



Table of Contents



	i age
Directory	2
Directors' Report	3
Statement of assets and liabilities	4
Condensed schedule of investments	5
Statement of operations	7
Statement of changes in net assets	3
Statement of cash flows	S
Notes to the financial statements	10
Report of Independent Auditors	24

Directory



Board of Directors

Ronan Daly Timothy Sweeting Jennifer Thomson

Registered Office

Citco Trustees (Cayman) Limited 89 Nexus Way Camana Bay P.O. Box 31106 Grand Cayman KY1-1205 Cayman Islands

Investment Manager and Introducing Broker

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

Administrator

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

Auditor

Ernst & Young Ltd.
62 Forum Lane
Camana Bay
P.O. Box 510
Grand Cayman KY1-1106
Cayman Islands

Services Manager and Marketing Adviser

Man Investments AG Huobstrasse 3 CH-8808 Pfäffikon SZ Switzerland

Custodian

The Bank of New York Mellon (London Branch) One Canada Square London E14 2AL United Kingdom

Principal Office Provider

BNY Mellon Fund Management (Cayman) Limited 72 Market Street Cassia Court Suite 2204 P.O. Box 31371 Grand Cayman KY1-1206 Cayman Islands

Legal Advisers to the Company (as to Cayman Islands Law)

Maples and Calder P.O. Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands

Company Secretary

CSS Corporation Ltd. 89 Nexus Way Camana Bay P.O. Box 31106 Grand Cayman KY1-1205 Cayman Islands

Man AHL Diversified (Cayman) Ltd. Directors' Report



The Directors hereby present their annual report and audited financial statements for the year ended 30 June 2018. A summary of the results for the year under review is shown on page 6. A review of the business during the year which has been prepared by the Investment Manager is outlined below.

The Fund 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 year 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 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 resulted in a positive return as credit spreads 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 Fund might face are outlined in Note 7 of the financial statements.

Signed on behalf of the Board of Directors on 8 November 2018

Ronan Daly
Director
Director
Director

Statement of assets and liabilities As at 30 June 2018



	Notes	2018 US\$	2017 US\$
	Notes	υσφ	000
Assets			
Cash and cash equivalents	3	27,356,876	267,988,027
Balances with brokers	3	13,700,581	17,732,575
Investments in securities, at fair value (Cost: US\$378,986,553 (2017: US\$226,946,352))	4	371,619,077	218,423,058
Derivatives, at fair value	4	10,495	97,157
Other assets	8,9	62,041	78,787
Total assets	_	412,749,070	504,319,604
Liabilities			
Derivatives, at fair value	4	(3,606,162)	(2,800,668)
Redemptions payable		(9,557)	-
Accrued expenses and other liabilities	8,9	(1,030,366)	(2,546,287)
Total liabilities	-	(4,646,085)	(5,346,955)
Net assets attributable to Redeemable Participating Shareholders	-	400 400 005	400.070.040
Met assets attributable to Nedecinable Faitiolpating Shareholders	=	408,102,985	498,972,649
Which are represented by:			
Equity			
45,460,034 (2017: 50,346,460) Class A USD Redeemable Participating Shares with a Net Asset			
Value per Share of US\$1.2257 (2017: US\$1.1860)	. 10	US\$55,722,980	US\$59,713,215
221,131,067 (2017: 276,124,743) Class B JPY Redeemable Participating Shares with a Net Ass		σσφοσ, 122,000	00000,710,210
Value per Share of JPY116.4493 (2017: JPY115.0569)	10	JPY25,750,564,664	JPY31.770.077.815
3,633,089 (2017: 4,095,870) Class C AUD Redeemable Participating Shares with a Net Asset	.0	0. 120,100,001,001	0. 101,110,011,010
Value per Share of AUD1.2829 (2017: AUD1.2561)	10	AUD4,661,100	AUD5,144,905
151,379,378 (2017: 205,387,998) Class E JPY Redeemable Participating Shares with a Net Ass		- , ,	, ,
Value per Share of JPY85.1736 (2017: JPY83.6128)	10	JPY12,893,534,847	JPY17,173,080,172

Approved and authorised for issue on behalf of the Board on 8 November 2018.

Ronan Daly Director <u>Jennifer Thomson</u> Director

Man AHL Diversified (Cayman) Ltd. Condensed schedule of investments

As at 30 June 2018



Long Securities and Derivatives at Fair Value

Covernment bonds	Long Securities and Derivatives at Fair Long Securities at Fair Value	Redemption Frequency	Redemption Notice Period	2018 Quantity/ Par Value	2018 Fair Value US\$	2018 % of Net Assets	2017 Quantity/ Par Value	2017 Fair Value US\$	2017 % of Net Assets
Linited States Treasury Bill 0% 19(07)18 60,000,000 59,951,416 14,89%	United States								
Linked States (Feasury Bill 0% 23/11/18 50,000,000 49,868,711 12,22%	United States Treasury Bill 0% 19/07/18							-	-
Total Government bonds (Cost: US\$180,792,858 (2017: US\$NIII) 181,723,738 44.53%								-	-
State Stat				2,000,000	1,983,982	0.49%	-	-	
Sample S					181,723,738	44.53%	-	-	
Bernuda					181,723,738	44.53%		-	
AHL Evolution Ltd* Daily 1 Day 13,994 68,992,964 16,91% 20,786 88,820,268 17.80% AHL Institutional Series 3 Ltd* Daily 1 Day 1,814,365 120,902,375 29,63% 1,989,143 129,602,790 25,97% Total Bermuda (Cost: US\$198,193,696 (2017: US\$226,946,352)) 189,895,339 46.54% 218,423,058 43.77% Total Long Securities at Fair Value (Cost: US\$226,946,352)) 189,895,339 46.54% 218,423,058 43.77% 10tal Long Securities at Fair Value (Cost: US\$26,946,352)) 371,619,077 91.07% 218,423,058 43.77% 10tal Long Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) 4,285 - 51,934 0.01% 10tal Long Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) 371,623,362 91.07% 218,474,992 43.78% 10tal Long Securities and Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) 371,623,362 91.07% 218,474,992 43.78% 10tal Long Securities and Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) 371,623,362 91.07% 218,474,992 43.78% 10tal Long Securities and Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) 371,623,362 91.07% 218,474,992 43.78% 10tal Long Securities and Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) (0.88%) (2.755,445) (0.55%) 10tal Forward Currency Contracts (3.599,952) (0.88%) (2.755,445) (0.55%)									
Total Bermuda (Cost: US\$198,193,695 (2017: US\$226,946,352)) Total Managed Funds (Cost: US\$198,193,695 (2017: US\$226,946,352)) Total Long Securities at Fair Value (Cost: US\$26,946,352)) Long Derivatives at Fair Value (Cost: US\$26,946,352)) Total Forward Currency Contracts Total Long Securities and Derivatives at Fair Value (Long Securities and Derivatives (Long Securities and Derivatives (Long Securities (Long Securiti		Daily	1 Day	13,994	68,992,964	16.91%	20,786	88,820,268	17.80%
US\$198,193,695 (2017: US\$226,946,352)) Total Managed Funds (Cost: US\$198,193,695 (2017: US\$226,946,352)) Total Long Securities at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) Long Derivatives at Fair Value Forward Currency Contracts Various currencies 4,285 - 51,934 0.01% Total Long Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) Total Forward Securities and Derivatives at Fair Value Forward Currency Contracts 4,285 - 51,934 0.01% Total Long Derivatives at Fair Value Total Long Derivatives at Fair Value Total Long Securities and Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) Short Derivatives at Fair Value Forward Currency Contracts Various currencies (3,599,952) (0,88%) (2,755,445) (0,55%) Total Forward Currency Contracts Various currencies (3,599,952) (0,88%) (2,755,445) (0,55%)		Daily	1 Day	1,814,365	120,902,375	29.63%	1,989,143	129,602,790	25.97%
Total Managed Funds (Cost: US\$198,193,695 (2017: US\$226,946,352)) 189,895,339 46.54% 218,423,058 43.77% Total Long Securities at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) Long Derivatives at Fair Value Forward Currency Contracts Total Long Derivatives at Fair Value Total Long Securities at Fair Value Forward Currency Contracts 4,285 - 51,934 0.01% Total Long Derivatives at Fair Value Total Long Securities and Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) Short Derivatives at Fair Value Forward Currency Contracts Various currencies (3,599,952) (0.88%) (2,755,445) (0.55%) Total Forward Currency Contracts	US\$198,193,695 (2017:								
US\$198,193,695 (2017: US\$226,946,352)) 189,895,339 46.54% 218,423,058 43.77% Total Long Securities at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) 218,423,058 43.77% Long Derivatives at Fair Value Forward Currency Contracts Various currencies 4,285 - 51,934 0.01% Total Forward Currency Contracts 4,285 - 51,934 0.01% Total Long Derivatives at Fair Value 4,285 - 51,934 0.01% Total Long Securities and Derivatives at Fair Value Total Long Securities and Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) Short Derivatives at Fair Value Forward Currency Contracts Various currencies (3,599,952) (0.88%) Total Forward Currency Contracts Various currencies (3,599,952) (0.88%) (2,755,445) (0.55%)	US\$226,946,352))				189,895,339	46.54%	-	218,423,058	43.77%
(Cost: US\$378,986,553 (2017: US\$226,946,352)) Long Derivatives at Fair Value Forward Currency Contracts Various currencies Total Forward Currency Contracts Total Long Derivatives at Fair Value Total Long Securities and Derivatives at Fair Value Total Long Securities and Derivatives at Fair Value Total Long Securities and Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) Short Derivatives at Fair Value Forward Currency Contracts Various currencies (3,599,952) (0.88%) (2,755,445) (0.55%) Total Forward Currency Contracts (3,599,952) (0.88%) (2,755,445) (0.55%)	US\$198,193,695 (2017:			·	189,895,339	46.54%		218,423,058	43.77%
(Cost: US\$378,986,553 (2017: US\$226,946,352)) Long Derivatives at Fair Value Forward Currency Contracts Various currencies Total Forward Currency Contracts Total Long Derivatives at Fair Value Total Long Securities and Derivatives at Fair Value Total Long Securities and Derivatives at Fair Value Total Long Securities and Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) Short Derivatives at Fair Value Forward Currency Contracts Various currencies (3,599,952) (0.88%) (2,755,445) (0.55%) Total Forward Currency Contracts (3,599,952) (0.88%) (2,755,445) (0.55%)	Total Long Securities at Fair Value						-		
Forward Currency Contracts 4,285 - 51,934 0.01% Total Forward Currency Contracts 4,285 - 51,934 0.01% Total Long Derivatives at Fair Value 4,285 - 51,934 0.01% Total Long Securities and Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) 371,623,362 91.07% 218,474,992 43.78% Short Derivatives at Fair Value Forward Currency Contracts (3,599,952) (0.88%) (2,755,445) (0.55%) Total Forward Currency Contracts (3,599,952) (0.88%) (2,755,445) (0.55%)					371,619,077	91.07%	-	218,423,058	43.77%
Various currencies 4,285 - 51,934 0.01% Total Forward Currency Contracts 4,285 - 51,934 0.01% Total Long Derivatives at Fair Value 4,285 - 51,934 0.01% Total Long Securities and Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) 371,623,362 91.07% 218,474,992 43.78% Short Derivatives at Fair Value Forward Currency Contracts (3,599,952) (0.88%) (2,755,445) (0.55%) Total Forward Currency Contracts (3,599,952) (0.88%) (2,755,445) (0.55%)									
Total Long Derivatives at Fair Value	•				4,285	-		51,934	0.01%
Total Long Securities and Derivatives at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) Short Derivatives at Fair Value Forward Currency Contracts Various currencies (3,599,952) (0.88%) (2,755,445) (0.55%) Total Forward Currency Contracts	Total Forward Currency Contracts				4,285	-		51,934	0.01%
at Fair Value (Cost: US\$378,986,553 (2017: US\$226,946,352)) Short Derivatives at Fair Value Forward Currency Contracts Various currencies (3,599,952) (0.88%) Total Forward Currency Contracts (3,599,952) (0.88%) (2,755,445) (0.55%)	Total Long Derivatives at Fair Value				4,285			51,934	0.01%
(2017: US\$226,946,352)) 371,623,362 91.07% 218,474,992 43.78% Short Derivatives at Fair Value Forward Currency Contracts Various currencies (3,599,952) (0.88%) (2,755,445) (0.55%) Total Forward Currency Contracts (3,599,952) (0.88%) (2,755,445) (0.55%)				•			•		
Forward Currency Contracts (3,599,952) (0.88%) (2,755,445) (0.55%) Total Forward Currency Contracts (3,599,952) (0.88%) (2,755,445) (0.55%)					371,623,362	91.07%	-	218,474,992	43.78%
Various currencies (3,599,952) (0.88%) (2,755,445) (0.55%) Total Forward Currency Contracts (3,599,952) (0.88%) (2,755,445) (0.55%)									
					(3,599,952)	(0.88%)		(2,755,445)	(0.55%)
Total Short Derivatives at Fair Value (3,599,952) (0.88%) (2,755,445) (0.55%)	Total Forward Currency Contracts			•	(3,599,952)	(0.88%)	-	(2,755,445)	(0.55%)
	Total Short Derivatives at Fair Value			•	(3,599,952)	(0.88%)	-	(2,755,445)	(0.55%)

 $^{{}^\}star \text{The}$ funds are affiliates of the Fund as they share the same Investment Manager.

Man AHL Diversified (Cayman) Ltd.
Condensed schedule of investments (continued)
As at 30 June 2018



Reconciliation of long and short derivatives (Note 4)	2018	2017
	Fair Value	Fair Value
	US\$	US\$
Derivative Assets at fair value		
Total fair value of long derivative assets	4,406	53,212
Total fair value of short derivative assets	6,089	43,945
Total Derivative Assets at fair value	10,495	97,157
Derivative Liabilities at fair value		
Total fair value of long derivative liabilities	(121)	(1,278)
Total fair value of short derivative liabilities	(3,606,041)	(2,799,390)
Total Derivative Liabilities at fair value	(3,606,162)	(2,800,668)

Statement of operations
For the year ended 30 June 2018



	Notes	2018 US\$	2017 US\$
Investment income	140100	σοψ	- υυψ
Interest income		2,183,153	777,545
Other income	8,9	621,367	809,544
Total investment income		2,804,520	1,587,089
Expenses			
Interest expense		(279)	(3,628)
Management fees	8,9	(8,067,587)	(10,207,092)
Introducing broker fees	8,9	(4,456,692)	(5,521,265)
Services management fees	8,9	(1,153,686)	(1,419,803)
Other expenses	8,9	(85,539)	(245,499)
Total expenses	_	(13,763,783)	(17,397,287)
Net investment loss	_	(10,959,263)	(15,810,198)
Net realised gain/(loss) and change in unrealised appreciation on investments in securities,	1		
derivatives and foreign currency			
Net realised gain/(loss) on investments in securities, derivatives and foreign currency		27,827,627	(89,468,772)
Net change in unrealised appreciation on investments in securities, derivatives and foreign		100 700	0.500.000
Currency Not realized gain //oce) and change in unrealized appreciation on investments in accurities	_	123,768	9,586,362
Net realised gain/(loss) and change in unrealised appreciation on investments in securities, derivatives and foreign currency	<u> </u>	27,951,395	(79,882,410)
Net increase/(decrease) in net assets resulting from operations	_ _	16,992,132	(95,692,608)

Man AHL Diversified (Cayman) Ltd. Statement of changes in net assets For the year ended 30 June 2018



	Notes	2018 US\$	2017 US\$
Net assets attributable to Redeemable Participating Shareholders at the beginning of the year		498,972,649	642,620,215
Change in net assets resulting from operations Net investment loss		(10.050.060)	/1E 010 100\
		(10,959,263)	(15,810,198)
Net realised gain/(loss) from investments in securities, derivatives and foreign currency		27,827,627 123,768	(89,468,772) 9,586,362
Net change in unrealised appreciation on investments in securities, derivatives and foreign currency	-	,	
Net increase/(decrease) in net assets resulting from operations	-	16,992,132	(95,692,608)
Change in net assets resulting from capital transactions			
Issue of Class A USD Redeemable Participating Shares	10	2,470,940	6,050,220
Redemption of Class A USD Redeemable Participating Shares	10	(8,764,144)	(34,140,697)
Issue of Class B JPY Redeemable Participating Shares	10	16,433,906	36,438,114
Redemption of Class B JPY Redeemable Participating Shares	10	(76,360,749)	(40,820,184)
Issue of Class C AUD Redeemable Participating Shares	10	34,966	17,982
Redemption of Class C AUD Redeemable Participating Shares	10	(482,249)	(692,101)
Issue of Class E JPY Redeemable Participating Shares	10	3,944,413	1,516,554
Redemption of Class E JPY Redeemable Participating Shares	10	(45,138,879)	(16,324,846)
Net decrease in net assets resulting from capital transactions	-	(107,861,796)	(47,954,958)
Net decrease in net assets		(90,869,664)	(143,647,566)
Net assets attributable to Redeemable Participating Shareholders at the end of the year		408,102,985	498,972,649

Statement of cash flows As at 30 June 2018



	2018 US\$	2017 US\$
Cash flows from operating activities		
Net increase/(decrease) in net assets resulting from operations	16,992,132	(95,692,608)
Adjustments to reconcile net increase/(decrease) in net assets resulting from operations to net		
cash used in operating activities:		
Purchase of investments in securities	(809,847,880)	(408,135,137)
Proceeds from disposal of investments in securities	684,665,729	430,540,036
Net realised (gain)/loss on investments in securities Net change in unrealised appreciation on investments in securities	(26,987,499)	44,632,261
Net change in unrealised appreciation on investments in securities Net change in unrealised depreciation/(appreciation) on derivatives	(1,026,369) 892,156	(9,428,400) (4,303,268)
Decrease in other assets	16.746	28,523
(Decrease)/increase in accrued expenses and other liabilities	(1,515,921)	851,801
Net cash used in operating activities	(136,810,906)	(41,506,792)
Cash flows from financing activities:		
Proceeds from issuance of Redeemable Participating Shares	22,884,225	44,022,870
Payments on redemption of Redeemable Participating Shares	(130,736,464)	(91,977,828)
Net cash used in financing activities	(107,852,239)	(47,954,958)
Net decrease in cash and cash equivalents	(244,663,145)	(89,461,750)
Cash and cash equivalents at the beginning of the year	285,720,602	375,182,352
Cash and cash equivalents at the end of the year	41,057,457	285,720,602
Oash and assh aminalists associat of		
Cash and cash equivalents consist of: Cash and cash equivalents	07.050.070	007 000 007
Balances with brokers	27,356,876 13,700,581	267,988,027 17,732,575
Datances with brokers	41,057,457	285,720,602
	1007,1007	200,120,002
Supplemental disclosure of cash flow information		
Interest received	2,183,153	797,725
Interest paid	(279)	(3,673)

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



1. General

Man AHL Diversified (Cayman) Ltd. (the "Fund") was incorporated on 12 March 2012 as an exempted company with limited liability under the Companies Law (as amended) of the Cayman Islands. The Fund registered as a regulated open-ended mutual fund with the Cayman Islands Monetary Authority under section 4(1)(b) of the Mutual Funds Law (2015 Revision) of the Cayman Islands on 5 April 2012. The Fund commenced trading on 30 April 2012.

The Fund has issued four share classes – Class A USD Redeemable Participating Shares, Class B JPY Redeemable Participating Shares, Class C AUD Redeemable Participating Shares and Class E JPY Redeemable Participating Shares (the "Share Classes"). In 2016, the Fund launched Class D EUR Redeemable Participating Shares. No investors had subscribed into Class D EUR Redeemable Participating Shares as at 30 June 2018.

Class A USD Redeemable Participating Shares, Class B JPY Redeemable Participating Shares and Class C AUD Redeemable Participating Shares have been listed on The International Stock Exchange (formerly known as the Channel Islands Securities Exchange) since 8 May 2012.

The Fund's objective is to achieve medium-term capital growth. The proceeds from the issue of the Redeemable Participating Shares will be applied to trade the AHL Diversified Programme through investment in various instruments and equity or debt securities, including but not limited to investment in collective investment schemes or other pooled vehicle(s) managed by AHL Partners LLP (the "Investment Manager") or its affiliates which form part of the AHL Diversified Programme. The AHL Diversified Programme 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.

The Investment Manager is authorised and regulated with 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 most recent applicable offering memorandum of the Fund is dated 1 March 2017 (the "Offering Memorandum") with the most recent supplement to the Offering Memorandum dated 25 May 2018 (the "Supplement").

2. Significant accounting policies

The financial statements have been prepared in conformity with the United States Generally Accepted Accounting Principles ("US GAAP") and are presented in U.S. Dollars ("US\$").

Management has determined that the Fund is an investment company in conformity with US GAAP and follows the accounting and reporting guidance for investment companies in the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") 946, Financial Services - Investment Companies ("ASC 946").

(a) Use of accounting judgements and estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes, including certain valuation assumptions. Actual results could differ from such estimates.

(b) Recent accounting pronouncements

In January 2016, the FASB issued Accounting Standards Update No. 2016-01 ("ASU 2016-01") "Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities". ASU 2016-01 amends various aspects of the recognition, measurement, presentation, and disclosure for financial instruments. ASU 2016-01 is effective for annual reporting periods, and interim periods within those years beginning after 15 December 2017. Management does not expect that this standard will have a material effect on the Fund's financial statements.

(c) Going concern

Management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern; therefore, the financial statements continue to be prepared on a going concern basis.

(d) Investment transactions and related investment income and expenses

Investments in managed investment funds ("managed funds"), both long and short, are carried at fair value, which is the last reported trade price for listed securities as of close of business at the year end date. Security transactions are recorded on a trade date basis. Realised gains and losses are computed using the first-in, first-out ("FIFO") method. Interest income, interest expense and operating expenses are recorded on an accrual basis.

(e) Fair value measurement

Definition and hierarchy

Investments in securities are carried at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments measured and reported at fair value, other than those valued using the net asset value ("NAV") practical expedient, are classified and disclosed in a fair value hierarchy that prioritises the inputs to valuation techniques used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and lowest priority to unobservable inputs (Level 3 measurement).

Notes to the financial statements For the year ended 30 June 2018 (continued)



2. Significant accounting policies (continued)

(e) Fair value measurement (continued)

Definition and hierarchy (continued)

The three levels of the fair value hierarchy are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets, unrestricted assets or liabilities;
- Level 2 Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3 Prices or valuation that requires inputs that are both significant to the fair value measurement and unobservable.

Valuation

The Fund accounts for its investments in managed funds in accordance with relevant authoritative guidance, which defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. Relevant authoritative guidance permits the Fund, as a practical expedient, to measure the fair value of its investments in managed funds on the basis of the NAV per share (or the equivalent) of such investments if the NAV per share of such investments is calculated in a manner consistent with the measurement principles of applicable authoritative guidance as of the Fund's statement of assets and liabilities date. The fair value of the Fund's investments in managed funds is based on the information provided by such managed funds' management, which reflects the Fund's share of the fair value of the net assets of such managed funds (i.e. the practical expedient is used).

Investments in managed funds are valued at fair value, as determined by each managed fund's independent administrator or investment manager. In determining fair value, the administrator utilises the valuations of the managed funds to determine the fair value of its managed fund interests. The managed funds in which the Fund is invested, value securities and other financial investments on a mark-to-market or fair value basis of accounting. The estimated fair values of certain of the investments of the managed funds may include private placements and other securities for which prices are not readily available.

These estimated fair values are determined by the administrator or investment manager of the respective managed funds and may not reflect amounts that could be realised upon immediate sale, or amounts that ultimately may be realised. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments and the difference could be material.

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

Derivative instruments can be exchange-traded or privately negotiated over-the-counter ("OTC").

OTC derivatives are valued by the Fund using observable inputs, such as quotations received from the counterparty, dealers or brokers, whenever available and considered reliable. In instances where models are used, the value of an OTC derivative depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs.

These OTC derivatives that have less liquidity or for which inputs are unobservable are classified within Level 3. While the valuations of these less liquid OTC derivatives may utilise some Level 1 and/or Level 2 inputs, they also include other unobservable inputs which are considered significant to the fair value determination. At each measurement date, the Investment Manager updates the Level 1 and Level 2 inputs to reflect observable inputs, though the resulting gains and losses are reflected within Level 3 due to the significance of the unobservable inputs.

Forward currency contracts entered into by the Fund represent a firm commitment to buy or sell an underlying asset, or currency at a specified value and point in time based upon an agreement or contracted quantity. The realised/unrealised gain or loss is equal to the difference between the value of the contract at the onset and the value of the contract at settlement date/year end date and is included in the statement of operations.

(f) Realised gains and losses and unrealised appreciation and depreciation

All realised gains and losses and changes in unrealised appreciation and depreciation on investments in securities, derivatives and foreign currency are included in net realised gain/(loss) and change in unrealised appreciation on investments in securities, derivatives and foreign currency in the statement of operations. 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 financial 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 account for such instruments). The cost of securities sold is accounted for on FIFO basis. Transaction costs or incremental costs directly attributable to the acquisition, issue or disposal of a financial asset or financial liability are included in the net realised gain/(loss) and change in unrealised appreciation on investments in securities, derivatives and foreign currency in the statement of operations.

(g) Foreign currency

The Fund seeks to generate returns in United States dollars. The liquidity of the Fund is managed on a day-to-day basis in United States dollars, Australian dollars and Japanese Yen, in order to handle the issue and redemption of the Fund's Redeemable Participating Shares. The Fund's performance is evaluated in United States dollars. Therefore, as the United States dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions, the Fund's functional currency and presentation currency is the United States dollar.

Transactions during the year denominated in foreign currencies have been translated at the rates of exchange ruling at the dates of transactions. For foreign currency transactions and foreign currency investments held at the year end, the resulting gains or losses are included in the net realised gain/(loss) and change in unrealised appreciation on investments in securities, derivatives and foreign currency in the statement of operations. Foreign currency assets and liabilities held at the year end were translated at year end exchange rates.

Notes to the financial statements For the year ended 30 June 2018 (continued)



2. Significant accounting policies (continued)

(g) Foreign currency (continued)

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included in net change in unrealised appreciation on investments in securities, derivatives and foreign currency in the statement of operations.

(h) Cash and cash equivalents and balances with brokers

Cash and cash equivalents in the statement of assets and liabilities comprises cash on hand, demand deposits, short-term deposits in banks, short-term highly liquid investments and cash equivalents that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and with original maturities of three months or less.

Balances with 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 securities are purchased on margin, the margin debt may be secured on the related securities.

(i) Taxation

The Cayman Islands currently has no income, corporation or capital gains tax, no taxes by way of withholding and no estate duty, inheritance tax or gift tax. In addition, the Fund has applied for and received from the Governor-in Cabinet of the Cayman Islands pursuant to The Tax Concessions Law (as amended) of the Cayman Islands, an undertaking, that, for a period of twenty years from the date of the undertaking, no law which is thereafter enacted in the Cayman Islands imposing any tax on profits, income, gains or appreciations shall apply to the Fund or its operations. In addition no tax on profits, income, gains or appreciation which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the Redeemable Participating Shares, debentures or other obligations of the Fund.

ASC 740-10, Accounting for Uncertainty in Income Taxes - an interpretation of ASC 740 clarifies the accounting for uncertainty in income taxes recognised in the Fund's financial statements in conformity with ASC 740 "Accounting for Income Taxes". ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return.

Management evaluates such tax positions to determine whether, for all tax years still subject to assessment or challenge by the relevant taxation authorities, the tax positions are "more-likely-than-not" to be being sustained on examination. This evaluation includes the position that further withholding taxes will not be levied on income already received by the Fund. Tax positions that meet the more-likely-than-not recognition threshold are initially recorded and subsequently measured at the largest amount of tax benefit that is more than 50 percent likely of being realised on ultimate settlement, using the facts, circumstances and information at the reporting date.

Management has analysed the Fund's tax positions, and has concluded that no liability for unrecognised tax benefits should be recorded related to uncertain tax positions for open tax years and the positions to be taken for tax year ended 30 June 2018. The Fund recognises interest and penalties, if any, related to unrecognised tax benefits as income tax expense in the statement of operations. During the years ended 30 June 2018 and 30 June 2017, the Fund did not incur any interest or penalties.

(j) Redemptions payable

In accordance with the authoritative guidance on Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity under US GAAP (ASC 480-10 Classification and measurement of redeemable securities) ("ASC 480-10"), financial instruments mandatorily redeemable at the option of the holder are classified as liabilities when a redemption request has been received and the redemption amount has been determined.

Redemption notices received for which the amount and number of shares are not fixed remain in capital until the NAV used to determine the redemption and share amounts are determined. All of this amount, if any, relates to redemptions due to be paid on the first dealing day of July 2018, which under the terms of *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* are mandatory redeemable financial instruments and consequently a liability of the Fund and not part of equity. Redemptions payable as at 30 June 2018 is US\$9,557 (2017: US\$Nii).

(k) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of assets and liabilities when the Fund has a legally enforceable right to offset and the transactions are intended to be settled on a net basis or simultaneously. As at year end, no financial instruments of the Fund are being presented net within the statement of assets and liabilities.

(I) Allocation of income or expense

Income, expenses, and realised gain/(loss) and change in unrealised appreciation on investments in securities, derivatives and foreign currency are allocated pro-rata to each Redeemable Participating Share class based on the respective NAV.

3. Cash and cash equivalents and balances with brokers

At the year end amounts disclosed as cash and cash equivalents and balances with brokers were held at The Bank of New York Mellon SA/NV and BNP Paribas (the "Banks") and The Bank of New York Mellon SA/NV, Deutsche Bank and Citibank N.A. (the "Brokers"). These include amounts transferred as collateral (which is subject to a security interest) against open derivatives, short positions or securities purchased on margin.

Notes to the financial statements For the year ended 30 June 2018 (continued)



3. Cash and cash equivalents and balances with brokers (continued)

Amounts receivable from short sales and collateral may be restricted in whole or part until the related securities are purchased. To the extent that the securities are purchased on margin, the margin debt may be secured on the related securities. The portion of balances with brokers represented by collateral pledged as at 30 June 2018 was US\$13,693,905 (2017: US\$17,725,987).

Included in the cash and cash equivalents balance at 30 June 2018 is cash in foreign currencies with a fair value of US\$21,160 (cost: US\$21,160) (2017: US\$152,951 (cost: US\$152,951)).

Included in the cash and cash equivalents balance at 30 June 2018 are US T-bills with a fair value of US\$Nil (cost: US\$Nil) (2017: US\$230,830,208 (cost: US\$230,700,759)).

4. Fair value measurements

Details of the Fund's investments at 30 June 2018 are disclosed in the condensed schedule of investments.

The Investment Manager generally uses the capital balance or NAV reported by the managed fund's administrator or investment manager as the primary input to its valuation; however adjustments to the reported capital balance or NAV may be made based on various factors, including, but not limited to, the attributes of the interest held, including the rights and obligations, and any restrictions or illiquidity on such interests, and the fair value of such managed fund's investment portfolio or other assets and liabilities. As at 30 June 2018, no such adjustments were made.

Managed funds are generally open-ended funds as they typically offer subscription and redemption options to investors. The frequency of such subscriptions or redemptions is dictated by each managed fund's governing documents. The amount of liquidity provided to investors in a particular fund is generally consistent with the liquidity and risk associated with the underlying portfolio (i.e. the more liquid the investments in the portfolio, the greater the liquidity provided to the investors). Liquidity of individual managed funds varies based on various factors and may include "gates", "holdbacks" and "side pockets" imposed by the investment manager of the managed fund, as well as redemption fees which may also apply. As at 30 June 2018, liquidity terms for the managed funds exceeding 5% of the Fund's net assets are set out in the condensed schedule of investments.

At 30 June 2018, all of the Fund's investments in managed funds were valued using the NAV reported by the managed fund's management; as such, they have not been categorised in the fair value hierarchy.

The Fund's assets and liabilities carried at fair value not using the practical expedient have been categorised based upon the fair value hierarchy based on valuation policy described in Note 2(e). The following is a summary of the Fund's financial instruments carried at fair value not using the practical expedient as of 30 June 2018 and 30 June 2017.

As at 30 June 2018	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Long securities and derivative assets, at fair value				
Investments in government bonds				
Government bonds	181,723,738	-	-	181,723,738
Total investments in government bonds	181,723,738	-	-	181,723,738
Total long securities, at fair value	181,723,738	-	-	181,723,738
Derivatives				
Forward currency contracts	-	10,495	-	10,495
Total derivatives	-	10,495	-	10,495
Total long derivative assets, at fair value	-	10,495	-	10,495
Total long securities and derivative assets, at fair value	181,723,738	10,495	-	181,734,233
Short derivative liabilities, at fair value				
Derivatives				
Forward currency contracts	-	(3,606,162)	-	(3,606,162)
Total derivatives	-	(3,606,162)	-	(3,606,162)
Total short derivative liabilities, at fair value	-	(3,606,162)	-	(3,606,162)
Investments measured at NAV				189,895,339
Investments at fair value				368,023,410

Notes to the financial statements For the year ended 30 June 2018 (continued)



4. Fair value measurements (continued)

	Level 1	Level 2	Level 3	Total
As at 30 June 2017	US\$	US\$	US\$	US\$
Long derivative assets, at fair value				
Derivatives				
Forward currency contracts	-	97,157	-	97,157
Total derivatives	-	97,157	-	97,157
Total long derivative assets, at fair value	-	97,157	-	97,157
Short derivative liabilities, at fair value				
Derivatives				
Forward currency contracts	-	(2,800,668)	-	(2,800,668)
Total derivatives	-	(2,800,668)	-	(2,800,668)
Total short derivative liabilities, at fair value	-	(2,800,668)	-	(2,800,668)
Investments measured at NAV				218,423,058
Investments at fair value			_	215,719,547

Investments are reviewed at each financial 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 year.

None of the financial instruments were used as collateral during the years ended 30 June 2018 and 30 June 2017.

There were no transfers between levels during the years ended 30 June 2018 and 30 June 2017.

The Fund did not hold any Level 3 investments during the years ended 30 June 2018 and 30 June 2017.

The Fund gains exposure to the AHL Diversified Programme through its investment in AHL Institutional Series 3 Ltd and AHL Evolution Ltd which are incorporated and domiciled in Bermuda and carry on business as open-ended investment companies with the objective of maximising long term total returns to its investors. Their portfolio includes equities, futures, options, forward contracts, CFDs, swaps and other financial derivatives traded on and off the exchange. Markets include both developed and emerging markets.

AHL Institutional Series 3 Ltd and AHL Evolution Ltd do not charge management fees or performance fees. Holders of their Redeemable Participating Shares may redeem upon one business day's written notice to the Administrator. As at 30 June 2018, the Fund's investment in AHL Institutional Series 3 Ltd and AHL Evolution Ltd represents 29.63% and 16.91% (2017: 25.97% and 17.80%) respectively of the Fund's NAV.

5. Derivatives

Typically, derivative contracts serve as components of the Fund's investment strategy and are utilised primarily to structure and hedge investments to enhance performance and reduce risk to the Fund. The derivative contracts that the Fund holds are forward currency contracts. As at 30 June 2018 and 30 June 2017, the derivative contracts were included in the Fund's statement of assets and liabilities at fair value.

The Fund records its derivative activities on a mark-to-market basis. Fair values are determined in accordance with the valuation principles set out in Note 2 (e).

For all OTC contracts, the Fund enters into master netting agreements with its counterparties, which may allow in certain circumstances netting of assets and liabilities. Assets and liabilities are offset and the net amount reported in the statement of assets and liabilities 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 assets or liabilities are offset in the statement of assets and liabilities.

As at 30 June 2018 and 30 June 2017, all derivatives were OTC contracts. As at 30 June 2018 and 30 June 2017, master netting arrangements relate to forward currency contracts held by the Fund.

The Fund has not designated any derivative instruments as hedging instruments under ACS 815, *Derivatives and Hedging*. The condensed schedule of investments details information regarding derivative types and their fair value at 30 June 2018 and 30 June 2017.

Notes to the financial statements For the year ended 30 June 2018 (continued)



5. Derivatives (continued)

As at 30 June 2018, open derivative instruments are included in the statement of assets and liabilities under the following headings:

30 June 2018	30 June 2017
US\$	US\$
10,495	97,157
10,495	97,157
(3,606,162)	(2,800,668)
(3,606,162)	(2,800,668)
	10,495 10,495 10,495 (3,606,162)

Derivative financial instruments are generally based on notional amounts which are not recorded in the 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 are included in the statement of assets and liabilities.

As at 30 June 2018 and 30 June 2017, the notional value of derivative instrument activity which is representative of the derivative trading during the year was as follows:

	Notional value As at 30 June 2018		Notiona 8 As at 30 J	
Primary underlying risk	Long US\$	Short US\$	Long US\$	Short US\$
Foreign exchange risk Forward currency contracts	1,148,970	358,781,977	21,160,416	472,821,197

For non-exchange traded derivatives, under standard derivatives agreements, the Fund may be required to post collateral on derivatives if the Fund is in a net liability position with the counterparty exceeding certain amounts.

The effect of transactions in derivative instruments in the statement of operations during the years ended 30 June 2018 and 30 June 2017 was as follows:

		Amount of gain/(loss) r	ecognised in the ent of operations
		2018	2017
Derivative Type	Location of gain/(loss) in statement of operations	US\$	US\$
Net realised gain/(loss) from investr	nents in securities, derivatives and foreign currency		
Forward ourrancy contracts	Net realised gain/(loss) on investments in securities, derivatives and	006.040	(EO OOO 400)
Forward currency contracts	foreign currency	936,843	(50,093,429)
Other non-derivative items included in foreign currency	n net realised gain/(loss) from investments in securities, derivatives and		
	Net realised gain/(loss) on investments in securities, derivatives and	00 007 400	(44,000,004)
Investment in securities	foreign currency	26,987,498	(44,632,261)
Foreign currency	Net realised gain/(loss) on investments in securities, derivatives and	(96,714)	5,256,918
Total	foreign currency	27,827,627	(89,468,772)
Net change in unrealised appreciati	on from investments in securities, derivatives and foreign currency	,,	(,,
Trot offarigo in arribandoa approblati	Net change in unrealised appreciation on investments in securities,		
Forward currency contracts	derivatives and foreign currency	(892.156)	4.303.268
. o. mara carrono, comaacio	derivatives and foreign currency	(552, 155)	.,000,200
Other non-derivative items included ir derivatives and foreign currency/cash	n net change in unrealised appreciation from investments in securities, and cash equivalents		
	Net change in unrealised appreciation on investments in securities,	4 000 000	0.400.400
Investment in securities	derivatives and foreign currency	1,026,369	9,428,400
Foreign ourrenay	Net change in unrealised appreciation on investments in securities,	(10.445)	(4 145 000)
Foreign currency	derivatives and foreign currency	(10,445)	(4,145,306)
Total		123,768	9,586,362

Notes to the financial statements For the year ended 30 June 2018 (continued)



5. Derivatives (continued)

The primary difference in the risk associated with OTC contracts and exchange-traded contracts is credit risk. The Fund has credit risk from OTC contracts when two conditions are present (i) the OTC contracts have unrealised gains, net of any collateral and (ii) the counterparty of the contract defaults. The credit risk related to exchange-traded contracts is minimal because the exchange ensures that their contracts are always honoured. As at 30 June 2018, all derivatives were OTC contracts.

Forward currency contracts

The Fund enters into various forward currency contracts in the normal course of pursuing its investment objectives. The Fund may use forward currency contracts to gain exposure to, or hedge against, changes in the fair value of foreign currencies. Forward currency contracts obligate the Fund to either buy or sell an asset at a specified future date and price. Risks associated with forward currency contracts are inability of counterparties to perform as specified in their contracts and movements in fair value.

6. Offsetting financial assets and financial liabilities

As at 30 June 2018 and 30 June 2017, no financial instruments of the Fund are being presented net within the statement of assets and liabilities.

The following tables provide information on the financial impact of netting for instruments subject to an enforceable master netting arrangement.

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

Impact of master netting arrangement not in the statement of assets and liabilities Gross amounts of assets in the statement of assets and liabilities Gross assets and liabilities Counterparty Gross assets and liabilities The Bank of New York Melion SA/NV The following table summarises the net financial liabilities per counterparty as at 30 Derivative Liabilities and collateral piedged by counterparty Gross amounts of liabilities in the statement of assets and liabilities gross liabilities not offset in the statement of assets and liabilities Gross liabilities not offset in the statement of assets and liabilities Gross liabilities not offset in the statement of assets and liabilities Gross liabilities not offset in the statement of assets and liabilities Gross liabilities not offset in the statement of assets and liabilities Gross liabilities not offset in the statement of assets and liabilities Gross liabilities not offset in the statement of assets and liabilities Gross liabilities not offset in the statement of assets and liabilities Gross liabilities not offset in the statement of assets and liabilities Gross liabilities not offset in the statement of assets and liabilities Gross liabilities not offset in the statement of assets and liabilities Gross liabilities not offset in the statement of assets and liabilities Gross amounts of liabilities in the statement of assets and liabilities Gross assets not offset in the statement of assets and liabilities Gross assets not offset in the statement of assets and liabilities Gross assets and liabilities Gross assets and liabilities Gross assets and liabilities Gross assets and liabilities Financial instruments Cash collateral held Net amount in the statement of assets and liabilities Gross assets and liabilities Gross assets and liabilities Financial instruments Cash collateral held Net amount in the statement of assets and liabilities Gross assets and liabilities Gross assets and liabilities Financial instruments Cash collater	Derivative Assets and Collateral held by co				
The statement of assets and liabilities Gross amounts of assets in the statement of assets and liabilities Gross amounts of assets in the statement of assets and liabilities Financial instruments Cash collateral held Net amounts of assets and liabilities Financial instruments Cash collateral held Net amounts of assets and liabilities Financial instruments Cash collateral held Net amounts of assets and liabilities Financial instruments Cash collateral held Net amounts of assets and liabilities Cash collateral held Net amounts of assets and liabilities Cash collateral held Net amounts of assets and liabilities Cash collateral held Net amounts of assets and liabilities Cash collateral Net amounts of assets and liabili		(i)			(iii)=(i)+(ii)
Gross assets not offset in the statement of assets and liabilities Gross amounts of assets and liabilities Financial instruments Cash collateral held Net amou Net amounts of assets and liabilities The Bank of New York Mellion SA/NV 10,495 10,595,667 10,495 10,495 10,495 10,595,667 10,495 10,495 10,495 10,595,667 10,495 10,495 10,495 10,595,667 10,495 10,495 10,595,667 10,495 10,595,667 10,495 10,495 10,595,667 10,495					
Counterparty					
Gross amounts of assets in the statement of assets and liabilities Financial instruments Cash collateral held US\$					
Statement of assets and liabilities Financial instruments Cash collateral held US\$			assets and	d liabilities	
US\$ US\$					
The Bank of New York Mellon SA/NV					Net amount
Total 10,495 (10,495) - The following table summarises the net financial liabilities per counterparty as at 30 June 2018: Derivative Liabilities and collateral pledged by counterparty				US\$	US\$
The following table summarises the net financial liabilities per counterparty as at 30 June 2018: Derivative Liabilities and collateral pledged by counterparty			\ -/ -/	-	-
Derivative Liabilities and collateral pledged by counterparty (i) (ii) (ii) (iii) (Total	10,495	(10,495)	-	
(i) (ii) (iii) =(i)+	The following table summarises the net fin	ancial liabilities per counterparty as at 30) June 2018:		
Impact of master netting arrangement not in the statement of assets and liabilities Gross liabilities not offset in the statement of assets and liabilities Gross amounts of liabilities in the statement of assets and liabilities Cash collateral statement of assets and liabilities Counterparty US\$ US\$ US\$ US\$ US\$ US\$ US\$ US\$ US\$ US	Derivative Liabilities and collateral pledged				
In the statement of assets and liabilities Gross liabilities not offset in the statement of assets and liabilities Gross liabilities Gross liabilities Gross liabilities Gross amounts of liabilities in the statement of assets and liabilities Financial instruments Pleaged Net amounts of liabilities Financial instruments Pleaged Net amounts of liabilities Pleaged Net amounts of li		(i)			(iii)=(i)+(ii)
Gross liabilities not offset in the statement of assets and liabilities Gross amounts of liabilities in the statement of assets and liabilities Counterparty Counterparty The Bank of New York Mellon SA/NV Total Tot					
Gross amounts of liabilities in the statement of assets and liabilities Cash collateral statement of assets and liabilities Financial instruments pledged Net amou US\$ U					
Gross amounts of liabilities in the statement of assets and liabilities in the statement of assets and liabilities Financial instruments pledged Net amou US\$			Gross liabilities not offs	set in the statement of	
Statement of assets and liabilities Financial instruments pledged US\$			assets and	d liabilities	
Counterparty US\$ US\$ US\$ US\$ The Bank of New York Mellon SA/NV 3,606,162 (10,495) (3,595,667) Total 3,606,162 (10,495) (3,595,667) The following table summarises the net financial assets per counterparty as at 30 June 2017: Derivative Assets and Collateral held by counterparty (i) (ii) (ii) (iii)=(i)+(i)+(i) Impact of master netting arrangement not in the statement of assets and liabilities Gross assets not offset in the statement of assets and liabilities Gross assets and liabilities Financial instruments Cash collateral held Net amout amounterparty Counterparty US\$ US\$ US\$ US\$ The Bank of New York Mellon SA/NV 97,157 (97,157) - -		Gross amounts of liabilities in the		Cash collateral	
The Bank of New York Mellon SA/NV Total 3,606,162 (10,495) (3,595,667) The following table summarises the net financial assets per counterparty as at 30 June 2017: Derivative Assets and Collateral held by counterparty (i) (ii) (iii) (iii)=(i)+(i)+(i)+(i)+(i)+(i)+(i)+(i)+(i)+(i)+		statement of assets and liabilities	Financial instruments	pledged	Net amount
Total 3,606,162 (10,495) (3,595,667) The following table summarises the net financial assets per counterparty as at 30 June 2017: Derivative Assets and Collateral held by counterparty (i) (ii) (iii) (iii)=(i)+1 Impact of master netting arrangement not in the statement of assets and liabilities Gross assets not offset in the statement of assets and liabilities Gross amounts of assets in the statement of assets and liabilities Gross amounts of assets in the statement of assets and liabilities Gross amounts of assets and liabilities Financial instruments Cash collateral held Net amounts of the Sank of New York Mellon SA/NV 97,157 (97,157) -	Counterparty	US\$	US\$	US\$	US\$
Total 3,606,162 (10,495) (3,595,667) The following table summarises the net financial assets per counterparty as at 30 June 2017: Derivative Assets and Collateral held by counterparty (i) (ii) (iii) (iii)=(i)+(i)+(i)+(i)+(i)+(i)+(i)+(i)+(i)+(i)+	The Bank of New York Mellon SA/NV	3,606,162	(10,495)	(3,595,667)	-
Derivative Assets and Collateral held by counterparty (i) (ii) (ii) (iii)=(i)+1 (iii)=(i)	Total				-
(i) (ii) (iii) (iii)=(i)+(iii)+(iii)+(iii)+(iii)+(iii)+(iii)+(iii)+(iii)+(iii)+(iii)+(iii)+(iii)+(iii)+(iii)+(iii)+(iii)+(iiii)+(iii)+(iii)+(iiiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiii)+(iiiii)+(iiii)+(iiii)+(iiiii)+(iiiiii)+(iiiiiiii	Ç	, , ,	June 2017:		
Impact of master netting arrangement not in the statement of assets and liabilities Gross assets not offset in the statement of assets and liabilities Gross amounts of assets in the statement of assets and liabilities Gross amounts of assets in the statement of assets and liabilities Financial instruments Cash collateral held Net amou US\$ US\$ US\$ US\$ US\$ US\$ US\$			(ii)	(iii)=(i)+(ii)
In the statement of assets and liabilities Gross assets not offset in the statement of assets and liabilities Gross assets and liabilities Gross amounts of assets in the statement of assets and liabilities Financial instruments Cash collateral held Net amou US\$		V			() (7 . ()
Gross assets not offset in the statement of assets and liabilities Gross amounts of assets in the statement of assets and liabilities Financial instruments Cash collateral held Net amou Counterparty US\$ US\$ US\$ The Bank of New York Mellon SA/NV 97,157 (97,157) -					
Gross amounts of assets in the statement of assets and liabilities Financial instruments Cash collateral held Net amou Counterparty US\$ US\$ US\$ US\$ The Bank of New York Mellon SA/NV 97,157 (97,157) -					
Gross amounts of assets in the statement of assets and liabilities Financial instruments Cash collateral held Net amou Counterparty US\$ US\$ US\$ US\$ The Bank of New York Mellon SA/NV 97,157 (97,157) -					
Counterparty US\$ US\$ US\$ US\$ The Bank of New York Mellon SA/NV 97,157 (97,157) -		Gross amounts of assets in the			
Counterparty US\$ US\$ US\$ The Bank of New York Mellon SA/NV 97,157 (97,157) -		statement of assets and liabilities	Financial instruments	Cash collateral held	Net amount
The Bank of New York Mellon SA/NV 97,157 (97,157) -	Counterparty				US\$
				-	-
TOTAL 97.107 -	Total	97,157	(97,157)		

Notes to the financial statements For the year ended 30 June 2018 (continued)



(2,703,511)

(97.157)

6. Offsetting financial assets and financial liabilities (continued)

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

Derivative Liabilities and collateral pledged	d by counterparty			
	(i)	(ii)		(iii)=(i)+(ii)
		Impact of master nettin	g arrangement not	
		in the statement of as	sets and liabilities	
		Gross liabilities not offse	t in the statement of	
		assets and I	iabilities	
	Gross amounts of liabilities in the		Cash collateral	
	statement of assets and liabilities	Financial instruments	pledged	Net amount
Counterparty	US\$	US\$	US\$	US\$
The Bank of New York Mellon SA/NV	2,800,668	(97,157)	(2,703,511)	-

2,800,668

As at 30 June 2018, the amount of collateral cash pledged is US\$13,693,905 (2017: US\$17,725,987).

7. Financial instruments and associated risk

The Fund'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 Fund is exposed to are market risk, credit risk and liquidity risk. Market risk includes security price risk, interest rate risk, volatility risk and foreign currency risk. The Fund manages these risks on an aggregate basis along with the risks associated with its investing activities as part of its overall risk management policies.

The nature and extent of the financial instruments outstanding at the date of the statement of assets and liabilities and the risk management policies employed by the Fund are discussed below.

The following summary is not intended to be a comprehensive summary of all the risks and the shareholders should refer to the Fund's offering documents for a more detailed discussion of the risks inherent in investing in the Fund.

Overall risk management

AHL Diversified Programme

Total

AHL manages the AHL Diversified Programme which employs sophisticated computerised processes to identify trends 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 the financial markets exhibit persistent trends and other 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, 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 agriculturals.

As well as emphasising sector and markets diversification, the AHL Diversified Programme has been constructed to achieve diversification by 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 350 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 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 any restrictions set out in the Offering Memorandum. It should also be noted that the AHL Diversified Programme traded by the Fund may differ from the AHL Diversified Programme traded by other investment products managed by entities within the Man Group. These differences generally include, among other things, differences in the types of financial instruments, markets and asset classes traded which arise out of legal structuring, applicable law and other restrictions and/or considerations with respect to such investment products.

Notes to the financial statements For the year ended 30 June 2018 (continued)



7. Financial instruments and associated risk (continued)

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 or underlying investments' prices.

If the markets should move against one or more positions in certain of the financial instruments the Fund holds, the Fund could incur losses greater than the amounts reflected in the statement of assets and liabilities. The Fund's exposure to market risk may be due to many factors, including movements in interest rates, foreign exchange rates, indices, market volatility, and commodity and security values underlying these instruments. The Investment Manager measures and controls the Fund's market risk through the use of various risk management techniques and various analytical monitoring techniques.

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 from the beginning of the year to the end of the year.

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

As at 30 June 2018, the annualised volatility for the Fund for Class A USD was 14.03% (2017: 8.62%), for Class B JPY was 14.01% (2017: 8.75%), for Class C AUD was 14.02% (2017: 8.63%), and for Class E JPY was 14.01% (2017: 8.75%).

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.

The Fund 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.

The Fund's direct exposure to interest rate risk is on cash and cash equivalents, balances with brokers and government bonds held at 30 June 2018 and 30 June 2017.

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 Fund is exposed to currency risk through its investment in non-US\$ denominated investments and the non-US\$ denominated share classes of the Fund are exposed to currency risk through their investments in US\$ denominated investments. The Investment Manager has an active procedure to monitor foreign exchange exposures and manages this risk through entering into offsetting forward currency contracts.

Some monetary assets and liabilities are denominated in foreign currencies. They represent the Fund's pre-hedged exposure and do not take account of the significantly reduced sensitivity to foreign currency risk that results from currency hedging techniques used.

The Fund is 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.

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 instrument.

The Fund is exposed to price risk from its investments. Due to the nature of the trading strategies followed by these investments, no direct relationship between any market factors and the expected prices of the investments 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 Fund.

The Fund's maximum exposure to credit risk (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, other than derivatives, is the carrying amount of those assets in the statement of assets and liabilities.

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.

Notes to the financial statements For the year ended 30 June 2018 (continued)



7. Financial instruments and associated risk (continued)

Credit/counterparty risk (continued)

The significant exposures are to the Banks and the Brokers.

The Investment Manager performs due diligence on all counterparties before they become a service provider or counterparty to the Fund, and credit quality checks are part of this process. The credit quality of the Fund's Banks, Brokers and any lenders is regularly monitored and factored into allocation decisions.

The tables below analyse the Fund's exposure of cash and cash equivalents, balances with brokers, investment in securities at fair value and derivatives at fair value by rating agency category at 30 June 2018 and 30 June 2017.

		2018	2018
Counterparty	Moody's Rating	US\$	%
Citibank N.A.	A1	6,676	-
Deutsche Bank	Baa2	(14)	-
BNP Paribas	Aa3	16,942,735	7.60%
The Bank of New York Mellon SA/NV	A1	205,842,293	92.49%
		222,791,690	100.09%
		2017	2017
Counterparty	Moody's Rating	US\$	%_
Citibank N.A.	A1	6,589	-
Deutsche Bank	A3	(13)	-
BNP Paribas	A1	26,666,940	9.33%
The Bank of New York Mellon SA/NV	A1	259,144,243	90.67%
		285,817,759	100.00%

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

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with liabilities. Redeemable Participating Shareholder redemption requests are the main liquidity risk for the Fund.

The Fund's Redeemable Participating Shares are redeemable as outlined in Note 11. 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.

Generally, the Fund takes on minimal liquidity risk as it invests in managed funds with a redemption notice period equal to or less than that of the Fund. This ensures that liquidity can always be maintained.

Derivative financial instruments

The Fund 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 the 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 Fund 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 Fund'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 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, or the exchange-traded derivatives are included in the statement of assets and liabilities.

8. Fees, commissions and other expenses

Management and Performance fees

The management and performance fees are recognised in accordance with the Offering Memorandum and the Investment Management Agreement and are payable to Man Investments AG (the "Services Manager"). The Services Manager agrees to share such fees with the Investment Manager for the services provided under the Investment Management Agreement.

Notes to the financial statements For the year ended 30 June 2018 (continued)



8. Fees, commissions and other expenses (continued)

Management and Performance fees (continued)

Management fees

In respect of the Class A USD Redeemable Participating Shares, Class B JPY Redeemable Participating Shares and Class C AUD Redeemable Participating Shares, a management fee will be calculated and charged as at each valuation day and paid monthly at a rate of up to 2.00% per annum of the Net Asset Value of the Redeemable Participating Shares. In respect of Class E JPY Redeemable Participating Shares, a management fee will be calculated and charged as at each valuation day and paid monthly at a rate of up to 1.70% per annum of the Net Asset Value of the Redeemable Participating Shares up to 30 November 2016 and at a rate of up to 1.35% per annum of the Net asset value of the Redeemable participating shares thereafter.

Performance fees

In respect of all the Redeemable Participating Share classes, a performance fee will be calculated and charged as at each valuation day and paid monthly at a rate of up to 20.00% of any net new appreciation per Redeemable Participating Share (prior to the calculation and deduction of the performance fee).

Services management fees

In consideration for the services provided by the Services Manager, the Fund will pay the Services Manager a service management fee calculated and charged as at each valuation day at the rate of 0.25% per annum of the Net Asset Value of all the Redeemable Participating Share classes subject to a minimum of US\$50,000 for each Redeemable Participating Share class. The fee shall be accrued on each valuation day and payable monthly in arrears.

The Services Manager will rebate to the Fund the amount of the services manager fee paid by AHL Institutional Series 3 Ltd and AHL Evolution Ltd that is attributable to the Fund's holding in AHL Institutional Series 3 Ltd and AHL Evolution Ltd. The rebated amount shall be payable monthly in US\$ by the Services Manager to the Fund.

The Services Manager pays fees to BNY Mellon Fund Services (Ireland) Designated Activity Company (the "Administrator") for all administration services provided out of the services management fee.

Introducing broker fee

In respect of all the Share classes, an introducing broker fee at a rate of up to 1.00% per annum of the Net Asset Value of the each Share class will be calculated and charged as at each valuation day and paid monthly.

Company secretary fees

In consideration for the secretarial services provided by the Company Secretary, the Fund will pay an annual retainer fee at the Company Secretary's customary rates for such services. CSS Corporation Ltd as company secretary (the "Company Secretary"), receives an annual fee of US\$5,500 and 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. The costs of any such Company Secretary fees, disbursements or expenses shall be applied pro-rata to each Class of Redeemable Participating Shares.

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 Fund. 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 Fund.

Man Investments AG is a related party as it is the Services Manager and Marketing Adviser of the Fund.

AHL Partners LLP and Man Investments AG are subsidiaries of Man Group plc and all subsidiaries of Man Group plc are related parties.

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 Fund. These activities include management or administration of other companies (including those with investment objectives similar to that of the Fund 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 Fund may invest and/or which may invest into the Fund.

Man Investments AG will rebate to the Fund the amount of the services management fee applicable to its holding in AHL Institutional Series 3 Ltd and AHL Evolution Ltd the rebated amount is calculated and payable monthly in US\$ by the Services Manager to the Fund at a rate of 0.15% of the value of the Fund's holding in AHL Institutional Series 3 Ltd and AHL Evolution Ltd. Under the rebate agreement signed between the Services Manager and the Fund, the Services Manager will rebate a proportionate amount of the service management fee it earns from the related managed funds to the Fund. The rebate asset of US\$45,536 (2017: US\$64,076) and income of US\$621,367 (2017: US\$796,784) is included in the statement of assets and liabilities and statement of operations respectively.

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

Notes to the financial statements For the year ended 30 June 2018 (continued)



9. Related party transactions (continued)

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

For the year ended 30 June 2018		Total	Fees payable/(prepaid)
		Fees	at 30 June 2018
Related party	Type of fee	US\$	US\$
Man Investments AG	Management fees	8,067,587	582,885
Man Investments AG	Introducing broker fees	4,456,692	321,282
Man Investments AG	Services management fees	1,153,686	83,586
Man Investments AG	Services management fees rebate*	(621,367)	(45,536)
Directors	Directors' fees**	12,000	5,026
For the year ended 30 June 2017		Total	Fees payable/(prepaid)
For the year ended 30 June 2017		Fees	at 30 June 2017
For the year ended 30 June 2017 Related party	Type of fee		
•	Type of fee Management fees	Fees	at 30 June 2017
Related party	7	Fees US\$	at 30 June 2017 US\$
Related party Man Investments AG	Management fees	Fees US\$ 10,207,092	at 30 June 2017 US\$ 1,531,831
Related party Man Investments AG Man Investments AG	Management fees Introducing broker fees	Fees US\$ 10,207,092 5,521,265	at 30 June 2017 US\$ 1,531,831 856,949

^{*}Service management fee rebates are presented within other assets and other income in the statement of assets and liabilities and the statement of operations respectively as at 30 June 2018 and 30 June 2017.

10. Share capital

The Fund has an authorised share capital of US\$50,000 comprising 1,000 Management Shares ("Management Shares") of US\$1.00 par value each which carry 100% of the voting rights regardless of whether they are called, and 490,000,000 Redeemable Participating Shares of US\$0.0001 par value each; AUD50,000 divided into 500,000,000 Redeemable Participating Shares of AUD0.0001, JPY5,000,000 divided into 500,000,000 Redeemable Participating Shares of JPY0.01 each and EUR50,000 divided into 500,000,000 Redeemable Participating Shares of EUR0.0001 (collectively "Redeemable Participating Shares").

Management Shares of the Fund

The Management Shares are held by Master Multi-Product Holdings Ltd. which is wholly-owned by Codan Trust Company Limited as trustee of the Master Multi-Product Purpose Trust, a special purpose trust formed under the laws of Bermuda pursuant to a Deed of Trust made by Codan Trust Company Limited dated 14 December 2005. As at 30 June 2018 and 30 June 2017, these shares were fully issued and no amounts were paid or payable to the Fund.

Redeemable Participating Shares of the Fund

Class A USD Redeemable Participating Shares, Class B JPY Redeemable Participating Shares and Class C AUD Redeemable Participating Shares were offered for sale by the Fund on 9 April 2012 at US\$1 per Share, JPY100 per Share and AUD1 per Share and thereafter have been offered at the prevailing net asset value on each business day, and any other such days as the Directors shall determine, upon receipt of an application no later than 21:00 (Japan standard time) on the business day before the relevant subscription day.

Class E JPY Redeemable Participating Shares were made available at the invitation of the Directors and were subscribed for on 23 February 2016 at JPY100 per Share and thereafter have been offered at the prevailing net asset value on each business day, and any other such days as the Directors shall determine, upon receipt of an application no later than 21:00 (Japan standard time) on the business day before the relevant subscription day.

Redeemable Participating Shares Shareholders may, upon written notice no later than 21:00 (Japan standard time) one business day before the relevant redemption day on which the redemption is required to be effected, normally redeem their Redeemable Participating Shares on any business day at a redemption price calculated by reference to the NAV per Redeemable Participating Share on the Valuation Day immediately preceding the redemption day on which the redemption is to be effected.

The rights of each Redeemable Participating Shareholder are limited to the assets attributable to the relevant Class of Redeemable Participating Shares. The obligations of the Fund in respect of each Class of Redeemable Participating Shares will only be payable from the respective value or 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 Fund to pay monies to Redeemable Participating 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 Fund.

^{**}Directors' fees are included within other expenses in the statement of operations and accrued expenses and other liabilities in the statement of assets and liabilities.

Notes to the financial statements For the year ended 30 June 2018 (continued)



10. Share capital (continued)

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

30 June 2018	Class A USD	Class B JPY	Class C AUD	Class E JPY
	No. of Shares	No. of Shares	No. of Shares	No. of Shares
Balance at the beginning of the year	50,346,460	276,124,743	4,095,870	205,387,998
Issue of Redeemable Participating Shares for the year	2,044,714	15,146,930	33,214	4,990,000
Redemption of Redeemable Participating Shares for the year	(6,931,140)	(70,140,606)	(495,995)	(58,998,620)
Balance at the end of the year	45,460,034	221,131,067	3,633,089	151,379,378
30 June 2017	Class A USD	Class B JPY	Class C AUD	Class E JPY
	No. of Shares	No. of Shares	No. of Shares	No. of Shares
Balance at the beginning of the year	73,696,387	277,030,303	4,792,075	223,999,942
Issue of Redeemable Participating Shares for the year	4,946,806	34,443,023	19,056	2,000,000
Redemption of Redeemable Participating Shares for the year	(28,296,733)	(35,348,583)	(715,261)	(20,611,944)
Balance at the end of the year	50,346,460	276,124,743	4,095,870	205,387,998

In the event of a winding-up or dissolution of the Fund or upon the distribution of capital, the holders of the Redeemable Participating Shares shall be entitled, following a payment to the holders of Management Shares of the par value thereof, to the return of the assets of the Fund held in respect of that class and, thereafter, to share pro rata in the assets, if any, of the Fund which are not held in respect of any class of shares.

Capital management

The Fund's objectives for managing capital are:

- · 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 Fund and to meet redemption requests as they arise; and
- maintaining sufficient size to make the operation of the Fund cost-efficient.

Refer to Note 7 'Financial instruments and associated risk', for the policies and processes applied by the Fund in managing its capital.

11. Financial highlights

The financial highlights disclosed below are for the year ended 30 June 2018:

	Class A	Class B	Class C	Class E
Per share operating performance:	USD	JPY	AUD	JPY
Net asset value per share at the beginning of the year	1.1860	115.0569	1.2561	83.6128
Change in net asset value per share resulting from operations:				
Net investment loss Net realised gain/(loss) and change in unrealised appreciation on investments in securities,	(0.0329)	(3.1628)	(0.0473)	(1.7376)
derivatives and foreign currency	0.0726	4.5552	0.0741	3.2984
Net increase in net asset value per share resulting from operations	0.0397	1.3924	0.0268	1.5608
Net asset value per share at the end of the year	1.2257	116.4493	1.2829	85.1736
Total return (i):				
Total return	3.35%	1.21%	2.13%	1.87%
Ratios to average net assets (ii): Net investment loss	(2.64%)	(2.64%)	(3.60%)	(1.99%)
Total expenses	(3.26%)	(3.26%)	(4.23%)	(2.61%)
Non-trade expenses (iii)	(2.26%)	(2.26%)	(3.23%)	(1.61%)

Notes to the financial statements For the year ended 30 June 2018 (continued)



11. Financial highlights (continued)

The financial highlights disclosed below are for the year ended 30 June 2017:

Per share operating performance:	Class A USD	Class B JPY	Class C AUD	Class E JPY
Net asset value per share at the beginning of the year	1.2935	127.4891	1.3764	92.2101
Change in net asset value per share resulting from operations: Net investment loss Net realised and change in unrealised depreciation on investments in securities, derivatives	(0.0349)	(3.4147)	(0.0480)	(2.0965)
and foreign currency	(0.0726)	(9.0175)	(0.0723)	(6.5008)
Net decrease in net asset value per share resulting from operations	(0.1075)	(12.4322)	(0.1203)	(8.5973)
Net asset value at end of year	1.1860	115.0569	1.2561	83.6128
Total return (i): Total return	(8.31%)	(9.75%)	(8.74%)	(9.32%)
Ratios to average net assets (ii): Net investment loss	(2.84%)	(2.85%)	(3.68%)	(2.41%)
Total expenses	(3.10%)	(3.13%)	(3.95%)	(2.69%)
Non-trade expenses (iii)	(2.16%)	(2.18%)	(3.01%)	(1.74%)

i. The total return as computed is not annualised, if relates to a period not equal to one year.

12. Indemnifications

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

13. Comparative information

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

Subsequent events

The Fund evaluated the possibility of subsequent events existing in the financial statements through 8 November 2018, the date the financial statements were available to be issued. The Fund has determined that there were no material events that would require disclosure in the Fund's financial statements other than those listed below.

Since the year end up to 8 November 2018, there have been subscriptions and redemptions as follows:

	Subscriptions	Redemptions
Class A USD	49,197	1,375,119
Class B JPY	685,373,581	389,976,814
Class C AUD	Nil	37,350
Class E JPY	Nil	Nil

ii. The financial highlights are calculated for the shares taken as a whole. An individual investor's financial highlights may vary from the above based on the timing of capital transactions and individual management fee arrangements.

iii. The ratio details the total expenses less trading costs (including interest costs, dividend costs and transaction and brokerage costs) incurred by the Fund in the course of normal trading, to the average net assets described above.



Ernst & Young Ltd. 62 Forum Lane Camana Bay P.O. Box 510 Grand Cayman KY1-1106 CAYMAN ISLANDS Tel: +1 345 949 8444 Fax: +1 345 949 8529 ev.com

Report of Independent Auditors

The Board of Directors
Man AHL Diversified (Cayman) Ltd.

We have audited the accompanying financial statements of Man AHL Diversified (Cayman) Ltd. (the "Fund"), which comprise the statement of assets and liabilities, including the condensed schedule of investments, as of 30 June 2018 and 30 June 2017, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Man AHL Diversified (Cayman) Ltd. at 30 June 2018 and 30 June 2017, and the results of its operations, changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst + Young Ltd.

8 November 2018