



Man AHL Diversified Markets EU

Semi-annual report and unaudited financial statements

For the period from 1 September 2014 to 28 February 2015

Man AHL Diversified Markets EU (the “Fund”) is based in the Netherlands and is a fund with special risks according to Swiss investment fund legislation, which invests based on an alternative investment strategy predominantly in derivatives of any kind. This strategy could, because of its leverage, cause considerable price fluctuations. Thus, investors have to be prepared to bear losses and are hereby explicitly referred to the special risk factors mentioned in the prospectus. For Dutch investors a financial enclosure has been prepared for this product with information on the product, the costs and the risks. Please ask for it and read it before buying the product. The financial consumer information leaflet is obtainable for all Dutch investors at no cost from Man Fund Management Netherlands B.V., Beurs-World Trade Center, Beursplein 37, 3011 AA Rotterdam. This information can also be obtained on the manager’s website: www.man.com/DMEU. Swiss investors should also refer to the prospectus for further information. Results in the past do not offer a guarantee for performance in the future.

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Terms as defined in the current prospectus for the offer of shares in Man AHL Diversified Markets EU (the 'Prospectus') shall, unless the context otherwise requires, have the same meaning when used in this document.

Fund information

Man AHL Diversified Markets EU (the “Fund”)

Mailing address:
Man Fund Management Netherlands B.V.
PO Box 30007
3001 DA Rotterdam
The Netherlands

Manager and AIFM (the “Manager”)

Visiting address:
Man Fund Management Netherlands B.V.
Beurs – World Trade Center
Beursplein 37, room 1968
3011 AA Rotterdam
The Netherlands

Managing directors of the Manager

W.Y.B. Johannesma
A.A.J. Hopstaken
B.M. Tibbalds
J.C. Meulenbelt (appointed 24 September 2014)
S.P. White (resigned 25 October 2014)
J.J. de Klerk
R.V. van Beemen

Title Holder

Citco Bewaarder B.V.
Telestone 8 – Teleport
Naritaweg 165
1043 BW Amsterdam
The Netherlands

Corporate Secretary

HJCO Capital Partners B.V.
Beurs-World Trade Center
19e etage, Beursplein 37
P.O. Box 30007
3001 DA ROTTERDAM
The Netherlands

Unitholder Services Provider and Registrar

Citco Fund Services (Cayman Islands) Limited
89 Nexus Way Camana Bay
PO Box 31106
Grand Cayman KY1-1205
Cayman Islands

Valuation Service Provider

Citco Fund Services (Cayman Islands) Limited
89 Nexus Way Camana Bay
PO Box 31106
Grand Cayman KY1-1205
Cayman Islands

Trading Adviser

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

Services Manager

Man Investments AG
Huobstrasse 3
8808 Pfäffikon SZ
Switzerland

Brokers

Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh EH2 2YB
United Kingdom

Credit Suisse
31 Gateway, 1 Marquarie Place
Sydney NSW 2000
Australia

JP Morgan Chase Bank, N.A.
Mailpoint 285c
Floor 3
18 Christchurch Road
Bournemouth BH1 3BA
United Kingdom

Deutsche Bank
1 Great Winchester Street
London EC2N 2 DB
United Kingdom

Bank of America Merrill Lynch
Canary Wharf
5 Canada Square
London E14 5AQ
United Kingdom

Fund information (continued)

Introducing Broker/Swiss Representative

Man Investments AG
Huobstrasse 3
8808 Pfäffikon SZ
Switzerland

Swiss Paying Agent

Schwyzer Kantonalbank (until 31 December 2014)
Pfäffikon Branch
8808 Pfäffikon SZ
Switzerland

RBC Investor Services Bank S.A., Eschzur-
Alzette, Zurich Branch (from 1 January 2015)
Badenerstrasse 567
PO Box 101
CH-8066 Zürich
Switzerland

Banker and Principal Paying Agent

ING Bank N.V.
Rayon Amsterdam - Zuidoost
PO Box 12280
1100 AG Amsterdam
The Netherlands

Auditors

Ernst & Young Accountants LLP
Wassenaarseweg 80
2596 CZ The Hague
The Netherlands

Legal Adviser, the Netherlands

Houthoff Buruma
Gustav Mahlerplein 50
1082 MA Amsterdam
The Netherlands

Depository

The Bank of New York Mellon SA/NV
46 Montoyerstraat
B-100 Brussels
Belgium

Fiscal Adviser, the Netherlands

Houthoff Buruma
Gustav Mahlerplein 50
1082 MA Amsterdam
The Netherlands

The prospectus, fund regulations, list of fund investments (trades) and annual reports are obtainable free of charge from the following locations:

For investors in Switzerland: Man Investments AG, Huobstrasse 3, 8808 Pfäffikon SZ, Switzerland.

For all other investors: Man Fund Management Netherlands B.V., Beurs-World Trade Center, Beursplein 37, 3011 AA Rotterdam, The Netherlands.

This Semi-Annual Report has been prepared in English and translated into Dutch and German. To the extent that there is any inconsistency between the English language version of this Semi-Annual Report and that of the Dutch/German, the English version of the Semi-Annual Report will prevail.

Manager's report

For the period from 1 September 2014 to 28 February 2015

The programme delivered very strong performance over the period. Many themes infiltrated the markets including a massive fall in oil prices as the Organization of the Petroleum Exporting Countries ("OPEC") cut its forecast for global demand to below the estimate of supply, worries of a 'Grexit' as the future of Greece's bailout was in doubt and election worries, a rising US dollar, the European Central Bank's ("ECB") debt purchase program and dovish Federal Open Market Committee ("FOMC") announcements pushing stock markets higher.

Within the period, the bond sector was the biggest contributor to performance from the programme's broadly long exposure. The main providers were 10yr Italian and Australian bonds and Canadian bonds. Borrowing costs were at record lows and the S&P lowered Italy's long term rating. Australian bonds became very attractive due the high credit rating and both Australian and Canadian bonds were boosted by possible US interest rate rises and the ECB's quantitative easing program.

The currency sector also provided very strong returns over the period. Long US dollar trades were the most impactful as the dollar rallied over most of the period. The strength of the US economy, the collapse in oil prices and devaluation strategies implemented by the ECB and other central banks all contributed to the rise. The end of the US quantitative programme also meant that interest rates may finally rise. Short Brazilian real positions also helped as the currency fell to a 12 year low due to growing social and political unrest within the country and the possibility of the nation's credit rating may be cut to junk status. Another major event was Switzerland unexpectedly abandoning its currency ceiling against the euro causing the Swiss franc to soar in value.

Gains were made from the energy sector as the price of oil plummeted. The price had more than halved since the middle of the year. Supply and demand were the main factors for this as weak demand was caused by fragile economic growth in some countries and oversupply in the US as OPEC was determined not to cut production to prop up prices. The programme's short positions profited from the massive price drop.

The rest of the commodities markets did not have as much success with metals and agricultures ending down. Long cocoa trades were the most effected as prices had their longest slide in history due to paltry demand. The negative agricultural performance was however somewhat lifted with short sugar trades as the prices dropped to their lowest level in 6 years due to a weak Brazilian real.

The stock sector posted marginal gains to the programme's performance. This sector was very mixed over the period with stock markets, especially in Europe and the US making gains in the last part of 2014 and then dropping over the start of 2015 which hurt the gains made from programme's broadly long exposure. Strong growth prospects and expectations that inflation will have a minimal impact across the US and Europe helped to boost stock markets but European stocks were hurt over the period by the Greece's financial situation and a stronger euro. Short positions in North American energy stocks contributed to the majority of the gains.

A breakdown of investment allocation by sector is included on page 10.

There have been no changes to the risk disclosures included in the annual report.

The above Manager's report is a commentary for the reporting period 1 September 2014 to 28 February 2015. It does not include or take account of any movements, returns or market information for subsequent periods.

Signed on behalf of the Fund's Manager on 29 April 2015.

Willem Y.B. Johannesma, Fund Manager
Man Fund Management Netherlands B.V.

Statement of financial position

As at 28 February 2015

	28 February 2015 EUR	Movement EUR	31 August 2014 EUR
Assets			
Investments			
Net unrealised gains/losses on open positions	8,669,465	(1,374,628)	10,044,093
Investments at fair value	26,373,367	(496,986)	26,870,353
	<u>35,042,832</u>	<u>(1,871,614)</u>	<u>36,914,446</u>
Debtors: amounts receivable within one year			
Balances with brokers – held for trading	<u>14,624,450</u>	<u>(4,901,642)</u>	<u>19,526,092</u>
Other assets: amounts receivable within one year			
Cash and cash equivalents	111,137,544	11,203,334	99,934,210
	<u>160,804,826</u>	<u>4,430,078</u>	<u>156,374,748</u>
Liabilities			
Investments:			
Unrealised losses on open positions	<u>(3,124,002)</u>	<u>1,123,453</u>	<u>(4,247,455)</u>
Creditors: amounts falling due within one year			
Balances due to brokers – held for trading	(995)	(995)	–
Amounts payable on redeemable Units	(430,562)	(26,437)	(404,125)
Management and advisory fees payable	(1,026,402)	(303,241)	(723,161)
Performance fee payable	(4,059,728)	(4,059,728)	–
Brokerage commission payable	(368,558)	(116,272)	(252,286)
Other liabilities	(203,417)	(28,698)	(174,719)
Interest payable	–	14,122	(14,122)
	<u>(6,089,662)</u>	<u>(4,521,249)</u>	<u>(1,568,413)</u>
Total debtors and other assets less liabilities	119,672,332	1,780,443	117,891,889
Total assets less liabilities	<u>151,591,162</u>	<u>1,032,282</u>	<u>150,558,880</u>

Statement of financial position (continued)

As at 28 February 2015

	1 September 2014 to 28 February 2015	1 September 2013 to 31 August 2014
Units at start of reporting period		
At the beginning of the reporting period	4,162,953	8,226,948
Issued	465,074	1,764,160
Redeemed	(1,115,053)	(5,828,155)
Units at end of reporting period	3,512,974	4,162,953
Net Assets – Tranche A & B as per period end	107,735,685	115,994,747
Number of Units outstanding – Tranche A & B	2,512,047	3,222,462
Net Asset Value per Unit – Tranche A & B	42.88	35.99
Net Assets – Tranche C as per period end	43,855,477	34,564,133
Number of Units outstanding – Tranche C	1,000,927	940,491
Net Asset Value per Unit – Tranche C	43.81	36.75

Signed on behalf of the Fund on 29 April 2015.

Manager
Man Fund Management Netherlands B.V.

Trustee
Citco Bewaarder B.V.

Statement of changes in equity

For the period from 1 September 2014 to 28 February 2015

	Tranche A & B Number	Tranche C Number	Value EUR
Unitholders' equity at 1 September 2014	3,222,462	940,491	150,558,880
Amounts received on Units issued	79,226	385,848	18,619,214
Amounts paid out on Units redeemed	(789,641)	(325,412)	(43,712,255)
Result for the year	–	–	26,125,323
Total Unitholders' equity at 28 February 2015	2,512,047	1,000,927	151,591,162

	Tranche A & B Number	Tranche C Number	Value EUR
Unitholders' equity at 1 September 2013	8,053,936	173,012	243,588,641
Amounts received on Units issued	72,615	1,535,547	50,136,389
Amounts paid out on Units redeemed	(3,518,053)	(511,141)	(122,656,219)
Result for the year	–	–	8,635,401
Total Unitholders' equity at 28 February 2014	4,608,498	1,197,418	179,704,212

Statement of comprehensive income

For the period from 1 September 2014 to 28 February 2015

	1 September 2014 to 28 February 2015 EUR	1 September 2013 to 28 February 2014 EUR
Operating income		
Realised gains in the value of investments	75,624,039	49,001,500
Realised losses in the value of investments	(50,808,469)	(45,885,532)
Change in unrealised gains in the value investments	28,872,576	27,300,602
Change in unrealised losses in the value of investments	(17,340,341)	(17,047,694)
Other operating income		
Interest income	27,180	117,903
Total operating income	<u>36,374,985</u>	<u>13,486,779</u>
Performance fee	(6,509,201)	–
Management and advisory fees	(2,102,196)	(3,093,992)
Valuation fees	(182,445)	(238,440)
Interest expense	(20,443)	(5,449)
Professional fees and general expenses	(1,435,377)	(1,513,497)
Total operating expenses	<u>(10,249,662)</u>	<u>(4,851,378)</u>
Operating result	<u>26,125,323</u>	<u>8,635,401</u>

On-going cost ratio

The on-going cost ratio (“OCR”) is a representation of the on-going costs in connection with the management expressed in a percentage of the average equity. The OCR for the 12 months was as follows:

	Tranche A&B	Tranche C
OCR - excluding performance related fee	5.31%	4.29%
OCR - including performance related fee	9.50%	9.09%

The OCR for the period reported is relatively high compared to previous reporting periods. This is due to extra-ordinary legal expenses based on legal services provided to the Fund regarding the implementation of AIFMD, which has had an impact of over 0.5% annually.

Portfolio Turnover Ratio

The volume of security transactions as a result % voluntary investment shifts in relation to the average fund capital (“PTR”) is as follows:

The PTR was (27.99)% for the last 12 months.

Statement of cash flows

For the period from 1 September 2014 to 28 February 2015

	1 September 2014 to 28 February 2015 EUR	1 September 2013 to 28 February 2014 EUR
Cash flows from operating activities:		
Operating result	26,125,323	8,635,401
Changes in operating assets and liabilities:		
Change in balances with brokers	4,901,642	4,127,833
Change in balances due to brokers	995	(212,868)
Change in net unrealised gains/(losses) on open positions	251,175	(8,482,429)
Change in other creditors: amounts falling due within one year	4,493,817	(745,573)
Change in amounts payable on redeemable Units	26,437	1,831,888
Change in investments at fair value	496,986	10,253,458
Net cash provided by operating activities	<u>36,296,375</u>	<u>15,407,710</u>
Cash flows from financing activities		
Payments on issue of 465,074 (2014: 1,608,162) Units	18,619,214	50,126,391
Payment on redemption of 1,115,053 (2014: 4,029,195) Units	(43,712,255)	(122,646,221)
Net cash used in by financing activities	<u>(25,093,041)</u>	<u>(72,519,830)</u>
Net increase/(decrease) in cash and cash equivalents	11,203,334	(57,112,120)
Cash and cash equivalents at beginning of period	99,934,210	175,790,975
Cash and cash equivalents at end of period	<u>111,137,544</u>	<u>118,678,855</u>
Supplemental disclosures of cash flow information		
Interest received	27,180	117,903
Interest paid	<u>(34,555)</u>	<u>(1,949)</u>

Investment allocation by sector

As at 28 February 2015

As at 28 February 2015, the breakdown of investment allocation by sector is as follows:

	%
Currencies	14.3
Bonds	20.1
Stocks	29.3
Energies	12.3
Metals	5.1
Interest rates	4.1
Agriculturals	8.9
Credit	5.9

As at 28 February 2014, the breakdown of investment allocation by sector is as follows:

	%
Currencies	12.1
Bonds	25.6
Stocks	23.0
Energies	16.4
Metals	4.5
Interest rates	5.2
Agriculturals	7.2
Credit	6.0

Other information

For the period from 1 September 2014 to 28 February 2015

Accounting principles

The principles for the valuation of the assets and liabilities as well as for the determination of the net result have not been changed and therefore are in conformity with the principles used in the annual report for the financial year ended 31 August 2014.

Unit holders' funds

As at 28 February 2015 the total unit holders' funds amount to Euro 151,591,162. The number of outstanding units and Net Asset Value per unit amounts to:

	Tranche A & B EUR	Tranche C EUR
Outstanding units	2,512,047	1,000,927
Net Asset Value per unit	42.88	43.81

NB: The Net Asset Value per unit as per the last official valuation date, 23 February 2015, was EUR 42.49 and EUR 43.39 respectively for tranches A and B and tranche C.

Investments

As at 28 February 2015

	Number of shares	Fair Value EUR
Investment fund at fair value: AHL Evolution Ltd	8,622.43	26,373,367
Total Investments	8,622.43	26,373,367

As at 31 August 2014

	Number of shares	Fair Value EUR
Investment fund at fair value: AHL Evolution Ltd	13,292.94	26,870,353
Total Investments	13,292.94	26,870,353

Major investors

According to the decree concerning mutual funds, a major investor is Man Investments Holdings Limited as shareholder of the Manager. Furthermore as at 28 February 2015 there are no other major investors as defined in the Investment Institutions (Supervision) Decree. Man AHL Diversified Markets EU (the "Fund") does not trade directly with the major investor in the underlying investments of the Fund, neither does the Fund enter into trades with unitholders in the underlying investments of the Fund.

Related parties

The fees charged to the Fund by related parties are, to the extent comparison is possible, in conformity with fees charged should the services be provided by third parties.

The Manager, the Services Manager and the Trading Adviser, are related parties as they are all subsidiaries of Man Group plc and therefore all subsidiaries of Man Group plc are also related parties.

Other information (continued)

For the period from 1 September 2014 to 28 February 2015

Related parties (continued)

The following transactions occurred between the Fund and companies forming part of Man Group plc:

For the period ended 28 February 2015

Related party	Type of fee	Total fees EUR	Fees payable EUR
AHL Partners LLP	Advisory fees	2,036,219	1,004,018
AHL Partners LLP	Performance fees	6,509,201	4,059,728
Man Fund Management Netherlands B.V.	Management fees	65,978	22,384
Man Investments AG	Brokerage commission	744,456	368,558
Man Investments AG	Valuation fees	182,821	89,175

For the period ended 28 February 2014

Related party	Type of fee	Total fees EUR	Fees payable EUR
AHL Partners LLP	Advisory fees	3,015,711	920,568
Man Fund Management Netherlands B.V.	Management fees	78,282	12,845
Man Investments AG	Brokerage commission	1,051,793	331,816
Man Investments AG	Valuation fees	238,440	75,476

Other information

The figures in these semi-annual accounts have not been audited.

It is proposed to change the Fund's financial year end from 31 August to 30 June which change will be implemented on or around 8 May 2015. As a result, the current financial year of the Fund will run from 1 September 2014 to 30 June 2015 and the following financial years of the Fund will run from 1 July to 30 June of each year.

AIFM Directive

For the period from 1 September 2014 to 28 February 2015

Leverage risk

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

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

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

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

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

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

	Maximum level of leverage as a percentage of net asset value	
	Gross method	Commitment method
Maximum level	35,000%	4,300%
Actual level at period end	3,521%	569%

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

AIFM Directive (continued)

For the period from 1 September 2014 to 28 February 2015

Special arrangements

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

For the period/year ended 28 February 2015 and 31 August 2014, none of the assets or liabilities held by the Fund were subject to special arrangements.

Remuneration

Following the implementation of the Directive, all authorised alternative investment fund managers are required to comply with the ‘AIFMD Remuneration Code’, including the remuneration disclosure requirements. The Manager has not yet been fully compliant with the Directive for a full performance period and pursuant to the FCA’s ‘Finalised Guidance’, quantitative remuneration disclosures have not been included in this report as the available partial-year information would not be materially relevant. The associated financial disclosures in respect to remuneration will be made from August 2015 for the first full performance year.

Material changes

During the period covered by this interim report, the following material changes were made in the information listed in Article 23 of the Directive:

- (i) the Manager replaced Schwyzer Kantonalbank, Pfäffikon SZ, Switzerland by RBC Investor Services Bank S.A. as Swiss Paying Agent of the Fund;
- (ii) the Manager appointed Credit Suisse Securities (Europe) Limited and Morgan Stanley & Co. International Plc to provide prime brokerage services to the Fund; and
- (iii) a new Tranche of Units (Tranche D) has been created and a Tranche of Units (Tranche A) has been closed for subscription by either prospective or existing Unitholders.

The Manager has issued a revised Prospectus in relation to the Fund dated 19 December 2014 to reflect, among other things, the changes set forth under (i) through (iii) above. There have not been any other material changes in the information listed in Article 23 of the Directive as meant in Article 22 (2) (d) of the Directive in conjunction with article 106 (1) of the Commission Delegated Regulation (EU) No 231/2013 supplementing the Directive during the period covered by this interim report.

Material changes in the period

The most recent Prospectus of the Fund is dated 19 November 2014.

Except as otherwise disclosed in the Prospectus, there have been no material changes to the Fund as defined by Article 23 of the Directive.