

A decorative background graphic consisting of several overlapping, semi-transparent, light gray arches that create a layered, mountain-like effect across the middle of the page.

# Man AHL Diversified Markets EU

## Annual report and audited financial statements

For the year ended 30 June 2017

Man AHL Diversified Markets EU 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 all investors Key Investor Information Documents (KIIDs) have been prepared for this product with information on the product, the costs and the risks. Ask for it and read it before buying the product. The KIIDs are obtainable for all 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](http://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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## Fund information

### Man AHL Diversified Markets EU (the “Fund”)

Mailing address:  
Man Fund Management Netherlands B.V.  
Beurs-World Trade Center  
Beursplein 37  
3011 AA Rotterdam  
The Netherlands

### Manager and AIFM (the “Manager”)

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

### Managing Directors of the Manager

W.Y.B. Johannesma  
A.A.J. Hopstaken  
B.M. Tibbalds  
J.C. Meulenbelt

### 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/FATCA Services

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

### Prime Brokers

Credit Suisse Securities (Europe) Limited  
One Cabot Square  
Canary Wharf  
London E14 4QJ  
United Kingdom

Morgan Stanley & Co. International Plc  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

Goldman Sachs International  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

### 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

HSBC Bank Plc  
8 Canada Square  
London E14 5HQ  
United Kingdom

The Bank of New York Mellon SA/NV  
WTC Building, Strawinskylaan 337  
1077 XX Amsterdam  
The Netherlands

## Fund information (continued)

### Swiss Representative/Service Manager

#### Marketing Adviser

Man Investments AG  
Huobstrasse 3  
8808 Pfäffikon SZ  
Switzerland

#### Introducing Broker

Man Investments AG (until 31 December 2015)  
Huobstrasse 3  
8808 Pfäffikon SZ  
Switzerland

AHL Partners LLP (from 1 January 2016)  
Riverbank House  
2 Swan Lane  
London EC4R 3AD  
United Kingdom

#### Swiss Paying Agent

RBC Investor Services Bank S.A. Esch-sur-Alzette, Zurich Branch  
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

### Auditor

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

### Legal Adviser, the Netherlands

Houthoff Buruma  
Gustav Mahlerplein 50  
PO Box 75505  
1070 AM Amsterdam  
The Netherlands

### Depository

The Bank of New York Mellon SA/NV  
acting through its Amsterdam Branch  
WTC Building, Strawinskylaan 337  
1077 XX Amsterdam  
The Netherlands

### Fiscal Adviser, the Netherlands

Houthoff Buruma  
Gustav Mahlerplein 50  
PO Box 75505  
1070 AM Amsterdam  
The Netherlands

Except where otherwise provided in this annual report and financial statements (the “Annual Report”), terms and expressions defined in the Fund’s prospectus, dated 19 October 2017 (the “Prospectus”) shall have the same meaning where used in this Annual Report.

The Prospectus, General Terms and Conditions, key investor information documents, list of Investments (trades) and (semi) Annual Reports are obtainable free of charge in German 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.

The Prospectus, General Terms and Conditions of the Fund, key investor information documents, (semi-) Annual Report etc. are also available on the website of the Manager: [www.man.com/DMEU](http://www.man.com/DMEU).

This 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 Annual Report and that of the Dutch/German, the English version of the Annual Report will prevail.

## Manager's report

In the reporting period, the Fund realised a decrease of 10.7% in Net Asset Value per Unit for Tranche A & B, 9.8% in Net asset Value per Unit for Tranche C and 8.9% in Net Asset Value per Unit for Tranche D.

The Fund accrued a loss over the 12 months ended June 2017.

It was a year characterised by several themes; major equity markets rallied to all-time highs, the US elected Donald Trump to be its 45<sup>th</sup> President, the UK formally triggered Article 50 of the Lisbon Treaty signaling its intention to leave the European Union, and the US Federal Reserve hiked interest rates 3 times.

The AHL Diversified Programme's (the "Programme") predominantly long stock positions were the most profitable sector, benefitting from investor enthusiasm for US political change and generally strong earnings. A long in the Korean Kospi and a short in the Vix Volatility Index as the index fell to 30-year lows contributed the most.

Credit trading also accrued gains from the long side led by positions in the US High Yield CDX Index and the European 5yr Crossover iTraxx Index.

Currency markets contributed negatively on the year. The largest detractor was the CAD/USD pair where the Programme held short positions for the bulk of the year. The pair appreciated over 5% in the final two months of the period causing the bulk of the negative contribution. The EUR/CAD pair contributed 2nd most to losses largely through long positions on the year.

Fixed Income detracted 2nd most at the sector level. The US 5-year Treasury contributed most to losses through longs in the beginning and end of the year and shorts in the middle. The next largest losses were driven by similar positioning in the Eurodollar contract.

Commodities trading fared the worst of all. Natural Gas produced the largest losses over the course of the year. A majority of losses were incurred in November and December when prices rallied to a 23 month high on the back of a drop in inventories and colder temperatures while the Programme was holding short positions. Gold dragged on performance 2<sup>nd</sup> most during the year as choppy prices proved to be challenging for the Programme's algorithms.

The financial instruments mentioned are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale.

**Past performance is not indicative of future results.** Returns may increase or decrease as a result of currency fluctuations. Performance is net of all fees. The value of an investment and any income derived from it can go down as well as up and investors may not get back their original amount invested. Alternative investments can involve significant additional risks.

## Investment objective and policies

The Fund seeks to achieve medium-term growth of capital, while restricting the associated risks, by investing in a diversified portfolio of Investments on derivative and interbank currency markets using the Programme. It is the investment objective of the Fund to generate capital gains rather than interest.

## Summary of the Programme

The Programme is primarily a directional trading system – it employs quantitative trading strategies that seek to identify and take advantage of price trends. It has been constructed to achieve diversification on a number of axes: by country, sector, market, trading frequency and trading strategy.

The core objectives of the Programme are to:

- Produce above-average medium-term capital growth;
- Exploit profit opportunities in both rising and falling markets using a disciplined quantitative investment process;
- Minimise risk by operating in a diverse range of sectors and markets using a consistent investment process that determines asset allocation weightings in accordance with expected returns, market and sector correlations and liquidity factors; and
- Provide diversification away from traditional stock and bond investments and thereby play a valuable role in enhancing the risk/reward profile of more traditional portfolios.

AHL employs computerised processes to identify trends in markets around the world. A trading and implementation infrastructure is then employed to capitalise on these trading opportunities. This process is quantitative and primarily directional in nature, and is underpinned by rigorous risk control, ongoing research, discipline, diversification and the constant quest for efficiency.

## Manager's report (continued)

### Sector allocations

The allocations are considered in terms of risk i.e. how much return volatility is a market, sector or portfolio expected to deliver in the medium to long-term. This is a standardised measure, unlike dollar allocation which varies according to asset class. The system is constructed in such a way that can accurately target risk levels at each of these levels of the portfolio in the long-term.

As at 30 June 2017, the Programme's exposures by sector were as follows:

Sector	Sector Net	Sector Gross	Sector Long	Sector Short
Bonds and Rates	226.73 %	239.41 %	233.07 %	(6.34) %
Commodities	(34.15) %	85.43 %	25.64 %	(59.79) %
Credit	81.47 %	81.47 %	81.47 %	N/A
Currencies	N/A	179.66 %	89.83 %	(89.83) %
Stocks	109.44 %	146.19 %	127.82 %	(18.38) %

### Benchmark

The Fund is not "benchmarked". Information on the Fund is provided in the monthly trading advisory report available from the website: [www.man.com](http://www.man.com).

### Material changes

Material changes as defined by Article 23 of the Directive are included in Note 14 to the annual financial statements included in this Annual Report (the "Financial Statements").

### Investment Risk

AHL's trading systems are designed to adjust their position sizes based on underlying market volatility. Hence, when markets become more volatile position sizes are reduced, and vice versa (an illustration of this can be seen below). AHL's risk management team also monitors a number of quantitative risk measures, which are recalculated every hour during the trading day. A risk report is produced twice a day. AHL has developed systematic processes in an effort to ensure that each portfolio trades within predefined risk limits.

The following are some of AHL's monitoring measures and focus areas regarding investment risk:

- **Value-at-Risk (VaR):**  
All AHL portfolio allocations are subject to VaR limits. VaR provides an estimated quantile of portfolio losses based on the statistical analysis of market price behaviour.
- **Stress-testing:**  
Current market positions are analysed against a database of daily price histories dating back to 1980. This is then used to model the behaviour of the portfolio, asset classes and markets under extreme conditions.
- **Implied volatility:**  
AHL uses this forward-looking measure to assess the potential risk within a particular market. This is compared with historical volatility used by AHL's trading systems. Any significant divergence between these two measures suggests that the risks are not being properly determined or reflected in the price. This triggers systematic actions to reduce risk.

AHL also monitors leverage, margin-to-equity ratios, country specific risks and net exposures to different asset classes and currencies.

AHL has a process for dynamically 'risk weighting' or adjusting its market risk exposure in real time to reflect changes in the volatility of individual markets. An increase in the volatility of a particular market means directional positions are potentially exposed to greater risk. Therefore, the risk weighting for a market decreases commensurately as the volatility increases. The AHL systems reduce capital exposure to more volatile markets by scaling back positions.

### Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems or external events.

### Operational risk management framework

AHL has an operational risk management framework; this is as required by the Hedge Fund Standards Board's best practice standards for hedge fund managers and is available upon request. Additionally, a variety of governance structures are in place to ensure all risks are captured and understood by employees across the business.

## Manager's report (continued)

### Operational risk management framework (continued)

The Board acknowledges that operational risk management is a key part of day-to-day business management. Man Operational Risk Framework ("ORF") ensures that these risks are identified, understood, assessed and mitigated in such a way that the financial impact of these is managed in accordance with the risk appetite set by the Board.

The Risk and Finance Committee ("RAF") has been given delegated authority for the oversight of, and responsibility for, ensuring the effective implementation of the ORF.

Two important components in ensuring that the objectives of the ORF are achieved are the implementation of Man's Risk and Control Self Assessment ("RCSA") process together with the development and embedding of Key Risk Indicators ("KRIs"). Detail for both of these operational risk tools are shown below.

### Risk and Control Self-Assessment

RCSA is a periodic and documented process used to:

- Assign ownership of inherent operational risks to a risk owner who shall identify and assess material inherent operational risks for the business areas for which they have responsibility and which could threaten the achievement of business objectives.
- Identify and document the controls by which each material operational risk is mitigated.
- Document an assessment of the performance and effectiveness of key controls in mitigating material operational risks. This assessment should be supported by available evidence including evidence of control performance, KRIs and any relevant audit findings and operational risk events.
- Assess the residual risk (i.e. after taking into account the effectiveness of controls) arising from each material operational risk.

As part of the RCSA process, any necessary corrective actions to bring operational risk within the agreed risk appetite are agreed and documented.

### Key Risk Indicators

KRIs are designed to act as an early warning to risk owners of where there may be a potential issue with risk mitigation. They also provide evidence of the effectiveness of risk mitigation. KRI monitoring ensures timely action is taken by management to prevent losses or operational risk events from occurring.

Business units define, in consultation with Group Risk, KRIs and their thresholds and monitor performance against these limits. Any adverse trends or breaches of thresholds must be escalated to the relevant business unit's management and included in regular risk reporting to RAF and Group Risk.

### Scenario Analysis

Operational risks documented via RCSAs and captured in the operational risk register must be classified into operational risk categories. Within the economic capital model, frequency and severity inputs of operational losses (i.e. mean loss, stressed loss) are defined for each operational risk category. The model inputs for each category are set by performing scenario analysis of the most significant risks in the category. Scenario analysis of each operational risk category is updated at least once within an Internal Capital Adequacy Assessment Process ("ICAAP") cycle or more frequently in the event of any material changes to the business, its risk profile or material changes in the external environment. Group Risk involves relevant business units and specialist functions in the category review process and each category review is approved by RAF.

### Risks throughout the reporting period

Throughout the year we identified potentially challenging periods, such as monetary and political events, and periods where liquidity conditions may have deteriorated, such as holiday periods (e.g. Christmas). In the year ended 30 June 2017, the Fund's Risk Management team saw the US and French presidential elections as known events with the potential to cause significant market impact.

During these periods, the Risk team continued to follow standard, systematic risk processes, including:

- Ongoing daily monitoring of implied vs realised volatility across traded markets. Where implied volatilities rose above pre-set thresholds, risk would be reduced.
- For certain faster models, where a possible lack of liquidity would undermine the models' underlying assumptions, allocations are reduced.

## Manager's report (continued)

### Risks throughout the reporting period (continued)

- Regular historic and hypothetical stress testing is performed on the portfolio. In the run up to the UK EU Referendum, specific Leave and Remain scenarios were run on the Fund, to gauge the impact of possible moves in markets.

The Fund's Risk Management team are involved in ongoing review and improvements to the risk management system, including supporting new analytics and improved data sources. Over the past year development efforts moved to calculate risk on a more frequent basis, in order to capture changes in portfolio exposures throughout the day, with an increased frequency of intraday alerting to changes in risk levels.

For detailed information with regards to the principle risks for returns of the Investments or economic uncertainties that the Fund might face as required by Title 9 Book 2 of the Dutch Civil Code, readers are referred to the relevant section of the prospectus dated 19 October 2017, starting on page 44 and to Note 3 to the Financial Statements.

### Dutch Financial Markets Supervision Act

The Dutch FMSA is applicable.

The Manager is currently involved in a dialogue with the AFM on the on-going implementation by the Manager of the requirements imposed pursuant to Section 4:16 FMSA and Sections 37 and 37a of the Conduct of Business Decree. This dialogue may result in certain changes which will be implemented, notified and disclosed by the Manager in accordance with applicable laws and regulations and the Fund documentation.

### Outlook

As indicated above the Programme is primarily a directional trading system – it employs quantitative trading strategies that seek to identify and take advantage of price trends and does not rely on economic forecasts. As such the Manager considers that any reference to economic forecasts will not add any value.

### Declaration regarding administrative organisation and internal control

#### General

The administrative organisation and internal control of the Manager are discussed below insofar as these target the activities of the Fund. Administrative organisation and internal controls are geared to the size of the organisation and meet the requirements of Section 4:14 (1) of the FMSA. Administrative organisation and internal control will not offer an absolute guarantee; rather they are designed to provide reasonable assurance of the effectiveness of internal control measures in relation to the risks of the activities of the Fund. The assessment of the effectiveness and good functioning of administrative organisation and internal control is the responsibility of the Manager. Furthermore, the Manager declares that to the extent reasonably possible it adheres to the Principles of Fund Governance as set by Dufas (Dutch Fund and Asset Management Association).

#### Activities

In view of the implementation of the Directive, as further described in Note 1 to the Financial Statements, the structural aspects of the administrative organisation and internal control applied were assessed and adjusted to the FMSA. The relevant risks were identified and corresponding internal-control measures were formulated. The effectiveness and good functioning of administrative organisation and internal control are assessed in a number of ways including the review of the ISAE 3402 reports of the Unitholder Services Provider and Registrar. During the period, the effective functioning of the internal-control measures was tested by means of partial tests to verify their design, existence and effectiveness. This involved generic test activities that were carried out in a process oriented way. The tests were executed by various departments within the group and business-unit level, in consultation with the external auditors. The tests did not lead to any significant findings for this annual report. A more in-depth analysis of activities undertaken to assess the effectiveness of some key internal controls, such as a weekly analysis of the Fund's restrictions and the manner in which the Fund has reviewed the fulfilment thereof, can be viewed on the Manager's website.

### Report on administrative organisation and internal control

During the reporting year ended 30 June 2017, we assessed the various aspects of administrative organisation and internal control. In our assessment we noted nothing that would lead us to conclude that the description of the structural aspects of administrative organisation and internal control within the meaning of Section 4:14 (1) of the FMSA failed to meet the requirements as specified in the FMSA and related regulations. Neither did we conclude that the internal control measures were ineffective or failed to function according to the description provided.

### Remuneration

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



## Manager's report (continued)

### Remuneration (continued)

For many roles the Manager utilises resource from across the Man Group. For the year ended 31 December 2016 identified staff of the Manager were cumulatively paid USD 36,637,748 in relation to the Manager's Fund. This is split into USD 7,465,763 fixed compensation and USD 29,171,985 variable compensation payable to 35 beneficiaries. Of this, USD 3,212,070 fixed compensation and USD 14,041,985 variable compensation\*\* was paid to senior management. The 35 identified beneficiaries are employees and partners of other Man Group entities but who have been identified through their roles within the group as being in a role in which they can make decisions or take actions that have a material impact on the risk profile of the AIFM. There are no other employees assigned to the Dutch management company. 12 of the 35 identified beneficiaries received total compensation equal to or exceeding EUR 1m. Such individuals hold either group management, investment professional or sales roles.

In the year ended 31 December 2016, Man Group plc paid compensation of USD 405m across 1,257\* staff. Of this, US\$ 141m was variable compensation. Further details are available in the Man Group plc annual report and available at [www.man.com](http://www.man.com).

Man Group plc's Remuneration Committee has defined Man Group's remuneration objectives in the Man Statement of Remuneration Principles which is available at: <https://www.man.com/GB/remuneration-committee>. Man Group plc's Pillar 3 Disclosures are available at: <https://www.man.com/GB/pillar-3-disclosures>.

In brief, remuneration packages at Man Group include some, or all, of the following elements: salary, annual performance bonus, marketing incentives and deferred share and fund product awards, as well as pension, medical insurance and other non-cash benefits. A key mechanism for linking short and long-term performance is our bonus deferral arrangement. Bonus awards are determined by the annual performance of the company, the team and the individual. A significant portion of the award for senior employees is deferred into Man Group shares, encouraging them to think and behave like long-term shareholders. Deferral may also be into funds to align senior employees with our investors and hence our shareholders. The deferral arrangement allows flexibility in the mix between short and long-term focus as appropriate for employees at different levels in Man Group.

\* Man Group plc headcount at 31 December 2016.

\*\* There is no carried interest. This is awarded on a discretionary basis based on individual performance assessments measured on delivery of business objectives and risk management compliance.

Rotterdam, 30 October 2017

Manager  
Man Fund Management Netherlands B.V.

Signed on behalf of the Manager on 30 October 2017.

Man Fund Management Netherlands B.V. in its capacity as manager (*beheerder*) of the Fund

Statement of financial position  
As at 30 June 2017  
(After appropriation of the result)

	Notes	2017 EUR	2016 EUR
<b>Assets</b>			
<b>Investments:</b>			
Net unrealised gains on open positions	3	3,824,661	4,605,067
Investments at fair value	3	25,614,206	23,183,052
		<u>29,438,867</u>	<u>27,788,119</u>
<b>Debtors: amounts receivable within one year</b>			
Balances with brokers – held for trading	3,4	<u>37,308,636</u>	<u>41,477,762</u>
<b>Other assets: amounts receivable within one year</b>			
Cash and cash at hand	3,5	7,164,174	28,497,282
Money market investments		15,336,942	18,419,652
Amounts receivable on sale of financial assets		857,341	929,722
Interest and dividend receivable		43,967	16,561
Amounts receivable for subscribed Units		61,030	10,000
		<u>23,463,454</u>	<u>47,873,217</u>
<b>Total assets</b>		<u>90,210,957</u>	<u>117,139,098</u>
<b>Liabilities</b>			
<b>Investments:</b>			
Unrealised losses on open positions	3	(3,001,324)	(1,376,260)
Securities sold short	3	(3,103,844)	(3,586,676)
		<u>(6,105,168)</u>	<u>(4,962,936)</u>
<b>Creditors: amounts falling due within one year</b>			
Balances due to brokers – held for trading	4	(1,821,247)	(996,258)
Amounts payable for securities purchased		(712,925)	(575,720)
Amounts payable on redeemable Units		(51,586)	(373,517)
Management and advisory fees payable	8	(409,924)	(517,487)
Brokerage commission payable	8	(155,574)	(196,355)
Interest payable	8	(10,367)	(23,367)
Other liabilities	5	(125,436)	(151,307)
		<u>(3,287,059)</u>	<u>(2,834,011)</u>
<b>Total of debtors and other assets less creditors</b>		<u>57,485,031</u>	<u>86,516,968</u>
<b>Total assets less liabilities</b>		<u>80,818,730</u>	<u>109,342,151</u>
<b>Equity</b>			
Unitholders' equity	6	80,818,730	109,342,151
<b>Total equity</b>		<u>80,818,730</u>	<u>109,342,151</u>

Income statement  
For the year ended 30 June 2017

	Notes	2017 EUR	2016 EUR
<b>Operating Income</b>			
Realised gains in the value of investments		38,938,462	63,501,425
Realised losses in the value of investments		(42,232,490)	(54,269,869)
Change in unrealised gains in the value of investments		7,397,124	13,156,531
Change in unrealised losses in the value of investments		(10,087,035)	(12,453,877)
Investment income – interest and dividends	7	426,748	264,660
<b>Total operating income</b>		<b>(5,557,191)</b>	<b>10,198,870</b>
<b>Expenses</b>			
Advisory fees	8	(2,441,207)	(3,214,169)
Management fees	8	(151,566)	(157,606)
Transaction and brokerage cost	8	(1,216,355)	(1,600,123)
Valuation fees	8	(220,757)	(287,279)
Registrar fees	8	(96,919)	(124,184)
Interest expense	8	(371,331)	(268,444)
Title Holder fees	8	(78,603)	(68,959)
Dividend expense	8	(129,376)	(203,041)
Professional fees and general expenses	8	(421,795)	(398,417)
<b>Total operating expenses</b>		<b>(5,127,909)</b>	<b>(6,322,222)</b>
<b>Operating results</b>		<b>(10,685,100)</b>	<b>3,876,648</b>
Number of Units outstanding – Tranche A & B		1,594,253	1,948,059
Number of Units outstanding – Tranche C		442,686	499,994
Number of Units outstanding – Tranche D		273,731	357,336

Statement of cash flows  
For the year ended 30 June 2017

	2017 EUR	2016 EUR
<b>Cash flows from operating activities:</b>		
Operating results	(10,685,100)	3,876,648
Change in operating assets and liabilities:		
Change in balances with brokers – held for trading	4,169,126	14,879,395
Changes in money market investments	3,082,710	4,059,797
Change in unrealised gains/(losses) on open positions	2,405,470	(6,110,766)
Change in balances due to brokers – held for trading	824,989	941,601
Change in other assets: amounts receivable within one year	44,975	1,545,410
Change in creditors: amounts falling due within one year	(50,010)	(632,892)
Change in investments at fair value	(2,913,986)	12,074,509
<b>Net cash (used in)/provided by operating activities</b>	<b>(3,121,826)</b>	<b>30,633,702</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of 32,949 (2016: 19,904) Units from Tranche A and B	1,120,753	796,497
Payment on redemption of 386,755 (2016: 481,565) Units from Tranche A and B	(13,933,488)	(19,067,028)
Proceeds from issue of 29,897 (2016: 96,833) Units from Tranche C	1,127,749	4,069,376
Payment on redemption of 87,205 (2016: 209,799) Units from Tranche C	(3,379,393)	(8,393,897)
Proceeds from issue of 11,016 (2016: 78,991) Units from Tranche D	440,999	3,160,647
Payment on redemption of 94,621 (2016: 150,282) Units from Tranche D	(3,587,902)	(6,233,967)
<b>Net cash used in financing activities</b>	<b>(18,211,282)</b>	<b>(25,668,372)</b>
Net change in cash and cash at hand	(21,333,108)	4,965,330
Cash and cash at hand at the beginning of year	28,497,282	23,531,952
<b>Cash and cash at hand at the end of year</b>	<b>7,164,174</b>	<b>28,497,282</b>
<b>Supplemental disclosure of cash flow information:</b>		
Interest received	15,785	13,282
Interest paid	(388,459)	(333,579)
Dividends received	376,254	264,970
Dividend paid	(138,379)	(209,022)

## Notes to the financial statements For the year ended 30 June 2017

### 1. Introduction

The Fund is an open-ended fund for joint account (*fonds voor gemene rekening*) formed under Dutch law. The Manager of the Fund is Man Fund Management Netherlands B.V., a private company with limited liability with its registered office in Rotterdam.

The Manager is authorised by the AFM to act as manager (*beheerder*) of investment institutions (*beleggingsinstellingen*) and to offer participation rights in investment institutions in the Netherlands and has for this purpose been granted a license within the meaning of Section 2:65 of the FMSA. Accordingly, the Fund, the Depositary, the Title Holder and the Manager are supervised by the AFM.

Until 22 July 2014, the Manager benefited from a transitional period of one year as referred to in article VII of the legislative proposal implementing the Directive in the Netherlands and, as a result, the FMSA which was in force until 22 July 2013 still applied to the Manager, the Title Holder and the Fund. On 22 July 2014, the Manager became fully compliant with the Directive (as implemented in the FMSA and the rules and regulations promulgated pursuant thereto). As from 22 July 2014, the Manager's license was deemed to be converted into a license pursuant to the relevant new rules of the FMSA. The Manager is the AIFM of the Fund.

From December 2005 onwards the Title Holder is Citco Bewaarder B.V. Daily management of the portfolio was performed by AHL Partners LLP, the Trading Adviser of the Fund.

The objective of the Fund is to achieve medium-term capital growth by investing in a worldwide derivatives portfolio with a broad spread, including interbank currency transactions, commodities futures, and futures and options on financial securities.

The Fund is open-ended although in some circumstances the purchase of Units may be stopped (as further set out in the Prospectus).

The Fund is an accumulating fund and, therefore, does not intend to distribute dividends to Unitholders. The Fund's income and other profits will be accumulated and reinvested on behalf of Unitholders.

The Fund has no employees.

The initial subscription period for Units in the Fund was from 18 July 1994 to 14 October 1994. The Fund began operating on 1 November 1994.

The Financial Statements show all amounts in whole Euro ("EUR"), unless mentioned otherwise. The Financial Statements have been compiled in accordance with the financial reporting requirements included in Title 9 Book 2 of the Dutch Civil Code and the FMSA.

### 2. Summary of significant accounting policies

#### Valuation

The Fund's investments are classified as fair value through profit or loss, with changes in fair value reflected in the income statement. Investment transactions are accounted for on a trade date basis. Realised gains and losses are calculated on a First in – First out ("FIFO") basis. Equity securities are valued based on their quoted market prices on a recognised exchange at the close of business on the Valuation Day. Open positions in exchange traded futures are valued using settlement prices issued by the relevant exchange at the close of business on the Valuation Day. Open positions in forward foreign exchange contracts are valued using the market price of the contract required to close out the contract on the Valuation Day. The fair value of equity swaps is calculated by reference to the swap contractual terms and current market values of the underlying equity on the Valuation Day.

Initial margin deposits are made to the brokers upon entering into futures contracts. During the period the futures contract is open, changes in the value of the contracts are recognised as unrealised gains or losses by 'marking-to-market' on a daily basis to reflect the market value of the contract at the end of day's trading. Variation margin payments are made to or received from the brokers depending upon whether unrealised losses or gains are incurred.

The Manager is responsible for the valuation of the assets of the Fund in accordance with its responsibilities under the Directive. As required under the Directive, the Manager has adopted a written valuation policy, which may be modified from time to time, which is consistent with the Prospectus.

Unless mentioned otherwise, assets and liabilities are valued at nominal value.

## Notes to the financial statements (continued)

### For the year ended 30 June 2017

## 2. Summary of significant accounting policies (continued)

### Valuation of investment in AHL Evolution Ltd

The Fund's investment in AHL Evolution Ltd is subject to the terms and conditions of AHL Evolution Ltd. The investment in AHL Evolution Ltd is primarily valued based on the redemption price of AHL Evolution Ltd as at 30 June 2017. The Fund reviews the details of the reported information obtained from AHL Evolution Ltd and considers: (i) the liquidity of AHL Evolution Ltd or its underlying investments, (ii) the value date of the Net Asset Value ("NAV") provided, (iii) any restrictions on redemptions and (iv) the basis of accounting. Realised gains in value of investments and change in unrealised gains/losses in the value of investments in the income statement include the change in fair value of AHL Evolution Ltd. When available, published audited annual reports support the periodic fair valuation of AHL Evolution Ltd.

### Valuation of other financial assets and liabilities

The carrying amounts of the other financial assets and liabilities recorded in the financial statements of the Fund approximate their fair values due to the relative short-term maturity of these financial instruments.

### Income recognition

Income is recognised to the extent that it is probable that economic benefits will flow to the Fund and that income can be reliably measured.

### Net income calculation

Realised and unrealised gains and losses are stated in the income statement, inclusive of exchange gains and losses. Costs are allocated to the period to which they relate, according to the matching principle.

### Statement of cash flows method

The statement of cash flows is prepared according to the indirect method. The statement of cash flows shows the Fund's cash flows for the year divided into cash flows from operations and financing activities and how the cash flows have affected cash funds. For the purposes of the statement of cash flows, investments at fair value through profit or loss are included under operating activities. Cash flows from financing activities include proceeds on issue of Units and payments on redemptions of Units. As the nature of the Fund is to invest in financial instruments, all cash flows related to investments are classified as cash flows from operating activities.

### Equity recognition

Units are redeemable at the Unitholders' option and are classified as equity. These Units are recognised and measured at fair value.

### Foreign currency

Assets and liabilities in foreign currencies are translated into Euro at the exchange rates in force on the last day of the reporting year. Transactions during the year denominated in foreign currencies have been translated at the rates of exchange ruling at the dates of transactions. Exchange gains and losses are included in the income statement.

### Interest income

Interest income, comprising interest earned on deposits with banks, is recognised in the income statement on an accruals basis, in line with the contractual terms.

### Comparative figures

The amounts due from Sumitomo Mitsui Banking Corporation in 2016 was reclassified from cash and cash at hand to money market investments.

## 3. Investments

<b>Movements in net unrealised gains/(losses) on open positions</b>	<b>2017 EUR</b>	<b>2016 EUR</b>
Balance as at the beginning of year	3,228,807	(2,881,959)
Less: Realised trading results	5,482,079	(1,182,573)
Realised and change in unrealised trading (loss)/income during the year	(7,887,549)	7,293,339
<b>Balance as at the end of year</b>	<b>823,337</b>	<b>3,228,807</b>

Notes to the financial statements (continued)  
For the year ended 30 June 2017

### 3. Investments (continued)

Per the statement of financial position	2017 EUR	2016 EUR
Unrealised gain on open positions	3,824,661	4,605,067
Unrealised loss on open positions	(3,001,324)	(1,376,260)
<b>Balance as at the end of year</b>	<b>823,337</b>	<b>3,228,807</b>

Movements in Investments at fair value	2017 EUR	2016 EUR
Balance as at beginning of year	23,183,052	38,057,810
Purchases	48,236,668	65,919,676
Sales	(48,923,330)	(82,481,305)
Realised and change in unrealised trading income during the year	3,117,816	1,686,871
<b>Balance as at the end of year</b>	<b>25,614,206</b>	<b>23,183,052</b>

Movements in securities sold short	2017 EUR	2016 EUR
Balance as at beginning of year	(3,586,676)	(6,386,925)
Purchases	(22,459,913)	(29,972,176)
Sales	24,156,940	31,818,298
Realised and change in unrealised trading (loss)/income during the year	(1,214,195)	954,127
<b>Balance as at the end of year</b>	<b>(3,103,844)</b>	<b>(3,586,676)</b>

The nature of the Fund's trading activity means figures for the number of sales and purchases transactions are not considered a valid measure of activity and therefore are not captured or disclosed.

The investments in AHL Evolution Ltd is initially valued at cost then carried at fair value at the statement of financial position date. The Fund retains the risks and rewards of all investments included in the statement of financial position. Changes in unrealised gains or losses on these investments are included in the income statement.

Notes to the financial statements (continued)  
For the year ended 30 June 2017

### 3. Investments (continued)

The investments as at 30 June 2017 and 30 June 2016 consist of:

	2017 EUR	2016 EUR
Investments at fair value:		
AHL Evolution Ltd *	13,848,205	18,140,152
Investment in equity securities held for trading	11,766,001	5,042,900
	<u>25,614,206</u>	<u>23,183,052</u>
Unrealised gains on open positions:		
Bond futures	36,656	1,602,346
Commodity forward contracts – settled by delivery	79,980	131,309
Commodity futures contracts – settled by cash	817,199	968,133
Currency futures	56,373	–
Equity swaps	395,518	210,100
Forward currency contracts	2,016,007	948,047
Short-term interest rate futures	78,017	565,892
Stock index futures	344,911	179,240
	<u>3,824,661</u>	<u>4,605,067</u>
Investments at fair value:		
Investment in equity securities sold short	<u>(3,103,844)</u>	<u>(3,586,676)</u>
Unrealised losses on open positions:		
Bond futures	(489,880)	–
Commodity forwards	(85,148)	(71,413)
Commodity futures	(839,851)	(355,271)
Currency futures	(167)	(983)
Equity swaps	(303,699)	(119,098)
Forward currency contracts	(401,309)	(682,638)
Short-term interest rate futures	(389,198)	(16,562)
Stock index futures	(492,072)	(130,295)
	<u>(3,001,324)</u>	<u>(1,376,260)</u>
<b>Total Investments</b>	<b><u>23,333,699</u></b>	<b><u>22,825,183</u></b>

\* The positions in AHL Evolution Ltd are:

	2017 EUR	2016 EUR
3,703.01 shares at USD 4,273.00 per share = USD 15,822,959	13,848,205	–
5,606.71 shares at USD 3,595.22 per share = USD 20,157,362	–	18,140,152

Detailed information of the investments of the Fund are included in the ‘Schedule of Investments’ section of the financial statements.



Notes to the financial statements (continued)  
For the year ended 30 June 2017

### 3. Investments (continued)

During the last 5 years, the Fund's investment results were as follows:

	Tranche A, B, C & D 2017/2016 EUR	Tranche A, B, C & D 2016/2015 EUR	Tranche A, B, C & D 2015/2014 ** EUR	Tranche A, B & C 2014/2013 EUR	Tranche A, B & C 2013/2012 EUR
Realised (losses)/gains in the value of investments	(3,294,028)	9,231,556	20,541,015	26,085,376	9,785,443
Unrealised (losses)/gains in the value of investments	(2,689,911)	702,654	1,388,695	13,294,841	(17,152,197)
Other operating income	(73,959)	(171,910)	240,861	804,686	472,169
Operating expenses	(4,627,202)	(5,885,652)	(13,902,551)	(8,750,684)	(14,428,060)
Operating results	<b>(10,685,100)</b>	<b>3,876,648</b>	<b>8,268,020</b>	<b>31,434,219</b>	<b>(21,322,645)</b>
Number of Units outstanding	2,310,670	2,805,389	3,451,307	4,162,953	8,226,948
Number of Units Outstanding for Tranche A & B as per end of year	1,594,253	1,948,059	2,409,720	3,222,462	8,053,936
Number of Units Outstanding for Tranche C as per end of year	442,686	499,994	612,960	940,491	173,012
Number of Units Outstanding for Tranche D as per end of year	273,731	357,336	428,627	–	–
Result per Unit: Tranche A & B	(10.7)%	2.0%	4.9%	21.6%	(7.6)%
Result per Unit: Tranche C	(9.8)%	3.0%	5.3%	22.7%	(6.6)%
Result per Unit: Tranche D	(8.9)%	4.0%	(11.7)%		

\* The result per Unit D in 2014/2015 relates to the period from 3 March 2014 up to and including 30 June 2015.

\*\* The results in 2015/2014 relates to the period from 1 September 2014 to 30 June 2015.

Past performance is no indication of current or future performance, and the performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

Due to the frequency of trading activity on the AHL managed account, disclosure in respect of the flows of derivatives between the opening and closing position of the investments would be of too great volume to be of any benefit to the users of these Financial Statements.

The Fund's principal activity is the trading of derivative financial instruments, which include futures and currencies whose values are based upon an underlying asset, index, currency or interest rate. The net unrealised gains or losses, rather than contract or notional amounts, represent the Fund's approximate future cash flows from trading because the Fund typically closes out positions by entering into offsetting contracts which are settled with the brokers on a net basis daily.

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

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

## Notes to the financial statements (continued)

### For the year ended 30 June 2017

### 3. Investments (continued)

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 transaction are based. Unrealised gains or losses, rather than notional amounts, of the exchange traded derivatives traded by the Fund are included in the statement of financial position.

Using internal methods applied for many years the Trading Adviser has calculated the following values which it believes best represent the contractual commitment (the "Contract Amount") under the Fund's derivative financial instruments (the definition of which does not include commodity futures contracts settled by delivery) at 30 June 2017 and 30 June 2016. This amount includes both long and short positions and being a gross value does not take into account that there are offsetting positions. This level is consistent with historical performance and falls within the expected risk parameters operated and actively managed by the Trading Adviser.

Contract Amount	2017 EUR million	2016 EUR million
Bond futures	127	209
Commodity forward contracts – settled by delivery	9	5
Commodity futures contracts – settled by cash	57	40
Currency futures	5	1
Equity swaps	12	5
Forward currency contracts	228	152
Short-term interest rate futures	(78)	(60)
Stock index futures	62	19
	<b>422</b>	<b>371</b>

For one class of derivative financial instrument, short-term interest rate futures, the Contract Amount does not correspond with the notional amount of the contract as calculated using year end market values, which is required to be disclosed. For this class of futures contracts, the Contract Amount is based on the interest pertaining to the contract rather than the value of the underlying notional deposit. At 30 June 2017, the amount of the underlying notional deposit for short-term interest rate futures was EUR 554 million (2016: EUR 480 million).

The Manager considers that for this class of contract, where the notional amount is a much greater multiple of the realistically possible change in the unrealised gains or losses than it is for other classes, the Contract Amount provides a far more representative and meaningful basis on which to consider the exposure to particular classes of futures contracts.

The maturity of the derivatives held are all within three years of the statement of financial position date of 30 June 2017, as outlined in the Fund's position reports. Due to the volume of positions held and for the sake of brevity it has not been considered beneficial to the users of these Financial Statements to provide an analysis of each individual position as at the statement of financial position date.

#### General risk

The below mentioned risk assessment does not take into account the specific risks run by AHL Evolution Ltd. We note that the risk profile of AHL Evolution Ltd is similar to the risk profile of the Fund.

#### Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Fund's exposure to market risk relates to the Investments in these instruments. The Fund's market risk is managed through diversification of the investment portfolio.

Notes to the financial statements (continued)  
For the year ended 30 June 2017

### 3. Investments (continued)

#### Currency risk

Currency risk arises primarily, in relation to the underlying Investments held in foreign instruments and cash held with the Fund's primary Broker. Within the AHL Diversified Programme (the "Programme"), exposures to and positions in currencies other than EUR are included in the decision making process and are dynamically hedged on a daily basis. As at 30 June 2017, the Fund's portfolio held 16 (2016: 17) currencies in open position, the largest being in EUR. The tables below show the currency exposure (expressed in EUR).

As at 30 June 2017

Amounts are expressed in their EUR equivalents

	EUR	USD	Other	Total
<b>Current assets</b>				
Cash and cash at hand	2,520,096	4,644,078	–	7,164,174
Money market investments	15,336,942	–	–	15,336,942
Amounts receivable on sale of financial assets	34,778	676,264	146,299	857,341
Interest and dividend receivable	7,640	6,113	30,214	43,967
Balances with brokers – held for trading	29,886,815	4,437,934	2,983,887	37,308,636
Investments at fair value	684,836	21,340,268	3,589,102	25,614,206
Unrealised gains on open positions (excluding forward currency contracts)	167,910	1,181,257	459,488	1,808,655
Amount receivable for subscribed Units	61,030	–	–	61,030
<b>Total current assets</b>	<b>48,700,047</b>	<b>32,285,914</b>	<b>7,208,990</b>	<b>88,194,951</b>
<b>Current liabilities</b>				
Unrealised losses on open positions (excluding foreign exchange forward contracts)	(535,528)	(1,172,300)	(892,187)	(2,600,015)
Securities sold short	(314,377)	(1,963,245)	(826,222)	(3,103,844)
Balances due to brokers – held for trading	10,046	(1,482,564)	(348,729)	(1,821,247)
Amounts payable for securities purchased	(40,468)	(413,683)	(258,774)	(712,925)
Amounts payable on redeemable Units	(51,586)	–	–	(51,586)
Management and advisory fees payable	(409,924)	–	–	(409,924)
Brokerage commissions payable	(375,765)	220,191	–	(155,574)
Interest payable	(5,511)	(869)	(3,987)	(10,367)
Other liabilities	(125,436)	–	–	(125,436)
<b>Total current liabilities</b>	<b>(1,848,549)</b>	<b>(4,812,470)</b>	<b>(2,329,899)</b>	<b>(8,990,918)</b>
<b>Total assets less liabilities before hedging</b>	<b>46,851,498</b>	<b>27,473,444</b>	<b>4,879,091</b>	<b>79,204,033</b>
<b>Impact of forward foreign exchange contracts</b>	<b>–</b>	<b>1,390,890</b>	<b>223,807</b>	<b>1,614,697</b>
<b>Total assets less liabilities after hedging</b>	<b>46,851,498</b>	<b>28,864,334</b>	<b>5,102,898</b>	<b>80,818,730</b>

Notes to the financial statements (continued)  
For the year ended 30 June 2017

### 3. Investments (continued)

#### Currency risk (continued)

As at 30 June 2016

Amounts are expressed in their EUR equivalents

	EUR	USD	Other	Total
<b>Assets</b>				
Cash and cash at hand	22,649,477	5,847,805	–	28,497,282
Money market investments	18,419,652	–	–	18,419,652
Amounts receivable on sale of financial assets	27,294	663,943	238,485	929,722
Interest and dividend receivable	3,842	4,274	8,445	16,561
Balances with brokers – held for trading	31,903,855	4,934,964	4,638,943	41,477,762
Investment at fair value	101,297	22,123,340	958,415	23,183,052
Unrealised gains on open positions (excluding forward currency contracts)	683,011	1,687,507	1,286,502	3,657,020
Amount receivable for subscribed Units	10,000	–	–	10,000
<b>Total assets</b>	<b>73,798,428</b>	<b>35,261,833</b>	<b>7,130,790</b>	<b>116,191,051</b>
<b>Liabilities</b>				
Unrealised losses on open positions (excluding foreign exchange forward contracts)	(55,866)	(458,052)	(179,704)	(693,622)
Securities sold short	(206,870)	(2,045,182)	(1,334,624)	(3,586,676)
Balances due to brokers – held for trading	(1,227)	–	(995,031)	(996,258)
Amounts payable for securities purchased	(19,069)	(375,665)	(180,986)	(575,720)
Amounts payable on redeemable Units	(373,517)	–	–	(373,517)
Management and advisory fees payable	(517,487)	–	–	(517,487)
Brokerage commission payable	(196,355)	–	–	(196,355)
Interest payable	(8,070)	(1,573)	(13,724)	(23,367)
Other liabilities	(151,307)	–	–	(151,307)
<b>Total liabilities</b>	<b>(1,529,768)</b>	<b>(2,880,472)</b>	<b>(2,704,069)</b>	<b>(7,114,309)</b>
<b>Total assets less liabilities before hedging</b>	<b>72,268,660</b>	<b>32,381,361</b>	<b>4,426,721</b>	<b>109,076,742</b>
<b>Impact of forward foreign exchange contracts</b>	<b>–</b>	<b>280,596</b>	<b>(15,187)</b>	<b>265,409</b>
<b>Total assets less liabilities after hedging</b>	<b>72,268,660</b>	<b>32,661,957</b>	<b>4,411,534</b>	<b>109,342,151</b>

Except for forward foreign exchange contracts, there were no differences between gross and net positions on total assets less liabilities.

#### Interest rate risk

The Fund's assets held in cash in interest bearing accounts and as such subject to risks due to fluctuations in the prevailing levels of market interest rates was EUR 15,336,942 (2016: EUR 18,419,652).

The following analysis represents an estimate of the effect on interest bearing accounts due to a reasonably possible change in the level of interest rates, with all other variables held constant. In practice, the actual results may differ from the sensitivity analysis and the difference could be material.

## Notes to the financial statements (continued) For the year ended 30 June 2017

### 3. Investments (continued)

#### Interest risk (continued)

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

#### For the year ended 30 June 2017

EUR

Unitholders' equity as at 30 June 2017 50 bps higher interest during the year	80,895,415
Unitholders' equity as at 30 June 2017 50 bps lower interest during the year	80,742,045

#### For the year ended 30 June 2016

EUR

Unitholders' equity as at 30 June 2016 50 bps higher interest during the year	109,434,249
Unitholders' equity as at 30 June 2016 50 bps lower interest during the year	109,250,053

#### Credit risk

Credit risk arises from the inability of a counterparty to meet the terms of the Fund's financial instrument contracts. This risk is limited as it is the Fund's policy to only enter into financial instruments with a range of creditworthy counterparties. Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is diversified in a range of sectors and markets using a consistent investment process that determines asset allocation weightings in accordance with expected returns, market and sector correlations, and liquidity factors and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

Except for swap agreements, these are currently principal-to-principal transactions in which performance is the responsibility of the individual counterparty and not an organised exchange or clearinghouse. Forward contracts and options, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis.

#### Counterparty risk

Investments will normally be entered into between the Fund and the Brokers as principal (and not as agent). Accordingly, the Fund is fully exposed to the risk that the Brokers may, in an insolvency or similar event, be unable to meet their contractual obligations to the Fund. This includes margin monies held by the Brokers. The Fund is also exposed to the default of the Brokers.

To the extent that margin monies of the Fund held by a Broker is placed with a market counterparty of such Broker, such margin monies may be pooled with margin monies of other customers of the Broker which are held with such market counterparty and may be exposed to loss through netting in the event of the market counterparty's insolvency.

Funds not immediately required for margin purposes by the Brokers will be held in a segregated client account or accounts with a third party bank or banks in accordance with the 'Client Money Rules'. Funds held by the Brokers in a segregated client account may be subject to pooling (that is, pro rata allocation) in the event that there is an overall shortfall in amounts due from the Brokers to their customers out of such customer segregated funds. Funds held in segregated client accounts will not, however, be available to the general creditors of the Broker.

The Trading Adviser has an active process in place for monitoring the credit risk of all banks and brokers which includes an evaluation of the counterparty's credit worthiness, periodic review of credit standing and obtaining collateral and various credit enhancements in certain circumstances.

Notes to the financial statements (continued)  
For the year ended 30 June 2017

### 3. Investments (continued)

#### Counterparty risk (continued)

Each broker held the below amounts in respect of the Fund at year end (including rating as per Moody's and Standard & Poor's respectively).

	2017 EUR	2016 EUR
Bank of America Merrill Lynch (N/A, A+)	3,038,741	836,937
Bank of New York Mellon (Aa1, AA-)	1,997,473	1,096,439
BNP Paribas (A1, A)	15,211,855	21,281,517
Credit Suisse, London (A1, A)	2,987,518	1,607,394
Credit Suisse, Sydney (A1, A)	2,879,842	9,592,604
Deutsche Bank (A3, A-)	1,107,862	1,128,428
Goldman Sachs International (A1, A+)	61,658	–
Hong Kong Shanghai Banking Corporation (Aa2, AA-)	1,341,485	543,284
J.P. Morgan (Aa3, A+)	2,950,085	875,447
Morgan Stanley (A1, A+)	2,454,485	2,491,174
Royal Bank of Scotland plc, Edinburgh (A3, BBB+)	1,456,385	1,028,280
	<b>35,487,389</b>	<b>40,481,504</b>

The Fund also had cash balances at year end on deposit with banks as below (including rating as per Moody's and Standard & Poor's respectively):

	2017 EUR	2016 EUR
Citibank (A1, A)	6,745,437	28,100,806
ING Bank, Netherlands (A1, A)	418,737	396,476
	<b>7,164,174</b>	<b>28,497,282</b>

#### Liquidity risk

The Fund's constitution provides for the weekly issue and redemption of Units and it is therefore exposed to liquidity risk. As a large proportion of the Fund's assets are held in cash on weekly deposits the risk of not meeting the redemption request is deemed to be insignificant.

Generally, the Fund takes on minimal liquidity risk as it invests in investment funds with a redemption notice period of less than that of the Fund or utilises a dealing arrangement facility to ensure investments in investment funds can be purchased from the Fund should there be insufficient liquidity at a price equal to the last available price per Unit on the date of purchase.

Allocation to the Programme managed Investments bears minimal liquidity risk as the managed account contains highly liquid positions only.

The liquidity risk of the underlying investments is managed by the underlying investment managers to those investment funds, subject to the general procedures as noted above.

All contracts have been concluded at official exchange rates.

#### Redemption risk

Since the Fund is an open-ended investment institution, it can, in theory, be adversely affected by a large number of Unitholder redemptions. In the case of large Unitholder redemptions, the Fund would be required to realise some of its assets, including investments, on short notice in order to reimburse the redeeming Unitholders. This could be detrimental to the results of the Fund.

## Notes to the financial statements (continued)

### For the year ended 30 June 2017

### 3. Investments (continued)

#### 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 Manager 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 at hand which are highly liquid investments held in the base currency of the Fund. That are readily convertible to a known amount of cash, are 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; and
- 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 at hand items in line with regulatory requirements.

The table below sets out the current maximum limit allowed 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 allowed	35,000 %	4,300 %
Actual level at year end	4,174 %	757 %

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.

#### Special arrangements

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 which are subject to such arrangements and how management and performance fees apply to these assets.

For the year ended 30 June 2017 and 30 June 2016, none of the assets held by the Fund were subject to special arrangements.

#### Risk controls and limits

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

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

## Notes to the financial statements (continued)

### For the year ended 30 June 2017

#### 4. Debtors

Balances with the brokers are made up as follows:

	2017 EUR	2016 EUR
Current account	(26,851,579)	(24,367,134)
Margin account	64,160,215	65,844,896
	<b>37,308,636</b>	<b>41,477,762</b>

Balances due to broker represent unsettled trades for securities purchased amounting to EUR 1,821,247 (2016: EUR 996,258).

Interest against normal market conditions is generated through the Brokers' current accounts. The margin account is the account which the Brokers keep at the relevant exchanges to comply with their margin requirements.

#### 5. Other assets and other liabilities

##### Other assets

Cash and cash at hand are amounts freely available.

Other receivables represent amounts payable to the Fund by subscribers on issue of new Units.

##### Other liabilities

Other liabilities comprises amounts payable in respect of valuation fees, registrar fees, Title Holder fees and other creditors and accrued expenses related to the operational expenditure of the Fund.

#### 6. Unitholders' equity

##### Movement in Unitholders' equity during the year ended 30 June 2017

	Tranche A & B Units	Tranche C Units	Tranche D Units	Value EUR
Unitholders' equity at 1 July 2016	1,948,059	499,994	357,336	109,342,151
Number of Units issued and amounts received	32,949	29,897	11,016	2,740,532
Number of Units redeemed and amounts paid	(386,755)	(87,205)	(94,621)	(20,578,853)
Result for the year	—	—	—	(10,685,100)
<b>Total Unitholders' equity at 30 June 2017</b>	<b>1,594,253</b>	<b>442,686</b>	<b>273,731</b>	<b>80,818,730</b>

##### Movement in Unitholders' equity during the year ended 30 June 2016

	Tranche A & B Units	Tranche C Units	Tranche D Units	Value EUR
Unitholders' equity at 1 July 2015	2,409,720	612,960	428,627	131,328,013
Number of Units issued and amounts received	19,904	96,833	78,991	7,936,520
Number of Units redeemed and amounts paid	(481,565)	(209,799)	(150,282)	(33,799,030)
Result for the year	—	—	—	3,876,648
<b>Total Unitholders' equity at 30 June 2016</b>	<b>1,948,059</b>	<b>499,994</b>	<b>357,336</b>	<b>109,342,151</b>



Notes to the financial statements (continued)  
For the year ended 30 June 2017

## 6. Unitholders' equity (continued)

In case of early redemption, a Tranche A Unitholder may have to pay a redemption fee in accordance with a fee scale as further described in the Prospectus. The amount of such early redemption fee depends on the period during which the Units were outstanding and ranges from 3% (shorter than 2 years) to 0% (longer than 6 years). In the case of redemptions, a Tranche B, Tranche C or Tranche D Unitholder is not subject to any early redemption fee.

	Tranche A & B 30 June 2017 EUR	Tranche C 30 June 2017 EUR	Tranche D 30 June 2017 EUR
NAV per Unit	34.39	35.95	36.79
Number of Units outstanding	1,594,253	442,686	273,731
Total equity	54,829,572	15,916,301	10,072,857

	Tranche A & B 30 June 2016 EUR	Tranche C 30 June 2016 EUR	Tranche D 30 June 2016 EUR
NAV per Unit	38.49	39.84	40.37
Number of Units outstanding	1,948,059	499,994	357,336
Total equity	74,993,927	19,921,801	14,426,423

	Tranche A & B 30 June 2015 EUR	Tranche C 30 June 2015 EUR	Tranche D 30 June 2015 EUR
NAV per Unit	37.75	38.68	38.80
Number of Units outstanding	2,409,720	612,960	428,627
Total equity	90,980,914	23,713,227	16,633,872

	Tranche A & B 31 August 2014 EUR	Tranche C 31 August 2014 EUR
NAV per Unit	35.99	36.75
Number of Units outstanding	3,222,462	940,491
Total equity	115,994,747	34,564,133

## 7. Investment income

	2017 EUR	2016 EUR
Dividend income	402,992	251,146
Interest income	16,453	13,447
Other income	7,303	67
<b>Total</b>	<b>426,748</b>	<b>264,660</b>

## Notes to the financial statements (continued) For the year ended 30 June 2017

### 8. Expenses

#### (a) Advisory fees

An advisory fee is payable in arrears on the first working day of each week. The advisory fee is equal to 3% per annum and calculated at the rate of 1/52 of 3% on the NAV attributable to Tranche A and B Units as determined on each Valuation Day. The advisory fee is equal to 2% per annum calculated at the rate of 1/52 of 2% on the NAV attributable to Tranche C Units as determined on each Valuation Day. The advisory fee is equal to 1.00% per annum calculated at the rate of 1/52 of 1.00% on the NAV attributable to Tranche D Units as determined on each Valuation Day.

For the year ended 30 June 2017, the Fund incurred advisory fees of EUR 2,441,207 (2016: EUR 3,214,169), of which EUR 397,757 (2016: EUR 503,344) are still payable as of 30 June 2017.

Trading advisory in respect of the Programme are paid to Man Investments AG, as commissionaire for AHL Partners LLP, the Trading Adviser.

#### (b) Brokerage commission

Brokerage commission represents the cost of sales and purchases on the commodities and futures markets.

The brokerage charged to the Fund is calculated in line with the Introducing Brokerage Agreement as amended on 22 July 2014 and follows principles consistent with those generally incorporated in such agreements between the Man Group and the funds for which it acts as both Trading Adviser and Broker. The brokerage paid by the Fund, excluding institutional commission, is 1% of the average NAV of the Units on an annual basis.

For the year ended 30 June 2017, the brokerage commission incurred was EUR 958,850 (2016: EUR 1,240,235), of which EUR 155,574 (2016: EUR 196,355) is still payable as at 30 June 2017. The Fund also paid direct costs of the institutional rate of EUR 257,505 (2016: EUR 359,888).

Total brokerage commission (standard fee of 1% plus institutional fee) expressed as a percentage of the average NAV of the Units amounts to an average of 1.00 % (2016: 1.00%).

#### (c) Valuation fees

The Valuation fee is payable to the Services Manager calculated at a rate based upon a sliding scale not exceeding 0.10% per annum on the NAV. The minimum fee is EUR 6,250 per month, payable monthly in arrears and accrued weekly. These fees will be subject to VAT. In addition, the Fund will pay to the Services Manager a fee of 0.23% per annum of the NAV. These fees are calculated weekly and payable at the end of each month, plus costs and out-of-pocket expenses. The Services Manager will pay a portion of such fee to the Valuation Service Provider.

#### (d) Management fee

The Manager charged a fee of EUR 151,566 (2016: EUR 157,606), of which EUR 12,167 (2016: EUR 14,143) are still payable as of 30 June 2017. As from 1 April 2001 the Manager is entitled to a fee calculated at a rate of 0.2% of the weekly NAV of the Fund up to a NAV of EUR 45,500,000. In case the NAV exceeds such amount, the fee is calculated at a rate of 0.04% of the part of the weekly NAV of the Fund in excess of EUR 45,500,000. The minimum fee is EUR 54,500.

Starting 27 November 2015 the Manager is entitled to a fee calculated at a rate of 0.2% of the weekly NAV of the Fund up to a NAV of EUR 45,500,000. In case the NAV exceeds such amount, the fee is calculated at a rate of 0.12% of the part of the weekly NAV of the Fund in excess of EUR 45,500,000. The minimum fee is EUR 54,500. The fee is deducted from the Fund's capital on a weekly pro rata basis. Also, all costs incurred, which can be allocated to the Fund are charged on to the Fund.

#### (e) Registrar fees

The Unitholder Services Provider and Registrar are entitled to a fee calculated at a rate based upon a sliding scale not exceeding 0.10% per annum on the NAV. The minimum fee is EUR 6,250 per month, payable monthly in arrears and accrued weekly. These fees will be subject to value added tax ("VAT").

#### (f) Title Holder fees

The Title Holder is entitled to a fee of EUR 15,000 per annum and a fee calculated at a rate based upon a sliding scale not exceeding 0.05% of NAV per annum. These fees will be subject to value added tax ("VAT") and payable monthly in arrears and accrued weekly. For the year ended 30 June 2017, the costs (including fees) of the Title Holder were EUR 78,603 (2016: EUR 68,959), of which EUR 10,872 (2016: EUR 18,185) is still payable as at 30 June 2017.

## Notes to the financial statements (continued)

### For the year ended 30 June 2017

#### 8. Expenses (continued)

##### (f) Title Holder fees (continued)

The Title Holder's costs have been charged to the Fund's assets.

##### (g) Performance fees

The Fund pays a performance fee calculated at the rate of 20% of the net appreciation (after deduction of the advisory fee) of the NAV per Unit, being higher than the previous maximum NAV per Unit, multiplied by the number of Units in issue on the Valuation Day with reference to which the performance fee is calculated.

For the year ended 30 June 2017 and 30 June 2016, the Fund did not incur performance fees. The next performance fee will be due in the event of a future end-of-performance period Unit value exceeding EUR 44.75 for Tranche A and Tranche B, EUR 45.74 for Tranche C and EUR 45.79 for Tranche D.

Performance fees payable in respect of the Programme are paid to Man Investments AG, as commissionaire for AHL Partners LLP, the Trading Adviser.

##### (h) Soft commission arrangement

No soft commission arrangements have been entered into by Trading Adviser on behalf of the Fund.

##### (i) Expenses of investments at fair value

Through its investment in AHL Evolution Ltd, the Fund indirectly suffers the expenses of that investment. These expenses are manifested by the impact on the fair value of that investment, which decreases as a result of the expenses it pays.

##### (j) Subscription and redemption fees

The Fund does not charge subscription fees. The Fund does not charge redemption fees where the Units have been held for more than 6 years where it regards Tranche A Units. On Tranche B Units, Tranche C Units and Tranche D Units, no redemption fees are charged by the Fund. On Tranche B Units, an optional sales charge of a maximum of 3% may apply, as further described in the Prospectus.

##### (k) Depositary fees

The Depositary is entitled to a fee not exceeding 0.05% of NAV per annum. These fees will be subject to VAT and payable monthly in arrears and accrued weekly. These have been netted into "Other costs" in the below table.

##### (l) Other costs

Other expenses include, but not solely, the charges paid by the Fund for supervision by the AFM and fees to the external auditor, the Unitholder Services Provider and Registrar.

The following breakout of expenses details the expenses shown net on the income statement.

	2017 EUR	2016 EUR
8(a) Advisory fees	2,441,207	3,214,169
8(b) Brokerage commissions	958,850	1,240,235
8(b) Direct brokerage costs	257,505	359,888
8(c) Valuation fees	220,757	287,279
8(d) Management fees	151,566	157,606
8(e) Registrar fees	96,919	124,184
8(f) Title Holder fees	78,603	68,959
Legal fees	186,662	155,045
Dividend expense	129,376	203,041
Interest expense	371,331	268,444
Fees for audit of financial statements	66,289	141,286
Other costs	168,844	102,086
<b>Total</b>	<b>5,127,909</b>	<b>6,322,222</b>

## Notes to the financial statements (continued)

### For the year ended 30 June 2017

#### 8. Expenses (continued)

##### (l) Other costs (continued)

For the year ended 30 June 2017, the costs related to the audit of the financial statements (including fees) of the auditors were EUR 66,289 (2016: EUR 141,286). Audit fees for the year ended 30 June 2016 include portion of prior year audit fee which was not accrued for the period ended 30 June 2015.

All costs are in line as per the Prospectus, regarding categories and calculation method.

#### 9. Ongoing charges figure

The ongoing charges figure ("OCF") is a representation of the ongoing costs in connection with the management of investments expressed in a percentage of the average equity.

The ongoing costs include all costs that are continuously charged (annually) to an investment fund. The primary ongoing costs are the management fee and costs for advisory, brokerage, administration, marketing, audit, legal, regulator etc. Since the Fund invested a substantial proportion of its assets in AHL Evolution Ltd, the OCF takes into account the ongoing charges incurred by the underlying fund. The published total expense ratio of AHL Evolution Ltd is pro-rated according to the Fund's positions in the underlying fund. The pro-rated figure is added to the OCF of the Fund, thus presenting a synthetic OCF.

In accordance with regulations these costs do not include additional expenses made by the Fund in connection with the purchase and sale of investments and interest on loans payable.

During the year the average assets are calculated based on the intrinsic values/NAV at the end of every week. The average assets of Tranche A & B, Tranche C and Tranche D Units are calculated based on a 12 month period.

	Year ended 30 June 2017 EUR	Year ended 30 June 2016 EUR
Average assets	95,667,878	123,283,049
Total operating expenses – excluding performance related fee*	5,037,448	6,156,846
Total operating expenses – including performance related fee*	5,037,448	6,156,846
Total expense ratio of AHL Evolution Ltd	2.66%	2.80%
OCF – excluding performance related fee	5.27%	4.99%
OCF – including performance related fee	5.27%	4.99%
Pro-rated total expense ratio of AHL Evolution Ltd	0.01%	0.02%
Synthetic OCF – excluding performance related fee	5.28%	5.01%
Synthetic OCF – including performance related fee	5.28%	5.01%

Because the Fund has tranches with a deviating cost structure since 7 August 2012, the OCF per tranche can be calculated on the basis of an average equity allocation on the respective tranches. A distinction as such would lead to the following OCF per tranche:

	Tranche A&B 30 June 2017	Tranche C 30 June 2017	Tranche D 30 June 2017
OCF – excluding performance related fee	5.72%	4.72%	3.71%
OCF – including performance related fee	5.72%	4.72%	3.71%
Synthetic OCF – excluding performance related fee	5.73%	4.72%	3.71%
Synthetic OCF – including performance related fee	5.73%	4.72%	3.71%

Notes to the financial statements (continued)  
For the year ended 30 June 2017

## 9. Ongoing charges figure (continued)

	Tranche A&B 30 June 2016	Tranche C 30 June 2016	Tranche D 30 June 2016
OCF – excluding performance related fee	5.41 %	4.40 %	3.39 %
OCF – including performance related fee	5.41 %	4.40 %	3.39 %
Synthetic OCF – excluding performance related fee	5.42 %	4.40 %	3.39 %
Synthetic OCF – including performance related fee	5.42 %	4.40 %	3.39 %

## 10. Portfolio turnover ratio

This ratio is calculated based on Article 123 of the Decree prudential supervision financial institutions (*Besluit gedragstoezicht financiële ondernemingen Wft*) and Article 6.2 of the Further Regulation prudential supervision financial institutions (*Nadere Regeling gedragstoezicht financiële ondernemingen*), and expresses the relation between the total trading transactions minus the total equity transactions on one side and the average NAV of the Fund on the other side.

The PTR for the year ended 30 June 2017 amounted to -28.46% (2016: -36.40%).

## 11. Financial instruments

### Classification of investments

The Fund has classified its investments based on four valuation methods such as quoted market prices, external appraisals, discounted cash flow methods, or other appropriate models. Equity securities and futures contracts are valued using quoted market prices as they are traded in active markets. Forward contracts and equity swaps are priced via models which use observable market inputs on the trade date such as foreign exchange rates or commodity prices. The determination of what constitutes “observable” requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The Fund’s investment in AHL Evolution Ltd is subject to the terms and conditions of AHL Evolution Ltd. The investment in AHL Evolution Ltd is primarily valued based on the latest available redemption price of AHL Evolution Ltd as determined by its administrator. The Fund reviews the details of the reported information obtained from AHL Evolution Ltd and considers: (i) the liquidity of AHL Evolution Ltd or its underlying investments, (ii) the value date of the NAV provided, (iii) any restrictions on redemptions and (iv) the basis of accounting. Realised gains in value of investments and change in unrealised gains/losses in the value of investments in the income statement include the change in fair value of AHL Evolution Ltd. When available, published audited annual reports support the periodic fair valuation of AHL Evolution Ltd.

The Fund has no investments valued using external appraisals and discounted cash flow methods.

As at 30 June 2017	Quoted market prices EUR	Other appropriate models EUR	Total Fair value EUR
Investment fund at fair value:			
AHL Evolution Ltd	–	13,848,205	13,848,205
Investment in equity securities held for trading	11,766,001	–	11,766,001
Investment in equity securities sold short	(3,103,844)	–	(3,103,844)
Unrealised gain/(loss) on open positions:			
Bond futures	(453,224)	–	(453,224)
Commodity forward contracts – settled by delivery	–	(5,168)	(5,168)
Commodity future contracts – settled by cash	(22,652)	–	(22,652)
Currency futures	56,206	–	56,206
Equity swaps	–	91,819	91,819
Forward currency contracts	–	1,614,698	1,614,698
Short-term interest rate futures	(311,181)	–	(311,181)
Stock Index futures	(147,161)	–	(147,161)
	<b>7,784,145</b>	<b>15,549,554</b>	<b>23,333,699</b>

Notes to the financial statements (continued)  
For the year ended 30 June 2017

# 11. Financial instruments (continued)

## Classification of investments (continued)

	Quoted market prices EUR	Other appropriate models EUR	Total Fair value EUR
<b>As at 30 June 2016</b>			
Investment fund at fair value:			
AHL Evolution Ltd	–	18,140,152	18,140,152
Investment in equity securities held for trading	5,042,900	–	5,042,900
Investment in equity securities sold short	(3,586,676)	–	(3,586,676)
Unrealised gains/(losses) on open positions:			
Bond futures	1,602,346	–	1,602,346
Commodity forward contracts – settled by delivery	–	59,896	59,896
Commodity future contracts – settled by cash	612,862	–	612,862
Currency futures	(983)	–	(983)
Equity swaps	–	91,002	91,002
Forward currency contracts	–	265,409	265,409
Short-term interest rate futures	549,330	–	549,330
Stock Index futures	48,945	–	48,945
	<b>4,268,724</b>	<b>18,556,459</b>	<b>22,825,183</b>

### AHL Evolution Ltd

AHL Evolution Ltd consists of around 70 instruments that are hard to split across managed accounts. This would include interest rate swaps, credit default swaps, cash equities, cash bonds, options and a few futures contracts. The same, or very similar, models are applied to these markets as they are for the futures and forward contracts in the managed account.

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

AHL Evolution Ltd's 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 of AHL Evolution Ltd also takes an active role in managing and controlling the AHL Evolution Ltd's market and counterparty risks and monitoring trading activities and margin levels daily, and, as necessary, deposits additional collateral or reduces positions.

The Fund made a gain over the 12 months to 30 June 2017.

The period saw a number of themes and political events move prices; the Federal Reserve (Fed) raised rates three times, the price of oil saw large swings as the Organisation of the Petroleum Exporting Countries (OPEC) struggled to control output, elections took place in the United States, France and UK, and finally, central bankers in both Europe and Canada signalled an end to the era of financial stimulus which triggered a sharp reversal in the direction of yields.

Credit was the most profitable sector as the Programme made gains from long credit positions (through short CDS indices) as spreads tightened in all regions. Equities was the second best performing sector as the Programme's predominantly long positions benefitted from the equity rally following the US elections which continued well into 2017. Currency trading showed a mixed, although positive contribution at the end of the period from long positioning in emerging market currencies versus the US dollar with gains in the Indian Rupee, Mexican Peso and Russian Ruble offsetting losses made in Colombian Peso and Chilean Peso. Within energies, the Programme benefitted from long positions in coal and electricity markets as prices continued to rally despite the range bound price activity of crude oil. The Programme saw positive performance in metals being driven by a long position in iron ore which was buoyed by strength in Chinese steel. Performance in fixed income assets struggled as yields rose sharply with the largest losses coming from long positions in Canada, Sweden and Brazil.

Notes to the financial statements (continued)  
For the year ended 30 June 2017

## 11. Financial instruments (continued)

### AHL Evolution Ltd (continued)

As at 30 June 2017, AHL Evolution Ltd's exposures by sector were as follows:

Sector	Sector Net	Sector Gross	Sector Long	Sector Short
Bonds and Rates	268.75 %	300.70 %	284.73 %	(15.97) %
Commodities	10.09 %	41.13 %	25.61 %	(15.52) %
Credit	516.94 %	516.94 %	516.94 %	N/A
Currencies	N/A	128.63 %	64.32 %	(64.32) %
Stocks	141.36 %	231.93 %	186.65 %	(45.28) %

As at 30 June 2016, AHL Evolution Ltd's exposures by sector were as follows:

Sector	Sector Net	Sector Gross	Sector Long	Sector Short
Bonds and Rates	304.47 %	321.74 %	313.10 %	(8.64) %
Commodities	13.71 %	16.75 %	15.23 %	(1.52) %
Credit	(4.00) %	123.88 %	59.94 %	(63.94) %
Currencies	N/A	88.72 %	44.36 %	(44.36) %
Stocks	14.65 %	100.72 %	57.69 %	(43.03) %

## 12. Related 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.

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

### For the year ended 30 June 2017

Related party	Type of fee	Total fees EUR	Fees payable EUR
Man Investments AG	Advisory fees	2,441,207	397,757
Man Fund Management Netherlands B.V.	Management fees	151,566	12,167
AHL Partners LLP	Brokerage commissions	958,850	155,574
Man Investments AG	Valuation fees	220,757	34,847

### For the year ended 30 June 2016

Related party	Type of fee	Total fees EUR	Fees payable EUR
Man Investments AG	Advisory fees	3,214,169	503,344
Man Fund Management Netherlands B.V.	Management fees	157,606	14,143
AHL Partners LLP	Brokerage commissions	591,032	196,355
Man Investments AG	Brokerage commissions	649,203	–
Man Investments AG	Valuation fees	287,279	45,848

100% of the above transactions were conducted through the related parties. These transactions took place under market based conditions and in accordance with the Fund's Prospectus.

The above fees are payable monthly in arrears with the exception of valuation fees which are paid quarterly. No amounts owed to or from related parties were waived or written off.

Fees charged by third parties to alternative investment funds are disclosed in their annual Financial Statements, and are therefore available as information for the purpose of making comparisons. The fees charged to the Fund by its related parties, as set out above, are comparable with the fees charged to other alternative investment funds. Therefore, the fees charged to the Fund by the related parties are in conformity with fees that would be charged should the services be performed by third parties.

## Notes to the financial statements (continued) For the year ended 30 June 2017

### 13. Taxes

The Fund is an open-ended fund for joint account (*fonds voor gemene rekening*) which is not subject to Dutch corporate tax. Tax is paid by the Unitholders (this is referred to as 'fiscal transparency'), in accordance with the tax rate applicable to them. Under current legislation and regulations, individual Unitholders who are Dutch residents, will be subject to tax calculated as a deemed yield over their average equity amount.

Unitholders receive an annual statement with information they require to file for their income tax and wealth tax returns.

### 14. Material changes in the year

During the financial year covered by this Annual Report, there have not been any 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. The changes that have been made are all reflected in the most recent Prospectus of the Fund dated 19 October 2017 and include:

- The appointment of a new Prime Broker (Goldman Sachs International).
- Man Investments AG has been replaced by AHL Partners LLP as Introducing Broker to the Fund. As part of this replacement, (i) a new introducing broker agreement has been entered into between the Manager and AHL Partners LLP and (ii) the existing Introducing Broker Agreement with Man Investments AG and the Introducing Broker Delegation Agreement dated 17 December 2015 have been terminated.
- The Trading Adviser Agreement has been amended to reflect certain changes in connection with the level of responsibility of the Trading Adviser and the Marketing Adviser for the accuracy and content of the offering documentation of the Fund.



## Other data

### 1. Allocation of profits

The net operating result will be added to the other reserves in accordance with Article 14, paragraph 3 of the General Terms and Conditions. No distribution will be made to Unitholders except under Article 20, paragraph 3 of the General Terms and Conditions (in the event of liquidation of the Fund).

### 2. Report on Directors' Interests

As at 30 June 2017 and 30 June 2016, the managing directors of the Manager do not hold any Units (directly) in the Fund.

### 3. 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 30 June 2017 there are no other major investors as defined in the Financial Supervision Act. 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.

### 4. Dealing price

As per statutory requirements the annual report has been drawn up to 30 June 2017, when the price per unit of Tranche A and B was EUR 34.39 (2016: EUR 38.49), the price per Unit of Tranche C was EUR 35.95 (2016: EUR 39.84) and the price per Unit of Tranche D was EUR 36.79 (2016: EUR 40.37). The official dealing price on 26 June 2017, the last weekly valuation, was EUR 36.56 for Tranche A and Tranche B, EUR 38.22 for Tranche C and EUR 39.11 for Tranche D (27 June 2016: EUR 37.74 for Tranche A and Tranche B, EUR 39.06 for Tranche C and EUR 39.57 for Tranche D).

### 5. Voting rights

Units entitle the Unitholder to take part in elections and votes with one vote per Unit.

### 6. Auditor's report

The auditor's report is included on page 42 onwards.

# Schedule of Investments

As at 30 June 2017

Security	Local trading currency	Holdings	Market value EUR	% of NAV
<b>Investment fund at fair value</b>				
Bermuda				
Funds				
AHL Evolution Ltd	USD	3,703	13,848,205	17.13%
<b>Investment in equity securities held for trading</b>				
Hong Kong				
Consumer Discretionary	HKD	95,220	114,721	0.14%
Consumer Staples	HKD	54,260	54,036	0.07%
Financials	HKD	144,599	143,945	0.18%
Health Care	HKD	76,410	72,935	0.09%
Industrials	HKD	123,078	110,218	0.14%
Information Technology, Retail Trade	HKD	51,161	56,253	0.07%
Real Estate	HKD	36,811	133,465	0.17%
Telecommunication Services	HKD	3,091	6,300	0.01%
Utilities, Management of Companies	HKD	82,077	172,397	0.21%
Italy				
Consumer Discretionary	EUR	2,082	29,024	0.04%
Consumer Staples	EUR	3,521	21,725	0.03%
Energy	EUR	756	2,885	0.00%
Financials	EUR	27,141	260,324	0.32%
Health Care	EUR	1,016	36,088	0.04%
Industrials	EUR	6,594	150,746	0.19%
Telecommunication Services	EUR	13,699	11,069	0.01%
Utilities, Management of Companies	EUR	53,498	172,976	0.21%
Japan				
Consumer Discretionary	JPY	35,392	522,539	0.65%
Consumer Staples	JPY	26,088	564,792	0.70%
Financials	JPY	6,550	44,271	0.05%
Health Care	JPY	5,530	138,859	0.17%
Industrials	JPY	61,787	637,661	0.79%
Information Technology, Retail Trade	JPY	42,925	579,639	0.72%
Materials	JPY	3,841	27,299	0.03%
Real Estate	JPY	13,127	120,941	0.15%
Telecommunication Services	JPY	659	17,587	0.02%
Utilities, Management of Companies	JPY	11,064	71,245	0.09%
United States				
Consumer Discretionary	USD	29,648	1,182,747	1.46%
Consumer Staples	USD	8,476	444,505	0.55%
Energy	USD	1,105	23,437	0.03%
Financials	USD	23,797	922,280	1.14%
Health Care	USD	21,544	1,375,059	1.70%
Industrials	USD	20,471	1,014,576	1.26%
Information Technology, Retail Trade	USD	40,113	1,639,516	2.03%
Materials	USD	1,476	71,836	0.09%
Real Estate	USD	566	16,074	0.02%
Telecommunication Services	USD	1,304	32,465	0.04%
Utilities, Management of Companies	USD	23,633	769,566	0.95%
<b>Total Investment in equity securities held for trading</b>			<b>11,766,001</b>	<b>14.56%</b>
<b>Total Investment fund at fair value</b>			<b>25,614,206</b>	<b>31.69%</b>

## Schedule of Investments (continued)

As at 30 June 2017

Instrument	Local trading currency	Market value EUR	% of NAV
<b>Unrealised gains on open positions:</b>			
<b>Bond futures</b>			
Canada	CAD	8,262	0.01%
Germany	EUR	9,865	0.01%
United States	USD	18,529	0.02%
<b>Total bond futures</b>		<b>36,656</b>	<b>0.04%</b>
<b>Commodity forward contracts – settled by delivery</b>			
United Kingdom	USD	79,980	0.10%
<b>Total commodity forwards contracts – settled by delivery</b>		<b>79,980</b>	<b>0.10%</b>
<b>Commodity futures contracts – settled by cash</b>			
Canada	CAD	209	0.00%
United Kingdom	GBP	125	0.00%
	USD	60,502	0.07%
United States	USD	756,363	0.94%
<b>Total commodity futures contracts – settled by cash</b>		<b>817,199</b>	<b>1.01%</b>
<b>Currency futures</b>			
United States	USD	56,373	0.07%
<b>Total currency futures</b>		<b>56,373</b>	<b>0.07%</b>
<b>Equity swaps</b>			
Australia	AUD	32,965	0.04%
Austria	EUR	2,574	0.00%
Belgium	EUR	376	0.00%
Denmark	DKK	21,916	0.03%
Finland	EUR	9,946	0.01%
France	EUR	55,871	0.07%
Germany	EUR	39,724	0.05%
Republic of Korea	KRW	26,408	0.03%
Netherlands	EUR	8,916	0.01%
New Zealand	NZD	970	0.00%
Norway	NOK	13,210	0.02%

## Schedule of Investments (continued)

As at 30 June 2017

Instrument	Local trading currency	Market value EUR	% of NAV
Unrealised gains on open positions: (continued)			
<b>Equity swaps (continued)</b>			
Portugal	EUR	2,392	0.00%
Singapore	SGD	820	0.00%
Spain	EUR	10,026	0.01%
Sweden	SEK	25,764	0.03%
Switzerland	CHF	21,102	0.03%
Taiwan	TWD	22,298	0.03%
United Kingdom	CHF	645	0.00%
	GBP	99,595	0.13%
<b>Total equity swaps</b>		<b>395,518</b>	<b>0.49%</b>
<b>Forward currency contracts</b>			
Australia	AUD	2,470	0.00%
Hong Kong	HKD	13,388	0.02%
Hungary	HUF	67	0.00%
Japan	JPY	189,533	0.23%
New Zealand	NZD	192	0.00%
Norway	NOK	52,152	0.06%
South Africa	ZAR	6,237	0.01%
Sweden	SEK	30,543	0.04%
Switzerland	CHF	37,924	0.05%
United Kingdom	GBP	26,415	0.03%
United States	USD	1,657,086	2.05%
<b>Total forward currency contracts</b>		<b>2,016,007</b>	<b>2.49%</b>

## Schedule of Investments (continued)

As at 30 June 2017

Instrument	Local trading currency	Market value EUR	% of NAV
Unrealised gains on open positions: (continued)			
<b>Short-term interest rate futures</b>			
Canada	CAD	31,615	0.05%
European Union	EUR	28,020	0.03%
United Kingdom	EUR	200	0.00%
	GBP	1,083	0.00%
United States	USD	17,099	0.02%
<b>Total short-term interest rate futures</b>		<b>78,017</b>	<b>0.10%</b>
<b>Stock index futures</b>			
Japan	JPY	14,904	0.02%
Republic of Korea	KRW	90,438	0.11%
Mexico	MXN	147	0.00%
Singapore	SGD	7,922	0.01%
	USD	25,135	0.03%
Taiwan	TWD	38,174	0.05%
Turkey	TRY	915	0.00%
United States	USD	167,276	0.21%
<b>Total stock index futures</b>		<b>344,911</b>	<b>0.43%</b>
<b>Total unrealised gains on open positions</b>		<b>3,824,661</b>	<b>4.73%</b>

## Schedule of Investments (continued)

As at 30 June 2017

Security	Local trading currency	Holdings	Market value EUR	% of NAV
<b>Investment in equity securities sold short</b>				
Hong Kong				
Energy	HKD	(338)	(324)	0.00%
Materials	HKD	(28,653)	(17,826)	(0.02)%
Italy				
Consumer Discretionary	EUR	(2,871)	(45,692)	(0.06)%
Energy	EUR	(25,502)	(216,790)	(0.27)%
Financials	EUR	(11,002)	(42,298)	(0.05)%
Industrials	EUR	(190)	(1,884)	0.00%
Materials	EUR	(354)	(7,714)	(0.01)%
Japan				
Consumer Discretionary	JPY	(16,322)	(255,389)	(0.32)%
Consumer Staples	JPY	(506)	(15,420)	(0.02)%
Energy	JPY	(3,988)	(55,057)	(0.07)%
Financials	JPY	(19,709)	(126,616)	(0.16)%
Health Care	JPY	(1,638)	(29,821)	(0.04)%
Industrials	JPY	(6,154)	(46,143)	(0.06)%
Information Technology, Retail Trade	JPY	(1,685)	(30,117)	(0.04)%
Materials	JPY	(32,126)	(229,562)	(0.28)%
Real Estate	JPY	(588)	(10,089)	(0.01)%
Telecommunication Services	JPY	(65)	(4,605)	(0.01)%
Utilities, Management of Companies	JPY	(581)	(5,253)	(0.01)%
United States				
Consumer Discretionary	USD	(24,466)	(636,794)	(0.78)%
Consumer Staples	USD	(2,986)	(50,938)	(0.06)%
Energy	USD	(67,656)	(800,366)	(0.97)%
Financials	USD	(6,931)	(174,797)	(0.22)%
Health Care	USD	(3,154)	(84,802)	(0.10)%
Industrials	USD	(1,114)	(36,923)	(0.05)%
Information Technology, Retail Trade	USD	(1,464)	(38,964)	(0.05)%
Materials	USD	(8,220)	(110,906)	(0.14)%
Real Estate	USD	(163)	(5,760)	(0.01)%
Telecommunication Services	USD	(472)	(7,892)	(0.01)%
Utilities, Management of Companies	USD	(380)	(15,102)	(0.02)%
<b>Total Investment in equity securities sold short</b>			<b>(3,103,844)</b>	<b>(3.84)%</b>

## Schedule of Investments (continued)

As at 30 June 2017

Instrument	Local trading currency	Market value EUR	% of NAV
<b>Unrealised losses on open positions</b>			
<b>Bond futures</b>			
Australia	AUD	(108,109)	(0.13)%
European Union	EUR	(69,250)	(0.09)%
Japan	JPY	(2,726)	0.00%
Republic of Korea	KRW	(51,896)	(0.06)%
United Kingdom	GBP	(156,037)	(0.20)%
United States	USD	(101,862)	(0.13)%
<b>Total bond futures</b>		<b>(489,880)</b>	<b>(0.61)%</b>
<b>Commodity forwards</b>			
United Kingdom	USD	(85,148)	(0.11)%
<b>Total commodity forwards</b>		<b>(85,148)</b>	<b>(0.11)%</b>
<b>Commodity futures</b>			
France	EUR	(11,863)	(0.01)%
Japan	JPY	(533)	0.00%
Malaysia	MYR	(138)	0.00%
United Kingdom	GBP	(9,317)	(0.01)%
	USD	(193,330)	(0.24)%
United States	USD	(624,670)	(0.78)%
<b>Total commodity futures</b>		<b>(839,851)</b>	<b>(1.04)%</b>
<b>Currency futures</b>			
United States	USD	(167)	0.00%
<b>Total currency futures</b>		<b>(167)</b>	<b>0.00%</b>
<b>Equity swaps</b>			
Australia	AUD	(11,988)	(0.01)%
Austria	EUR	(1,371)	0.00%
Belgium	EUR	(6,262)	(0.01)%
Denmark	DKK	(13,272)	(0.02)%
Finland	EUR	(1,538)	0.00%
France	EUR	(40,303)	(0.05)%
Germany	EUR	(33,076)	(0.04)%

## Schedule of Investments (continued)

As at 30 June 2017

Instrument	Local trading currency	Market value EUR	% of NAV
<b>Unrealised losses on open positions (continued)</b>			
<b>Equity swaps (continued)</b>			
Republic of Korea	KRW	(8,599)	(0.01)%
Netherlands	EUR	(16,050)	(0.02)%
New Zealand	NZD	(27)	0.00%
Norway	NOK	(3,847)	0.00%
Portugal	EUR	(5,474)	(0.01)%
Singapore	SGD	(2,781)	0.00%
Spain	EUR	(24,804)	(0.03)%
Sweden	SEK	(21,366)	(0.03)%
Switzerland	CHF	(16,568)	(0.02)%
Taiwan	TWD	(1,282)	0.00%
United Kingdom	CHF GBP	(818) (94,273)	0.00% (0.12)%
<b>Total equity swaps</b>		<b>(303,699)</b>	<b>(0.37)%</b>
<b>Forward currency contracts</b>			
Australia	AUD	(6,064)	(0.01)%
Canada	CAD	(21,364)	(0.03)%
Hungary	HUF	(11,669)	(0.01)%
Mexico	MXN	(279)	0.00%
New Zealand	NZD	(116)	0.00%
Norway	NOK	(48)	0.00%
Poland	PLN	(94,102)	(0.12)%
Romania	RON	(971)	0.00%
Sweden	SEK	(500)	0.00%
United States	USD	(266,196)	(0.33)%
<b>Total forward currency contracts</b>		<b>(401,309)</b>	<b>(0.50)%</b>



## Schedule of Investments (continued)

As at 30 June 2017

Instrument	Local trading currency	Market value EUR	% of NAV
Unrealised losses on open positions (continued)			
<b>Short-term interest rate futures</b>			
Australia	AUD	(20,445)	(0.03)%
United Kingdom	EUR	(158,825)	(0.20)%
	GBP	(121,380)	(0.15)%
United States	USD	(88,548)	(0.10)%
<b>Total short-term interest rate futures</b>		<b>(389,198)</b>	<b>(0.48)%</b>
<b>Stock index futures</b>			
Australia	AUD	(56,555)	(0.07)%
Canada	CAD	(3,469)	0.00%
European Union	CHF	(4,868)	(0.01)%
	EUR	(3,120)	0.00%
France	EUR	(3,540)	0.00%
Germany	EUR	(82,250)	(0.10)%
Hong Kong	HKD	(38,900)	(0.05)%
Italy	EUR	(18,060)	(0.02)%
Malaysia	MYR	(5,291)	(0.01)%
Netherlands	EUR	(36,676)	(0.05)%
Norway	NOK	(56)	0.00%
Singapore	JPY	(1,486)	0.00%
	USD	(12,335)	(0.02)%
South Africa	ZAR	(13,869)	(0.02)%
Spain	EUR	(23,067)	(0.03)%
Sweden	SEK	(19,285)	(0.02)%
Thailand	THB	(2,249)	0.00%
United Kingdom	GBP	(100,752)	(0.12)%
United States	USD	(66,244)	(0.08)%
<b>Total Stock index futures</b>		<b>(492,072)</b>	<b>(0.60)%</b>
<b>Total unrealised losses on open positions</b>		<b>(3,001,324)</b>	<b>(3.71)%</b>
<b>Total investments</b>		<b>23,333,699</b>	<b>(28.87)%</b>

## Independent auditor's report

To: Man Fund Management Netherlands B.V.

## Report on the audit of the financial statements 2017 included in the annual report

### Our opinion

We have audited the financial statements for the year ended 30 June 2017 of Man AHL Diversified Markets EU, based in Rotterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Man AHL Diversified Markets EU for the year ended 30 June 2017, and of its result for the year then ended, in accordance with Part 9 of Book 2 of the Dutch Civil Code and the requirements set with regard to the financial statements by or pursuant to the Dutch Financial Supervision Act.

The financial statements comprise:

- The statement of financial position for the year ended 30 June 2017;
- The income statement for the year ended 30 June 2017;
- The notes comprising a summary of the accounting policies and other explanatory information.

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Man AHL Diversified Markets EU in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

## Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The manager's report
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code and the requirements set by or pursuant to the Dutch Financial Supervision Act.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these

procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The manager is responsible for the preparation of the other information, including the manager's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code and the requirements set by or pursuant to the Dutch Financial Supervision Act.

## Description of responsibilities for the financial statements

### Responsibilities of management for the financial statements

Management is as manager of the investment entity responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and the requirements set with regard to the financial statements by or pursuant to the Dutch Financial Supervision Act. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the investment entity's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the investment entity or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the investment entity's ability to continue as a going concern in the financial statements.

Management is responsible for overseeing the investment entity's financial reporting process.

### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining 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 investment entity's internal control;

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the investment entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an investment entity to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

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

The Hague, 30 October 2017

Ernst & Young Accountants LLP

Signed by  
M.J. Knijnenburg