



# Man AHL Diversified (Cayman) Ltd. Table of Contents



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# Man AHL Diversified (Cayman) Ltd. Directory



#### **Board of Directors**

Jennifer Collins Timothy Sweeting Jennifer Thomson

#### Registered Office

Maples Corporate Services Limited P.O. Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands

#### Investment Manager and Introducing Broker

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

#### Manager

Man Asset Management (Cayman) Limited P.O. Box 309 Ugland House South Church Street Grand Cayman KY1-1104 Cayman Islands

#### Administrator

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

# Ireland Auditor

Deloitte & Touche LLP 60 Nexus Way, 8th Floor Camana Bay P.O. Box 1787 Grand Cayman KY1-1109 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 Fund (as to Cayman Islands law)

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

#### Company Secretary

Maples Secretaries (Cayman) Limited P.O. Box 1093 Boundary Hall, Cricket Square Grand Cayman KY1-1102 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 2023. A summary of the results for the year under review is shown on page 8. A review of the business during the year which has been prepared by the Investment Manager is outlined below.

#### Market summary

The reporting period, covering the second half of 2022 and first half of 2023, represented a transitory one in global markets. Inflation, at least in the United States of America, came in significantly below expectations in November 2022, resulting in declines in market predictions for rate hikes from the US Federal Reserve. Market narratives started to include concerns about whether tightening had gone too far, and may result in recessions, locally, if not globally. Trends reversed sharply mid-March in the wake of the mini banking crisis that ensnared Silicon Valley Bank, First Republic, Signature and Credit Suisse amongst others. Haven assets, in particular government bonds, rallied sharply, with 2-year US treasury yields posting the largest one-day decline since 1987. Bond volatility, measured by the MOVE Index, spiked to a 14-year high. Elsewhere, China relaxed its strict Covid rules, the conflict between Ukraine and Russia continued, and the world woke up to the potential powers of Generative-Al.

#### Performance review

Against this backdrop Man AHL Diversified (Cayman) Ltd. (the "Fund") returned -1.74%<sup>1</sup>, with losses incurred in commodities, credit, and equities overcoming gains from currencies.

Commodities trading proved troublesome over the period. In particular, the Fund entered the period long energies because of the surge in energy prices in the immediate aftermath of the Russian invasion of Ukraine, but prices reversed on recessionary concerns. European Union Allowances Carbon Emissions prices continued their whipsawing characteristics of late, making life hard for trend-following strategies. Metals trading also experienced difficulties, with silver in particular being buffeted by the opposing forces of recessionary concerns in western economies and the relaxation of China's strict Covid rules. Although agricultural commodities lost out overall, a long position in sugar was profitable as prices rose to eleven-year highs on supply concerns in Asia and Europe.

Trading in equities finished the period marginally in the red, although there was significant diversification. The S&P TSX 60 Index of Canadian stocks peaked in early 2022 and has been rangebound since, generating losses for the Fund. Profits originated from longs in Taiwan's equity indices, on the other hand, which were propelled higher by comments from the CEO of market darling Nvidia stating his confidence in the country for the manufacturing of its chips, which are much sought-after given the surge in Generative AI interest. A short position in the VIX volatility interest was also profitable as equity volatility remained low. Credit indices also proved difficult hunting ground for trends; losses were incurred in most positions but were concentrated in US investment-grade and high-yield names.

Fixed income trading finished flat on the period. Gains were seen from trading short-term rates such as Sterling Overnight Index Average ('SONIA') and Secured Overnight Financing Rate ('SOFR'), whose prices fell steadily in response to rising rates from central banks. Dominantly short US Treasury positions were also profitable, whilst short positions in Canadian instruments generated losses.

Currency trading bore the most fruit for the Fund over the period. The perception that the Federal Reserve would be able to halt its rate rises sooner than most other central banks was a drag on the greenback and resulted in profits particularly in its pairing versus the Mexican peso, for example. There were exceptions, of course, particularly with the South African rand and Canadian dollar, which were much more rangebound against the greenback.

#### Future outlook

Trend-following is an active strategy, a timing mechanism, which is informed by price moves and adjusts its positions accordingly. This allows the Fund to perform irrespective of the prevailing macro-economic trends. Historically, bursts of inflation and disinflation have presented good opportunities for the strategy, and the Investment Manager anticipates that the current environment, which fits this narrative, should be no different.

Details of 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 2 November 2023.

Jennifer Thomson	Timothy Sweeting
Director	Director

Performance data is shown net of fees with income reinvested, as at 30 June 2023, and does not take into account sales and redemption charges where such costs are applicable. Returns are calculated of (up to) 2% management fees and 20% performance fees for Man AHL Diversified (Cayman) Ltd. USD share class. Other share classes may charge higher fees. Please consult the Offering Memorandum or Key Investor Information Document ('KIID') for more information.

Statement of assets and liabilities
As at 30 June 2023



	N	Votes	2023 US\$	2022 US\$
Assets				
Cash and cash equivalents - unrestricted		3	872,278	19,943,819
Cash and cash equivalents - restricted		3	23,750,048	16,854,160
Investments in securities, at fair value (Cost: US\$335,720,099 (2022: US	S\$351,166,615))	4	344,121,647	399,708,920
Derivatives, at fair value		4,5	1,697	216
Services management fees rebate receivable		8,9	44,399	54,161
Other assets		_	30,047	42,165
Total assets		-	368,820,116	436,603,441
Liabilities				
Redemptions payable			87,559	67,839
Collateral balances - due to brokers		3	177,244	-
Derivatives, at fair value		4,5	1,321,388	1,834,913
Management fees payable		8,9	527,057	694,306
Introducing broker fees payable		8,9	302,484	305,254
Services management fees payable		8,9	79,105	95,273
Directors' fees payable		8,9	6,000	6,000
Performance fees payable		8,9	-	2,595,245
Accrued expenses and other liabilities		8 _	37,202	34,606
Total liabilities		-	2,538,039	5,633,436
Net assets attributable to Redeemable Participating Shareholders		=	366,282,077	430,970,005
Which are represented by:				
14,370,436 (2022: 30,082,771) Class A USD Redeemable Participating	Shares with a			
Net Asset Value per Redeemable Participating Share of US\$1.8621 (20		10	US\$26,760,062	US\$57,009,586
166,882,536 (2022: 140,903,141) Class B JPY Redeemable Participatir Net Asset Value per Redeemable Participating Share of JPY165.6899	ng Shares with a			
(2022: JPY173.8000)		10	JPY27,650,767,363	JPY24,488,965,987
2,410,181 (2022: 2,559,054) Class C AUD Redeemable Participating SI Net Asset Value per Redeemable Participating Share of AUD1.8199 (20		10	AUD4,386,489	AUD4,813,632
170,519,997 (2022: 201,528,627) Class E JPY Redeemable Participatin Net Asset Value per Redeemable Participating Share of JPY122.7400	ng Shares with a			
(2022: JPY128.1300)		10	JPY20,929,624,432	JPY25,821,862,978
Approved and authorised for issue on behalf of the Board on 2 November	2023.			
	imothy Sweeting			
Director	Director			

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

As at 30 June 2023



Long Securities and Derivatives a	t Fair Value							
	Redemption	Redemption notice	2023 Quantity	2023 Fair Value	2023 % of	2022 Quantity	2022 Fair Value	2022 % of
Long Securities at Fair Value	frequency	period	/Par Value	US\$		/Par Value		Assets
Government Bonds								
United States								
United States Treasury Bill 0% 07/0	07/22		-	-	-	25,000,000	24,997,075	5.80%
United States Treasury Bill 0% 15/0			-	-		50,000,000	49,833,999	
United States Treasury Bill 0% 22/0 United States Treasury Bill 0% 29/0			-	-		50,000,000 50,000,000	49,812,896	
United States Treasury Bill 0% 29/0			45,000,000	44,893,512		50,000,000	49,791,237	11.30%
United States Treasury Bill 0% 10/0			50,000,000	49,729,641	13.58%	-	_	_
United States Treasury Bill 0% 17/0			16,000,000	15,897,013	4.34%	-	-	-
United States Treasury Bill 0% 02/1	11/23		36,000,000	35,367,553	9.65%	-	-	-
Total United States (Cost: US\$14	14,061,888		•					
(2022: US\$174,275,212))			•	145,887,719	39.83%		174,435,207	40.48%
Total Government Bonds (Cost: U	JS\$144,061,888		•					
(2022: US\$174,275,212))			,	145,887,719	39.83%		174,435,207	40.48%
Managed Funds								
Bermuda								
AHL Evolution Ltd*	Daily	1 Day	6,260	70,779,834	19.32%	6,452	80,050,292	
AHL Institutional Series 3 Ltd*	Daily	1 Day	595,485	127,454,094	34.80%	688,278	145,223,421	33.70%
Total Bermuda (Cost:			•					
US\$191,658,211 (2022:				198,233,928	54.12%		225,273,713	52.27%
Total Managed Funds (Cost: US\$	191.658.211		•			· -		
(2022: US\$176,891,403))	,,			198,233,928	54.12%	_	225,273,713	52.27%
Total Lang Consulting at Fair Value	- (Ot-							
Total Long Securities at Fair Value US\$335,720,099 (2022: US\$351,1				344,121,647	93.95%		399,708,920	92.75%
004000,120,000 (2022, 00400),	00,010,		•	011,121,011	00.0070	· -	000), 00)020	0211070
Long Derivatives at Fair Value								
Forward Currency Contracts Various currencies				(1,716)	_		(210)	_
vanoao canonoloo							(210)	
Total Forward Currency Contract	s			(1,716)	-		(210)	
Total Long Derivatives at Fair Valu	Je		•	(1,716)	-		(210)	
Total Long Securities and Derivati	ivos at Eair		•					
Value (Cost: US\$335,720,099 (20)				344,119,931	93.95%		399,708,710	92.75%
			•					
Short Derivatives at Fair Value Forward Currency Contracts								
Various currencies				(1,317,975)	(0.36%)		(1,834,487)	(0.43%)
					,			
Total Forward Currency Contracts	S			(1,317,975)	(0.36%)		(1,834,487)	(0.43%)
Total Short Derivatives at Fair Val	ue			(1,317,975)	(0.36%)		(1,834,487)	(0.43%)
					·	_		_

<sup>\*</sup> The managed funds are affiliated to the Fund as they share the same Investment Manager. There are no management fees or performance fees charged by the Investment Manager to the managed funds.

Condensed schedule of investments (continued) As at 30 June 2023



Reconciliation of long and short derivatives (Note 4)**	Fair Value	Fair Value
	US\$	US\$
	2023	2022
Derivative Assets at Fair Value		_
Total fair value of short derivative assets	1,697	216
Total Derivative Assets at Fair Value	1,697	216
Derivative Liabilities at Fair Value		
Total fair value of long derivative liabilities	(1,716)	(210)
Total fair value of short derivative liabilities	(1,319,672)	(1,834,703)
Total Derivative Liabilities at Fair Value	(1,321,388)	(1,834,913)

<sup>\*\*</sup> The amounts included in the condensed schedule of investments are shown net of assets and liabilities and are based on quantity long/short.

The investment objective for investments exceeding 5% of the Fund's net assets as at 30 June 2023 and 30 June 2022 is shown below:

Investments held	Investment objective
AHL Evolution Ltd	Maximising long-term total returns
AHL Institutional Series 3 Ltd	Maximising long-term total returns

The proportionate share of the Fund in the individual investment positions of AHL Institutional Series 3 Ltd, by issuer, which exceeded (+/-) 5% of the Fund's NAV as at 30 June 2023 is shown below:

		Fair Value	% of Net Assets
Government of the United States	Holdings	US\$	of the Fund
United States Treasury Bill 0% 03/08/23	6,532,000	6,503,333	1.77%
United States Treasury Bill 0% 10/08/23	8,165,000	8,120,850	2.22%
United States Treasury Bill 0% 24/08/23	4,899,000	4,862,331	1.33%
United States Treasury Bill 0% 07/09/23	8,165,000	8,088,228	2.21%
United States Treasury Bill 0% 24/11/23	4,082,500	3,998,057	1.09%
		31,572,799	8.62%

The proportionate share of the Fund in the individual investment positions of AHL Evolution Ltd, by issuer, did not exceed (+/-) 5% of the Fund's NAV as at 30 June 2023.

Condensed schedule of investments (continued) As at 30 June 2023



The proportionate share of the Fund in the individual investment positions of AHL Evolution Ltd, by issuer, which exceeded (+/-) 5% of the Fund's NAV as at 30 June 2022 is shown below:

Government of the United States	Holdings	Fair Value US\$	% of Net Assets of the Fund
United States Treasury Bill 0% 07/07/22	990.000	989,884	0,23%
United States Treasury Bill 0% 14/07/22	990,000	989,612	0.23%
United States Treasury Bill 0% 28/07/22	990,000	989,312	0.23%
United States Treasury Bill 0% 04/08/22	990,000	988,902	0.23%
United States Treasury Bill 0% 11/08/22	990,000	988,522	0.23%
United States Treasury Bill 0% 11/00/22 United States Treasury Bill 0% 18/08/22	1,980,000	1,976,506	0.46%
United States Treasury Bill 0% 25/08/22	990,000	987,817	0.40%
United States Treasury Bill 0% 08/09/22	1,980,000	1,974,084	0.46%
United States Treasury Bill 0% 15/09/22	990,000	986,713	0.40%
United States Treasury Bill 0% 22/09/22	990,000	986,295	0.23%
United States Treasury Bill 0% 29/09/22	990,000	985.867	0.23%
United States Treasury Bill 0% 06/10/22	1,980,000	1,970,714	0.46%
United States Treasury Bill 0% 13/10/22	990,000	984,720	0.40%
United States Treasury Bill 0% 20/10/22	990,000	984,026	0.23%
United States Treasury Bill 0% 27/10/22	1,980,000	1,967,538	0.46%
United States Treasury Bill 0% 03/11/22	1,980,000	1,966,532	0.46%
United States Treasury Bill 0% 10/11/22	1,980,000	1,965,402	0.46%
United States Treasury Bill 0% 17/11/22	1,980,000	1,964,373	0.46%
United States Treasury Bill 0% 25/11/22	1,980,000	1,963,645	0.46%
United States Treasury Bill 0% 08/12/22	1,980,000	1,960,281	0.45%
United States Treasury Bill 0% 15/12/22	1,980,000	1,959,499	0.45%
United States Treasury Bill 0% 26/01/23	1,980,000	1,952,601	0.45%
United States Treasury Bill 0% 23/02/23	1,980,000	1,949,011	0.45%
United States Treasury Bill 0% 23/03/23	990,000	973,038	0.23%
United States Treasury Bill 0% 20/04/23	990,000	969,433	0.22%
United States Treasury Inflation Indexed Bonds 0.13% 15/10/26	(450,310)	(446,199)	(0.10%)
United States Treasury Inflation Indexed Bonds 0.13% 15/04/27	(577,708)	(568,703)	(0.13%)
	(=::,:==)	35,359,425	8.23%

The proportionate share of the Fund in the individual investment positions of AHL Institutional Series 3 Ltd, by issuer, which exceeded (+/-) 5% of the Fund's NAV as at 30 June 2022 is shown below:

Government of the United States	Holdings	Fair Value US\$	% of Net Assets of the Fund
United States Treasury Bill 0% 14/07/22	4,809,000	4,807,115	1.12%
United States Treasury Bill 0% 25/08/22	8,015,000	7,997,328	1.86%
United States Treasury Bill 0% 15/09/22	8,015,000	7,988,390	1.85%
United States Treasury Bill 0% 29/09/22	8,015,000	7,981,535	1.85%
United States Treasury Bill 0% 06/10/22	8,015,000	7,977,411	1.85%
United States Treasury Bill 0% 13/10/22	8,015,000	7,972,253	1.85%
United States Treasury Bill 0% 20/10/22	8,015,000	7,966,634	1.85%
United States Treasury Bill 0% 27/10/22	8,015,000	7,964,552	1.85%
United States Treasury Bill 0% 25/11/22	8,015,000	7,948,796	1.84%
United States Treasury Bill 0% 15/12/22	8,015,000	7,932,011	1.84%
		76,536,025	17.76%

Statement of operations
For the year ended 30 June 2023



Investment income		Notes	2023 US\$	2022 US\$
Services management fees rebate         8,9         552,842         602,799           Total investment income         6,988,315         909,628           Expenses         8,9         6,688,924         7,358,116           Introducing broker fees         8,9         3,843,420         4,228,340           Performance fees         8,9         1,837,732         14,292,711           Services management fees         8,9         1,837,732         14,292,711           Services management fees         8,9         1,003,028         1,098,704           Interest expense         42,002         8,162           Directors' fees         8,9         12,000         12,000           Custodian fees         8,9         12,000         12,000           Custodian fees         8         4,419         6,389           Other expenses         8         80,905         65,720           Total expenses         8         80,905         65,720           Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency         5         9,319,846         9,729,372           Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency         5	Investment income	140100		<u> </u>
Case	Interest income		6,435,473	306,829
Expenses   Say	Services management fees rebate	8,9	552,842	602,799
Management fees         8,9         6,688,924         7,358,116           Introducing broker fees         8,9         3,843,420         4,228,340           Performance fees         8,9         1,837,732         14,292,711           Services management fees         8,9         1,003,028         1,098,704           Interest expense         42,002         8,162           Directors' fees         8,9         12,000         12,000           Custodian fees         8         4,419         6,389           Other expenses         8         80,905         65,720           Total expenses         13,512,430         27,070,142           Net investment income/(loss)         (6,524,115)         (26,160,514)           Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency         5         9,319,846         9,729,372           Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency         5         (41,308,117)         (8,886,688)           Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency         5         (41,308,117)         (8,886,688)	Total investment income	_	6,988,315	909,628
Introducing broker fees	Expenses			
Performance fees         8,9         1,837,732         14,292,711           Services management fees         8,9         1,003,028         1,098,704           Interest expense         42,002         8,162           Directors' fees         8,9         12,000         12,000           Custodian fees         8         4,419         6,389           Other expenses         8         80,905         65,720           Total expenses         13,512,430         27,070,142           Net investment income/(loss)         (6,524,115)         (26,160,514)           Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency         5         9,319,846         9,729,372           Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency         5         (41,308,117)         (8,886,688)           Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency         5         (41,308,117)         (8,886,688)           Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency         5         (41,308,117)         (8,886,688)	Management fees	8,9	6,688,924	7,358,116
Services management fees 8,9 1,003,028 1,098,704 Interest expense 42,002 8,162 Directors' fees 8,9 12,000 12,000 Custodian fees 8 4,419 6,389 Other expenses 8 8,905 65,720 Total expenses 8 80,905 65,720 Total expenses 13,512,430 27,070,142 Net investment income/(loss) (6,524,115) (26,160,514)  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) on investments in securities, derivatives and foreign currency Net change in unrealised appreciation) on investments in securities, derivatives and foreign currency Net change in unrealised appreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/	Introducing broker fees	8,9	3,843,420	4,228,340
Interest expense Directors' fees 8,9 12,000 12,000 Custodian fees 8 4,419 6,389 Other expenses 8 80,905 65,720 Total expenses Net investment income/(loss) 13,512,430 27,070,142  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) on investments in securities, derivatives and foreign currency Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  (31,988,271) 842,684	Performance fees	8,9	1,837,732	14,292,711
Directors' fees 8,9 12,000 12,000 Custodian fees 8 4,419 6,389 Other expenses 8 80,905 65,720 Total expenses 13,512,430 27,070,142  Net investment income/(loss) 13,512,430 27,070,142  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) on investments in securities, derivatives and foreign currency Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  15	Services management fees	8,9	1,003,028	1,098,704
Custodian fees Other expenses Total expenses Total expenses  Net investment income/(loss)  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) on investments in securities, derivatives and foreign currency Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  (31,988,271)  842,684	Interest expense		42,002	8,162
Other expenses Total expenses  Net investment income/(loss)  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) on investments in securities, derivatives and foreign currency  Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  (31,988,271) 842,684	Directors' fees		12,000	12,000
Total expenses  Net investment income/(loss)  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) on investments in securities, derivatives and foreign currency  Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  (31,988,271)  842,684	Custodian fees		4,419	6,389
Net investment income/(loss)  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) on investments in securities, derivatives and foreign currency  Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  (31,988,271)  842,684	·	8 _		
Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) on investments in securities, derivatives and foreign currency  Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  (31,988,271) 842,684	Total expenses	-	13,512,430	27,070,142
securities, derivatives and foreign currency  Net realised gain/(loss) on investments in securities, derivatives and foreign currency  Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  5 9,319,846 9,729,372  6 (41,308,117) (8,886,688)  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  (31,988,271) 842,684	Net investment income/(loss)	<u>-</u>	(6,524,115)	(26,160,514)
Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  (31,988,271)  842,684				
foreign currency  Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency  5 (41,308,117) (8,886,688)  (31,988,271) 842,684	Net realised gain/(loss) on investments in securities, derivatives and foreign currency	5	9,319,846	9,729,372
Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency (31,988,271) 842,684	Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and			
securities, derivatives and foreign currency (31,988,271) 842,684	foreign currency	5 _	(41,308,117)	(8,886,688)
	Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in	_	·	
Net increase/(decrease) in net assets resulting from operations (38,512,386) (25,317,830)	securities, derivatives and foreign currency	_	(31,988,271)	842,684
	Net increase/(decrease) in net assets resulting from operations	<u>-</u>	(38,512,386)	(25,317,830)

Statement of changes in net assets For the year ended 30 June 2023



		2023	2022
	Notes	US\$	US\$
Net assets attributable to Redeemable Participating Shareholders at the beginning of the year		430,970,005	416,364,383
Change in net assets resulting from operations			
Net investment income/(loss)		(6,524,115)	(26,160,514)
Net realised gain/(loss) on investments in securities, derivatives and foreign currency	5	9,319,846	9,729,372
Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and			
foreign currency	5	(41,308,117)	(8,886,688)
Net increase/(decrease) in net assets resulting from operations		(38,512,386)	(25,317,830)
Change in net assets resulting from capital transactions			
Issuance of Class A USD Redeemable Participating Shares	10	705,238	-
Redemption of Class A USD Redeemable Participating Shares (a)	10	(27,748,187)	(3,147,780)
Issuance of Class B JPY Redeemable Participating Shares (a)	10	38,959,637	3,718,309
Redemption of Class B JPY Redeemable Participating Shares	10	(8,828,593)	(7,986,202)
Redemption of Class C AUD Redeemable Participating Shares	10	(175,577)	(165,205)
Issuance of Class E JPY Redeemable Participating Shares	10	13,108,676	47,727,324
Redemption of Class E JPY Redeemable Participating Shares	10	(42,196,736)	(222,994)
Net increase/(decrease) in net assets resulting from capital transactions		(26,175,542)	39,923,452
Net change in net assets		(64,687,928)	14,605,622
Net assets attributable to Redeemable Participating Shareholders at the end of the year		366,282,077	430,970,005

<sup>(</sup>a) Included within subscriptions for Class B JPY Redeemable Participating Shares are subscriptions of US\$26,278,099, the proceeds of which were simultaneously redeemed out of Class A USD Redeemable Participating Shares during the year ended 30 June 2023.

Statement of cash flows For the year ended 30 June 2023



	2023 US\$	2022 US\$
Cash flows from operating activities:	000	ΟΟΨ
Net increase/(decrease) in net assets resulting from operations	(38,512,386)	(25,317,830)
Adjustments to reconcile net increase/(decrease) in net assets resulting from operations to net		
cash provided by/(used in) operating activities:		
Purchases of investments in securities	(394,286,643)	(413,254,862)
Proceeds from disposal of investments in securities	455,044,162	425,677,477
Net realised (gain)/loss on investments in securities	(46,976,840)	(85,424,244)
Net change in unrealised (appreciation)/depreciation on investments in securities	41,806,594	8,260,112
Net change in unrealised (appreciation)/depreciation on derivatives	(515,006)	721,332
Net change in unrealised (appreciation)/depreciation on foreign currency	16,529	(94,756)
(Increase)/decrease in services management fees rebate receivable	9,762	(3,262)
(Increase)/decrease in other assets	12,118	(3,585)
Increase/(decrease) in collateral balances - due to brokers	177,244	(4,778,714)
Increase/(decrease) in management fees payable	(167,249)	71,674
Increase/(decrease) in introducing broker fees payable	(2,770)	(48,934)
Increase/(decrease) in services management fees payable	(16,168)	3,356
Increase/(decrease) in performance fees payable	(2,595,245)	982,997
Increase/(decrease) in accrued expenses and other liabilities	2,596	(88,418)
Net cash provided by/(used in) operating activities	13,996,698	(93,297,657)
Ocale flavor from flavor language and Miss.		
Cash flows from financing activities:	EO 770 EE1	E4 44E 000
Proceeds on issuance of Redeemable Participating Shares (a)	52,773,551	51,445,633
Payments on redemption of Redeemable Participating Shares (a)	(78,929,373)	(11,937,490)
Net cash provided by/(used in) financing activities	(26,155,822)	39,508,143
Effects of exchange rate changes on cash (including restricted cash)	(16,529)	94,756
	(10.150.10.1)	(50.700.54.4)
Net increase/(decrease) in cash and cash equivalents (including restricted cash)	(12,159,124)	(53,789,514)
Cash and cash equivalents (including restricted cash) at the beginning of the year	36,797,979	90,492,737
Cash and cash equivalents (including restricted cash) at the end of the year	24,622,326	36,797,979
Cash and cash equivalents (including restricted cash) consists of:		
Cash and cash equivalents - unrestricted	872,278	19,943,819
Cash and cash equivalents - unlestricted  Cash and cash equivalents - restricted	23,750,048	16,854,160
Cash and cash equivalents (including restricted cash) at the end of the year	24,622,326	36,797,979
Supplemental disclosure of cash flow information		
Interest paid	(42,002)	(8,162)

<sup>(</sup>a) Includes cash transfers totalling US\$26,278,099 from Class A USD Redeemable Participating Shares to Class B JPY Redeemable Participating Shares during the year ended 30 June 2023. Refer to Note 9 for further details.

Notes to the financial statements For the year ended 30 June 2023



#### General

Man AHL Diversified (Cayman) Ltd. (the "Fund") was incorporated on 12 March 2012 as an exempted company with limited liability under the Companies Act (as amended) of the Cayman Islands. The Fund is an open-ended mutual fund and is regulated under the Mutual Funds Act (as amended) of the Cayman Islands. 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 B JPY 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 2023.

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 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 the AHL Diversified Programme through investment in various instruments and equity or debt securities, including but not limited to investment in regulated or unregulated 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.

Man Asset Management (Cayman) Limited (the "Manager") has been appointed as the Manager to the Fund. The Manager sub-delegates investment management services to the Investment Manager. The Investment Manager is authorised and regulated by the United Kingdom Financial Conduct Authority (the "FCA") in the conduct of its regulated activities.

Deloitte & Touche LLP has been appointed auditor to the Fund and has replaced Ernst & Young Ltd. in this role.

The most recent applicable offering memorandum of the Fund is dated 1 March 2017 (the "Offering Memorandum") and the most recent addenda are dated 3 January 2018, 25 May 2018, 4 March 2019, 10 March 2021, 1 January 2022, 1 April 2022 and 9 March 2023 (the "Addenda").

#### 2. Significant accounting policies

The financial statements have been prepared in conformity with 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 March 2022, the FASB issued Accounting Standards Update No. 2022-02 (ASU 2022-02) "Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures". ASU 2022-02 is an amendment to ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". ASU 2022-02 requires an entity measure and record the lifetime expected credit losses on an asset that is within the scope of ASU 2016-13 upon origination or acquisition, and, as a result, credit losses from loans modified as troubled debt restructurings have been incorporated into the allowance for credit losses. ASU 2022-02 is effective for entities that have adopted the amendments to ASU 2016-13 for annual reporting periods, and interim periods within those years beginning after 15 December 2022. For entities that have not yet adopted the amendments in ASU 2016-13, the effective dates for the amendments for ASU 2022-02 are the same as the effective dates in ASU 2016-13. 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 a period of at least 12 months beyond the date these financial statements are available to be issued. 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 are 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 at 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.

Notes to the financial statements (continued) For the year ended 30 June 2023



#### 2. Significant accounting policies (continued)

#### (e) Fair value of financial instruments

#### 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). 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, 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.

Where an investment's characteristics change during the year and investments no longer meet the criteria of a given level, they are transferred into a more appropriate level at the end of the relevant financial reporting year.

#### 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 at 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 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, vendors and pricing services, 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 gain or loss or change in unrealised appreciation/(depreciation) 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/(depreciation) on investments in securities, derivatives and foreign currency are included in net realised gain/(loss) and change in unrealised appreciation/(depreciation) 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 in respect of derivative contracts (excluding payments or receipts on collateral margin account for such instruments). The cost of securities sold is accounted for on a 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 net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency in the statement of operations.

Notes to the financial statements (continued) For the year ended 30 June 2023



#### 2. Significant accounting policies (continued)

#### (g) Functional and reporting currency

The Fund seeks to generate returns in US\$, Australian Dollars and Japanese Yen, its capital-raising currencies. The liquidity of the Fund is managed on a day-to-day basis in US\$, 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 US\$. Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "Functional Currency"). The functional and reporting/presentation currency is the US\$.

#### (h) Foreign currency

Transactions during the year denominated in foreign currencies have been remeasured to US\$ 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/(depreciation) on investments in securities, derivatives and foreign currency in the statement of operations. Foreign currency assets and liabilities held at the year end were remeasured to US\$ at year end exchange rates.

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 the net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency in the statement of operations.

#### (i) Cash and cash equivalents - unrestricted

Cash and cash equivalents - unrestricted 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, with original maturities of three months or less. Cash and cash equivalents includes unrestricted cash balances held with the bank and the broker.

#### (j) Cash and cash equivalents - restricted and collateral balances - due to brokers

Cash and cash equivalents – restricted and collateral balances – due to brokers includes amounts transferred as collateral against open derivative 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.

#### (k) 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 Act (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 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 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. 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 2023 and 30 June 2022, the Fund did not incur any interest or penalties.

#### (I) Interest income and expense

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

#### (m) Expenses

All expenses are recognised on an accruals basis.

#### (n) 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"), mandatorily redeemable financial instruments are classified as liabilities. Financial instruments are deemed to be mandatorily redeemable 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 2023, which under the terms of *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* are mandatorily redeemable financial instruments and consequently a liability of the Fund and not part of equity. Redemptions payable as at 30 June 2023 is US\$87,559 (2022: US\$67,839).

Notes to the financial statements (continued) For the year ended 30 June 2023



#### 2. Significant accounting policies (continued)

#### (o) 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. At the year end no financial instruments of the Fund are being presented net within the statement of assets and liabilities.

#### (p) Allocation of income or expense

Income, expenses, and realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency are allocated pro-rata to each Redeemable Participating Share class based on their respective NAV. In the case that there are share classes designated in a currency other than the Functional Currency, the Investment Manager may use efficient portfolio management techniques to mitigate risks arising from exchange rate fluctuation. Any cost, related liabilities and/or benefits of such share class specific investment will be for the account of that share class only. Management and performance fees are charged on a share by share basis and will be charged only to the affected class of Redeemable Participating Shares in line with the fee rate specified in Note 8.

# 3. Cash and cash equivalents – unrestricted, cash and cash equivalents – restricted and collateral balances - due to brokers

At the year end amounts disclosed as cash and cash equivalents – unrestricted, cash and cash equivalents – restricted and collateral balances – due to 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 (the "Broker"). Cash and cash equivalents - restricted represents the margin and collateral account balances with the broker and collateral balances - due to brokers represents an amount payable to broker as a result of margin or collateral amount payable at the year end. These include amounts transferred as collateral (which is subject to a security interest) against open derivatives, short positions or securities purchased on margin.

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

Included in cash and cash equivalents – unrestricted and collateral balances - due to brokers at 30 June 2023 is cash in foreign currencies with a fair value of (US\$177,152) (cost: (US\$177,152)) (2022: US\$73,953 (cost: US\$74,113)).

#### 4. Fair value measurements

Details of the Fund's investments at 30 June 2023 and 30 June 2022 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 2023 and 30 June 2022, 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 vary 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 2023 and 30 June 2022, 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 2023 and 30 June 2022, 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.

Notes to the financial statements (continued) For the year ended 30 June 2023



#### 4. Fair value measurements (continued)

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 the 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 at 30 June 2023 and 30 June 2022:

As at 30 June 2023	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Long securities and derivative assets, at fair value	ООФ	ΟΟΦ	ΟΟΦ	
Investments in government bonds				
Government bonds  Total investments in government bonds	145,887,719 <b>145,887,719</b>	-	_	145,887,719 <b>145,887,719</b>
Total long securities, at fair value	145,887,719	-	-	145,887,719
<u>Derivatives</u>				
Forward currency contracts  Total derivatives	-	1,697	-	1,697 <b>1,697</b>
Total derivatives		1,697	-	1,097
Total long securities and derivative assets, at fair value	145,887,719	1,697	-	145,889,416
Derivative liabilities, at fair value				
<u>Derivatives</u>		(4.004.000)		(4.004.000)
Forward currency contracts  Total derivatives		(1,321,388) (1,321,388)	-	(1,321,388) (1,321,388)
Total derivative liabilities, at fair value		(1,321,388)	_	(1,321,388)
Total delivative liabilities, at fall value		(1,321,300)	<u>-</u>	(1,321,300)
Investments measured at NAV				198,233,928
Net investments at fair value			_	342,801,956
As at 30 June 2022	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Long securities and derivative assets, at fair value	<u> </u>	<u> </u>	υσφ	υσφ
Investments in government bonds				
Government bonds	174,435,207	-	-	174,435,207
Total investments in government bonds	174,435,207	-	-	174,435,207
Total long securities, at fair value	174,435,207		-	174,435,207
<u>Derivatives</u>				
Forward currency contracts		216	<u>-</u>	216 <b>216</b>
Total derivatives	<u> </u>	216	-	210
Total long securities and derivative assets, at fair value	174,435,207	216	-	174,435,423
Derivative liabilities, at fair value				
Devivativas				
<u>Derivatives</u> Forward currency contracts	-	(1,834,913)	-	(1,834,913)
Total derivatives		(1,834,913)	-	(1,834,913)
Total derivative liabilities, at fair value		(1,834,913)	-	(1,834,913)
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				
Investments measured at NAV				225,273,713

Notes to the financial statements (continued) For the year ended 30 June 2023



#### 4. Fair value measurements (continued)

For the year ended 30 June 2023, the total net realised gain/(loss) and change in unrealised appreciation/(depreciation) from the Fund's investment in AHL Evolution Ltd amounted to US\$(6,077,226) (2022: US\$27,894,048) and AHL Institutional Series 3 Ltd amounted to US\$11,247,472 (2022: US\$49,270,085). These amounts are recognised in net realised gain/(loss) and net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency in the statement of operations.

None of the financial instruments were used as collateral during the years ended 30 June 2023 and 30 June 2022.

The Fund did not hold any Level 3 investments during the years ended 30 June 2023 and 30 June 2022.

#### 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 is party to are forward currency contracts. As at 30 June 2023 and 30 June 2022, 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

As at 30 June 2023 and 30 June 2022, all derivatives were OTC contracts. As at 30 June 2023 and 30 June 2022, master netting arrangements relate to forward currency contracts held by the Fund.

The Fund has not designated any derivative instruments as hedging instruments under ASC 815, *Derivatives and Hedging*. The condensed schedule of investments details information regarding derivative types and their fair value at 30 June 2023 and 30 June 2022.

As at 30 June 2023 and 30 June 2022, open derivative instruments are included in the statement of assets and liabilities under the following headings:

	2023	2022
Derivatives at fair value	US\$	US\$
Assets		
Forward currency contracts	1,697	216
Total derivatives	1,697	216
		_
<u>Liabilities</u>		
Forward currency contracts	(1,321,388)	(1,834,913)
Total derivatives	(1,321,388)	(1,834,913)

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.

The quarterly average notional value of derivative instrument activity which is representative of the derivative trading during the years ended 30 June 2023 and 30 June 2022 was as follows:

	Noti	Notional value As at 30 June 2023 Long US\$ Short US\$		onal value	
	As at 3			As at 30 June 2022	
Primary Underlying Risk	Long US\$			Short US\$	
Foreign exchange risk					
Forward currency contracts	4,026,517	342,721,883	8,575,601	368,770,682	

Forward currency contracts are disclosed by the payable and receivable legs entered into by the Fund.

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.

Notes to the financial statements (continued) For the year ended 30 June 2023



#### 5. Derivatives (continued)

The effect of transactions in derivative instruments in the statement of operations for the years ended 30 June 2023 and 30 June 2022 was as follows:

Amount of gain/(loss)
recognised in the statement
of operations
2023
2022

		2023	2022
Derivative Type	Location of gain/(loss) in the statement of operations	US\$	US\$
Net realised gain/(loss) on inve	stments in securities, derivatives and foreign currency		
	Net realised gain/(loss) on investments in securities, derivatives and foreign		
Forward currency contracts	currency	(37,809,685)	(75,633,746)
Other non-derivative items include foreign currency	ded in net realised gain/(loss) on investments in securities, derivatives and		
	Net realised gain/(loss) on investments in securities, derivatives and		
Investments in securities	foreign currency	46,976,840	85,424,244
	Net realised gain/(loss) on investments in securities, derivatives and		
Foreign currency	foreign currency	152,691	(61,126)
Net realised gain/(loss) on inve	stments in securities, derivatives and foreign currency	9,319,846	9,729,372
Net change in unrealised apprand foreign currency	eciation/(depreciation) on investments in securities, derivatives		
Forward currency contracts	Net change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency	515,006	(721,332)
Other non-derivative items incluses securities, derivatives and foreig			
	Net change in unrealised appreciation/(depreciation) on investments in		
Investments in securities	securities, derivatives and foreign currency	(41,806,594)	(8,260,112)
	Net change in unrealised appreciation/(depreciation) on investments in		
Foreign currency	securities, derivatives and foreign currency	(16,529)	94,756
Net change in unrealised appr	eciation/(depreciation) on investments in securities, derivatives		
and foreign currency		(41,308,117)	(8,886,688)

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 seeks to ensure that their contracts are always honoured. As at 30 June 2023 and 30 June 2022, all forward currency contracts 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 the inability of counterparties to perform as specified in their contracts and movements in fair value. The realised or 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.

The Fund's OTC derivative master netting agreements contain provisions ("credit risk-related contingent features") that require the Fund to maintain a certain level of net assets. If the Fund's net assets were to fall below the level set in the master netting agreements, the Fund would be in violation of those provisions and the counterparties to the OTC derivative contracts could request immediate payment or demand immediate and ongoing full overnight collateralisation on OTC derivative contracts in net liability positions. The aggregate fair value of all OTC derivative contracts with credit risk-related contingent features that are in a liability position as at 30 June 2023 is approximately US\$1,321,388 (2022: US\$1,834,913) for which the Fund has posted cash collateral of approximately US\$23,750,048 (2022: US\$16,854,160) in the normal course of business. If the credit risk-related contingent features underlying these instruments had been triggered as at 30 June 2023 and 30 June 2022 and the Fund had to settle these instruments immediately, the Fund would not have been required to make an additional payment to the counterparties in light of the levels of collateral already in place with such counterparties.

#### 6. Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amounts 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 30 June 2023 and 30 June 2022, 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 or similar agreement in the event of default as defined under such agreements.

Notes to the financial statements (continued) For the year ended 30 June 2023



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

The following table summarises the net financial assets per counterparty as at 30 June 2023:

	(i)	(ii)		(iii)=(i)+(ii)
		Impact of master netting arrangement not offset in the statement of assets and liabilities		
	-	Gross assets not offset	n the statement	
		of assets and li	abilities	
	Gross amounts of			
	assets in the			
	statement of assets and	Financial	Cash collateral	
	liabilities	instruments	held*	Net amount
Counterparty	US\$	US\$	US\$	US\$
The Bank of New York Mellon SA/NV	1,697	(1,697)	-	-
Total	1,697	(1,697)	-	-
Excess of collateral held by counterparts  The following table summarises the net f	'			
he following table summarises the net f	inancial liabilities per counterpa	arty as at 30 June 2023:		(11) (3) (11)
he following table summarises the net f	inancial liabilities per counterpa	arty as at 30 June 2023:	rangement not offeet	(iii)=(i)+(ii)
he following table summarises the net f	inancial liabilities per counterpa	arty as at 30 June 2023:  (ii)  Impact of master netting ar	•	(iii)=(i)+(ii)
The following table summarises the net f	inancial liabilities per counterpa	(ii) Impact of master netting ari	ets and liabilities	(iii)=(i)+(ii)
he following table summarises the net f	inancial liabilities per counterpa	(ii) Impact of master netting and in the statement of asso	ets and liabilities in the statement	(iii)=(i)+(ii)
The following table summarises the net f	inancial liabilities per counterpa	(ii) Impact of master netting ari	ets and liabilities in the statement	(iii)=(i)+(ii)
The following table summarises the net f	inancial liabilities per counterpa edged by counterparty (i)	(ii) Impact of master netting and in the statement of asso	ets and liabilities in the statement	(iii)=(i)+(ii)
The following table summarises the net f	inancial liabilities per counterparty  (i)  Gross amounts of	(ii) Impact of master netting and in the statement of asso	ets and liabilities in the statement	(iii)=(i)+(ii)
The following table summarises the net f	inancial liabilities per counterparty  (i)  Gross amounts of liabilities in the	(ii) Impact of master netting and in the statement of associated assets and light and in the statement of assets and light as	ets and liabilities in the statement labilities	(iii)=(i)+(ii)  Net amount
The following table summarises the net f	inancial liabilities per counterparty  edged by counterparty  (i)  Gross amounts of liabilities in the statement of assets and	(ii) Impact of master netting and in the statement of assets and life.  Financial	ets and liabilities in the statement abilities  Cash collateral	
, ,	inancial liabilities per counterparty  edged by counterparty  (i)  Gross amounts of liabilities in the statement of assets and liabilities	(ii) Impact of master netting and in the statement of assets and limited from the statement of the statement o	ets and liabilities in the statement abilities  Cash collateral pledged*	Net amount

 $<sup>^{\</sup>star}\textsc{Excess}$  of collateral pledged by counterparty is not shown for financial reporting purposes.

The following table summarises the net financial assets per counterparty as at 30 June 2022:

	(f) 	(iii)=(i)+(ii)		
	_	Gross assets not offs	set in the statement	
		of assets ar	nd liabilities	
	Gross amounts of assets in the			
	statement of assets and	Financial	Cash collateral	
	liabilities	instruments	held*	Net amount
Counterparty	US\$	US\$	US\$	US\$
The Bank of New York Mellon SA/NV	216	(216)	-	-
Total	216	(216)	-	

<sup>\*</sup>Excess of collateral held by counterparty is not shown for financial reporting purposes.

Notes to the financial statements (continued) For the year ended 30 June 2023



(1,834,697)

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

The following table summarises the net financial liabilities per counterparty as at 30 June 2022:

Derivative Liabilities and Collateral ple	dged by counterparty			
	(i)	(ii)	congerment not offert	(iii)=(i)+(ii)
		Impact of master netting arr in the statement of asse	•	
		Gross liabilities not offset	in the statement	
		of assets and li	abilities	
	Gross amounts of			
	liabilities in the			
	statement of assets and	Financial	Cash collateral	
	liabilities	instruments	pledged*	Net amount
Counterparty	US\$	US\$	US\$	US\$
The Bank of New York Mellon SA/NV	1.834.913	(216)	(1.834.697)	-

<sup>\*</sup>Excess of collateral pledged by counterparty is not shown for financial reporting purposes.

As at 30 June 2023, the amount of collateral cash pledged is US\$23,750,048 (2022: US\$16,854,160) and the amount of cash collateral held is US\$177,244 (2022: US\$Nii).

(216)

1.834.913

#### 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 are market risk, credit risk and liquidity risk. Market risk includes price risk, interest rate risk, volatility risk and currency risk. The Investment Manager manages these risks on an aggregate basis along with the risks associated with the Fund's 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 Manager employs a risk management process in respect of the Fund by which it attempts to accurately measure, monitor and manage the various risks associated with the use of financial instruments by the Fund, including controls on their use and processes for assessing compliance with these controls. The Manager may delegate certain risk management functions to the Investment Manager.

#### Overall risk management

#### AHL Diversified Programme

Total

The Investment Manager 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, equity swaps, 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.

Notes to the financial statements (continued) For the year ended 30 June 2023



#### 7. Financial instruments and associated risk (continued)

#### Overall risk management (continued)

#### AHL Diversified Programme (continued)

Through the Investment Manager'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.

#### 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 security 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 from inception. 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 2023, the annualised volatility of the Fund for Class A USD was 16.20% (2022: 15.22%), for Class B JPY was 16.04% (2022: 15.22%), for Class C AUD was 16.13% (2022: 15.28%) and for Class E JPY was 16.04% (2022: 15.22%).

#### 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 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 exposure to interest rate risk is on cash and cash equivalents – unrestricted, cash and cash equivalents –restricted, collateral balances - due to brokers and government bonds held at 30 June 2023 and 30 June 2022.

#### 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 investments 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 financial instrument.

The Fund is exposed to other 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.

Notes to the financial statements (continued) For the year ended 30 June 2023



#### 7. Financial instruments and associated risk (continued)

#### 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 at 30 June 2023 and 30 June 2022 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.

As at 30 June 2023 and 30 June 2022, the Fund holds government bonds in the United States. Refer to the condensed schedule of investments for further details.

The significant exposures are to the Banks and the Broker.

The table below analyses the Fund's exposure of cash and cash equivalents - unrestricted, cash and cash equivalents - restricted and derivatives at fair value by rating agency category at 30 June 2023 and 30 June 2022:

		2023	2023
Counterparty	Moody's Rating	US\$	%
The Bank of New York Mellon SA/NV	A1	24,624,023	100.00%
		24,624,023	100.00%
Countonsort	Manak da Datter	2022	2022
Counterparty	Moody's Rating	US\$	<u> </u>
BNP Paribas	Aa3	4	-
The Bank of New York Mellon SA/NV	A1	36,798,191	100.00%
		36,798,195	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 10. The exposure to liquidity risk through Redeemable Participating Shareholder redemption requests is managed by specifically setting the redemption notice period to accommodate the expected liquidity of the underlying investments as agreed by the Investment Manager.

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 seeks to ensure 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.

Notes to the financial statements (continued) For the year ended 30 June 2023



#### 8. Fees and expenses

#### Management and performance fees

A management fee is calculated and charged in respect of the Class A USD Redeemable Participating Shares, Class B JPY Redeemable Participating Shares and Class C AUD Redeemable Participating Shares at each valuation day and paid monthly at a rate of up to 2.00% per annum of the NAV of the Redeemable Participating Shares. In respect of Class E JPY Redeemable Participating Shares, a management fee is calculated and charged as at each valuation day and paid monthly at a rate of up to 1.35% per annum of the NAV of the Redeemable Participating Shares.

A performance fee is calculated and charged in respect of all the Redeemable Participating Share classes 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).

Management and performance fees are payable to the Manager.

#### Services management fees

In consideration for the services provided by the Services Manager, the Fund pays the Services Manager a services management fee calculated and charged as at each valuation day at the rate of 0.25% per annum of the NAV 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 management fees 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 fees

In respect of all the Redeemable Participating Share classes, an introducing broker fee at a rate of up to 1.00% per annum of the NAV of each Redeemable Participating Share class is calculated and charged as at each valuation day and paid monthly.

#### Company secretary fees

The Fund pays Maples Secretaries (Cayman) Limited an annual fee of US\$3,900 for secretarial services. The Fund also pays Maples Corporate Services Limited an annual fee of US\$1,300 for registered office services. The Company Secretary is reimbursed for all disbursements and reasonable expenses incurred in the performance of its duties, and such disbursements are invoiced separately and payable annually. The costs of any such company secretary fees, disbursements or expenses shall be applied pro-rata to each class and series of Redeemable Participating Shares. Company secretary fees are included within other expenses in the statement of operations.

#### Custodian fees

The Fund pays the fees of The Bank of New York Mellon SA/NV (the "Custodian") as Custodian. The fees will not exceed normal commercial rates together with value added tax, if any, applicable to such fees. The Fund will also reimburse the Custodian out of the assets of the Fund for out-of-pocket expenses incurred by the Custodian respectively and for fees (which will not exceed commercial rates) and reasonable out-of-pocket expenses of any sub-custodian appointed by the Custodian.

#### Directors' fees

The Fund pays the fees of the Directors. Each Director's fee is US\$4,000 per annum. In addition, the Directors receive reimbursement for travel and other out-of-pocket expenses relating to attendance at meetings and other matters, including any expenses relating to the performance of due diligence for the benefit of the Fund.

#### Other expenses

Included within other expenses in the statement of operations are operating fees and expenses applicable to the Fund which are not separately disclosed above.

#### 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 (the "Management Shares") in the Fund. Master Multi-Product Holdings Ltd is itself owned by Conyers Trust Company (Bermuda) Limited as trustee of the Master Multi-Product Purpose Trust.

AHL Partners LLP - the Investment Manager and Introducing Broker of the Fund, Man Investments AG - the Services Manager and Marketing Adviser of the Fund, Man Asset Management (Cayman) Limited - the Manager of the Fund and Man Group Operations Limited are indirect wholly-owned subsidiaries of Man Group plc and all subsidiaries of Man Group plc are related parties.

Man Group Operations Limited pays for certain operating fees and expenses centrally on behalf of the Fund, which are then periodically recharged back to the Fund. Outstanding recharges as at 30 June 2023 amount to US\$Nil (2022: US\$10,763) and have been included within accrued expenses and other liabilities in the statement of assets and liabilities.

Also included within subscriptions for Class B JPY Redeemable Participating Shares are subscriptions of US\$26,278,099, the proceeds of which were simultaneously redeemed out of Class A USD Redeemable Participating Shares during the year ended 30 June 2023.

Notes to the financial statements (continued) For the year ended 30 June 2023



#### 9. Related party transactions (continued)

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 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 holdings in AHL Institutional Series 3 Ltd and AHL Evolution Ltd. The rebate asset of US\$44,399 (2022:US\$54,161) and income of US\$552,842 (2022: US\$602,799) is included in statement of assets and liabilities and statement of operations respectively.

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 those of the Fund or structures that may be related to Man Group plc sponsored investment funds) serving as directors, 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.

Please refer to Note 4 for details of the realised gain/(loss) and change in unrealised appreciate/(depreciation) on transactions between the Fund and the related managed funds during the year, which are included in the statement of operations. There were purchases of US\$145,795,197 (2022: US\$148,907,375) and sales of US\$178,005,229 (2022: US\$215,771,529) during the year which are included in the statement of cash flows.

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

As at 30 June 2023 and 30 June 2022, none of the Fund's Redeemable Participating Shares are owned by entities or individuals affiliated to Man Group plc.

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

For the year ended 30 June 2023		Total fees/(income)	Fees payable/(receivable) at 30 June 2023
Related party	Type of fee	US\$	US\$
Man Investments AG	Services management fees	1,003,028	79,105
Man Investments AG	Services management fees rebate	(552,842)	(44,399)
Man Asset Management (Cayman) Limited	Management fees	6,688,924	527,057
Man Asset Management (Cayman) Limited	Performance fees	1,837,732	-
Man Investments AG	Introducing broker fees	3,843,420	302,484
Directors	Directors' fees	12,000	6,000
For the year ended 30 June 2022		Total	Fees payable/(receivable)
For the year ended 30 June 2022		Total fees/(income)	Fees payable/(receivable) at 30 June 2022
For the year ended 30 June 2022  Related party	Type of fee		
•	Type of fee Services management fees	fees/(income)	at 30 June 2022
Related party		fees/(income) US\$	at 30 June 2022 US\$
Related party  Man Investments AG	Services management fees	fees/(income) US\$ 1,098,704	at 30 June 2022 US\$ 95,273
Related party  Man Investments AG  Man Investments AG	Services management fees Services management fees rebate	fees/(income) US\$ 1,098,704 (602,799)	at 30 June 2022 US\$ 95,273 (54,161)
Related party  Man Investments AG  Man Investments AG  Man Asset Management (Cayman) Limited	Services management fees Services management fees rebate Management fees	fees/(income) US\$ 1,098,704 (602,799) 7,358,116	at 30 June 2022 US\$ 95,273 (54,161) 694,306
Related party  Man Investments AG  Man Investments AG  Man Asset Management (Cayman) Limited  Man Asset Management (Cayman) Limited	Services management fees Services management fees rebate Management fees Performance fees	fees/(income) US\$ 1,098,704 (602,799) 7,358,116 14,292,711	at 30 June 2022 US\$ 95,273 (54,161) 694,306 2,595,245

#### 10. Share capital

The Fund has an authorised share capital of US\$50,000 divided into 1,000 Management Shares of par value US\$1.00 each which carry 100% of the voting rights, regardless of whether they are called, and 490,000,000 Redeemable Participating Shares of par value US\$0.0001 each; AUD50,000 divided into 500,000,000 Redeemable Participating Shares of par value AUD0.0001 each, JPY5,000,000 divided into 500,000,000 Redeemable Participating Shares of par value JPY0.01 each and EUR50,000 divided into 500,000,000 Redeemable Participating Shares of par value EUR0.0001 each (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 Conyers Trust Company (Bermuda) 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 Conyers Trust Company (Bermuda) Limited (therein named Codan Trust Company Limited) dated 14 December 2005. As at 30 June 2023 and 30 June 2022, these shares were fully issued and no amounts were paid or payable to the Fund.

Notes to the financial statements (continued) For the year ended 30 June 2023



#### 10. Share capital (continued)

#### 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.

Share transactions in the Redeemable Participating Shares for the years ended 30 June 2023 and 30 June 2022 were as follows:

	Class A USD	Class B JPY	Class C AUD	Class E JPY
30 June 2023	No. of Shares	No. of Shares	No. of Shares	No. of Shares
Balance at the beginning of the year	30,082,771	140,903,141	2,559,054	201,528,627
Issue of Redeemable Participating Shares for the year	384,620	33,481,518	-	15,218,875
Redemption of Redeemable Participating Shares for the year	(16,096,955)	(7,502,123)	(148,873)	(46,227,505)
Balance at the end of the year	14,370,436	166,882,536	2,410,181	170,519,997
	Class A USD	Class B JPY	Class C AUD	Class E JPY
30 June 2022	No. of Shares	No. of Shares	No. of Shares	No. of Shares
Balance at the beginning of the year	31,808,711	144,059,576	2,681,327	153,555,658
Issue of Redeemable Participating Shares for the year	-	2,632,408	-	48,207,969
Redemption of Redeemable Participating Shares for the year	(1,725,940)	(5,788,843)	(122,273)	(235,000)
Balance at the end of the year	30,082,771	140,903,141	2,559,054	201,528,627

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 may include:

- investing the capital in investments meeting the description, risk exposure and expected return indicated by the Fund's investment objective;
- 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.

The Fund's overall strategy for managing capital remains unchanged from the year ended 30 June 2022.

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

Notes to the financial statements (continued) For the year ended 30 June 2023



#### 11. Financial highlights

The financial highlights disclosed below are for the year ended 30 June 2023:

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	1.8950	173.8000	1.8810	128.1300
Change in net asset value per share resulting from operations  Net investment income/(loss)	(0.0385)	(3.0151)	(0.0596)	(1.6232)
Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on		, ,		
investments in securities, derivatives and foreign currency  Net increase/(decrease) in net asset value per share resulting from operations	0.0056 (0.0329)	(5.0950) (8.1101)	(0.0015) (0.0611)	(3.7668) (5.3900)
Net asset value per share at the end of the year	1.8621	165.6899	1.8199	122.7400
Total return:				
Total return before performance fees	(1.15%)	(4.25%)	(2.76%)	(3.65%)
Performance fees	(0.59%)	(0.42%)	(0.49%)	(0.56%)
Total return after performance fees	(1.74%)	(4.67%)	(3.25%)	(4.21%)
Ratios to average net assets (i):				
Net investment income/(loss) before performance fees	(1.49%)	(1.39%)	(2.78%)	(0.75%)
Performance fees	(0.59%)	(0.42%)	(0.49%)	(0.56%)
Net investment income/(loss) after performance fees	(2.08%)	(1.81%)	(3.27%)	(1.31%)
Total expenses before performance fees	(3.28%)	(3.29%)	(4.63%)	(2.64%)
Performance fees	(0.59%)	(0.42%)	(0.49%)	(0.56%)
Total expenses after performance fees	(3.87%)	(3.71%)	(5.12%)	(3.20%)
Non-trade expenses (ii)	(2.86%)	(2.70%)	(4.11%)	(2.19%)
The financial highlights disclosed below are for the year ended 30 June 2022:				
	Olana A	Olasa D	01 0	Olasa E
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	1.6977	155.3599	1.7056	113.9600
		100.000	000	
Change in net asset value per share resulting from operations	(0.4440)	(40.0005)	(0.1000)	(7.4507)
Net investment income/(loss)	(0.1119)	(10.3805)	(0.1309)	(7.4537)
Net realised gain/(loss) and change in unrealised appreciation/(depreciation) on investments in securities, derivatives and foreign currency	0.3092	28.8206	0.3063	21.6237
Net increase/(decrease) in net asset value per share resulting from operations	0.1973	18.4401	0.3003	14.1700
Net asset value per share at the end of the year	1.8950	173.8000	1.8810	128.1300
Total return:				
Total return before performance fees	14.91%	15.21%	13.22%	16.38%
Performance fees	(3.29%)	(3.34%)	(2.94%)	(3.95%)
Total return after performance fees	11.62%	11.87%	10.28%	12.43%
Ratios to average net assets (i):				
Net investment income/(loss) before performance fees	(3.12%)	(3.15%)	(4.58%)	(2.35%)
Performance fees	(3.29%)	(3.34%)	(2.94%)	(3.95%)
Net investment income/(loss) after performance fees	(6.41%)	(6.49%)	(7.52%)	(6.30%)
Total expenses before performance fees	(3.27%)	(3.32%)	(4.55%)	(2.67%)
Performance fees	(3.29%)	(3.34%)	(2.94%)	(3.95%)
Total expenses after performance fees	(6.56%)	(6.66%)	(7.49%)	(6.62%)
Non-trade expenses (ii)	(5.55%)	(5.65%)	(6.48%)	(5.60%)

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

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

Notes to the financial statements (continued) For the year ended 30 June 2023



#### 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, management expects the risk of loss to be remote.

#### 13. Subsequent events

Subsequent to 30 June 2023, Redeemable Participating Shareholders subscribed for Redeemable Participating Shares having an aggregate net asset value of US\$9,230,478 and redeemed Redeemable Participating Shares having an aggregate net asset value of US\$11,762,983.

In connection with the preparation of the financial statements as at 30 June 2023, management has evaluated the impact of all subsequent events on the Fund through 2 November 2023, the date the financial statements were available to be issued, and has determined that there were no additional subsequent events requiring recognition or disclosure in the financial statements.



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#### INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF MAN AHL DIVERSIFIED (CAYMAN) LTD.

#### Report on the audit of the financial statements

There is a risk that investments traded on an

exchange or a secondary market may not be valued correctly in accordance with ASC 820. Refer also to note 4 in the financial statements.

#### Opinion

We have audited the 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 2023, and the related statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of 30 June 2023, and the results of its operations, changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Key Audit Matter Description** How the scope of our audit responded to the key audit matter Valuation of investments • We obtained Bank of New York Mellon's For the financial year ended, the investments service auditor's report, SOC 1 Report, and of the Fund in the amount of \$344m make up identified the key controls in place over the 93% of total net assets of \$366m. The valuation valuation process and reviewed those key of investments is considered a key audit matter controls for any exceptions. as the investments represent a significant • We considered if the Fund's valuation policy balance on the Statement of assets and for investments is in line with ASC 820. liabilities. This is also the main driver of the Fund's performance and has been identified a • We agreed the prices of all investments in the significant risk of material misstatement. investment portfolio at year-end to closing

sources.

prices published by independent pricing

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#### Existence of investments

The investment portfolio at the year-end principally comprised Long Securities — US Treasury Bills valued at \$146m, and investments in funds measured at NAV valued at \$198m. The existence of investments is considered a key audit matter as the investments represent a significant balance on the Statement of Assets and Liabilities. This is also the main driver of the Fund's performance and has been identified as the most significant risk of material misstatement.

The existence of and good title to the Fund's investments is crucial to ensuring the financial statements are free from material misstatement. There is a risk that the investments may not exist at year end.

Refer also to note 4 in the financial statements.

- We obtained Bank of New York Mellon services auditor's report, SOC 1 Report, and identified the key controls in place over the existence process and reviewed those key controls for any exceptions.
- We have tested the cut-off of trades to ensure that they had been recorded in the correct period, where material.
- We obtained independent confirmations from the Depositary and Brokers at the financial year end and agreed the amounts held to the investment portfolio.
- We obtained independent price confirmation from the underlying administrators. NAV per share was agreed to coterminous financial statements of underlying funds and back testing was performed for non co terminus.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

#### Other Matter

The financial statements of the Fund for the year ended 30 June 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 17 November 2022.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional scepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit
  procedures that are appropriate in the circumstances, but not for the purpose of expressing
  an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion
  is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

#### Other Information

Management is responsible for the other information included in the Report and Financial Statements. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### Use of our report

This report is made solely to the Fund's Directors, as a body. Our audit work has been undertaken so that we might state to the Fund's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's Directors as a body, for our audit work, for this report, or for the opinions we have formed.

7 November 2023 Odette Samson

Deloitte & Souche LLP