guernsey) Class G RMB Shares\*\*

\*Classes A and B are currently listed on The International Stock Exchange ("TISE"), formally the Channel Islands Securities Exchange ("CISE").

\*\*On 19 December 2017, all shares of Man AHL Diversified (Guernsey) Class E AUD Shares and Man AHL Diversified (Guernsey) Class G RMB Shares were redeemed.

Each Protected Cell has a separate Offering Memorandum, independently establishing the investment strategy, guidelines and exposure to the AHL Diversified Programme.

The most recent addendum to the Offering Memorandum (the "Addendum") for the Company was issued on 25 May 2018. The Addendum was issued due to the change in the Guernsey legal advisers to the Company, Ogier which was constituted as a general partnership under Guernsey law converted to a limited liability partnership registered in Guernsey as Ogier (Guernsey) LLP and with effect on and from 1 May 2018, Colin Ball has resigned as a director of the Company and William Simpson has been appointed as a director of the Company.

### Results

Results for the year for the Company and each Protected Cell are set out on page 13. The net return in absolute and percentage terms for the year ended 30 June 2018 and the net assets for each Protected Cell, as calculated in accordance with International Financial Reporting Standards ("IFRS"), as at 30 June 2018, are shown in the table below:

	Class A USD	Class B EUR	Class C CHF	Class E* AUD	Class G* RMB	Aggregated USD
Net gain	4,627,104	62,631	187,905	731,465	6,013,158	5,966,643
Net assets as at 30 June 2018	185,319,988	18,953,720	20,190,528	-	-	227,846,891
Change in net asset value per Share during the year/pre final redempton	1.89%	(1.01%)	(1.53%)	7.81%	8.64%	
Commencement of trading	01/01/2008	14/10/2008	10/02/2009	17/11/2009	28/06/2011	

\*Man AHL Diversified (Guernsey) Class E AUD Shares and Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

Refer to Investment Manager Report on page 6 for performance review for the year.

The Directors do not propose a dividend for the year.

### Principal activity

The principal activity of the Company is that of acting as an authorised collective investment scheme under The Authorised Collective Investment Schemes (Class B) Rules, 2013 ("Class B Rules") pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 1987.

### Directors

The Directors of the Company are as stated on page 2.

### Directors' responsibilities

In accordance with The Companies (Guernsey) Law, 2008 and The Authorised Collective Investment Scheme (Class B) Rules, 2013, the Directors prepare aggregated financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the net gain or loss of the Company for that year. In preparing the aggregated financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the aggregated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

**Directors' responsibilities (continued)**

The Directors are responsible for keeping proper accounting records which are sufficient to show and explain the Company's transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company at that time and to enable them to ensure that the aggregated financial statements are prepared properly and in accordance with any relevant enactment for the time being in force. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to the auditors**

The Directors confirm that they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and establish that the Company's auditors are aware of that information and, so far as they are aware, there is no relevant information of which the Company's auditors are unaware.

**Significant changes during the year**

On 19 December 2017, all shares of Man AHL Diversified (Guernsey) Class E AUD Shares and Man AHL Diversified (Guernsey) Class G RMB Shares were redeemed. The last payment for the redemption was made on 19 December 2017.

There have been no other significant changes during the year.

**Subsequent events**

There have been no significant events since the year end.

**Auditors**

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

Signed on behalf of the Board of Directors on 14 November 2018.

John Renouf  
Director

William Simpson  
Director

In our opinion, the Principal Manager of the Company, Man Fund Management (Guernsey) Limited, has in all material respects, managed the Company for the year ended 30 June 2018 in accordance with the Principal Documents, the Scheme Particulars and The Authorised Collective Investment Schemes (Class B) Rules, 2013.

Signed on behalf of J.P. Morgan Custody Services (Guernsey) Limited on 14 November 2018.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Director

A handwritten signature in blue ink, featuring a large, stylized 'A' shape with a horizontal line extending to the right.

Director

The Company made a gain over the 12 months to 30 June 2018, with profits coming from credit, currencies, fixed income and equities while commodities detracted from performance.

The period started off with risk assets generally rising, accompanied by a low volatility environment, on positive economic news particularly in the US despite seeing central banks raising interest rate in the US as equity markets continued their upward run. This all changed in the first week of February as volatility returned to markets with equities and other risky assets selling off. Markets remained volatile for the rest of the second half of the period as political tension and fears of a global trade war spread.

The best performing sector was equity indices which largely benefited from the long bull market<sup>[1]</sup> rally despite giving back some performance following the sell-off in February. The best performing markets were the NASDAQ 100 Index, the S&P 500 Index and the Nikkei Index.

Positions in credit default swap indices<sup>[2]</sup> resulted in a positive return as credit spreads<sup>[3]</sup> tightened over the period.

Positions in currencies worked well over the period as the Fund benefitted from switching to a long US Dollar versus emerging market currency position as the US Dollar strengthened in the second half of the period.

Fixed income assets generated a positive return with gains largely coming from long positions in European fixed income and short positions in US treasury bonds.

Performance within commodities struggled due to losses in agriculturals and metals despite positive performance from energies as crude oil and its derivatives rallied over the period. Losses in metals were largely weighed down by the strengthening of the US dollar. The worst performer in agricultural markets was a short position in soya beans where deteriorating crop conditions at the start of the period caused soya beans prices to sharply rise.

Details on the principal risks and investment or economic uncertainties that the Company might face are outlined in Note 6 of the aggregated financial statements.

AHL Partners LLP  
August 2018

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<sup>[1]</sup> A market environment in which share prices are rising.

<sup>[2]</sup> A credit default swap index is a credit derivative used to hedge credit risk or to take a position on a basket of credit entities. Unlike a credit default swap, which is an over the counter credit derivative, a credit default swap index is a completely standardized credit security and may therefore be more liquid and trade at a smaller bid-offer spread. This means that it can be cheaper to hedge a portfolio of credit default swaps or bonds with a CDS index than it would be to buy many single name CDS to achieve a similar effect. Credit-default swap indexes are benchmarks for protecting investors owning bonds against default, and traders use them to speculate on changes in credit quality.

<sup>[3]</sup> Credit spreads refer to the price of a credit default swap index. As an example, if a credit default swap has a spread of 200.00 bp, or 2.00% it would mean you have to pay USD2.00 per annum.

# Man AHL Diversified PCC Limited

Aggregated statement of financial position

As at 30 June 2018



	Notes	Class A USD	Class B EUR	Class C CHF	Class E* AUD	Class G* RMB	Aggregated USD
<b>Current assets</b>							
Cash at bank	3	25,067,218	9,941,298	10,602,281	8,615	4,826,902	48,119,012
Balances with brokers	3	11,098	467,361	436,017	-	91	997,312
Financial assets at fair value through profit or loss	4	161,062,882	8,762,980	9,360,873	-	-	180,750,904
Other assets	8,9	39,656	9,262	3,562	-	-	54,075
<b>Total current assets</b>		<b>186,180,854</b>	<b>19,180,901</b>	<b>20,402,733</b>	<b>8,615</b>	<b>4,826,993</b>	<b>229,921,303</b>
<b>Current liabilities</b>							
Bank overdraft	3	-	-	-	-	(4,542,497)	(684,637)
Balances due to brokers	3	-	-	-	(67)	-	(50)
Financial liabilities at fair value through profit or loss	4	-	(116,874)	(93,433)	-	-	(230,871)
Accrued expenses and other liabilities	8,9	(860,866)	(110,307)	(118,772)	(8,548)	(284,496)	(1,158,854)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>		<b>(860,866)</b>	<b>(227,181)</b>	<b>(212,205)</b>	<b>(8,615)</b>	<b>(4,826,993)</b>	<b>(2,074,412)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>		<b>185,319,988</b>	<b>18,953,720</b>	<b>20,190,528</b>	<b>-</b>	<b>-</b>	<b>227,846,891</b>

\*Man AHL Diversified (Guernsey) Class E AUD Shares and Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

*The accompanying notes form an integral part of these aggregated financial statements.*



Man AHL Diversified PCC Limited  
 Aggregated statement of financial position (continued)  
 As at 30 June 2018



Which are represented by:

Liabilities

Redeemable Participating Shares in the Protected Cells

	Note	Class A USD	Class B EUR	Class C CHF	Class E* AUD	Class G* RMB	Aggregated USD
140,142,143 Redeemable Participating Shares with a Net Asset Value per Redeemable Participating Share of USD1.3224	10	185,319,988	-	-	-	-	185,319,988
16,565,659 Redeemable Participating Shares with a Net Asset Value per Redeemable Participating Share of EUR1.1442	10	-	18,953,720	-	-	-	22,144,783
20,999,074 Redeemable Participating Shares with a Net Asset Value per Redeemable Participating Share of CHF0.9615	10	-	-	20,190,528	-	-	20,382,120
		<b>185,319,988</b>	<b>18,953,720</b>	<b>20,190,528</b>	<b>-</b>	<b>-</b>	<b>227,846,891</b>

\*Man AHL Diversified (Guernsey) Class E AUD Shares and Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

Signed on behalf of the Board of Directors on 14 November 2018.

John Renouf  
 Director

William Simpson  
 Director

*The accompanying notes form an integral part of these aggregated financial statements.*

# Man AHL Diversified PCC Limited

Aggregated statement of financial position

As at 30 June 2017



	Notes	Class A USD	Class B EUR	Class C CHF	Class E AUD	Class G RMB	Aggregated USD
<b>Current assets</b>							
Cash and cash equivalents	3	118,008,173	14,226,162	16,363,016	5,529,656	41,024,781	161,636,836
Balances with brokers	3	12,651	185,896	385,501	101,910	2,603,442	1,089,582
Financial assets at fair value through profit or loss	4	88,553,714	10,945,647	12,630,064	4,277,344	32,378,901	122,301,427
Other assets	8,9	41,057	9,817	3,066	8,351	9,443	63,286
<b>Total current assets</b>		<b>206,615,595</b>	<b>25,367,522</b>	<b>29,381,647</b>	<b>9,917,261</b>	<b>76,016,567</b>	<b>285,091,131</b>
<b>Current liabilities</b>							
Financial liabilities at fair value through profit or loss	4	-	(23,964)	(17,466)	(8,978)	(24,423)	(56,108)
Accrued expenses and other liabilities	8,9	(901,924)	(129,277)	(146,381)	(69,890)	(350,438)	(1,307,780)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>		<b>(901,924)</b>	<b>(153,241)</b>	<b>(163,847)</b>	<b>(78,868)</b>	<b>(374,861)</b>	<b>(1,363,888)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>		<b>205,713,671</b>	<b>25,214,281</b>	<b>29,217,800</b>	<b>9,838,393</b>	<b>75,641,706</b>	<b>283,727,243</b>

*The accompanying notes form an integral part of these aggregated financial statements.*

Man AHL Diversified PCC Limited  
 Aggregated statement of financial position (continued)  
 As at 30 June 2017



Which are represented by:

Liabilities

Redeemable Participating Shares in the Protected Cells

	Note	Class A USD	Class B EUR	Class C CHF	Class E AUD	Class G RMB	Aggregated USD
158,491,653 Redeemable Participating Shares with a Net Asset Value per Redeemable Participating Share of USD1.2979	10	205,713,671	-	-	-	-	205,713,671
21,813,791 Redeemable Participating Shares with a Net Asset Value per Redeemable Participating Share of EUR1.1559	10	-	25,214,281	-	-	-	28,806,445
29,924,530 Redeemable Participating Shares with a Net Asset Value per Redeemable Participating Share of CHF0.9764	10	-	-	29,217,800	-	-	30,486,018
7,853,362 Redeemable Participating Shares with a Net Asset Value per Redeemable Participating Share of AUD1.2528	10	-	-	-	9,838,393	-	7,565,667
6,460,468 Redeemable Participating Shares with a Net Asset Value per Redeemable Participating Share of RMB11.7084	10	-	-	-	-	75,641,706	11,155,442
		<b>205,713,671</b>	<b>25,214,281</b>	<b>29,217,800</b>	<b>9,838,393</b>	<b>75,641,706</b>	<b>283,727,243</b>

*The accompanying notes form an integral part of these aggregated financial statements.*

# Man AHL Diversified PCC Limited

Aggregated statement of changes in net assets  
For the year ended 30 June 2018



	Note	Class A USD	Class B EUR	Class C CHF	Class E* AUD	Class G* RMB	Aggregated USD
<b>Net assets attributable to Redeemable Participating Shareholders at the beginning of the year</b>		<b>205,713,671</b>	<b>25,214,281</b>	<b>29,217,800</b>	<b>9,838,393</b>	<b>75,641,706</b>	<b>283,727,243</b>
Issue of 7,575,829 Redeemable Participating Shares	10	10,307,449	-	-	-	-	10,307,449
Redemption of 25,925,339 Redeemable Participating Shares	10	(35,328,236)	-	-	-	-	(35,328,236)
Issue of 142,143 Redeemable Participating Shares	10	-	163,388	-	-	-	190,896
Redemption of 5,390,275 Redeemable Participating Shares	10	-	(6,486,580)	-	-	-	(7,578,666)
Issue of 6,535,098 Redeemable Participating Shares	10	-	-	6,464,000	-	-	6,525,338
Redemption of 15,460,554 Redeemable Participating Shares	10	-	-	(15,679,177)	-	-	(15,827,960)
Issue of 8,043 Redeemable Participating Shares	10	-	-	-	10,400	-	7,703
Redemption of 7,861,405 Redeemable Participating Shares	10	-	-	-	(10,580,258)	-	(7,836,648)
Redemption of 6,460,468 Redeemable Participating Shares	10	-	-	-	-	(81,654,864)	(12,306,872)
Net gain for the year attributable to Redeemable Participating Shareholders		4,627,104	62,631	187,905	731,465	6,013,158	5,966,644
<b>Net assets attributable to Redeemable Participating Shareholders at the end of the year</b>		<b>185,319,988</b>	<b>18,953,720</b>	<b>20,190,528</b>	<b>-</b>	<b>-</b>	<b>227,846,891</b>

\*Man AHL Diversified (Guernsey) Class E AUD Shares and Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

*The accompanying notes form an integral part of these aggregated financial statements.*

# Man AHL Diversified PCC Limited

Aggregated statement of changes in net assets  
For the year ended 30 June 2017



	Note	Class A USD	Class B EUR	Class C CHF	Class E AUD	Class G RMB	Aggregated USD
<b>Net assets attributable to Redeemable Participating Shareholders at the beginning of the year</b>		288,034,495	35,499,664	41,512,354	13,601,290	99,710,519	395,130,497
Issue of 7,611,262 Redeemable Participating Shares	10	10,311,864	-	-	-	-	10,311,864
Redemption of 50,411,216 Redeemable Participating Shares	10	(67,674,875)	-	-	-	-	(67,674,875)
Issue of 499,711 Redeemable Participating Shares	10	-	611,622	-	-	-	698,757
Redemption of 6,147,810 Redeemable Participating Shares	10	-	(7,413,196)	-	-	-	(8,469,320)
Issue of 1,067,543 Redeemable Participating Shares	10	-	-	1,143,066	-	-	1,192,682
Redemption of 8,919,699 Redeemable Participating Shares	10	-	-	(9,034,012)	-	-	(9,426,139)
Redemption of 1,949,484 Redeemable Participating Shares	10	-	-	-	(2,549,566)	-	(1,960,601)
Redemption of 1,363,279 Redeemable Participating Shares	10	-	-	-	-	(16,446,306)	(2,425,458)
Net loss for the year attributable to Redeemable Participating Shareholders		(24,957,813)	(3,483,809)	(4,403,608)	(1,213,331)	(7,622,507)	(33,650,164)
<b>Net assets attributable to Redeemable Participating Shareholders at the end of the year</b>		<b>205,713,671</b>	<b>25,214,281</b>	<b>29,217,800</b>	<b>9,838,393</b>	<b>75,641,706</b>	<b>283,727,243</b>

*The accompanying notes form an integral part of these aggregated financial statements.*

# Man AHL Diversified PCC Limited

Aggregated statement of comprehensive income

For the year ended 30 June 2018



	Notes	Class A USD	Class B EUR	Class C CHF	Class E* AUD	Class G* RMB	Aggregated USD
<b>Income</b>							
Net gain/(loss) on foreign currency	7	1,364	(465,668)	(314,702)	43,776	(196,851)	(874,454)
Net gain on financial assets and liabilities at fair value through profit or loss	7	13,246,621	1,588,192	1,740,010	938,802	7,689,830	18,843,710
Other income	8,9	232,207	26,061	30,598	-	132,494	315,186
		<b>13,480,192</b>	<b>1,148,585</b>	<b>1,455,906</b>	<b>982,578</b>	<b>7,625,473</b>	<b>18,284,442</b>
<b>Expenses</b>							
Management fees	8,9	(6,089,094)	(678,281)	(800,561)	(137,875)	(1,002,547)	(7,983,763)
Principal manager, services manager and registrar fees	8,9	(452,436)	(126,011)	(149,555)	(24,082)	(124,968)	(794,664)
Introducing broker fees	8,9	(2,029,890)	(226,228)	(267,069)	(45,959)	(334,182)	(2,661,829)
Other expenses	8,9	(281,668)	(55,434)	(50,816)	(43,197)	(150,618)	(456,778)
		<b>(8,853,088)</b>	<b>(1,085,954)</b>	<b>(1,268,001)</b>	<b>(251,113)</b>	<b>(1,612,315)</b>	<b>(11,897,034)</b>
<b>Net gain for the year</b>		<b>4,627,104</b>	<b>62,631</b>	<b>187,905</b>	<b>731,465</b>	<b>6,013,158</b>	<b>6,387,408</b>
<b>Other comprehensive income</b>							
Adjustment to foreign currency on aggregation		-	-	-	-	-	(420,765)
<b>Total gain for the year attributable to Redeemable Participating Shareholders</b>		<b>4,627,104</b>	<b>62,631</b>	<b>187,905</b>	<b>731,465</b>	<b>6,013,158</b>	<b>5,966,643</b>

\*Man AHL Diversified (Guernsey) Class E AUD Shares and Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

*The accompanying notes form an integral part of these aggregated financial statements.*

# Man AHL Diversified PCC Limited

Aggregated statement of comprehensive income  
For the year ended 30 June 2017



	Notes	Class A USD	Class B EUR	Class C CHF	Class E AUD	Class G RMB	Aggregated USD
<b>Income</b>							
Net gain/(loss) on foreign currency	7	423,616	(589,984)	(795,016)	(139,130)	361,445	(1,072,559)
Net loss on financial assets and liabilities at fair value through profit or loss	7	(15,151,771)	(1,491,192)	(1,984,675)	(479,661)	(4,187,834)	(19,753,931)
Other income	8,9	279,889	34,956	41,217	-	131,744	378,868
		<u>(14,448,266)</u>	<u>(2,046,220)</u>	<u>(2,738,474)</u>	<u>(618,791)</u>	<u>(3,694,645)</u>	<u>(20,447,622)</u>
<b>Expenses</b>							
Management fees	8,9	(7,286,319)	(919,251)	(1,082,380)	(353,890)	(2,596,979)	(10,027,303)
Principal manager, services manager and registrar fees	8,9	(518,047)	(149,827)	(171,654)	(68,413)	(276,367)	(946,524)
Introducing broker fees	8,9	(2,428,773)	(306,417)	(360,829)	(117,963)	(865,660)	(3,342,470)
Other expenses	8,9	(276,408)	(62,094)	(50,271)	(54,274)	(188,856)	(463,406)
		<u>(10,509,547)</u>	<u>(1,437,589)</u>	<u>(1,665,134)</u>	<u>(594,540)</u>	<u>(3,927,862)</u>	<u>(14,779,703)</u>
<b>Net loss for the year</b>		<b><u>(24,957,813)</u></b>	<b><u>(3,483,809)</u></b>	<b><u>(4,403,608)</u></b>	<b><u>(1,213,331)</u></b>	<b><u>(7,622,507)</u></b>	<b><u>(35,227,325)</u></b>
<b>Other comprehensive income</b>							
Adjustment to foreign currency on aggregation		-	-	-	-	-	1,577,161
<b>Total loss for the year attributable to Redeemable Participating Shareholders</b>		<b><u>(24,957,813)</u></b>	<b><u>(3,483,809)</u></b>	<b><u>(4,403,608)</u></b>	<b><u>(1,213,331)</u></b>	<b><u>(7,622,507)</u></b>	<b><u>(33,650,164)</u></b>

*The accompanying notes form an integral part of these aggregated financial statements.*

# Man AHL Diversified PCC Limited

Aggregated statement of cash flows

For the year ended 30 June 2018



	Class A USD	Class B EUR	Class C CHF	Class E* AUD	Class G* RMB	Aggregated USD
<b>Cash flows from operating activities</b>						
Net gain for the year	4,627,104	62,631	187,905	731,465	6,013,158	6,387,408
<b>Adjustments to reconcile net gain for the year attributable to Redeemable Participating Shareholders to net cash (used in)/provided by operating activities:</b>						
(Increase)/decrease in financial assets at fair value through profit or loss	(72,509,168)	2,182,667	3,269,191	4,277,344	32,378,901	(58,449,477)
Increase/(decrease) in financial liabilities at fair value through profit or loss	-	92,910	75,967	(8,978)	(24,423)	174,763
Decrease/(increase) in balances with brokers - collateral	1,553	(281,465)	(50,516)	101,910	2,603,351	92,270
Increase in balances due to brokers - collateral	-	-	-	67	-	50
Decrease/(increase) in other assets	1,401	555	(496)	8,351	9,443	9,211
Decrease in accrued expenses and other liabilities	(41,058)	(18,970)	(27,609)	(61,342)	(65,942)	(148,926)
<b>Net cash (used in)/provided by operating activities</b>	<b>(67,920,168)</b>	<b>2,038,328</b>	<b>3,454,442</b>	<b>5,048,817</b>	<b>40,914,488</b>	<b>(51,934,701)</b>
<b>Cash flows from financing activities</b>						
Proceeds on issuance of Redeemable Participating Shares	52,112,632	5,076,924	20,575,258	1,132,206	-	79,653,421
Payments on redemption of Redeemable Participating Shares	(77,133,419)	(11,400,116)	(29,790,435)	(11,702,064)	(81,654,864)	(141,500,416)
<b>Net cash used in financing activities</b>	<b>(25,020,787)</b>	<b>(6,323,192)</b>	<b>(9,215,177)</b>	<b>(10,569,858)</b>	<b>(81,654,864)</b>	<b>(61,846,995)</b>
<b>Effects of exchange rates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(420,765)</b>
Net change in cash and cash equivalents	(92,940,955)	(4,284,864)	(5,760,735)	(5,521,041)	(40,740,376)	(114,202,461)
Cash and cash equivalents at the beginning of the year	118,008,173	14,226,162	16,363,016	5,529,656	41,024,781	161,636,836
<b>Cash and cash equivalents at the end of the year</b>	<b>25,067,218</b>	<b>9,941,298</b>	<b>10,602,281</b>	<b>8,615</b>	<b>284,405</b>	<b>47,434,375</b>
<b>Net change in cash and cash equivalents for the year consists of:</b>						
Net change in cash and cash equivalents before the effect of exchange rate fluctuations	(92,942,319)	(3,819,196)	(5,446,033)	(5,564,817)	(40,543,525)	(113,328,007)
Effect of exchange rate fluctuations on cash and cash equivalents	1,364	(465,668)	(314,702)	43,776	(196,851)	(874,454)
<b>Net change in cash and cash equivalents</b>	<b>(92,940,955)</b>	<b>(4,284,864)</b>	<b>(5,760,735)</b>	<b>(5,521,041)</b>	<b>(40,740,376)</b>	<b>(114,202,461)</b>
<b>Cash and cash equivalents consist of:</b>						
Cash at bank	25,067,218	9,941,298	10,602,281	8,615	4,826,902	48,119,012
Bank overdraft	-	-	-	-	(4,542,497)	(684,637)
	<b>25,067,218</b>	<b>9,941,298</b>	<b>10,602,281</b>	<b>8,615</b>	<b>284,405</b>	<b>47,434,375</b>
<b>Supplemental disclosure of cash flow information:</b>						
Interest received	244,387	785	2,347	14,145	15,385	261,074
Interest paid	(546)	(65,262)	(140,434)	(903)	(1,548)	(223,988)

\*Man AHL Diversified (Guernsey) Class E AUD Shares and Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

*The accompanying notes form an integral part of these aggregated financial statements.*



# Man AHL Diversified PCC Limited

Aggregated statement of cash flows

For the year ended 30 June 2017



	Class A USD	Class B EUR	Class C CHF	Class E AUD	Class G RMB	Aggregated USD
<b>Cash flows from operating activities</b>						
Net loss for the year	(24,957,813)	(3,483,809)	(4,403,608)	(1,213,331)	(7,622,507)	(35,227,325)
<b>Adjustments to reconcile net loss for the year attributable to Redeemable Participating Shareholders to net cash provided by operating activities:</b>						
Decrease in financial assets at fair value through profit or loss	33,604,366	3,951,096	4,907,605	1,460,149	9,829,777	44,995,729
(Decrease)/increase in financial liabilities at fair value through profit or loss	-	(165,821)	(232,038)	8,079	(540,991)	(496,052)
(Increase)/decrease in balances with brokers - collateral	(1,027)	587,086	605,939	191,208	(176,698)	1,379,897
(Increase)/decrease in other assets	(7,667)	(2,380)	942	(2,404)	2,300	(11,333)
Decrease in accrued expenses and other liabilities	(313,411)	(36,589)	(43,337)	(7,518)	(94,503)	(410,770)
<b>Net cash provided by operating activities</b>	<b>8,324,448</b>	<b>849,583</b>	<b>835,503</b>	<b>436,183</b>	<b>1,397,378</b>	<b>10,230,146</b>
<b>Cash flows from financing activities</b>						
Proceeds on issuance of Redeemable Participating Shares	10,311,864	611,622	1,143,066	-	-	12,203,303
Payments on redemption of Redeemable Participating Shares	(67,674,875)	(7,413,196)	(9,034,012)	(2,549,566)	(16,446,306)	(89,956,393)
<b>Net cash used in financing activities</b>	<b>(57,363,011)</b>	<b>(6,801,574)</b>	<b>(7,890,946)</b>	<b>(2,549,566)</b>	<b>(16,446,306)</b>	<b>(77,753,090)</b>
<b>Effects of exchange rates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,577,161</b>
Net change in cash and cash equivalents	(49,038,563)	(5,951,991)	(7,055,443)	(2,113,383)	(15,048,928)	(67,522,944)
Cash and cash equivalents at the beginning of the year	167,046,736	20,178,153	23,418,459	7,643,039	56,073,709	227,582,619
<b>Cash and cash equivalents at the end of the year</b>	<b>118,008,173</b>	<b>14,226,162</b>	<b>16,363,016</b>	<b>5,529,656</b>	<b>41,024,781</b>	<b>161,636,836</b>
<b>Net change in cash and cash equivalents for the year consists of:</b>						
Net change in cash and cash equivalents before the effect of exchange rate fluctuations	(49,461,152)	(5,949,093)	(6,866,366)	(2,165,543)	(15,233,675)	(66,253,121)
Effect of exchange rate fluctuations on cash and cash equivalents	423,616	(589,984)	(795,016)	(139,048)	361,445	(1,072,559)
<b>Net change in cash and cash equivalents</b>	<b>(49,037,536)</b>	<b>(6,539,077)</b>	<b>(7,661,382)</b>	<b>(2,304,591)</b>	<b>(14,872,230)</b>	<b>(67,325,680)</b>
<b>Cash and cash equivalents consist of:</b>						
Cash and cash equivalents	118,008,173	14,226,162	16,363,016	5,529,656	41,024,781	161,636,836
<b>Supplemental disclosure of cash flow information:</b>						
Interest received	137,450	-	1,512	35,309	9,258	166,973
Interest paid	(360)	(68,201)	(234,893)	(322)	(1,466)	(311,800)

The accompanying notes form an integral part of these aggregated financial statements.

# Man AHL Diversified PCC Limited

Notes to the aggregated financial statements  
For the year ended 30 June 2018



## 1. General

Man AHL Diversified PCC Limited (the "Company") was incorporated under the laws of Guernsey on 7 December 2007 as a protected cell company. The Company carries on business as an open-ended investment holding company issuing series of Redeemable Participating Shares in respect of each protected cell of the Company. At 30 June 2018, the Company has three protected cells (2017: five) open for subscriptions and redemptions (the "Protected Cells").

For each series of Redeemable Participating Shares issued, the Company establishes a separate and distinct protected cell in order to segregate assets and liabilities attributable to a particular Class of Share of the Company from the assets and liabilities attributable to each other Class of Share and from the Company's general assets and liabilities.

The Protected Cells commenced trading on different dates as listed below but all Redeemable Participating Shares have the same objective of achieving medium-term capital growth for target annualised volatility of around 13% to 16% over the medium term through the AHL Diversified Programme which is managed by AHL. AHL is an investment division of Man Group and it operates through various legal vehicles. AHL provides investors with highly liquid and efficient trading strategies which offer low correlation to more traditional investment disciplines. Man Group means Man Group plc and all or any of its subsidiaries and associates, as the context requires.

Protected Cell	Date of commencement of trading	Date of cessation of operations
Man AHL Diversified (Guernsey) Class A USD Shares*	1 January 2008	
Man AHL Diversified (Guernsey) Class B EUR Shares*	14 October 2008	
Man AHL Diversified (Guernsey) Class C CHF Shares	10 February 2009	
Man AHL Diversified (Guernsey) Class D JPY Shares	19 May 2009	1 September 2015
Man AHL Diversified (Guernsey) Class E AUD Shares	17 November 2009	19 December 2017
Man AHL Diversified (Guernsey) Class F GBP Shares	1 July 2010	10 March 2014
Man AHL Diversified (Guernsey) Class G RMB Shares	28 June 2011	19 December 2017

\*Classes A and B are currently listed on The International Stock Exchange ("TISE"), formally the Channel Islands Securities Exchange ("CISE").

These aggregated financial statements present the results and financial position of each Protected Cell attributable to each Class of Redeemable Participating Shareholders and also the aggregated financial statements of the Company. The aggregated financial statements of the Company are the aggregation of each of the individual classes of Redeemable Participating Shares as the Company has no assets or liabilities of its own outside of the Protected Cells and any reference to Protected Cells in these aggregated financial statements will also refer to the Company's aggregated financial statements.

The Company's investment manager is AHL Partners LLP (the "Investment Manager"), a subsidiary of Man Group plc. The Investment Manager is authorised and regulated by the United Kingdom Financial Conduct Authority (the "FCA"), the US Securities and Exchange Commission (the "SEC") and the US Commodity Futures Trading Commission (the "CFTC") in the conduct of its regulated activities. The Company has no employees.

The Company is an Alternative Investment Fund ("AIF") in accordance with the Directive 2011/61/EU Alternative Investment Fund Managers Directive ("AIFMD") and of the Council of 8 June 2011 on Alternative Investment Fund Managers. AHL Partners LLP is an authorised Alternative Investment Fund Manager ("AIFM").

The most recent applicable Offering Memorandum of the Company (the "Offering Memorandum") is dated 25 January 2017 and Supplements to the Offering Memorandum for the Protected Cells (the "Supplements") are dated 3 January 2018 and 25 May 2018.

## 2. Significant accounting policies

### a) Accounting convention

The aggregated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The aggregated financial statements have been prepared on an historical cost basis except for financial assets and liabilities held at fair value through profit or loss that have been measured based on fair value.

### b) Changes in accounting policy and disclosure

The accounting policies adopted in the preparation of the aggregated financial statements are consistent with those followed in the preparation of the Company's aggregated financial statements for the year ended 30 June 2017.

*Standards issued but not yet effective:*

#### *IFRS 9 – Financial Instruments: Classification and Measurement*

In July 2014, the IASB issued the final version of IFRS 9 - *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 - *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) was permitted if the date of initial application was before 1 February 2015. Management is currently assessing the impact of this standard on the Fund. At present, Management believes the adoption of IFRS 9 is unlikely to have a material effect on the classification and measurement of the Fund's financial assets or liabilities.

## 2. Significant accounting policies (continued)

### b) Changes in accounting policy and disclosure (continued)

#### IFRIC Interpretation 23 - Uncertainty over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. Management is currently assessing the impact to the Company's financial statements.

At the date of authorisation of the aggregated financial statements there were a number of other Standards and Interpretations which were in issue but not yet effective. Management anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the aggregated financial statements of the Company.

### c) Use of accounting judgements and estimates

The preparation of the aggregated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the amounts reported and disclosures made in these aggregated financial statements and accompanying notes, including certain valuation assumptions. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in the future. Please refer to note 4 for further information.

### d) Going concern

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that it has resources to continue in business for the foreseeable future. Also, the exposure to liquidity risk through Redeemable Participating Shareholder redemption requests is managed by specifically setting the redemption notice period to accommodate the expected liquidity of the underlying investments as agreed by the Investment Manager. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon its ability to continue as a going concern; therefore, the aggregated financial statements continue to be prepared on a going concern basis.

### e) Revenue recognition

Interest income is recorded on an accruals basis.

### f) Financial assets and liabilities

#### Financial assets and liabilities at fair value through profit or loss

For Net Asset Value ("NAV") purposes, the valuation of financial assets and liabilities is performed in accordance with the Offering Memorandum. For aggregated financial statements purposes, financial assets and liabilities have been valued in accordance with IFRS using the policies outlined below.

At 30 June 2018 and 30 June 2017, there are no material differences between these valuation methods.

Financial assets or liabilities held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short term. Derivatives are also categorised as held for trading as the Company does not designate any derivatives as hedges in a hedging relationship.

Financial assets and liabilities designated by Management at fair value through profit or loss at initial recognition include financial assets and liabilities that are not held for trading. These financial assets and liabilities ("financial instruments") are designated upon initial recognition on the basis that they are part of a group of financial instruments which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company. The financial information about these financial instruments is provided internally on that basis to the Investment Manager.

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of investments are recognised on the trade date, which is the date on which the Company commits to purchase or sell the asset. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. All transaction costs for such instruments are recognised directly in the aggregated statement of comprehensive income.

After initial measurement, the Company measures financial instruments, which are classified as at fair value through profit or loss, at their fair values.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and exchange traded securities) is based on quoted market prices at the aggregated statement of financial position date.

In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

## 2. Significant accounting policies (continued)

### f) Financial assets and liabilities (continued)

#### Financial assets and liabilities at fair value through profit or loss (continued)

The Company may from time to time invest in financial instruments or securities that are not traded in an active market (for example over-the-counter ("OTC") derivatives and private placements of both equities and fixed income securities). These financial instruments are valued at their fair value in the manner described in subsequent accounting policies.

Any exchange traded derivative instruments (including, but not limited to, options and futures) dealt in on a market are valued at the settlement price on the relevant valuation day for such instruments on such a market. If the settlement price is not available, their probable realisation value shall be determined with care and in good faith by the Directors.

The investments in managed funds ("managed funds") are initially measured at fair value and then carried at their NAV per unit at the statement of financial position date. This measure approximately represents the fair value of such investments. If their stated NAV per unit is not available, managed funds are valued at the latest available stated NAV per unit.

The investments in government bonds are valued at their carrying amount which approximates fair value.

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

### g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the aggregated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously. As at 30 June 2018 and 30 June 2017, no financial assets and liabilities are offset in the aggregated statement of financial position.

### h) Derivatives

The Company may trade in derivative financial instruments whose values are based upon an underlying asset, index, currency or interest rate. The net unrealised gains or losses, rather than contract or notional amounts, represents the approximate future cash flows from trading.

The Company may engage in forward currency contracts. These are described below:

#### – Forward currency contracts

Forward currency contracts are recorded on the trade date and are valued at the applicable foreign exchange rates on the last business day of the year. The difference between the fair value of the original contract amount and the fair value of the open forward contract position is reflected as financial assets or financial liabilities at fair value through profit or loss in the aggregated statement of financial position and as net gain/(loss) on financial assets and liabilities at fair value through profit or loss in the aggregated statement of comprehensive income.

### i) Realised gains and losses and unrealised appreciation and depreciation

All realised and unrealised gains and losses on investments in managed funds and derivatives are recognised as net gain/(loss) on financial assets and liabilities at fair value through profit or loss in the aggregated statement of comprehensive income. The cost of securities sold is accounted for on a First in – First out ("FIFO") basis. Unrealised appreciation and depreciation comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised appreciation and depreciation for financial instruments which were realised in the reporting year. Realised gains and losses represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

### j) Transaction costs

Transaction costs are incremental costs, which are separately identifiable and directly attributable to the acquisition, issue or disposal of a financial instrument. Transaction costs incurred by the Company during the year are recognised in the aggregated statement of comprehensive income.

### k) Functional and presentation currency

The primary objective of the Company is to generate returns in the currency of each series of Redeemable Participating Shares issued by the Protected Cells, which are their capital-raising and functional currency, being United States dollar in respect of the Man AHL Diversified (Guernsey) Class A USD Shares, Euro in respect of the Man AHL Diversified (Guernsey) Class B EUR Shares, Swiss Franc in respect of the Man AHL Diversified (Guernsey) Class C CHF Shares, Australian dollar in respect of the Man AHL Diversified (Guernsey) Class E AUD Shares and Chinese Renminbi in respect of the Man AHL Diversified (Guernsey) Class G RMB Shares. The liquidity of each series of Redeemable Participating Shares is managed on a day-to-day basis in the respective currency of each Protected Cell in order to handle the issue, acquisition and resale of the Protected Cells' Redeemable Participating Shares. The Company's performance is also evaluated in the respective currency of each Protected Cell. United States dollars is considered the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions, therefore the Company's functional currency and presentation currency is the United States dollar.

In translating amounts from the functional currency of the Man AHL Diversified (Guernsey) Class B EUR Shares, Man AHL Diversified (Guernsey) Class C CHF Shares, Man AHL Diversified (Guernsey) Class E AUD Shares and Man AHL Diversified (Guernsey) Class G RMB Shares to the presentation currency of the aggregated financial statements, foreign exchange differences arise as a result of the translation of Euros, Swiss Francs, Australian dollars and Chinese Renminbi to United States dollars. In accordance with IAS 21 the differences that arise on such translation are included within other comprehensive income on the aggregated statement of comprehensive income as adjustment to foreign currency on aggregation.

## 2. Significant accounting policies (continued)

### l) Foreign currency

Transactions during the year denominated in foreign currencies have been translated at the rates of exchange ruling at the dates of transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange in effect at the date of the aggregated statement of financial position. For investment transactions and investments held as at year end denominated in foreign currency, resulting gains or losses are included in the net gain/(loss) on financial assets and liabilities at fair value through profit or loss in the aggregated statement of comprehensive income. All other foreign currency gains and losses are included in the net gain/(loss) on foreign currency in the aggregated statement of comprehensive income. Translation differences arising on aggregation are recognised in other comprehensive income in the aggregated statement of comprehensive income.

### m) Expenses

All expense are recognised in the aggregated statement of comprehensive income on an accruals basis.

### n) Income and expense allocation

The realised and unrealised gains or losses, income and expenses (other than class-specific operating expenses and management and performance fees) of the Protected Cells are allocated on each valuation date to each class of Redeemable Participating Shares in proportion to the respective prior day's net asset value, which includes Redeemable Participating Shareholder trade(s) dated for that day, at the date on which the allocation is made. Class-specific operating expenses and management and performance fees do not require allocation.

### o) Redeemable Participating Shares

Redeemable Participating Shares are classified as equity instruments when:

- The Redeemable Participating Shares entitle the holder to a pro rata share of the Company's net assets in the event of the Company's liquidation;
- The Redeemable Participating Shares are in the class of instruments that is subordinate to all other classes of instruments;
- All Redeemable Participating Shares in the class of instruments that is subordinate to all other classes of instruments have identical features;
- The Redeemable Participating Shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Company's net assets; and
- The total expected cash flows attributable to the Redeemable Participating Shares over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Company over the life of the instrument.

In addition to the Redeemable Participating Shares having all of the above features, the Company must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Company; or
- The effect of substantially restricting or fixing the residual return to the Redeemable Participating Shareholders.

The Company periodically assesses the classification of the Redeemable Participating Shares. If the Redeemable Participating Shares cease to have all the features, or meet all the conditions set out, to be classified as equity, the Company will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the Redeemable Participating Shares subsequently have all the features and meet the conditions to be classified as equity, the Company will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The Company has assessed that the Redeemable Participating Shares should be classified as liabilities for the years ended 30 June 2018 and 30 June 2017.

### p) Cash and cash equivalents, bank overdrafts, balances with brokers and balances due to brokers

Cash and cash equivalents in the aggregated statement of financial position may consist of cash at bank, demand deposits, short-term deposits in financial institutions and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less. Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered cash and cash equivalents. For the purpose of the aggregated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable. Balances with brokers and balances due to brokers include amounts transferred as collateral against open forward currency contracts. Amounts receivable from short sales and collateral may be restricted in whole or in part until the related securities are purchased. To the extent that units are purchased on margin, the margin debt may be secured on the related units.

### q) Taxation

With effect from 1 January 2008, the standard rate of income tax for companies moved from 20% to 0% and Guernsey has abolished the exempt company regime for companies other than collective investments schemes. The Company has chosen to continue to apply for exempt status from taxation under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is thus liable to an annual fee of £1,200.

### r) Basis of aggregation

The aggregated financial statements include the assets, liabilities, revenues and expenses of the Company and its Protected Cells.

### s) Comparative information

Certain prior year figures in the aggregated financial statements have been reclassified to conform with the current year presentation.

### 3. Cash and cash equivalents, bank overdrafts, balances with brokers and balances due to brokers

At the year end, amounts disclosed as cash and cash equivalents, bank overdrafts, balances with brokers and balances due to brokers were held at BNP Paribas and JP Morgan Chase (the "Banks") and Deutsche Bank and Royal Bank of Scotland (the "Brokers"). These include amounts transferred as collateral against open forward currency contracts. Included in cash and cash equivalents balances at 30 June 2018 are US T-bills, with original maturities of three months or less, with a fair value of USDNil (cost: USDNil) (2017: USD91,950,519 (cost: USD91,894,846)).

The portion of balances with brokers represented by collateral pledged as at 30 June 2018 was USD997,312 (2017: USD1,089,582) and the portion of balances due to brokers represented by collateral held was USD50 (2017: USDNil).

### 4 Financial assets and liabilities at fair value through profit or loss

#### Fair value of financial instruments

The Company has established a framework with respect to the measurement of fair values. This includes a periodic review by the Investment Manager of all significant fair value measurements, including Level 3 fair values.

The Investment Manager regularly reviews significant unobservable inputs and valuation adjustments (if any). If third party information is used to measure fair values, the Investment Manager assesses the evidence obtained from the third parties to support the conclusion such that valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in determining the measurements in line with IFRS 13.

The fair value hierarchy has the following levels:

- Level 1 - Quoted market price in an active market for an identical instrument.
- Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

#### Valuation techniques

##### Listed or publicly traded investment in managed funds and derivatives

When fair values of listed or publicly traded managed funds and derivatives are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy.

##### Over-the-counter derivatives

The Company uses widely recognised valuation models for determining fair values of OTC derivatives. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit risk and foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

The Company invests in managed funds which are not quoted on an active market. Investments in managed funds are valued based on the NAV per unit published by the administrator of those managed funds, adjusted to reflect the effect of the time passed since the calculation date, liquidity risk, limitations on redemptions, bid prices observed in the secondary market and other factors when necessary. Depending on the adjustments needed to the NAV per unit published by that fund, the Company classifies the fair value of that investment either Level 2 or Level 3.

The following tables are a summary of the classification within the fair value hierarchy for the Company's financial instruments carried at fair value as at 30 June 2018 and 30 June 2017.

#### Class A USD

	Level 1 USD	Level 2 USD	Level 3 USD	Total Fair Value USD
<b>As at 30 June 2018</b>				
<b>Financial assets at fair value through profit or loss</b>				
<u>Investment in related managed funds</u>				
AHL Institutional Series 3 Ltd	-	54,457,660	-	54,457,660
AHL Evolution Ltd	-	31,077,124	-	31,077,124
<b>Total investment in related managed funds</b>	-	85,534,784	-	85,534,784
<u>Investment in government bonds</u>				
Government bonds	75,528,098	-	-	75,528,098
<b>Total investment in government bonds</b>	75,528,098	-	-	75,528,098
<b>Total financial assets at fair value through profit or loss</b>	<b>75,528,098</b>	<b>85,534,784</b>	<b>-</b>	<b>161,062,882</b>



#### 4. Financial assets and liabilities at fair value through profit or loss (continued)

##### Valuation techniques (continued)

###### Class A USD

	Level 1 USD	Level 2 USD	Level 3 USD	Total Fair Value USD
<b>As at 30 June 2017</b>				
<b>Financial assets at fair value through profit or loss</b>				
<u>Investment in related managed funds</u>				
AHL Institutional Series 3 Ltd	-	52,528,898	-	52,528,898
AHL Evolution Ltd	-	36,024,816	-	36,024,816
<b>Total investment in related managed funds</b>	-	88,553,714	-	88,553,714
<b>Total financial assets at fair value through profit or loss</b>	-	88,553,714	-	88,553,714

###### Class B EUR

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
<b>As at 30 June 2018</b>				
<b>Financial assets at fair value through profit or loss</b>				
<u>Investment in related managed funds</u>				
AHL Institutional Series 3 Ltd	-	5,572,953	-	5,572,953
AHL Evolution Ltd	-	3,180,088	-	3,180,088
<b>Total investment in related managed funds</b>	-	8,753,041	-	8,753,041
<u>Derivatives</u>				
Forward currency contracts	-	9,939	-	9,939
<b>Total derivatives</b>	-	9,939	-	9,939
<b>Total financial assets at fair value through profit or loss</b>	-	8,762,980	-	8,762,980
<b>Financial liabilities at fair value through profit or loss</b>				
<u>Derivatives</u>				
Forward currency contracts	-	(116,874)	-	(116,874)
<b>Total derivatives</b>	-	(116,874)	-	(116,874)
<b>Total financial liabilities at fair value through profit or loss</b>	-	(116,874)	-	(116,874)

###### Class B EUR

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total Fair Value EUR
<b>As at 30 June 2017</b>				
<b>Financial assets at fair value through profit or loss</b>				
<u>Investment in related managed funds</u>				
AHL Institutional Series 3 Ltd	-	6,307,069	-	6,307,069
AHL Evolution Ltd	-	4,324,412	-	4,324,412
<b>Total investment in related managed funds</b>	-	10,631,481	-	10,631,481
<u>Derivatives</u>				
Forward currency contracts	-	314,166	-	314,166
<b>Total derivatives</b>	-	314,166	-	314,166
<b>Total financial assets at fair value through profit or loss</b>	-	10,945,647	-	10,945,647
<b>Financial liabilities at fair value through profit or loss</b>				
<u>Derivatives</u>				
Forward currency contracts	-	(23,964)	-	(23,964)
<b>Total derivatives</b>	-	(23,964)	-	(23,964)
<b>Total financial liabilities at fair value through profit or loss</b>	-	(23,964)	-	(23,964)

4. Financial assets and liabilities at fair value through profit or loss (continued)

Valuation techniques (continued)

**Class C CHF**

	Level 1 CHF	Level 2 CHF	Level 3 CHF	Total Fair Value CHF
<b>As at 30 June 2018</b>				
<b>Financial assets at fair value through profit or loss</b>				
<u>Investment in related managed funds</u>				
AHL Institutional Series 3 Ltd	-	5,955,209	-	5,955,209
AHL Evolution Ltd	-	3,398,246	-	3,398,246
<b>Total investment in related managed funds</b>	-	9,353,455	-	9,353,455
<u>Derivatives</u>				
Forward currency contracts	-	7,418	-	7,418
<b>Total derivatives</b>	-	7,418	-	7,418
<b>Total financial assets at fair value through profit or loss</b>	-	9,360,873	-	9,360,873
<b>Financial liabilities at fair value through profit or loss</b>				
<u>Derivatives</u>				
Forward currency contracts	-	(93,433)	-	(93,433)
<b>Total derivatives</b>	-	(93,433)	-	(93,433)
<b>Total financial liabilities at fair value through profit or loss</b>	-	(93,433)	-	(93,433)

**Class C CHF**

	Level 1 CHF	Level 2 CHF	Level 3 CHF	Total Fair Value CHF
<b>As at 30 June 2017</b>				
<b>Financial assets at fair value through profit or loss</b>				
<u>Investment in related managed funds</u>				
AHL Institutional Series 3 Ltd	-	7,363,862	-	7,363,862
AHL Evolution Ltd	-	5,050,310	-	5,050,310
<b>Total investment in related managed funds</b>	-	12,414,172	-	12,414,172
<u>Derivatives</u>				
Forward currency contracts	-	215,892	-	215,892
<b>Total derivatives</b>	-	215,892	-	215,892
<b>Total financial assets at fair value through profit or loss</b>	-	12,630,064	-	12,630,064
<b>Financial liabilities at fair value through profit or loss</b>				
<u>Derivatives</u>				
Forward currency contracts	-	(17,466)	-	(17,466)
<b>Total derivatives</b>	-	(17,466)	-	(17,466)
<b>Total financial liabilities at fair value through profit or loss</b>	-	(17,466)	-	(17,466)



4. Financial assets and liabilities at fair value through profit or loss (continued)

Valuation techniques (continued)

**Class E AUD\***

	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total Fair Value AUD
<b>As at 30 June 2017</b>				
<b>Financial assets at fair value through profit or loss</b>				
<u>Investment in related managed funds</u>				
AHL Institutional Series 3 Ltd	-	2,479,600	-	2,479,600
AHL Evolution Ltd	-	1,701,269	-	1,701,269
<b>Total investment in related managed funds</b>	-	4,180,869	-	4,180,869
<u>Derivatives</u>				
Forward currency contracts	-	96,475	-	96,475
<b>Total derivatives</b>	-	96,475	-	96,475
<b>Total financial assets at fair value through profit or loss</b>	-	4,277,344	-	4,277,344
<b>Financial liabilities at fair value through profit or loss</b>				
<u>Derivatives</u>				
Forward currency contracts	-	(8,978)	-	(8,978)
<b>Total derivatives</b>	-	(8,978)	-	(8,978)
<b>Total financial liabilities at fair value through profit or loss</b>	-	(8,978)	-	(8,978)

\*Man AHL Diversified (Guernsey) Class E AUD Shares ceased operations on 19 December 2017.

**Class G RMB\***

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total Fair Value RMB
<b>As at 30 June 2017</b>				
<b>Financial assets at fair value through profit or loss</b>				
<u>Investment in related managed funds</u>				
AHL Institutional Series 3 Ltd	-	19,118,408	-	19,118,408
AHL Evolution Ltd	-	13,108,228	-	13,108,228
<b>Total investment in related managed funds</b>	-	32,226,636	-	32,226,636
<u>Derivatives</u>				
Forward currency contracts	-	152,265	-	152,265
<b>Total derivatives</b>	-	152,265	-	152,265
<b>Total financial assets at fair value through profit or loss</b>	-	32,378,901	-	32,378,901
<b>Financial liabilities at fair value through profit or loss</b>				
<u>Derivatives</u>				
Forward currency contracts	-	(24,423)	-	(24,423)
<b>Total derivatives</b>	-	(24,423)	-	(24,423)
<b>Total financial liabilities at fair value through profit or loss</b>	-	(24,423)	-	(24,423)

\* AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

#### 4. Financial assets and liabilities at fair value through profit or loss (continued)

##### Valuation techniques (continued)

##### Aggregated

	Level 1 USD	Level 2 USD	Level 3 USD	Total Fair Value USD
<b>As at 30 June 2018</b>				
<b>Financial assets at fair value through profit or loss</b>				
<u>Investment in related managed funds</u>				
AHL Institutional Series 3 Ltd	-	66,980,598	-	66,980,598
AHL Evolution Ltd	-	38,223,107	-	38,223,107
<b>Total investment in related managed funds</b>	-	105,203,705	-	105,203,705
<u>Investment in government bonds</u>				
Government bonds	75,528,098	-	-	75,528,098
<b>Total investment in government bonds</b>	75,528,098	-	-	75,528,098
<u>Derivatives</u>				
Forward currency contracts	-	19,101	-	19,101
<b>Total derivatives</b>	-	19,101	-	19,101
<b>Total financial assets at fair value through profit or loss</b>	<b>75,528,098</b>	<b>105,222,806</b>	<b>-</b>	<b>180,750,904</b>
<b>Financial liabilities at fair value through profit or loss</b>				
<u>Derivatives</u>				
Forward currency contracts	-	(230,871)	-	(230,871)
<b>Total derivatives</b>	-	(230,871)	-	(230,871)
<b>Total financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>(230,871)</b>	<b>-</b>	<b>(230,871)</b>

##### Aggregated

	Level 1 USD	Level 2 USD	Level 3 USD	Total Fair Value USD
<b>As at 30 June 2017</b>				
<b>Financial assets at fair value through profit or loss</b>				
<u>Investment in related managed funds</u>				
AHL Institutional Series 3 Ltd	-	72,144,333	-	72,144,333
AHL Evolution Ltd	-	49,476,263	-	49,476,263
<b>Total investment in related managed funds</b>	-	121,620,596	-	121,620,596
<u>Derivatives</u>				
Forward currency contracts	-	680,831	-	680,831
<b>Total derivatives</b>	-	680,831	-	680,831
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>122,301,427</b>	<b>-</b>	<b>122,301,427</b>
<b>Financial liabilities at fair value through profit or loss</b>				
<u>Derivatives</u>				
Forward currency contracts	-	(56,108)	-	(56,108)
<b>Total derivatives</b>	-	(56,108)	-	(56,108)
<b>Total financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>(56,108)</b>	<b>-</b>	<b>(56,108)</b>

Short term balances are excluded from the tables above as their carrying values at the year end approximates to their fair values.

Investments are reviewed at each year end to ensure that they are correctly classified between Level 1, 2 and 3 in accordance with the fair value hierarchy outlined above. Where an investment's characteristics change during the year and investments no longer meet the criteria of a given level, they are transferred into a more appropriate level at the end of the relevant financial reporting period. For the year ended 30 June 2018 and 30 June 2017, there were no transfers between Levels.

As at 30 June 2018 and 30 June 2017 the Company held no Level 3 financial instruments.

#### 4. Financial assets and liabilities at fair value through profit or loss (continued)

##### Forward currency contracts

As part of its portfolio management techniques, the Company may use forward currency contracts to economically hedge any non-functional currency exposure (although formal hedge accounting is not used). Forward currency contracts may also be used for trading purposes. Forward currency contracts entered into by the Company represent a firm commitment to buy or sell an underlying asset, or currency at a specified value and point in time based upon an agreed or contracted quantity.

Forward currency contracts may expose the Company to the risks associated with the absence of an exchange market on which to close out an open position. The Investment Manager closely monitors the Company's exposure under forward currency contracts as part of the overall management of the Company's market risk.

##### Derivative financial instruments

The Company may trade in derivative financial instruments, including forward currency contracts, whose values are based upon an underlying asset, index, currency or interest rate.

The Company is subject to both market and credit risk in trading derivative financial instruments. Market risk is the potential for changes in value due to changes in market interest rates, foreign exchange rates, indices and changes in the value of the underlying financial instruments. Credit risk is the possibility that a loss may occur if a counterparty fails to perform according to the terms of the contract. Substantially all derivative contracts are transacted on a margin basis. Such transactions may expose the Company to significant off-balance sheet risk in the event margin deposits and collateral investments are not sufficient to cover losses incurred.

The Investment Manager manages the risk associated with these transactions by maintaining margin deposits and collateral investments with its brokers in compliance with individual exchange regulations and internal guidelines. The Investment Manager also takes an active role in managing and controlling the Company's market and counterparty risks and monitoring trading activities and margin levels daily, and, as necessary, deposits additional collateral or reduces positions.

Derivative financial instruments are generally based on notional amounts which are not recorded in the aggregated financial statements. These notional amounts represent the theoretical principal value on which the cash flows of the derivative transactions are based. Unrealised appreciation or depreciation, rather than notional amounts of the derivatives traded by the Company are included in the aggregated statement of financial position.

As at 30 June 2018 and 30 June 2017, the Company was exposed, via its investments in derivative financial instruments, to underlying positions representing financial instruments for which notional amounts are summarised as follows:

Class B EUR	Notional Amounts			
	Long 2018 EUR	Short 2018 EUR	Long 2017 EUR	Short 2017 EUR
Forward currency contracts	11,688,776	(623,161)	17,168,285	(2,136,381)
Class C CHF	Long 2018 CHF	Short 2018 CHF	Long 2017 CHF	Short 2017 CHF
	12,209,700	(664,409)	20,269,135	(2,475,036)
Class E AUD*	Long 2018 AUD	Short 2018 AUD	Long 2017 AUD	Short 2017 AUD
	-	-	6,993,823	(911,710)
Class G RMB*	Long 2018 RMB	Short 2018 RMB	Long 2017 RMB	Short 2017 RMB
	-	-	47,506,541	(6,653,345)
Aggregated	Long 2018 USD	Short 2018 USD	Long 2017 USD	Short 2017 USD
	25,982,268	(1,398,791)	53,147,453	(6,705,526)

\*Man AHL Diversified (Guernsey) Class E AUD Shares and AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017

## 5. Offsetting financial assets and financial liabilities

As at 30 June 2018 and 30 June 2017, no financial assets and liabilities of the Company are being presented net within the aggregated statement of financial position. The following tables provide information on the financial impact of netting for instruments subject to an enforceable master netting arrangement or similar agreement in the event of default as defined under such agreements.

As at 30 June 2018 and 30 June 2017 Class A only holds financial assets. The following table summarises the net financial assets per counterparty as at 30 June 2018:

### Class A USD

#### Offsetting of financial assets, derivative assets and collateral received by counterparty

	(i)	(ii)	(iii)=(i)+(ii)
		Gross assets not offset in the aggregated statement of financial position	
Counterparty	Gross amounts of assets in the aggregated statement of financial position USD	Financial instruments USD	Cash collateral held USD
Deutsche Bank AG	11,096	-	-
JP Morgan Chase	75,528,098	-	-
Royal Bank of Scotland plc	2	-	-
<b>Total</b>	<b>75,539,196</b>	<b>-</b>	<b>-</b>

The following table summarises the net financial assets per counterparty as at 30 June 2017:

### Class A USD

#### Offsetting of financial assets, derivative assets and collateral received by counterparty

	(i)	(ii)	(iii)=(i)+(ii)
		Gross assets not offset in the aggregated statement of financial position	
Counterparty	Gross amounts of assets in the aggregated statement of financial position USD	Financial instruments USD	Cash collateral held USD
Deutsche Bank AG	10,964	-	-
Royal Bank of Scotland plc	1,687	-	-
<b>Total</b>	<b>12,651</b>	<b>-</b>	<b>-</b>

The following table summarises the net financial assets per counterparty as at 30 June 2018:

### Class B EUR

#### Offsetting of financial assets, derivative assets and collateral received by counterparty

	(i)	(ii)	(iii)=(i)+(ii)
		Gross assets not offset in the aggregated statement of financial position	
Counterparty	Gross amounts of assets in the aggregated statement of financial position EUR	Financial instruments EUR	Cash collateral held EUR
Deutsche Bank AG	8,831	-	-
Royal Bank of Scotland plc	468,469	(116,874)	-
<b>Total</b>	<b>477,300</b>	<b>(116,874)</b>	<b>-</b>

The following table summarises the net financial liabilities per counterparty as at 30 June 2018:

### Class B EUR

#### Offsetting of financial liabilities, derivative liabilities and collateral pledged by counterparty

	(i)	(ii)	(iii)=(i)+(ii)
		Gross liabilities not offset in the aggregated statement of financial position	
Counterparty	Gross amounts of liabilities in the aggregated statement of financial position EUR	Financial instruments EUR	Cash collateral pledged EUR
Royal Bank of Scotland plc	116,874	-	(116,874)
<b>Total</b>	<b>116,874</b>	<b>-</b>	<b>(116,874)</b>

## 5. Offsetting financial assets and financial liabilities (continued)

The following table summarises the net financial assets per counterparty as at 30 June 2017:

### Class B EUR

Offsetting of financial assets, derivative assets and collateral received by counterparty				
	(i)	(ii)		(iii)=(i)+(ii)
	Gross assets not offset in the aggregated statement of financial position			
Counterparty	Gross amounts of assets in the aggregated statement of financial position EUR	Financial instruments EUR	Cash collateral held EUR	Net amount EUR
Deutsche Bank AG	8,831	-	-	8,831
Royal Bank of Scotland plc	491,231	(23,964)	-	467,267
<b>Total</b>	<b>500,062</b>	<b>(23,964)</b>	<b>-</b>	<b>476,098</b>

The following table summarises the net financial liabilities per counterparty as at 30 June 2017:

### Class B EUR

Offsetting of financial liabilities, derivative liabilities and collateral pledged by counterparty				
	(i)	(ii)		(iii)=(i)+(ii)
	Gross liabilities not offset in the aggregated statement of financial position			
Counterparty	Gross amounts of liabilities in the aggregated statement of financial position EUR	Financial instruments EUR	Cash collateral pledged EUR	Net amount EUR
Royal Bank of Scotland plc	23,964	-	(23,964)	-
<b>Total</b>	<b>23,964</b>	<b>-</b>	<b>(23,964)</b>	<b>-</b>

The following table summarises the net financial assets per counterparty as at 30 June 2018:

### Class C CHF

Offsetting of financial assets, derivative assets and collateral received by counterparty				
	(i)	(ii)		(iii)=(i)+(ii)
	Gross assets not offset in the aggregated statement of financial position			
Counterparty	Gross amounts of assets in the aggregated statement of financial position CHF	Financial instruments CHF	Cash collateral held CHF	Net amount CHF
Royal Bank of Scotland plc	443,435	(93,433)	-	350,002
<b>Total</b>	<b>443,435</b>	<b>(93,433)</b>	<b>-</b>	<b>350,002</b>

The following table summarises the net financial liabilities per counterparty as at 30 June 2018:

### Class C CHF

Offsetting of financial liabilities, derivative liabilities and collateral pledged by counterparty				
	(i)	(ii)		(iii)=(i)+(ii)
	Gross liabilities not offset in the aggregated statement of financial position			
Counterparty	Gross amounts of liabilities in the aggregated statement of financial position CHF	Financial instruments CHF	Cash collateral pledged CHF	Net amount CHF
Royal Bank of Scotland plc	93,433	-	(93,433)	-
<b>Total</b>	<b>93,433</b>	<b>-</b>	<b>(93,433)</b>	<b>-</b>

## 5. Offsetting financial assets and financial liabilities (continued)

The following table summarises the net financial assets per counterparty as at 30 June 2017:

### Class C CHF

#### Offsetting of financial assets, derivative assets and collateral received by counterparty

	(i)	(ii)	(iii)=(i)+(ii)
	Gross assets not offset in the aggregated statement of financial position		
Counterparty	Gross amounts of assets in the aggregated statement of financial position CHF	Financial instruments CHF	Cash collateral held CHF
Royal Bank of Scotland plc	601,393	(17,466)	-
<b>Total</b>	<b>601,393</b>	<b>(17,466)</b>	<b>-</b>

The following table summarises the net financial liabilities per counterparty as at 30 June 2017:

### Class C CHF

#### Offsetting of financial liabilities, derivative liabilities and collateral pledged by counterparty

	(i)	(ii)	(iii)=(i)+(ii)
	Gross liabilities not offset in the aggregated statement of financial position		
Counterparty	Gross amounts of liabilities in the aggregated statement of financial position CHF	Financial instruments CHF	Cash collateral pledged CHF
Royal Bank of Scotland plc	17,466	-	(17,466)
<b>Total</b>	<b>17,466</b>	<b>-</b>	<b>(17,466)</b>

As at 30 June 2018, Class E does not hold any financial assets or liabilities therefore no offsetting table has been disclosed.

The following table summarises the net financial assets per counterparty as at 30 June 2017:

### Class E AUD

#### Offsetting of financial assets, derivative assets and collateral received by counterparty

	(i)	(ii)	(iii)=(i)+(ii)
	Gross assets not offset in the aggregated statement of financial position		
Counterparty	Gross amounts of assets in the aggregated statement of financial position AUD	Financial instruments AUD	Cash collateral held AUD
Deutsche Bank AG	7	-	-
Royal Bank of Scotland plc	198,378	(8,978)	-
<b>Total</b>	<b>198,385</b>	<b>(8,978)</b>	<b>-</b>

The following table summarises the net financial liabilities per counterparty as at 30 June 2017:

### Class E AUD

#### Offsetting of financial liabilities, derivative liabilities and collateral pledged by counterparty

	(i)	(ii)	(iii)=(i)+(ii)
	Gross liabilities not offset in the aggregated statement of financial position		
Counterparty	Gross amounts of liabilities in the aggregated statement of financial position AUD	Financial instruments AUD	Cash collateral pledged AUD
Royal Bank of Scotland plc	8,978	-	(8,978)
<b>Total</b>	<b>8,978</b>	<b>-</b>	<b>(8,978)</b>

As at 30 June 2018, Class G does not hold any financial assets or liabilities therefore no offsetting table has been disclosed.

## 5. Offsetting financial assets and financial liabilities (continued)

The following table summarises the net financial assets per counterparty as at 30 June 2017:

### Class G RMB

Offsetting of financial assets, derivative assets and collateral received by counterparty				
	(i)	(ii)		(iii)=(i)+(ii)
	Gross assets not offset in the aggregated statement of financial position			
Counterparty	Gross amounts of assets in the aggregated statement of financial position RMB	Financial instruments RMB	Cash collateral held RMB	Net amount RMB
Royal Bank of Scotland plc	2,755,707	(24,423)	-	2,731,284
<b>Total</b>	<b>2,755,707</b>	<b>(24,423)</b>	<b>-</b>	<b>2,731,284</b>

The following table summarises the net financial liabilities per counterparty as at 30 June 2017:

### Class G RMB

Offsetting of financial liabilities, derivative liabilities and collateral pledged by counterparty				
	(i)	(ii)		(iii)=(i)+(ii)
	Gross liabilities not offset in the aggregated statement of financial position			
Counterparty	Gross amounts of liabilities in the aggregated statement of financial position RMB	Financial instruments RMB	Cash collateral pledged RMB	Net amount RMB
Royal Bank of Scotland plc	24,423	-	(24,423)	-
<b>Total</b>	<b>24,423</b>	<b>-</b>	<b>(24,423)</b>	<b>-</b>

The following table summarises the net financial assets per counterparty as at 30 June 2018:

### Aggregated

Offsetting of financial assets, derivative assets and collateral received by counterparty				
	(i)	(ii)		(iii)=(i)+(ii)
	Gross assets not offset in the aggregated statement of financial position			
Counterparty	Gross amounts of assets in the aggregated statement of financial position USD	Financial instruments USD	Cash collateral held USD	Net amount USD
Deutsche Bank AG	21,414	-	-	21,414
JP Morgan Chase	75,528,098	-	-	75,528,098
Royal Bank of Scotland plc	994,999	(230,871)	-	764,128
<b>Total</b>	<b>76,544,511</b>	<b>(230,871)</b>	<b>-</b>	<b>76,313,640</b>

The following table summarises the net financial liabilities per counterparty as at 30 June 2018:

### Aggregated

Offsetting of financial liabilities, derivative liabilities and collateral pledged by counterparty				
	(i)	(ii)		(iii)=(i)+(ii)
	Gross liabilities not offset in the aggregated statement of financial position			
Counterparty	Gross amounts of liabilities in the aggregated statement of financial position USD	Financial instruments USD	Cash collateral pledged USD	Net amount USD
Royal Bank of Scotland plc	230,871	-	(230,871)	-
<b>Total</b>	<b>230,871</b>	<b>-</b>	<b>(230,871)</b>	<b>-</b>



## 5. Offsetting financial assets and financial liabilities (continued)

The following table summarises the net financial assets per counterparty as at 30 June 2017:

<u>Aggregated</u>				
<u>Offsetting of financial assets, derivative assets and collateral received by counterparty</u>				
	(i)	(ii)		(iii)=(i)+(ii)
	Gross assets not offset in the aggregated statement of financial position			
Counterparty	Gross amounts of assets in the aggregated statement of financial position USD	Financial instruments USD	Cash collateral held USD	Net amount USD
Deutsche Bank AG	21,058	-	-	21,058
Royal Bank of Scotland plc	1,749,355	(56,108)	-	1,693,247
<b>Total</b>	<b>1,770,413</b>	<b>(56,108)</b>	<b>-</b>	<b>1,714,305</b>

The following table summarises the net financial liabilities per counterparty as at 30 June 2017:

<u>Aggregated</u>				
<u>Offsetting of financial liabilities, derivative liabilities and collateral pledged by counterparty</u>				
	(i)	(ii)		(iii)=(i)+(ii)
	Gross liabilities not offset in the aggregated statement of financial position			
Counterparty	Gross amounts of liabilities in the aggregated statement of financial position USD	Financial instruments USD	Cash collateral pledged USD	Net amount USD
Royal Bank of Scotland plc	56,108	-	(56,108)	-
<b>Total</b>	<b>56,108</b>	<b>-</b>	<b>(56,108)</b>	<b>-</b>

As at 30 June 2018, the amount of collateral cash pledged was USD997,312 (2017: USD1,089,582) and the amount of collateral held was USD50 (2017: USDNil).

## 6. Financial risk management

### Overall risk management

The Company's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The most important types of financial risks to which the Company is exposed to are market risk, credit risk and liquidity risk. Market risk includes amongst other things; security price risk, interest rate risk, volatility risk and currency risk. The Company manages these risks on an aggregate basis along with the risks associated with their investing activities as part of their overall risk management policies.

The nature and extent of the financial instruments outstanding at the date of the aggregated statement of financial position and the risk management policies employed by the Company are discussed below.

As at 30 June 2018 and 30 June 2017, the Company seeks to generate returns through investing in the AHL Diversified Programme, principally through investments in its managed funds, AHL Institutional Series 3 Ltd and AHL Evolution Ltd which are also managed by the Investment Manager. The Investment Manager seeks to provide target investment exposure of 100% of the prevailing NAV of the shares to the AHL Diversified Programme.

The following summary is not intended to be a comprehensive summary of all of the risks and the Redeemable Participating Shareholder should refer to the Offering Memorandum and Supplements for a more detailed discussion of the risks inherent in investing in the Company.

The Investment Manager distinguishes between two primary risk levels, which are risks at the Company level and risks at the underlying investments level. Accordingly, the Investment Manager has implemented procedures to manage risks associated with both the Company and its underlying investments.

### At the Protected Cell level

Risk management at the Protected Cell level can be segregated into pre and post-investment risk management. Pre-investment risk management involves determining asset allocation and portfolio construction. Thereafter, risk management involves conducting risk and return analysis, monitoring the Protected Cell's specific portfolio restrictions and investment guidelines and managing currency, interest rate, credit and liquidity risks at the Protected Cell level and making relevant adjustments to asset allocation and portfolio construction. Risk considerations or the need to bring the portfolio back in line with product guidelines may trigger a rebalancing of the portfolio, which is typically reviewed on a monthly basis by the Investment Manager's portfolio management team.



## 6. Financial risk management (continued)

### At the level of underlying investments

#### AHL Diversified Programme

AHL manages the AHL Diversified Programme which employs sophisticated computerised processes primarily to identify trends and other opportunities in markets around the world. Trading signals are generated and executed via a finely tuned trading and implementation infrastructure. This process is quantitative and primarily directional in nature, and is underpinned by rigorous risk control, ongoing research, diversification and the constant quest for efficiency.

The cornerstone of the investment philosophy is that financial markets experience persistent trends and inefficiencies. Trends are a manifestation of serial correlation in financial markets – the phenomenon whereby past price movements influence future price behaviour. Although they vary in their intensity, duration and frequency, price trends are universally recurrent across all sectors and markets. Trends are an attractive focus for active trading styles applied across a diverse range of global markets.

Trading takes place around the clock and real time price information is used to respond to price moves across a diverse range of global markets. The AHL Diversified Programme invests in a diversified portfolio of instruments which may include, but is not limited to, futures, options and forward contracts, CFDs, swaps and other financial derivatives both on and off exchange. These markets may be accessed directly or indirectly and include, without limitation, stocks, debt, bonds, currencies, short-term interest rates, energies, metals, credit and agricultural.

As well as emphasising sector and market diversification, the AHL Diversified Programme has been constructed to achieve diversification allocating to multiple trading systems. Most of these systems work by sampling prices in real time and measuring price momentum and breakouts, aiming to capture price trends and close out positions when there is a high probability of a different trend developing. Signals are generated across different time frames, ranging from a few days to several months. In aggregate, the systems currently run around 2,000 price samples each day spread across the 400 or so markets traded. The AHL Diversified Programme also includes other technical systems as well as quantitative models based on a variety of fundamental inputs, such as interest rate and equity valuation data.

In line with the principle of diversification, the approach to portfolio construction and asset allocation is premised on the importance of deploying investment capital across the full range of sectors and markets. Particular attention is paid to correlation of markets and sectors, expected returns, market access costs and market liquidity. Portfolios are regularly reviewed and, when necessary, adjusted to reflect changes in these factors. A systematic process for adjusting its market risk exposure in real time to reflect changes in the volatility of individual markets is also in place. Through AHL's ongoing investment in research and technology, the number and diversity of markets and strategies traded directly or indirectly by the AHL Diversified Programme may change over the life of the investment but always subject to the restrictions set out in the Supplements and the Offering Memorandum. It should also be noted that the AHL Diversified Programme traded by the Protected Cells may differ from the AHL Diversified Programme traded by other investment products managed by entities within the Man Group.

#### Market risk

Market risk is the risk that fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and security prices.

There are many risk measures used by the Investment Manager, however one generally understood measure is annualised volatility. Annualised volatility is a measure of risk that is calculated as the standard deviation of the returns on the NAV per Redeemable Participating Share for the previous 12 months.

As it is based on the NAV per Redeemable Participating Share, annualised volatility incorporates all performance characteristics of the Company including the impact of interest rate movements and currency exchange differences during the year. Although the direct investments of the Company may change, the investment strategies employed by its underlying investments will not significantly change, meaning that the risk and return characteristics that the Company is exposed to are broadly consistent.

Annualised volatility has limitations as it assumes a normal distribution of periodic returns, which may not be fully representative of hedge fund behaviour. The annualised volatility will also be a more accurate measure where more data points exist. Annualised volatility is based upon historical data. There is no guarantee of trading performance and past performance is no indication of future performance or results.

The following table discloses the annualised volatility for the Company as at 30 June 2018 and 30 June 2017:

	2018	2017
Man AHL Diversified (Guernsey) Class A USD Shares	15.38%	12.33%
Man AHL Diversified (Guernsey) Class B EUR Shares	15.39%	12.97%
Man AHL Diversified (Guernsey) Class C CHF Shares	15.40%	12.69%
Man AHL Diversified (Guernsey) Class E AUD Shares*	N/A	12.86%
Man AHL Diversified (Guernsey) Class G RMB Shares*	N/A	12.59%

\* Man AHL Diversified (Guernsey) Class E AUD Shares and Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

## 6. Financial risk management (continued)

### Interest rate risk (continued)

The Company may hold investments in fixed interest bearing securities. Any change to the interest rate for particular securities may result in income either increasing or decreasing. Prices of securities held will be impacted by domestic rates of interest. The Company's performance, therefore, will depend in part on its ability to anticipate and respond to such fluctuations in market interest rates, and to utilise appropriate strategies to maximise returns to the Company, whilst attempting to minimise the associated risks to its investment capital.

The Company has exposure to interest rate risk on cash and cash equivalents, government bonds, balances with brokers, bank overdraft and balances due to brokers. That exposure may not necessarily be significant due to the generally short term nature of those holdings. But a more significant exposure exists in that the value of all financial instruments held by the Company may be affected either positively or negatively by changes in interest rates.

The following tables detail the Company's exposure to interest rate risk by the earlier of contractual maturities or re-pricing:

#### Class A USD

	Less than one month USD	One month to one year USD	Over one year USD	Not exposed to interest rate risk USD	Total USD
<b>As at 30 June 2018</b>					
<b>Current assets</b>					
Cash at bank	25,067,218	-	-	-	25,067,218
Balances with brokers	11,098	-	-	-	11,098
Financial assets at fair value through profit or loss	-	75,528,098	-	85,534,784	161,062,882
Other assets	-	-	-	39,656	39,656
<b>Total current assets</b>	<b>25,078,316</b>	<b>75,528,098</b>	<b>-</b>	<b>85,574,440</b>	<b>186,180,854</b>
<b>Current liabilities</b>					
Accrued expenses and other liabilities	-	-	-	(860,866)	(860,866)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(860,866)</b>	<b>(860,866)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>25,078,316</b>	<b>75,528,098</b>	<b>-</b>	<b>84,713,574</b>	<b>185,319,988</b>
<b>As at 30 June 2017</b>					
<b>Current assets</b>					
Cash and cash equivalents	118,008,173	-	-	-	118,008,173
Balances with brokers	12,651	-	-	-	12,651
Financial assets at fair value through profit or loss	-	-	-	88,553,714	88,553,714
Other assets	-	-	-	41,057	41,057
<b>Total current assets</b>	<b>118,020,824</b>	<b>-</b>	<b>-</b>	<b>88,594,771</b>	<b>206,615,595</b>
<b>Current liabilities</b>					
Accrued expenses and other liabilities	-	-	-	(901,924)	(901,924)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(901,924)</b>	<b>(901,924)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>118,020,824</b>	<b>-</b>	<b>-</b>	<b>87,692,847</b>	<b>205,713,671</b>

## 6. Financial risk management (continued)

### Interest rate risk (continued)

#### Class B EUR

	Less than one month EUR	One month to one year EUR	Over one year EUR	Not exposed to interest rate risk EUR	Total EUR
<b>As at 30 June 2018</b>					
<b>Current assets</b>					
Cash at bank	9,941,298	-	-	-	9,941,298
Balances with brokers	467,361	-	-	-	467,361
Financial assets at fair value through profit or loss	-	-	-	8,762,980	8,762,980
Other assets	-	-	-	9,262	9,262
<b>Total current assets</b>	<b>10,408,659</b>	<b>-</b>	<b>-</b>	<b>8,772,242</b>	<b>19,180,901</b>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	-	-	-	(116,874)	(116,874)
Accrued expenses and other liabilities	-	-	-	(110,307)	(110,307)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(227,181)</b>	<b>(227,181)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>10,408,659</b>	<b>-</b>	<b>-</b>	<b>8,545,061</b>	<b>18,953,720</b>
	Less than one month EUR	One month to one year EUR	Over one year EUR	Not exposed to interest rate risk EUR	Total EUR
<b>As at 30 June 2017</b>					
<b>Current assets</b>					
Cash and cash equivalents	14,226,162	-	-	-	14,226,162
Balances with brokers	185,896	-	-	-	185,896
Financial assets at fair value through profit or loss	-	-	-	10,945,647	10,945,647
Other assets	-	-	-	9,817	9,817
<b>Total current assets</b>	<b>14,412,058</b>	<b>-</b>	<b>-</b>	<b>10,955,464</b>	<b>25,367,522</b>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	-	-	-	(23,964)	(23,964)
Accrued expenses and other liabilities	-	-	-	(129,277)	(129,277)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(153,241)</b>	<b>(153,241)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>14,412,058</b>	<b>-</b>	<b>-</b>	<b>10,802,223</b>	<b>25,214,281</b>

## 6. Financial risk management (continued)

### Interest rate risk (continued)

#### Class C CHF

	Less than one month CHF	One month to one year CHF	Over one year CHF	Not exposed to interest rate risk CHF	Total CHF
<b>As at 30 June 2018</b>					
<b>Current assets</b>					
Cash at bank	10,602,281	-	-	-	10,602,281
Balances with brokers	436,017	-	-	-	436,017
Financial assets at fair value through profit or loss	-	-	-	9,360,873	9,360,873
Other assets	-	-	-	3,562	3,562
<b>Total current assets</b>	<b>11,038,298</b>	<b>-</b>	<b>-</b>	<b>9,364,435</b>	<b>20,402,733</b>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	-	-	-	(93,433)	(93,433)
Accrued expenses and other liabilities	-	-	-	(118,772)	(118,772)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(212,205)</b>	<b>(212,205)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>11,038,298</b>	<b>-</b>	<b>-</b>	<b>9,152,230</b>	<b>20,190,528</b>
	Less than one month CHF	One month to one year CHF	Over one year CHF	Not exposed to interest rate risk CHF	Total CHF
<b>As at 30 June 2017</b>					
<b>Current assets</b>					
Cash and cash equivalents	16,363,016	-	-	-	16,363,016
Balances with brokers	385,501	-	-	-	385,501
Financial assets at fair value through profit or loss	-	-	-	12,630,064	12,630,064
Other assets	-	-	-	3,066	3,066
<b>Total current assets</b>	<b>16,748,517</b>	<b>-</b>	<b>-</b>	<b>12,633,130</b>	<b>29,381,647</b>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	-	-	-	(17,466)	(17,466)
Accrued expenses and other liabilities	-	-	-	(146,381)	(146,381)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(163,847)</b>	<b>(163,847)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>16,748,517</b>	<b>-</b>	<b>-</b>	<b>12,469,283</b>	<b>29,217,800</b>

6. Financial risk management (continued)

Interest rate risk (continued)

Class E AUD\*

	Less than one month AUD	One month to one year AUD	Over one year AUD	Not exposed to interest rate risk AUD	Total AUD
<b>As at 30 June 2018</b>					
<b>Current assets</b>					
Cash at bank	8,615	-	-	-	8,615
<b>Total current assets</b>	<b>8,615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,615</b>
<b>Current liabilities</b>					
Balances due to brokers	(67)	-	-	-	(67)
Accrued expenses and other liabilities	-	-	-	(8,548)	(8,548)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(67)</b>	<b>-</b>	<b>-</b>	<b>(8,548)</b>	<b>(8,615)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>8,548</b>	<b>-</b>	<b>-</b>	<b>(8,548)</b>	<b>-</b>
<b>As at 30 June 2017</b>					
<b>Current assets</b>					
Cash and cash equivalents	5,529,656	-	-	-	5,529,656
Balances with brokers	101,910	-	-	-	101,910
Financial assets at fair value through profit or loss	-	-	-	4,277,344	4,277,344
Other assets	-	-	-	8,351	8,351
<b>Total current assets</b>	<b>5,631,566</b>	<b>-</b>	<b>-</b>	<b>4,285,695</b>	<b>9,917,261</b>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	-	-	-	(8,978)	(8,978)
Accrued expenses and other liabilities	-	-	-	(69,890)	(69,890)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(78,868)</b>	<b>(78,868)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>5,631,566</b>	<b>-</b>	<b>-</b>	<b>4,206,827</b>	<b>9,838,393</b>

\*Man AHL Diversified (Guernsey) Class E AUD Shares ceased operations on 19 December 2017.

## 6. Financial risk management (continued)

### Interest rate risk (continued)

#### Class G RMB\*

	Less than one month RMB	One month to one year RMB	Over one year RMB	Not exposed to interest rate risk RMB	Total RMB
<b>As at 30 June 2018</b>					
<b>Current assets</b>					
Cash at bank	4,826,902	-	-	-	4,826,902
Balances with brokers	91	-	-	-	91
<b>Total current assets</b>	<b>4,826,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,826,993</b>
<b>Current liabilities</b>					
Bank overdraft	(4,542,497)	-	-	-	(4,542,497)
Accrued expenses and other liabilities	-	-	-	(284,496)	(284,496)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(4,542,497)</b>	<b>-</b>	<b>-</b>	<b>(284,496)</b>	<b>(4,826,993)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>284,496</b>	<b>-</b>	<b>-</b>	<b>(284,496)</b>	<b>-</b>
	Less than one month RMB	One month to one year RMB	Over one year RMB	Not exposed to interest rate risk RMB	Total RMB
<b>As at 30 June 2017</b>					
<b>Current assets</b>					
Cash and cash equivalents	41,024,781	-	-	-	41,024,781
Balances with brokers	2,603,442	-	-	-	2,603,442
Financial assets at fair value through profit or loss	-	-	-	32,378,901	32,378,901
Other assets	-	-	-	9,443	9,443
<b>Total current assets</b>	<b>43,628,223</b>	<b>-</b>	<b>-</b>	<b>32,388,344</b>	<b>76,016,567</b>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	-	-	-	(24,423)	(24,423)
Accrued expenses and other liabilities	-	-	-	(350,438)	(350,438)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(374,861)</b>	<b>(374,861)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>43,628,223</b>	<b>-</b>	<b>-</b>	<b>32,013,483</b>	<b>75,641,706</b>

\*Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

## 6. Financial risk management (continued)

### Interest rate risk (continued)

#### Aggregated

	Less than one month USD	One month to one year USD	Over one year USD	Not exposed to interest rate risk USD	Total USD
<b>As at 30 June 2018</b>					
<b>Current assets</b>					
Cash at bank	48,119,012	-	-	-	48,119,012
Balances with brokers	997,312	-	-	-	997,312
Financial assets at fair value through profit or loss	-	75,528,098	-	105,222,806	180,750,904
Other assets	-	-	-	54,075	54,075
<b>Total current assets</b>	<b>49,116,324</b>	<b>75,528,098</b>	<b>-</b>	<b>105,276,881</b>	<b>229,921,303</b>
<b>Current liabilities</b>					
Bank overdraft	(684,637)	-	-	-	(684,637)
Balances due to brokers	(50)	-	-	-	(50)
Financial liabilities at fair value through profit or loss	-	-	-	(230,871)	(230,871)
Accrued expenses and other liabilities	-	-	-	(1,158,854)	(1,158,854)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(684,687)</b>	<b>-</b>	<b>-</b>	<b>(1,389,725)</b>	<b>(2,074,412)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>48,431,637</b>	<b>75,528,098</b>	<b>-</b>	<b>103,887,156</b>	<b>227,846,891</b>
	Less than one month USD	One month to one year USD	Over one year USD	Not exposed to interest rate risk USD	Total USD
<b>As at 30 June 2017</b>					
<b>Current assets</b>					
Cash and cash equivalents	161,636,836	-	-	-	161,636,836
Balances with brokers	1,089,582	-	-	-	1,089,582
Financial assets at fair value through profit or loss	-	-	-	122,301,427	122,301,427
Other assets	-	-	-	63,286	63,286
<b>Total current assets</b>	<b>162,726,418</b>	<b>-</b>	<b>-</b>	<b>122,364,713</b>	<b>285,091,131</b>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	-	-	-	(56,108)	(56,108)
Accrued expenses and other liabilities	-	-	-	(1,307,780)	(1,307,780)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,363,888)</b>	<b>(1,363,888)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>162,726,418</b>	<b>-</b>	<b>-</b>	<b>121,000,825</b>	<b>283,727,243</b>

Liabilities not exposed to interest rate risk comprise financial liabilities at fair value through profit or loss and accrued expenses and other liabilities. These amounts normally require contractual settlement within one quarter and, in all cases, within one year.

The following tables detail the effect on net assets should interest rates have increased/decreased by 50 basis points (bps) with all other variables remaining constant, assuming that a 50 bps increase/decrease in the base interest rate would result in a correlating 50bps increase/decrease in the value of net assets. In reality, an increase/decrease of 50 bps would not result in a direct correlating increase/decrease in the fair value of net assets, as the movement in the value of net assets would depend on the individual asset class and/or market sentiment towards any sensitivity in the interest rate. The volatility measures presented in the Market Risk section include, among all other variables, these actual interest rate sensitivities.

6. Financial risk management (continued)

Interest rate risk (continued)

Class A USD

	Less than one month USD	One month to one year USD	Over one year USD	Not exposed to interest rate risk USD	Total USD
<b>As at 30 June 2018</b>					
Net assets - (50 bps increase)	25,203,708	75,905,738	-	84,713,574	185,823,020
Net assets - (50 bps decrease)	24,952,924	75,150,458	-	84,713,574	184,816,956

**As at 30 June 2017**

	Less than one month USD	One month to one year USD	Over one year USD	Not exposed to interest rate risk USD	Total USD
Net assets - (50 bps increase)	118,610,928	-	-	87,692,847	206,303,775
Net assets - (50 bps decrease)	117,430,720	-	-	87,692,847	205,123,567

Class B EUR

	Less than one month EUR	One month to one year EUR	Over one year EUR	Not exposed to interest rate risk EUR	Total EUR
<b>As at 30 June 2018</b>					
Net assets - (50 bps increase)	10,460,702	-	-	8,545,061	19,005,763
Net assets - (50 bps decrease)	10,356,616	-	-	8,545,061	18,901,677

**As at 30 June 2017**

	Less than one month EUR	One month to one year EUR	Over one year EUR	Not exposed to interest rate risk EUR	Total EUR
Net assets - (50 bps increase)	14,484,118	-	-	10,802,223	25,286,341
Net assets - (50 bps decrease)	14,339,998	-	-	10,802,223	25,142,221

Class C CHF

	Less than one month CHF	One month to one year CHF	Over one year CHF	Not exposed to interest rate risk CHF	Total CHF
<b>As at 30 June 2018</b>					
Net assets - (50 bps increase)	11,093,489	-	-	9,152,230	20,245,719
Net assets - (50 bps decrease)	10,983,107	-	-	9,152,230	20,135,337

**As at 30 June 2017**

	Less than one month CHF	One month to one year CHF	Over one year CHF	Not exposed to interest rate risk CHF	Total CHF
Net assets - (50 bps increase)	16,832,260	-	-	12,469,283	29,301,543
Net assets - (50 bps decrease)	16,664,774	-	-	12,469,283	29,134,057

Class E AUD\*

	Less than one month AUD	One month to one year AUD	Over one year AUD	Not exposed to interest rate risk AUD	Total AUD
<b>As at 30 June 2017</b>					
Net assets - (50 bps increase)	5,659,724	-	-	4,206,827	9,866,551
Net assets - (50 bps decrease)	5,603,408	-	-	4,206,827	9,810,235

Man AHL Diversified (Guernsey) Class E AUD Shares ceased operations on 19 December 2017.



## 6. Financial risk management (continued)

### Interest rate risk (continued)

#### Class G RMB\*

	Less than one month RMB	One month to one year RMB	Over one year RMB	Not exposed to interest rate risk RMB	Total RMB
<b>As at 30 June 2017</b>					
Net assets - (50 bps increase)	43,846,364	-	-	32,013,483	75,859,847
Net assets - (50 bps decrease)	43,410,082	-	-	32,013,483	75,423,565

Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

#### Aggregated

	Less than one month USD	One month to one year USD	Over one year USD	Not exposed to interest rate risk USD	Total USD
<b>As at 30 June 2018</b>					
Net assets - (50 bps increase)	48,673,795	75,905,738	-	103,887,156	228,466,689
Net assets - (50 bps decrease)	48,189,479	75,150,458	-	103,887,156	227,227,093

	Less than one month USD	One month to one year USD	Over one year USD	Not exposed to interest rate risk USD	Total USD
<b>As at 30 June 2017</b>					
Net assets - (50 bps increase)	163,540,050	-	-	121,000,825	284,540,875
Net assets - (50 bps decrease)	161,912,786	-	-	121,000,825	282,913,611

The Company is indirectly exposed to interest rate risk through its investment strategy, which is deliberately designed to generate returns through trading strategies focused on exploiting price differentials in rates. The sensitivity of these exposures is modelled through the overall volatility analysis provided in the market risk section.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company and the Protected Cells are exposed to currency risk through their holdings of investments in non-USD denominated investments and the non-USD denominated share classes are exposed to currency risk through their investments in USD denominated investments. The Investment Manager has an active procedure to monitor foreign exchange exposures and manages this risk through offsetting non-USD denominated balances and entering into offsetting forward currency contracts.

The Company and the Protected Cells are also indirectly exposed to foreign exchange risk through the underlying strategies of the managed funds held, where foreign exchange risk trading forms part of the mandated investment strategy.

Monetary assets and liabilities denominated in various currencies are summarised overleaf. The amounts stated represent the Protected Cells and the Company's pre-hedged exposure and do not take account of the reduced sensitivity to currency risk that results from holding forward currency contracts.

## 6. Financial risk management (continued)

### Currency risk (continued)

#### Class A USD

##### As at 30 June 2018

Amounts are expressed in their USD equivalents	USD	EUR	GBP	Other	Total
<b>Current assets</b>					
Cash at bank	25,065,726	-	1,492	-	25,067,218
Balances with brokers	11,098	-	-	-	11,098
Financial assets at fair value through profit or loss	161,062,882	-	-	-	161,062,882
Other assets	19,632	-	20,024	-	39,656
<b>Total current assets</b>	<b>186,159,338</b>	<b>-</b>	<b>21,516</b>	<b>-</b>	<b>186,180,854</b>
<b>Current liabilities</b>					
Accrued expenses and other liabilities	(838,540)	(744)	(21,582)	-	(860,866)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(838,540)</b>	<b>(744)</b>	<b>(21,582)</b>	<b>-</b>	<b>(860,866)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>185,320,798</b>	<b>(744)</b>	<b>(66)</b>	<b>-</b>	<b>185,319,988</b>

##### As at 30 June 2017

Amounts are expressed in their USD equivalents	USD	EUR	GBP	Other	Total
<b>Current assets</b>					
Cash and cash equivalents	117,993,874	-	14,299	-	118,008,173
Balances with brokers	12,651	-	-	-	12,651
Financial assets at fair value through profit or loss	88,553,714	-	-	-	88,553,714
Other assets	34,632	-	6,425	-	41,057
<b>Total current assets</b>	<b>206,594,871</b>	<b>-</b>	<b>20,724</b>	<b>-</b>	<b>206,615,595</b>
<b>Current liabilities</b>					
Accrued expenses and other liabilities	(901,924)	-	-	-	(901,924)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(901,924)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(901,924)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>205,692,947</b>	<b>-</b>	<b>20,724</b>	<b>-</b>	<b>205,713,671</b>

#### Class B EUR

##### As at 30 June 2018

Amounts are expressed in their EUR equivalents	USD	EUR	GBP	Other	Total
<b>Current assets</b>					
Cash at bank	2,209,607	7,731,246	445	-	9,941,298
Balances with brokers	85,714	381,647	-	-	467,361
Financial assets at fair value through profit or loss	8,762,980	-	-	-	8,762,980
Other assets	2,031	-	7,231	-	9,262
<b>Total current assets</b>	<b>11,060,332</b>	<b>8,112,893</b>	<b>7,676</b>	<b>-</b>	<b>19,180,901</b>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	(116,874)	-	-	-	(116,874)
Accrued expenses and other liabilities	(32,368)	(68,935)	(9,004)	-	(110,307)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(149,242)</b>	<b>(68,935)</b>	<b>(9,004)</b>	<b>-</b>	<b>(227,181)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>10,911,090</b>	<b>8,043,958</b>	<b>(1,328)</b>	<b>-</b>	<b>18,953,720</b>

## 6. Financial risk management (continued)

### Currency risk (continued)

#### Class B EUR (continued)

##### As at 30 June 2017

Amounts are expressed in their EUR equivalents	USD	EUR	GBP	Other	Total
<b>Current assets</b>					
Cash and cash equivalents	3,704,459	10,511,175	10,528	-	14,226,162
Balances with brokers	69	185,827	-	-	185,896
Financial assets at fair value through profit or loss	10,945,647	-	-	-	10,945,647
Other assets	9,817	-	-	-	9,817
<b>Total current assets</b>	<b>14,659,992</b>	<b>10,697,002</b>	<b>10,528</b>	<b>-</b>	<b>25,367,522</b>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	(23,964)	-	-	-	(23,964)
Accrued expenses and other liabilities	(35,646)	(93,631)	-	-	(129,277)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(59,610)</b>	<b>(93,631)</b>	<b>-</b>	<b>-</b>	<b>(153,241)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>14,600,382</b>	<b>10,603,371</b>	<b>10,528</b>	<b>-</b>	<b>25,214,281</b>

#### Class C CHF

##### As at 30 June 2018

Amounts are expressed in their CHF equivalents	USD	EUR	GBP	CHF	Total
<b>Current assets</b>					
Cash at bank	1,908,670	11,574	4,394	8,677,643	10,602,281
Balances with brokers	237,900	-	-	198,117	436,017
Financial assets at fair value through profit or loss	9,360,873	-	-	-	9,360,873
Other assets	2,180	-	1,382	-	3,562
<b>Total current assets</b>	<b>11,509,623</b>	<b>11,574</b>	<b>5,776</b>	<b>8,875,760</b>	<b>20,402,733</b>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	(93,433)	-	-	-	(93,433)
Accrued expenses and other liabilities	(36,912)	(95)	(8,412)	(73,353)	(118,772)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(130,345)</b>	<b>(95)</b>	<b>(8,412)</b>	<b>(73,353)</b>	<b>(212,205)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>11,379,278</b>	<b>11,479</b>	<b>(2,636)</b>	<b>8,802,407</b>	<b>20,190,528</b>

##### As at 30 June 2017

Amounts are expressed in their CHF equivalents	USD	EUR	GBP	CHF	Total
<b>Current assets</b>					
Cash and cash equivalents	4,712,741	-	115	11,650,160	16,363,016
Balances with brokers	18	-	-	385,483	385,501
Financial assets at fair value through profit or loss	12,630,064	-	-	-	12,630,064
Other assets	3,066	-	-	-	3,066
<b>Total current assets</b>	<b>17,345,889</b>	<b>-</b>	<b>115</b>	<b>12,035,643</b>	<b>29,381,647</b>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	(17,466)	-	-	-	(17,466)
Accrued expenses and other liabilities	(39,985)	-	-	(106,396)	(146,381)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(57,451)</b>	<b>-</b>	<b>-</b>	<b>(106,396)</b>	<b>(163,847)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>17,288,438</b>	<b>-</b>	<b>115</b>	<b>11,929,247</b>	<b>29,217,800</b>

## 6. Financial risk management (continued)

### Currency risk (continued)

#### Class E AUD\*

##### As at 30 June 2018

Amounts are expressed in their AUD equivalents	USD	EUR	GBP	AUD	Total
<b>Current assets</b>					
Cash at bank	761	-	5,853	2,001	8,615
<b>Total current assets</b>	<b>761</b>	<b>-</b>	<b>5,853</b>	<b>2,001</b>	<b>8,615</b>
<b>Current liabilities</b>					
Balances due from brokers	(12)	(2)	-	(53)	(67)
Accrued expenses and other liabilities	(2,183)	-	(6,365)	-	(8,548)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(2,195)</b>	<b>(2)</b>	<b>(6,365)</b>	<b>(53)</b>	<b>(8,615)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>(1,434)</b>	<b>(2)</b>	<b>(512)</b>	<b>1,948</b>	<b>-</b>

##### As at 30 June 2017

Amounts are expressed in their AUD equivalents	USD	EUR	GBP	AUD	Total
<b>Current assets</b>					
Cash and cash equivalents	1,815,120	-	22,996	3,691,540	5,529,656
Balances with brokers	(169,039)	(2)	-	270,951	101,910
Financial assets at fair value through profit or loss	4,277,344	-	-	-	4,277,344
Other assets	790	-	7,561	-	8,351
<b>Total current assets</b>	<b>5,924,215</b>	<b>(2)</b>	<b>30,557</b>	<b>3,962,491</b>	<b>9,917,261</b>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	(8,978)	-	-	-	(8,978)
Accrued expenses and other liabilities	(33,997)	-	-	(35,893)	(69,890)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(42,975)</b>	<b>-</b>	<b>-</b>	<b>(35,893)</b>	<b>(78,868)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>5,881,240</b>	<b>(2)</b>	<b>30,557</b>	<b>3,926,598</b>	<b>9,838,393</b>

\*Man AHL Diversified (Guernsey) Class E AUD Shares ceased operations on 19 December 2017.

#### Class G RMB\*

##### As at 30 June 2018

Amounts are expressed in their RMB equivalents	USD	EUR	GBP	RMB	Total
<b>Current assets</b>					
Cash at bank	4,813,391	-	13,511	-	4,826,902
Balances with brokers	91	-	-	-	91
<b>Total current assets</b>	<b>4,813,482</b>	<b>-</b>	<b>13,511</b>	<b>-</b>	<b>4,826,993</b>
<b>Current liabilities</b>					
Bank overdraft	-	-	-	(4,542,497)	(4,542,497)
Accrued expenses and other liabilities	(294,680)	-	10,184	-	(284,496)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(294,680)</b>	<b>-</b>	<b>10,184</b>	<b>(4,542,497)</b>	<b>(4,826,993)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>4,518,802</b>	<b>-</b>	<b>23,695</b>	<b>(4,542,497)</b>	<b>-</b>

## 6. Financial risk management (continued)

### Currency risk (continued)

#### Class G RMB\*

##### As at 30 June 2017

Amounts are expressed in their RMB equivalents	USD	EUR	GBP	RMB	Total
<b>Current assets</b>					
Cash and cash equivalents	4,709,255	-	52,760	36,262,766	41,024,781
Balances with brokers	2,603,443	-	(1)	-	2,603,442
Financial assets at fair value through profit or loss	32,378,901	-	-	-	32,378,901
Other assets	9,443	-	-	-	9,443
<b>Total current assets</b>	<b>39,701,042</b>	<b>-</b>	<b>52,759</b>	<b>36,262,766</b>	<b>76,016,567</b>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	(24,423)	-	-	-	(24,423)
Accrued expenses and other liabilities	(350,438)	-	-	-	(350,438)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(374,861)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(374,861)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>39,326,181</b>	<b>-</b>	<b>52,759</b>	<b>36,262,766</b>	<b>75,641,706</b>

\*Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

#### Aggregated

##### As at 30 June 2018

Amounts are expressed in their USD equivalents	USD	EUR	GBP	CHF	AUD	RMB	Total
<b>Current assets</b>							
Cash at bank	30,300,155	9,044,569	12,819	8,759,987	1,482	-	48,119,012
Balances with brokers	351,414	445,901	-	199,997	-	-	997,312
Financial assets at fair value through profit or loss	180,750,904	-	-	-	-	-	180,750,904
Other assets	24,207	-	29,868	-	-	-	54,075
<b>Total current assets</b>	<b>211,426,680</b>	<b>9,490,470</b>	<b>42,687</b>	<b>8,959,984</b>	<b>1,482</b>	<b>-</b>	<b>229,921,303</b>
<b>Current liabilities</b>							
Bank overdraft	-	-	-	-	-	(684,637)	(684,637)
Balances due to brokers	(9)	(1)	-	-	(40)	-	(50)
Financial liabilities at fair value through profit or loss	(230,870)	(1)	-	-	-	-	(230,871)
Accrued expenses and other liabilities	(959,650)	(81,381)	(43,773)	(74,049)	-	-	(1,158,853)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(1,190,529)</b>	<b>(81,383)</b>	<b>(43,773)</b>	<b>(74,049)</b>	<b>(40)</b>	<b>(684,637)</b>	<b>(2,074,411)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>210,236,151</b>	<b>9,409,087</b>	<b>(1,086)</b>	<b>8,885,935</b>	<b>1,442</b>	<b>(684,637)</b>	<b>227,846,892</b>

## 6. Financial risk management (continued)

### Currency risk (continued)

#### Aggregated (continued)

As at 30 June 2017

Amounts are expressed in their USD equivalents

	USD	EUR	GBP	CHF	AUD	RMB	Total
<b>Current assets</b>							
Cash and cash equivalents	129,233,716	12,008,654	51,912	12,155,843	2,838,773	5,347,938	161,636,836
Balances with brokers	266,708	212,299	-	402,215	208,360	-	1,089,582
Financial assets at fair value through profit or loss	122,301,427	-	-	-	-	-	122,301,427
Other assets	51,047	-	12,239	-	-	-	63,286
<b>Total current assets</b>	<b>251,852,898</b>	<b>12,220,953</b>	<b>64,151</b>	<b>12,558,058</b>	<b>3,047,133</b>	<b>5,347,938</b>	<b>285,091,131</b>
<b>Current liabilities</b>							
Financial liabilities at fair value through profit or loss	(56,108)	-	-	-	-	-	(56,108)
Accrued expenses and other liabilities	(1,062,194)	(106,970)	-	(111,014)	(27,602)	-	(1,307,780)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(1,118,302)</b>	<b>(106,970)</b>	<b>-</b>	<b>(111,014)</b>	<b>(27,602)</b>	<b>-</b>	<b>(1,363,888)</b>
<b>Net assets attributable to Redeemable Participating Shareholders</b>	<b>250,734,596</b>	<b>12,113,983</b>	<b>64,151</b>	<b>12,447,044</b>	<b>3,019,531</b>	<b>5,347,938</b>	<b>283,727,243</b>

### Other price risk

Other price risk is the risk that the price of a financial instrument will fluctuate due to changes in market conditions influencing, directly or indirectly, the value of the financial instrument.

The Company, through the Protected Cells, is exposed to other price risk from its investments. Due to the nature of the trading strategies followed by the Company, no direct relationship between any market factors and the expected prices of the financial instruments can be reliably established.

Other price risk is managed through the overall risk management processes described above.

### Credit/Counterparty risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company through the Protected Cells.

The Company's maximum exposure to credit risk through the Protected Cells, (not taking into account the value of any collateral or other security held) in the event that the counterparties fail to perform their obligations as of 30 June 2018 in relation to each class of recognised financial assets, including derivatives, is the carrying amount of those assets in the aggregated statement of financial position. Credit risk is mitigated through the diversity of counterparties and regular monitoring of concentration risk.

With respect to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. Credit risk is mitigated for the AHL Diversified Programme through the diversity of counterparties and regular monitoring of concentration risk.

The significant exposures are to the Banks and the Brokers.

## 6. Financial risk management (continued)

### Credit/Counterparty risk (continued)

The following tables detail the Company's primary exposures to its counterparties:

30 June 2018

Counterparty	Moody's Rating	Class A USD	Class B EUR	Class C CHF	Class E AUD	Class G RMB	Aggregated USD
Royal Bank of Scotland	Baa3	2	468,469	443,435	-	91	994,999
JP Morgan Chase	A3	84,914,381	4,839,699	10,602,281	8,615	4,826,902	102,005,667
Deutsche Bank	Ba1	11,096	8,831	-	-	-	21,414
BNP Paribas	Aa3	15,680,935	5,101,599	-	-	-	21,641,443
		100,606,414	10,418,598	11,045,716	8,615	4,826,993	124,663,523

Counterparty	Moody's Rating	Class A %	Class B %	Class C %	Class E %	Class G %	Aggregated %
Royal Bank of Scotland	Baa3	-	4.50%	4.01%	-	-	0.80%
JP Morgan Chase	A3	84.40%	46.45%	95.99%	100.00%	100.00%	81.82%
Deutsche Bank	Ba1	0.01%	0.08%	-	-	-	0.02%
BNP Paribas	Aa3	15.59%	48.97%	-	-	-	17.36%
		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

30 June 2017

Counterparty	Moody's Rating	Class A USD	Class B EUR	Class C CHF	Class E AUD	Class G RMB	Aggregated USD
Royal Bank of Scotland	Baa3	1,687	491,231	601,393	198,378	2,755,707	1,749,354
JP Morgan Chase	A3	102,371,333	9,082,604	16,363,016	3,495,130	41,024,781	138,559,121
Deutsche Bank	Ba1	10,964	8,831	-	7	-	21,058
BNP Paribas	A1	15,636,840	5,143,558	-	-	-	21,513,177
National Australia Bank	Aa3	-	-	-	2,034,526	-	1,564,539
		118,020,824	14,726,224	16,964,409	5,728,041	43,780,488	163,407,249

Counterparty	Moody's Rating	Class A %	Class B %	Class C %	Class E %	Class G %	Aggregated %
Royal Bank of Scotland	Baa3	-	3.34%	3.55%	3.46%	6.29%	1.07%
JP Morgan Chase	A3	86.75%	61.68%	96.45%	61.02%	93.71%	84.79%
Deutsche Bank	Ba1	0.01%	0.06%	-	-	-	0.01%
BNP Paribas	A1	13.24%	34.93%	-	-	-	13.17%
National Australia Bank	Aa3	-	-	-	35.52%	-	0.96%
		100.00%	100.01%	100.00%	100.00%	100.00%	100.00%

The custody of assets rests with the prime broker/counterparty. The Investment Manager has centralised its due diligence and monitoring process of the prime brokerage and trading relationships through a dedicated prime brokerage and trading team utilized by an affiliated company. Credit and counterparty risk is analysed by examining certain credit related criteria on a centralised basis across platforms by establishing risk tolerance levels in accordance with the overall risk profile of the prime broker/counterparty as determined by the Investment Manager.

In addition, netting agreements and collateral arrangements (including International Swaps and Derivatives Association Inc. Master Agreements for OTC (as applicable derivatives) are routinely put in place when appropriate to allow the counterparty risk mitigating benefits of closeout netting and payment netting.

### Liquidity risk

Liquidity risk is the risk that the Protected Cell will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or cash equivalents. Redeemable Participating Shareholder redemption requests are the main liquidity risk for the Protected Cell.

The Protected Cell's Redeemable Participating Shares are redeemable as outlined in Note 10. The exposure to liquidity risk through Redeemable Participating Shareholder redemption requests is managed by specifically setting the redemption notice period to accommodate the expected liquidity of the underlying investments as agreed by the Investment Manager.

The Protected Cell's financial instruments also include investments in derivative contracts traded OTC, which are not quoted in an active public market and which generally may be illiquid. As a result, the Protected Cells may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements, the Protected Cells may be forced to sell its more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of illiquid financial instruments.



## 6. Financial risk management (continued)

### Liquidity risk (continued)

The tables below summarise the maturity profile of the Company's financial liabilities:

#### Class A USD

	Less than 1 month USD	1 to 3 months USD	3 to 12 months USD	Greater than 1 year USD	Total USD
<b>As at 30 June 2018</b>					
<b>Current liabilities</b>					
Accrued expenses and other liabilities	-	-	(860,866)	-	(860,866)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	-	-	(860,866)	-	(860,866)
<b>As at 30 June 2017</b>					
<b>Current liabilities</b>					
Accrued expenses and other liabilities	-	-	(901,924)	-	(901,924)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	-	-	(901,924)	-	(901,924)

#### Class B EUR

	Less than 1 month EUR	1 to 3 months EUR	3 to 12 months EUR	Greater than 1 year EUR	Total EUR
<b>As at 30 June 2018</b>					
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	(116,874)	-	-	-	(116,874)
Accrued expenses and other liabilities	-	-	(110,307)	-	(110,307)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	(116,874)	-	(110,307)	-	(227,181)
<b>As at 30 June 2017</b>					
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	(23,964)	-	-	-	(23,964)
Accrued expenses and other liabilities	-	-	(129,277)	-	(129,277)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	(23,964)	-	(129,277)	-	(153,241)

#### Class C CHF

	Less than 1 month CHF	1 to 3 months CHF	3 to 12 months CHF	Greater than 1 year CHF	Total CHF
<b>As at 30 June 2018</b>					
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	(93,433)	-	-	-	(93,433)
Accrued expenses and other liabilities	-	-	(118,772)	-	(118,772)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	(93,433)	-	(118,772)	-	(212,205)
<b>As at 30 June 2017</b>					
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	(17,466)	-	-	-	(17,466)
Accrued expenses and other liabilities	-	-	(146,381)	-	(146,381)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	(17,466)	-	(146,381)	-	(163,847)



6. Financial risk management (continued)

Liquidity risk (continued)

Class E AUD\*

	Less than 1 month AUD	1 to 3 months AUD	3 to 12 months AUD	Greater than 1 year AUD	Total AUD
<b>As at 30 June 2018</b>					
<b>Current liabilities</b>					
Balances due to brokers	(67)	-	-	-	(67)
Accrued expenses and other liabilities	-	(8,548)	-	-	(8,548)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(67)</b>	<b>(8,548)</b>	<b>-</b>	<b>-</b>	<b>(8,615)</b>

Class E AUD

	Less than 1 month AUD	1 to 3 months AUD	3 to 12 months AUD	Greater than 1 year AUD	Total AUD
<b>As at 30 June 2017</b>					
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	(8,978)	-	-	-	(8,978)
Accrued expenses and other liabilities	-	-	(69,890)	-	(69,890)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(8,978)</b>	<b>-</b>	<b>(69,890)</b>	<b>-</b>	<b>(78,868)</b>

\*Man AHL Diversified (Guernsey) Class E AUD Shares ceased operations on 19 December 2017.

Class G RMB\*

	Less than 1 month RMB	1 to 3 months RMB	3 to 12 months RMB	Greater than 1 year RMB	Total RMB
<b>As at 30 June 2018</b>					
<b>Current liabilities</b>					
Bank overdraft	(4,542,497)	-	-	-	(4,542,497)
Accrued expenses and other liabilities	-	(284,496)	-	-	(284,496)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(4,542,497)</b>	<b>(284,496)</b>	<b>-</b>	<b>-</b>	<b>(4,826,993)</b>

Class G RMB

	Less than 1 month RMB	1 to 3 months RMB	3 to 12 months RMB	Greater than 1 year RMB	Total RMB
<b>As at 30 June 2017</b>					
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	(24,423)	-	-	-	(24,423)
Accrued expenses and other liabilities	-	-	(350,438)	-	(350,438)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(24,423)</b>	<b>-</b>	<b>(350,438)</b>	<b>-</b>	<b>(374,861)</b>

\*Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

## 6. Financial risk management (continued)

### Liquidity risk (continued)

#### Aggregated

	Less than 1 month USD	1 to 3 months USD	3 to 12 months USD	Greater than 1 year USD	Total USD
<b>As at 30 June 2018</b>					
<b>Current liabilities</b>					
Bank overdraft	(684,637)	-	-	-	(684,637)
Balances due to brokers	(50)	-	-	-	(50)
Financial liabilities at fair value through profit or loss	(230,871)	-	-	-	(230,871)
Accrued expenses and other liabilities	-	(49,210)	(1,109,644)	-	(1,158,854)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(915,558)</b>	<b>(49,210)</b>	<b>(1,109,644)</b>	<b>-</b>	<b>(2,074,412)</b>

#### Aggregated

	Less than 1 month USD	1 to 3 months USD	3 to 12 months USD	Greater than 1 year USD	Total USD
<b>As at 30 June 2017</b>					
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	(56,108)	-	-	-	(56,108)
Accrued expenses and other liabilities	-	-	(1,307,780)	-	(1,307,780)
<b>Total current liabilities (excluding net assets attributable to Redeemable Participating Shareholders)</b>	<b>(56,108)</b>	<b>-</b>	<b>(1,307,780)</b>	<b>-</b>	<b>(1,363,888)</b>

### Loan facility

#### Man Investments AG

In order to enable the Protected Cells to affect their investments, the Protected Cells have established an uncommitted Loan Agreement with Man Investments AG. The Protected Cells are able to borrow, repay and reborrow amounts not exceeding 25% of the prevailing NAV, under the Loan Agreement, subject to its terms.

The Loan Agreement is renewable annually and may be terminated by Man Investments AG at its sole discretion, upon three months written notice. The Loan Agreement has a maturity of one year and bears interest at the rate of LIBOR plus a margin, which is expected to be between 2% to 4%, subject to an annual review. Further fees relating to the Loan Agreement such as arrangement, commitment, minimum utilisation and renewal fees may also be payable.

For the current year and prior year, the Protected Cells have not utilised the facility to settle margin calls with broker. No interest expense was incurred during the year (2017: Nil). As at 25 January 2017, Classes E and G terminated their Loan Agreements with Man Investments AG.

7. Net gain/(loss) on financial assets and liabilities at fair value through profit or loss

Class A USD	2018 Fair Value USD	2017 Fair Value USD
<b>Realised and unrealised gain/(loss) on foreign currency</b>		
Realised gain in foreign currency	1,931	383,521
Realised loss in foreign currency	(161)	(2,977)
Unrealised appreciation in foreign currency	28	99,695
Unrealised depreciation in foreign currency	(434)	(56,622)
<b>Net gain/(loss) on foreign currency</b>	<b>1,364</b>	<b>423,616</b>
Interest income	244,387	137,450
Interest expense	(546)	(360)
	<b>243,841</b>	<b>137,090</b>
<b>Realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>		
Realised gain on investments	11,881,006	2,900,019
Realised gain on forward currency contracts	-	190
Total realised gains	<b>11,881,006</b>	<b>2,900,209</b>
Realised loss on investments	-	(19,606,138)
Total realised losses	<b>-</b>	<b>(19,606,138)</b>
Change in unrealised appreciation on investments	3,950,958	11,597,287
Total change in unrealised appreciation	<b>3,950,958</b>	<b>11,597,287</b>
Change in unrealised depreciation on investments	(2,829,184)	(10,180,219)
Total change in unrealised depreciation	<b>(2,829,184)</b>	<b>(10,180,219)</b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>13,246,621</b>	<b>(15,151,771)</b>
<b>Class B EUR</b>	<b>2018 Fair Value EUR</b>	<b>2017 Fair Value EUR</b>
<b>Realised and unrealised gain/(loss) on foreign currency</b>		
Realised gain in foreign currency	-	83,254
Realised loss in foreign currency	(656,551)	(518,927)
Unrealised appreciation in foreign currency	190,883	70,730
Unrealised depreciation in foreign currency	-	(225,041)
<b>Net loss on foreign currency</b>	<b>(465,668)</b>	<b>(589,984)</b>
Interest income	785	-
Interest expense	(65,262)	(68,201)
	<b>(64,477)</b>	<b>(68,201)</b>
<b>Realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>		
Realised gain on investments	742,799	1,354,662
Realised gain on forward currency contracts	923,792	1,104,636
Total realised gains	<b>1,666,591</b>	<b>2,459,298</b>
Realised loss on investments	(103,607)	(1,172,499)
Realised loss on forward currency contracts	-	(922,783)
Total realised losses	<b>(103,607)</b>	<b>(2,095,282)</b>
Change in unrealised appreciation on investments	780,052	203,200
Change in unrealised appreciation on forward currency contracts	-	476,449
Total change in unrealised appreciation	<b>780,052</b>	<b>679,649</b>
Change in unrealised depreciation on investments	(293,229)	(2,466,656)
Change in unrealised depreciation on forward currency contracts	(397,138)	-
Total change in unrealised depreciation	<b>(690,367)</b>	<b>(2,466,656)</b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>1,588,192</b>	<b>(1,491,192)</b>

7. Net gain/(loss) on financial assets and liabilities at fair value through profit or loss (continued)

Class C CHF

	2018 Fair Value CHF	2017 Fair Value CHF
<b>Realised and unrealised gain/(loss) on foreign currency</b>		
Realised gain in foreign currency	195	10,633
Realised loss in foreign currency	(463,494)	(685,509)
Unrealised appreciation in foreign currency	148,970	71,638
Unrealised depreciation in foreign currency	(373)	(191,778)
<b>Net loss on foreign currency</b>	<b>(314,702)</b>	<b>(795,016)</b>
Interest income	2,347	1,512
Interest expense	(140,434)	(234,893)
	<b>(138,087)</b>	<b>(233,381)</b>
<b>Realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>		
Realised gain on investments	1,788,322	646,313
Realised gain on forward currency contracts	-	1,023,250
Total realised gains	<b>1,788,322</b>	<b>1,669,563</b>
Realised loss on investments	-	(2,875,108)
Realised loss on forward currency contracts	(169,083)	(858,321)
Total realised losses	<b>(169,083)</b>	<b>(3,733,429)</b>
Change in unrealised appreciation on investments	980,077	1,390,177
Change in unrealised appreciation on forward currency contracts	-	440,413
Total change in unrealised appreciation	<b>980,077</b>	<b>1,830,590</b>
Change in unrealised depreciation on investments	(436,777)	(1,518,018)
Change in unrealised depreciation on forward currency contracts	(284,442)	-
Total change in unrealised depreciation	<b>(721,219)</b>	<b>(1,518,018)</b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>1,740,010</b>	<b>(1,984,675)</b>

Class E AUD\*

	2018 Fair Value AUD	2017 Fair Value AUD
<b>Realised and unrealised gain/(loss) on foreign currency</b>		
Realised gain in foreign currency	3,065	12,759
Realised loss in foreign currency	-	(99,766)
Unrealised appreciation in foreign currency	40,898	6,472
Unrealised depreciation in foreign currency	(187)	(58,595)
<b>Net gain/(loss) on foreign currency</b>	<b>43,776</b>	<b>(139,130)</b>
Interest income	14,145	35,309
Interest expense	(903)	(322)
	<b>13,242</b>	<b>34,987</b>
<b>Realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>		
Realised gain on investments	766,026	157,409
Realised gain on forward currency contracts	33,463	286,500
Total realised gains	<b>799,489</b>	<b>443,910</b>
Realised loss on investments	-	(1,153,452)
Total realised losses	<b>-</b>	<b>(1,153,452)</b>
Change in unrealised appreciation on investments	418,146	644,500
Change in unrealised appreciation on forward currency contracts	-	64,168
Total change in unrealised appreciation	<b>418,146</b>	<b>708,668</b>
Change in unrealised depreciation on investments	(204,578)	(489,142)
Change in unrealised depreciation on forward currency contracts	(87,497)	(24,631)
Total change in unrealised depreciation	<b>(292,075)</b>	<b>(513,774)</b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>938,802</b>	<b>(479,661)</b>

\*Man AHL Diversified (Guernsey) Class E AUD Shares ceased operations on 19 December 2017.

7. Net gain/(loss) on financial assets and liabilities at fair value through profit or loss (continued)

Class G RMB\*

	2018 Fair Value RMB	2017 Fair Value RMB
<b>Realised and unrealised gain/(loss) on foreign currency</b>		
Realised gain in foreign currency	-	891,980
Realised loss in foreign currency	(387,633)	(64,370)
Unrealised appreciation in foreign currency	190,782	63,815
Unrealised depreciation in foreign currency	-	(529,980)
<b>Net (loss)/gain on foreign currency</b>	<b>(196,851)</b>	<b>361,445</b>
Interest income	15,385	9,258
Interest expense	(1,548)	(1,466)
	<b>13,837</b>	<b>7,792</b>
<b>Realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>		
Realised gain on investments	5,090,079	1,917,546
Realised gain on forward currency contracts	1,653,930	780,989
Total realised gains	<b>6,744,009</b>	<b>2,698,535</b>
Realised loss on investments	-	(5,165,234)
Realised loss on forward currency contracts	-	(1,107,321)
Total realised losses	<b>-</b>	<b>(6,272,555)</b>
Change in unrealised appreciation on investments	3,331,474	2,816,886
Change in unrealised appreciation on forward currency contracts	-	682,396
Total change in unrealised appreciation	<b>3,331,474</b>	<b>3,499,282</b>
Change in unrealised depreciation on investments	(2,271,648)	(4,120,888)
Change in unrealised depreciation on forward currency contracts	(127,842)	-
Total change in unrealised depreciation	<b>(2,399,490)</b>	<b>(4,120,888)</b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>7,689,830</b>	<b>(4,187,834)</b>

\*Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

Aggregated

	2018 Fair Value USD	2017 Fair Value USD
<b>Realised and unrealised gain/(loss) on foreign currency</b>		
Realised gain in foreign currency	4,508	625,549
Realised loss in foreign currency	(1,320,164)	(1,344,200)
Unrealised appreciation in foreign currency	442,165	263,227
Unrealised depreciation in foreign currency	(963)	(617,135)
<b>Net loss on foreign currency</b>	<b>(874,454)</b>	<b>(1,072,559)</b>
Interest income	261,074	166,973
Interest expense	(223,988)	(311,800)
	<b>37,086</b>	<b>(144,827)</b>
<b>Realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>		
Realised gain on investments	15,986,024	5,427,481
Realised gain on forward currency contracts	1,381,834	2,566,018
Total realised gains	<b>17,367,858</b>	<b>7,993,499</b>
Realised loss on investments	(123,537)	(25,411,449)
Realised loss on forward currency contracts	(174,206)	(2,033,193)
Total realised losses	<b>(297,743)</b>	<b>(27,444,642)</b>
Change in unrealised appreciation on investments	6,727,450	14,120,591
Change in unrealised appreciation on forward currency contracts	-	1,111,654
Total change in unrealised appreciation	<b>6,727,450</b>	<b>15,232,245</b>
Change in unrealised depreciation on investments	(4,136,856)	(15,371,623)
Change in unrealised depreciation on forward currency contracts	(854,085)	(18,583)
Total change in unrealised depreciation	<b>(4,990,941)</b>	<b>(15,390,206)</b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>18,843,710</b>	<b>(19,753,931)</b>

## 8. Fees, commissions and other expenses

### Management fees and Incentive fees

Exposure to the AHL Diversified Programme is gained through exposure to the managed funds. The terms “AHL Diversified Programme”, “AHL Account” and “Notional AHL Account Value” refer to these investments.

### Management fees

Management fees are calculated weekly and payable monthly at a rate of up to 1/52 of 3.00% of the investment exposure allocation to the AHL Diversified Programme.

### Incentive fees

#### Classes A, B, C and E

A weekly incentive fee will be calculated and accrued at each valuation day at a rate of up to 20% of any net new appreciation per Class A, B, C and E Shares (prior to the calculation and deduction of the incentive fee itself). Incentive fees are only payable if the net increase in value attributable to the Investment Strategy exceeds a previously attained value for such Investment Strategy.

#### Class G

A monthly incentive fee was calculated and accrued as at each valuation day at a rate of up to 20% of the net new appreciation. The incentive fee period was the period from the last valuation day where an incentive fee was payable up to and including the last valuation day of each calendar month.

### Principal Manager, Services Manager and Registrar fees

Man Fund Management (Guernsey) Limited has been appointed by the Company as the Principal Manager to the Company. As Principal Manager, Man Fund Management (Guernsey) Limited will be responsible to the Company for selecting and appointing (as principal) service providers to provide general shareholder services (which will include maintenance of the Company's register of investors) and certain accounting and valuation services to the Company, as well as monitoring the providers of those services. Man Fund Management (Guernsey) Limited may engage various service providers to provide the relevant services to the Company. The Company will not itself select or appoint these service providers.

Man Fund Management (Guernsey) Limited (the “Principal Manager”) has been appointed as Registrar of the Company. In accordance with the Services Management Agreement, the Services Manager (as principal) has selected and appointed BNY Mellon Fund Services (Ireland) Designated Activity Company pursuant to the BNYM Fund Services Agreement as Administrator to each Protected Cell. The Administrator will perform certain general shareholder services including maintaining the register of investors of each Protected Cell, processing certain anti-money laundering documents, and certain valuation and accounting services to each Protected Cell. The registrar records the legal owner of the Redeemable Participating Shares. The Administrator also maintains (or will cause to be maintained) a register in which the Standard Shareholders and the Direct Participants will be recorded.

The Administrator may delegate its duties with the prior written consent of the Services Manager, such consent not to be unreasonably withheld.

In the event the Protected Cells invest in other funds managed or advised by companies within the Man Group or affiliated entities / related parties, adjustments to the calculations of fees payable by the Protected Cells may be made, to avoid double charging of fees.

#### Classes A-C

The fees payable to the Principal Manager are calculated weekly and paid quarterly in arrears and are based on the following sliding scale (calculated by reference to the NAV on each valuation day) subject to a minimum fee of up to USD105,000 per annum:

Value to which the fee will be applied (USD)	Fee will comprise an amount equal to USD 12,500 per quarter end and:
0 – 50,000,000	one-fifty-second of 0.30% of the NAV of the Redeemable Participating Shares
50,000,001 – 100,000,000	one-fifty-second of 0.20% of the NAV of the Redeemable Participating Shares
100,000,001 – 249,999,999	one-fifty-second of 0.125% of the NAV of the Redeemable Participating Shares
250,000,000 – 499,999,999	one-fifty-second of 0.10% of the NAV of the Redeemable Participating Shares
500,000,000 or more	one-fifty-second of 0.05% of the NAV of the Redeemable Participating Shares

The Services Manager pays a portion of the fees it received from the Company to the Administrator for Valuation services. The Services Manager is solely responsible for the payment of fees to the Administrator and the Company has no responsibility or liability for such fees.

#### Class E

The Principal Manager was entitled to receive a fee at the rate of up to 0.05% per annum calculated by reference to the NAV at each Valuation Day and was payable quarterly in arrears subject to a minimum fee of USD40,000 per annum. The Principal Manager paid a portion of such fees to the Administrator.

## 8. Fees, commissions and other expenses (continued)

### Principal Manager, Services Manager and Registrar fees (continued)

#### Class G

Pursuant to the Services Management Agreement and in consideration of the Administrator services, the Class G RMB Shares paid a services management fee for the selection, appointment, and monitoring of providers of general shareholder and accounting and valuation services. The services management fee was calculated each valuation day and charged monthly at the rate of 0.25% per annum of the NAV of the Class G RMB Shares at each valuation day plus transaction fees subject to a minimum charge of USD40,000 per annum. This services management fee was payable in USD and was received directly or indirectly by the Services Manager and/or its affiliates. Man Fund Management (Guernsey) Limited paid a portion of such fees to the Administrator. No additional fees to those described above were payable to Man Fund Management (Guernsey) Limited in its capacity as Services Manager pursuant to the Services Management Agreement.

### Services Manager fees rebate

As the Company and the managed funds in which it invests have the same Services Manager, the Company and the Services Manager entered into a Rebate Agreement. The agreement provides for the recognition of a rebate calculated as the proportionate share of the Company on the total services manager fees recognised and paid by the managed funds in which the Company invests. Proportionate share means the percentage of the Company's share ownership in such managed funds. The rebate is calculated on a monthly basis and is recognised as services manager fees rebates included under other income in the aggregated statement of comprehensive income. The rebate is deducted against the calculated services manager fees payable by the Company to the Services Manager. If the rebate balance is greater than the services manager fees calculated by the Company, the excess amount is recognised as a services manager fee receivable from the Services Manager. The Services Manager fee rebate receivable at year end is presented under other assets in the statement of financial position.

### Introducing broker fees

Introducing broker fees, excluding institutional charges, are calculated at a rate up to 1% of the investment exposure allocated to the AHL Diversified Programme during the period.

### Designated Custodian fees

The Designated Custodian is entitled to receive a fee at the rate of 0.025% per annum of the NAV of the Redeemable Participating Shares, calculated and accrued at each valuation day and payable monthly in arrears for acting as designated custodian of the Protected Cell.

### Depository fees

The Depository Services Provider is entitled to receive a fee at the rate of 0.005% per annum of the NAV of each Class of Redeemable Participating Shares, calculated and accrued at each valuation day and payable monthly in arrears for acting as depository of the relevant Protected Cell.

### Company secretary fees

In consideration for the secretarial services provided by the Company Secretary to the Company, the Company will pay an annual fee of GBP10,000. The Company Secretary will be reimbursed for all disbursements and reasonable expenses incurred in the performance of its duties, and such disbursements will be invoiced separately and payable annually.

### General expenses of the Company

The following fees and expenses are borne, directly or indirectly, by the Company and charged to the Protected Cell on a pro rata basis:

- annual fees of the Company payable to The Registrar of Companies in Guernsey and the Commission, the fees and expenses of the Auditors and of the legal advisors to the Company, an annual fee of USD5,000 (in aggregate) for the holders of Management Shares, printing and distributing periodic and annual reports and statements and other general operating expenses;
- an annual fee payable to each Director of up to GBP10,000 at the Company level, plus a one-off fee of GBP1,000 payable to each Director per Class of Share established after 1 January 2007. The Directors may also receive other fees and be reimbursed for out of pocket expenses; and
- the preliminary costs in connection with the formation of the Company, costs relating to the printing and distribution of the Prospectus and related marketing material, legal costs of the Company and Man Group and costs pertaining to the initial issue of Shares, did not exceed USD150,000 in aggregate, and have been fully amortised and debited from the Protected Cells. A portion of the expenses charged to the initial Protected Cells may be reimbursed to those Protected Cells in due course and allocated to future Protected Cells of the Company where such costs do not relate specifically to any Protected Cell.

## 9. Related party transactions

Master Multi-Product Holdings Ltd, a Bermuda incorporated company, is a related party through its 100% holding of the Management Shares in the Company. Master Multi-Product Holdings Ltd is itself owned by Codan Trust Company Limited as trustee of the Master Multi-Product Purpose Trust.

AHL Partners LLP is a related party as it is the Investment Manager and Introducing Broker of the Company.

Man Investments AG is a related party as it is the Marketing Adviser and Swiss Representative of the Company.

Man Fund Management (Guernsey) Limited is a related party as it is the Principal Manager, Services Manager and Registrar of the Company.

AHL Partners LLP, Man Fund Management (Guernsey) Limited and Man Investments AG are subsidiaries of Man Group plc and all subsidiaries of Man Group plc are related parties.



## 9. Related party transactions (continued)

Man Group plc companies are also involved, in varying capacities, in the management of the managed funds the Company has invested in, as set out in Note 4.

Each of the Directors is or may become involved in other financial investment and professional activities which may cause conflicts of interest with the management of the Company. These activities include management or administration of other companies (including those with investment objectives similar to that of the Company or structures that may be related to Man Group Plc sponsored investment funds), serving as Directors, officers, advisers and/or agents of other companies, including companies or legal structures in which the Company may invest and/or which may invest into the Company.

The following transactions took place between the Company and its related parties:

### Class A USD

For the year ended 30 June 2018		Total fees/(income)	Fees payable/
		USD	(receivable)
Related party	Type of fee	USD	USD
AHL Partners LLP	Introducing broker fees	2,029,890	167,304
Man Investments AG	Management fees	6,089,094	501,912
Man Fund Management (Guernsey) Limited	Principal Manager, Services Manager and Registrar fees	452,436	50,041
Man Fund Management (Guernsey) Limited	Services Manager fees rebate*	(230,941)	(19,036)
Directors	Directors' fees*	32,274	(6,626)

For the year ended 30 June 2017		Total fees/(income)	Fees payable/
		USD	(receivable)
Related party	Type of fee	USD	USD
AHL Partners LLP	Introducing broker fees	2,428,773	189,691
Man Investments AG	Management fees	7,286,319	569,073
Man Fund Management (Guernsey) Limited	Principal Manager, Services Manager and Registrar fees	518,047	39,132
Man Fund Management (Guernsey) Limited	Services Manager fees rebate*	(277,005)	(21,648)
Directors	Directors' fees*	15,486	(12,984)

\*Directors fees are included in other expenses and Services Manager fees rebate are included in other income in the aggregated statement of comprehensive income.

The above amounts are payable on demand and do not bear interest. Fees prepaid are included within other assets and fees payable are included within accrued expenses and other liabilities in the aggregated statement of financial position.

### Class B EUR

For the year ended 30 June 2018		Total fees/(income)	Fees payable/
		EUR	(receivable)
Related party	Type of fee	EUR	EUR
AHL Partners LLP	Introducing broker fees	226,228	17,213
Man Investments AG	Management fees	678,281	51,639
Man Fund Management (Guernsey) Limited	Principal Manager, Services Manager and Registrar fees	126,011	14,496
Man Fund Management (Guernsey) Limited	Services Manager fees rebate*	(25,724)	(1,958)
Directors	Directors' fees*	3,586	(856)

For the year ended 30 June 2017		Total fees/(income)	Fees payable/
		EUR	(receivable)
Related party	Type of fee	EUR	EUR
AHL Partners LLP	Introducing broker fees	306,417	23,408
Man Investments AG	Management fees	919,251	70,223
Man Fund Management (Guernsey) Limited	Principal Manager, Services Manager and Registrar fees	149,827	10,961
Man Fund Management (Guernsey) Limited	Services Manager fees rebate*	(34,951)	(2,671)
Directors	Directors' fees*	3,016	(1,882)

\*Directors fees are included in other expenses and Services Manager fees rebate are included in other income in the aggregated statement of comprehensive income.

The above amounts are payable on demand and do not bear interest. Fees prepaid are included within other assets and fees payable are included within accrued expenses and other liabilities in the aggregated statement of financial position.



## 9. Related party transactions (continued)

### Class C CHF

For the year ended 30 June 2018		Total fees/(income) CHF	Fees payable/ (receivable) CHF
Related party	Type of fee		
AHL Partners LLP	Introducing broker fees	267,069	18,338
Man Investments AG	Management fees	800,561	55,015
Man Fund Management (Guernsey) Limited	Principal Manager, Services Manager and Registrar fees	149,555	16,893
Man Fund Management (Guernsey) Limited	Services Manager fees rebate*	(30,357)	(2,087)
Directors	Directors' fees*	2,660	(260)

For the year ended 30 June 2017		Total fees/(income) CHF	Fees payable/ (receivable) CHF
Related party	Type of fee		
AHL Partners LLP	Introducing broker fees	360,829	26,870
Man Investments AG	Management fees	1,082,380	80,609
Man Fund Management (Guernsey) Limited	Principal Manager, Services Manager and Registrar fees	171,654	12,342
Man Fund Management (Guernsey) Limited	Services Manager fees rebate*	(41,214)	(3,066)
Directors	Directors' fees*	4,247	83

\*Directors fees are included in other expenses and Services Manager fees rebate are included in other income in the aggregated statement of comprehensive income.

The above amounts are payable on demand and do not bear interest. Fees prepaid are included within other assets and fees payable are included within accrued expenses and other liabilities in the aggregated statement of financial position.

### Class E AUD\*\*

For the year ended 30 June 2018		Total fees/(income) AUD	Fees payable/ (receivable) AUD
Related party	Type of fee		
AHL Partners LLP	Introducing broker fees	45,959	-
Man Investments AG	Management fees	137,875	-
Man Fund Management (Guernsey) Limited	Principal Manager, Services Manager and Registrar fees	24,082	-
Directors	Directors' fees*	777	-

For the year ended 30 June 2017		Total fees/(income) AUD	Fees payable/ (receivable) AUD
Related party	Type of fee		
AHL Partners LLP	Introducing broker fees	117,963	9,102
Man Investments AG	Management fees	353,890	27,307
Man Fund Management (Guernsey) Limited	Principal manager, services manager and registrar fees	68,413	4,648
Directors	Directors' fees*	1,021	(790)

\*Directors fees are included in other expenses in the aggregated statement of comprehensive income.

The above amounts are payable on demand and do not bear interest. Fees prepaid are included within other assets and fees payable are included within accrued expenses and other liabilities in the aggregated statement of financial position.

\*\*Man AHL Diversified (Guernsey) Class E AUD Shares ceased operations on 19 December 2017.

### Class G RMB\*\*

For the year ended 30 June 2018		Total fees/(income) RMB	Fees payable/ (receivable) RMB
Related party	Type of fee		
AHL Partners LLP	Introducing broker fees	334,182	-
Man Investments AG	Management fees	1,002,547	-
Man Fund Management (Guernsey) Limited	Principal Manager, Services Manager and Registrar fees	124,968	-
Man Fund Management (Guernsey) Limited	Services Manager fees rebate*	(46,514)	-
Directors	Directors' fees*	(8,235)	-

\*\*Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

# Man AHL Diversified PCC Limited

## Notes to the aggregated financial statements (continued)

### For the year ended 30 June 2018



## 9. Related party transactions (continued)

### Class G RMB (continued)

For the year ended 30 June 2017		Total fees/(income)	Fees payable/ (receivable)
Related party	Type of fee	RMB	RMB
AHL Partners LLP	Introducing broker fees	865,660	67,244
Man Investments AG	Management fees	2,596,979	201,678
Man Fund Management (Guernsey) Limited	Principal Manager, Services Manager and Registrar fees	276,367	23,204
Man Fund Management (Guernsey) Limited	Services Manager fees rebate*	(120,710)	(9,443)
Directors	Directors' fees*	16,186	8,503

\*Directors fees are included in other expenses and Services Manager fees rebate are included in other income in the aggregated statement of comprehensive income.

The above amounts are payable on demand and do not bear interest. Fees prepaid are included within other assets and fees payable are included within accrued expenses and other liabilities in the aggregated statement of financial position.

### Aggregated

For the year ended 30 June 2018		Total fees/(income)	Fees payable/ (receivable)
Related party	Type of fee	USD	USD
AHL Partners LLP	Introducing broker fees	2,661,829	205,927
Man Investments AG	Management fees	7,983,763	617,782
Man Fund Management (Guernsey) Limited	Principal Manager, Services Manager and Registrar fees	794,664	84,031
Man Fund Management (Guernsey) Limited	Services Manager fees rebate*	(300,045)	(23,430)
Directors	Directors' fees*	38,626	(7,889)

For the year ended 30 June 2017		Total fees/(income)	Fees payable/ (receivable)
Related party	Type of fee	USD	USD
AHL Partners LLP	Introducing broker fees	3,342,470	261,386
Man Investments AG	Management fees	10,027,303	784,150
Man Fund Management (Guernsey) Limited	Principal Manager, Services Manager and Registrar fees	946,524	71,529
Man Fund Management (Guernsey) Limited	Services Manager fees rebate*	(377,740)	(29,291)
Directors	Directors' fees*	26,535	(14,401)

\*Directors fees are included in other expenses and Services Manager fees rebate are included in other income in the aggregated statement of comprehensive income.

The above amounts are payable on demand and do not bear interest. Fees prepaid are included within other assets and fees payable are included within accrued expenses and other liabilities in the aggregated statement of financial position.

## 10. Share capital

The Company has an authorised Share capital of USD20,000,100 comprising 100 Management Shares of USD1.00 par value each, and 2,000,000,000 Redeemable Participating Shares of USD0.01 par value each.

### Management Shares of the Company

The Management Shares are held by Master Multi-Product Holdings Ltd, a Bermuda incorporated and exempted company and a related party, which is itself owned by. As at 30 June 2018, these shares remained uncalled and no amounts were paid or payable to the Company.

Holders of Management Shares are not entitled to request redemption of their Management Shares and the Company shall not be entitled to require redemption or repurchase of such Management Shares.

### Redeemable Participating Shares of the Company

Redeemable Participating Shareholders of the Company are not entitled to any votes in respect of such Redeemable Participating Shares.

Redeemable Participating Shareholders may, upon 3 days written notice, normally redeem their Redeemable Participating Shares on the first dealing day of each calendar week at a redemption price calculated by reference to the NAV per Share on the valuation day immediately preceding the dealing day on which the redemption is to be effected.

## 10. Share capital (continued)

### Redeemable Participating Shares of the Company (continued)

The Redeemable Participating Shares of the Company were offered for sale in a supplement to the Company Offering Memorandum as detailed below:

	Date of supplement to the Company Offering Memorandum	Par value Per Share
Man AHL Diversified (Guernsey) Class A USD Shares	17 December 2007	USD 1
Man AHL Diversified (Guernsey) Class B EUR Shares	23 September 2008	EUR 1
Man AHL Diversified (Guernsey) Class C CHF Shares	23 September 2008	CHF 1
Man AHL Diversified (Guernsey) Class E AUD Shares	21 August 2009	AUD 1
Man AHL Diversified (Guernsey) Class G RMB Shares	26 April 2011	RMB 10

The rights of each Redeemable Participating Shareholders are limited to the assets attributable to the relevant Class of Redeemable Participating Shares. The obligations of the Company in respect of each Class of Redeemable Participating Shares will only be payable from the respective value of assets which are attributable to each such Class of Redeemable Participating Shares. In the event that the assets attributable to the relevant Class of Redeemable Participating Shares are insufficient to meet the obligations of the Company to pay monies to Shareholders of such Class of Redeemable Participating Shares, such Redeemable Participating Shareholders will be limited to proceeding against the relevant Class of Redeemable Participating Shares relating to their investments only and shall not be entitled to exercise any rights or have further recourse to the assets attributable to any other Class of Redeemable Participating Shares or any other assets of the Company.

Share transactions in Redeemable Participating Shares for the year ended 30 June 2018 and 30 June 2017 were as follows:

	Class A USD	Class B EUR	Class C CHF	Class E* AUD	Class G* RMB
<b>30 June 2018</b>					
Shares in issue at 30 June 2017	158,491,653	21,813,791	29,924,530	7,853,362	6,460,468
Issue of Redeemable Participating Shares	7,575,829	142,143	6,535,098	8,043	-
Redemptions of Redeemable Participating Shares	(25,925,339)	(5,390,275)	(15,460,554)	(7,861,405)	(6,460,468)
Shares in issue at 30 June 2018	<b>140,142,143</b>	<b>16,565,659</b>	<b>20,999,074</b>	-	-

\*Man AHL Diversified (Guernsey) Class E AUD Shares and Man AHL Diversified (Guernsey) Class G RMB Shares ceased operations on 19 December 2017.

	Class A USD	Class B EUR	Class C CHF	Class E AUD	Class G RMB
<b>30 June 2017</b>					
Shares in issue at 30 June 2016	201,291,607	27,461,890	37,776,686	9,802,846	7,823,747
Issue of Redeemable Participating Shares	7,611,262	499,711	1,067,543	-	-
Redemptions of Redeemable Participating Shares	(50,411,216)	(6,147,810)	(8,919,699)	(1,949,484)	(1,363,279)
Shares in issue at 30 June 2017	<b>158,491,653</b>	<b>21,813,791</b>	<b>29,924,530</b>	<b>7,853,362</b>	<b>6,460,468</b>

In the event of a winding up or dissolution of the Company, the holders of Management Shares are entitled to an amount equal to the par value thereof, if paid up, and the surplus assets of the Company. However, the holders of the Management Shares have agreed irrevocably to waive their entitlement to any amounts which exceed the par value of their ordinary Redeemable Participating Shares and have authorised the Company to credit any such amounts to the Share Account for the benefit of the Redeemable Participating Shareholders.

### Capital Management

The Company's objectives for managing capital include:

- investing the capital in investments meeting the description, risk exposure and expected return indicated in the Offering Memorandum;
- achieving consistent returns while safeguarding capital by investing in diversified portfolios, by participating in derivative and other advanced capital markets and by using various investment strategies and hedging techniques;
- maintaining sufficient liquidity to meet the expenses of the Company, and to meet redemption requests as they arise; and
- maintaining sufficient size to make the operation of the Company cost-efficient.

Refer to Note 6, 'Financial risk management,' for the policies and processes applied by the Company in managing its capital.

## 11. Contingent liabilities and commitments

There were no contingent liabilities or commitments other than those already disclosed in these aggregated financial statements as at 30 June 2018 (2017: None).

## 12. Subsequent events

There have been no subsequent events after the year end that impact the Company and require disclosure in the aggregated financial statements.



Independent auditor's report to the Members of  
Man AHL Diversified PCC Limited

## **Report on the Audit of the Aggregated Financial Statements**

### **Opinion**

We have audited the aggregated financial statements of Man AHL Diversified PCC Limited (the "Company") for the year ended 30 June 2018 which comprise the aggregated statement of financial position, the aggregated statement of changes in net assets, aggregated statement of comprehensive income and aggregated statement of cash flows for the year ended 30 June 2018, and the related notes 1 to 12, including a summary of significant accounting policies.

In our opinion the aggregated financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the aggregated financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the aggregated financial statements of the current period. These matters were addressed in the context of our audit of the aggregated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## ***Valuation of the Company's investments in related managed funds classified as level 2***

### **Description**

The valuation of the Fund's investment in managed funds classified as level 2 (the "level 2 managed funds") is a key audit matter, because it significantly impacts Company's performance and net asset value.

The carrying amount of the investment in the level 2 managed funds at 30 June 2018 was \$105,203,705 which represents 46.17 % of the Company's net assets. The Company records its investment in the level 2 managed funds at fair value through profit or loss determined based on the net asset value ("NAV") per share published by the administrator or the transfer agents of the level 2 managed funds See note 4 to the aggregated financial statements.

### **Our response**

We performed the following procedures, among others:

We gained an understanding of the processes adopted by management for investment valuation, including an assessment of the design of the internal controls. We evaluated management's valuation methodology applied to determine the fair value of the Company's investment in the level 2 managed funds.

We agreed the number of shares held by the Company in the level 2 managed funds and the NAV per share of the level 2 managed funds as at 30 June 2018 to the investor register independently received from the administrators or the transfer agents of the level 2 managed funds.

Compared the ending NAV per share of the level 2 managed funds recorded by the Fund as of 30 June 2018 to the audited financial statements of the level 2 managed funds. We also assessed the disclosure provided on financial assets and liabilities at fair value through profit or loss to determine whether it complied with accounting standards.

### **Other information included in the annual report**

The Directors, Designated Custodian and Investment Manager are responsible for the other information. The other information comprises the Directors' Report, Designated Custodian's Report, the Investment Manager's Report, and Unaudited reporting requirements in respect of the AIFM Directive, but does not include the aggregated financial statements or our auditor's report thereon.

Our opinion on the aggregated 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 aggregated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the aggregated 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 aggregated 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 this regard.

## **Responsibilities of the Board of Directors for the Aggregated Financial Statements**

As explained more fully in the Directors' Report, the Directors are responsible for the preparation and fair presentation of the aggregated financial statements in accordance with The Companies (Guernsey) Law 2008, the Authorised Collective Investment Schemes (Class B) Rules, 2013 and International Financial Reporting Standards, and for such internal control as they determine is necessary to enable the preparation of aggregated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the aggregated financial statements, the Directors are responsible for assessing the Company'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 Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the aggregated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the aggregated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the aggregated financial statements, including the disclosures, and whether the aggregated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

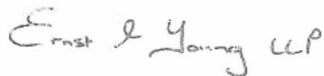
#### **Matters for which we are required to report by exception**

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the aggregated financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

#### **Use of our report**

This report is made solely to the Company Members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law 2008 and Paragraph 4.02(3) of the Authorised Collective Scheme (Class B) Rules, 2013. Our audit work has been undertaken so that we might state to the Board of Directors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and Company Members as a body, for our audit work, for this report, or for the opinions we have formed.



Ernst & Young LLP  
Guernsey, Channel Islands  
DATE: 19 November 2018



The following disclosures have been made to meet the additional reporting requirement of the Alternative Investment Fund Managers Directive ("AIFMD") not already fulfilled in the audited section of the financial statements.

## Remuneration

Authorised Alternative investment Fund Managers ("AIFMs") are required to comply with the AIFMD remuneration disclosure requirements. The Investment Manager is a member of Man Group plc, which is listed on the London Stock Exchange and is a constituent of the FTSE 250 Index.

For many roles AHL Partners LLP utilises resource from across the Man Group plc. For the year ended 31 December 2017 identified staff of AHL Partners LLP were cumulatively paid USD13,208,243 in relation to the AHL Partners LLP AIFs.

Man Group plc's Remuneration Committee has defined Man's remuneration objectives in the Statement of Remuneration Principles which is available at: <https://www.man.com/GB/remuneration-committee>.

Man Group plc's Pillar 3 Disclosures are available at: <https://www.man.com/GB/pillar-3-disclosures>

In the year ended 31 December 2017, Man Group plc paid compensation of USD478m across 1,313\* staff. Further details are available in the Man Group plc annual report and available at [www.man.com](http://www.man.com).

\*Man Group plc headcount at 31 December 2017.

## Periodic disclosure to investors

### Special Arrangements

The AIFM Directive requires the Investment Manager to disclose the percentage of the Fund's assets or liabilities which are subject to special arrangements arising from their illiquid nature (e.g. side pockets, gates), including an overview of any special arrangements in place whether they relate to side pockets, gates or other similar arrangements, the valuation methodology applied to assets or liabilities which are subject to such arrangements and how management and performance fees apply to these assets or liabilities.

For the year ended 30 June 2018 none of the assets or liabilities held by the Fund were subject to special arrangements.

### Risk Controls and Limits

The risk management policy and process for the Fund is designed to satisfy the requirements of the AIFM Directive; associated European Securities and Markets Authority ("ESMA") regulatory technical standards and guidelines; and local regulations. The framework for risk controls and limits for the Fund is documented within the AIFM's Risk Management Policy and Process document which outlines for each main risk category above the controls and risk measures in place. This risk framework includes setting of limits and monitoring against those limits.

There have been no breaches of risk limits set for the Fund in the financial year and there are no such breaches anticipated.

## Regular disclosure to investors

### Leverage risk

Leverage is considered in terms of the Fund's overall "exposure" and includes any method by which the exposure of the Fund is increased whether through borrowings of cash or securities, or leverage embedded in derivative positions or by any other means. The Investment Manager as the AIFM is required to calculate and monitor the level of leverage by the Fund, expressed as a ratio between the total exposure of the Fund and its net value with exposure values being calculated by both the gross method and commitment method.

Exposure values under the Gross Method basis are calculated as the absolute value of all positions of the Fund; this includes all eligible assets and liabilities, relevant borrowings, derivatives (converted into their equivalent underlying positions) and all other positions even those held purely for risk reduction purposes, such as forward currency contracts held for currency hedging.

The gross method of exposure of the Fund requires the calculation to:

- Include the sums of all non-derivative assets held at market value, plus the absolute value of all such liabilities;
- Exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Fund that are readily convertible to a known amount of cash, is subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
- Derivative instruments are converted into the equivalent position in their underlying assets;
- Exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- Include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed, and include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

Exposure values under the commitment method basis are calculated on a similar basis to the above, but may take into account the effect of netting off instruments to reflect eligible netting and hedging arrangements on eligible assets and different treatment of certain cash and cash equivalents items in line with regulatory requirements.



Regular disclosure to investors (continued)

Leverage risk (continued)

The table below sets out the current maximum level allowed and actual level of leverage for the Company for the year:

	Maximum level and actual level of leverage as a percentage of net asset	
	Gross Method	Commitment Method
<b>Class A</b>		
Maximum level allowed	35,000%	4,300%
Actual level at year end	86.51%	32.40%
<b>Class B</b>		
Maximum level allowed	35,000%	4,300%
Actual level at year end	97.66%	45.12%
<b>Class C</b>		
Maximum level allowed	35,000%	4,300%
Actual level at year end	109.70%	43.23%
<b>Class E</b>		
Maximum level allowed	35,000%	4,300%
Actual level at year end	0.00%	30.04%
<b>Class G</b>		
Maximum level allowed	35,000%	4,300%
Actual level at year end	0.00%	0.76%

There have been no breaches of the maximum level during the year and no changes to the maximum level of leverage employed by the Company.