

Man AHL Diversified Futures Ltd

Unaudited Interim Financial Statements for the period ended
31 March 2019



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Man AHL Diversified Futures Ltd

Statement of financial position

As at 31 March 2019



	Notes	31 March 2019 USD	30 September 2018 USD
Current assets			
Cash and cash equivalents	3	24,077,693	26,657,053
Balances with brokers	3	33,933,140	36,390,755
Due from brokers		8,526,921	9,703,104
Financial assets at fair value through profit or loss	4	124,215,308	121,321,740
Dividend receivable		73,368	59,001
Other assets		5,330	10,241
Total current assets		190,831,760	194,141,894
Current liabilities			
Bank overdraft	3	-	(188)
Balances due to brokers	3	(6,658,412)	(6,443,682)
Due to brokers		(8,460,210)	(9,606,238)
Financial liabilities at fair value through profit or loss	4	(21,390,182)	(20,142,233)
Subscriptions in advance		(431,967)	(1,167,893)
Dividend payable		(60,928)	(33,997)
Accrued expenses and other liabilities	8	(707,891)	(666,399)
Total current liabilities		(37,709,590)	(38,060,630)
Net assets attributable to Redeemable Participating Shareholders		153,122,170	156,081,264

Which are represented by:

Equity

3,957,963 (2018: 4,256,933) Class A Redeemable Participating Shares with a Net Asset Value per Redeemable Participating Share of USD38.69 (2018: USD36.67)

9 153,122,170 156,081,264

Approved and authorised for issue on behalf of the Board on 16 May 2019.

Michael Collins
Director

David Smith
Director

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

Man AHL Diversified Futures Ltd

Statement of changes in equity
For the period ended 31 March 2019



	Note	Period ended 31 March 2019 USD	Period ended 31 March 2018 USD
Net assets attributable to Redeemable Participating Shareholders at the beginning of the period		156,081,264	190,901,456
Issue of 74,136 (2018: 105,172) Redeemable Participating Shares	9	2,711,182	4,045,161
Redemption of 373,106 (2018: 615,991) Redeemable Participating Shares	9	(13,641,001)	(24,247,632)
Net gain for the period attributable to Redeemable Participating Shareholders		7,970,725	2,529,483
Net assets attributable to holders of Redeemable Participating Shares at the end of the period		<u>153,122,170</u>	<u>173,228,468</u>

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

Man AHL Diversified Futures Ltd

Statement of comprehensive income
For the period ended 31 March 2019



	Notes	Period ended 31 March 2019 USD	Period ended 31 March 2018 USD
Income			
Net (loss)/gain on foreign currency	7	(272,990)	1,165,395
Net gain on financial assets and liabilities at fair value through profit or loss	7	11,673,838	5,627,844
Other income		-	34
		<u>11,400,848</u>	<u>6,793,273</u>
Expenses			
Management fees	8	(2,243,907)	(2,852,510)
Incentive fees	8	-	(3,588)
Services Manager fees	8	(172,033)	(221,422)
Introducing broker fees	8	(747,969)	(950,858)
Transaction and brokerage costs		(82,072)	(91,555)
Custodian fees		(18,802)	(9,524)
Director fees	8	(5,984)	(5,951)
Audit fees		(21,039)	(52,354)
Legal and other professional fees	8	(12,243)	(29,398)
Other expenses	8	(122,491)	(60,597)
		<u>(3,426,540)</u>	<u>(4,277,757)</u>
Withholding tax		(3,583)	13,967
Net gain for the period attributable to Redeemable Participating Shareholders		<u><u>7,970,725</u></u>	<u><u>2,529,483</u></u>

All recognised gains and losses for the period arose solely from continuing operations.

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

Man AHL Diversified Futures Ltd

Statement of cash flows
For the period 31 March 2019



	Period ended 31 March 2019 USD	Period ended 31 March 2018 USD
Cash flows from operating activities		
Net gain for the period attributable to Redeemable Participating Shareholders	7,970,725	2,529,483
Adjustments to reconcile net gain for the period attributable to Redeemable Participating Shareholders to net cash provided by operating activities:		
Increase in financial assets at fair value through profit or loss	(2,893,568)	(3,164,626)
Increase/(decrease) in financial liabilities at fair value through profit or loss	1,247,949	(5,508,986)
Decrease in due from brokers	1,176,183	5,594,907
(Decrease)/increase in due to brokers	(1,146,028)	23,919,939
Decrease in balances with brokers - collateral	1,091,551	38,235,707
Increase in balances due to brokers - collateral	214,730	795,986
Decrease in interest receivable	-	108,014
(Increase)/decrease in dividend receivable	(14,367)	2,073
Decrease/(increase) in other assets	4,911	(3,332)
Decrease in interest payable	-	(15,506)
Increase/(decrease) in dividend payable	26,931	(30)
Increase/(decrease) in accrued expenses and other liabilities	41,492	(880,731)
Net cash provided by operating activities	7,720,509	61,612,898
Cash flows from financing activities		
Proceeds on issue of Redeemable Participating Shares	1,975,256	3,910,888
Payments on redemption of Redeemable Participating Shares	(13,641,001)	(24,247,632)
Net cash used in financing activities	(11,665,745)	(20,336,744)
Net change in cash and cash equivalents	(3,945,236)	41,276,154
Cash and cash equivalents at the beginning of the period	40,721,190	33,894,049
Cash and cash equivalents at the end of the period	36,775,954	75,170,203
Net change in cash and cash equivalents for the period consists of:		
Net change in cash and cash equivalents before the effect of exchange rate fluctuations	(3,672,246)	40,110,759
Effect of exchange rate fluctuations on cash and cash equivalents	(272,990)	1,165,395
Net change in cash and cash equivalents	(3,945,236)	41,276,154
Cash and cash equivalents consist of:		
Cash and cash equivalents	24,077,693	61,827,608
Bank overdraft	-	(24,668)
Balances with brokers - without collateral	12,698,261	13,367,263
	36,775,954	75,170,203
Supplemental disclosure of cash flow information:		
Interest received	660,696	459,260
Interest paid	(194,296)	(340,017)
Dividend received	27,824	42,677
Dividend paid on short securities	(7,157)	(7,168)

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

1. General

Man AHL Diversified Futures Ltd (the “Fund”) was incorporated as an exempted company with limited liability under the laws of Bermuda on 11 September 1997 and carries on business as an open-ended investment company, trading a diversified portfolio of futures, forwards, swaps and fixed income securities under the Companies Act 1981 of Bermuda.

The Fund commenced trading on 12 May 1998. Its objective is to achieve substantial medium-term capital growth while aiming to restrict the associated risk through the AHL Diversified Programme which is managed by AHL. AHL is an investment division of Man Group and it operates through various legal vehicles. AHL provides investors with highly liquid and efficient trading strategies which offer low correlation to more traditional investment disciplines. Man Group means Man Group plc and all or any of its subsidiaries and associates, as the context requires.

The Fund has been authorised by the Securities and Futures Commission in Hong Kong under the Code on Unit Trusts and Mutual funds.

AHL Partners LLP (the “Investment Manager”) was appointed as the Investment Manager of the Fund. The responsibility for the investment selection, portfolio construction and portfolio management of the Fund’s portfolio rests with the Investment Manager.

The most recent applicable Offering Memorandum of the Fund is dated 9 April 2018 (the “Offering Memorandum”) and the most recent addenda is dated 1 July 2018 and 1 October 2018 (the “Addenda”).

2. Significant accounting policies

(a) Accounting convention

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and where relevant, in accordance with the provisions of the Hong Kong Securities & Futures Commission Code on Unit Trusts and Mutual Funds pursuant to the Securities and Futures Ordinance (Cap 571) April 2003 (as amended effective 25 June 2010). The financial statements have been prepared on an historical cost basis except for financial assets and liabilities held at fair value through profit or loss, that have been measured based on fair value.

Statement of compliance

The financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed interim financial report does not include all information and disclosures required for full annual financial statements prepared in accordance with IFRS and therefore, should be read in conjunction with the Fund’s annual financial statements for the year ended 30 September 2018.

(b) Changes in accounting policy and disclosure

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Fund’s financial statements for the year ended 30 September 2018, except for the adoption of new standards and interpretations effective on the dates described below:

New standards, interpretations and amendments adopted by the Fund:

IFRS 9 - Financial Instruments: Classification and Measurement

The Fund has adopted IFRS 9 *Financial Instruments: Classification and Measurement* on its effective date of 1 January 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 January 2018, the date of initial application. The adoption of IFRS 9 has not had a material effect on the classification and measurement of the Fund’s financial assets or liabilities.

The Fund has assessed the classification of financial instruments as at 1 January 2018 and has applied such classification retrospectively. Based on that assessment, all financial assets previously held at fair value continue to be measured at fair value. Financial assets are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at fair value through profit or loss.

The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. A financial liability is measured at fair value through profit or loss if it meets the definition of held for trading. The Fund includes in this category, derivative contracts in a liability position and equity and debt positions sold short since they are classified as held for trading. The main impact of measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at fair value through profit or loss attributable to changes in credit risk. IFRS 9 requires that such element be recognised in other comprehensive income, unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in net gain on financial assets and liabilities at fair value through profit or loss.

IFRS 15 - Revenue from Contracts with Customers

The Fund has adopted IFRS 15 *Revenue from Contracts with Customers* on its effective date of 1 January 2018. The adoption of IFRS 15 has had no impact on the financial statements of the Fund.

2. Significant accounting policies (continued)

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

Standards issued but not yet effective

IFRIC Interpretation 23 - Uncertainty over Income Tax Treatment

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

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

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

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

(c) Use of accounting judgements and estimates

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

(d) Going concern

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

(e) Income

Interest income and dividend income are recorded on an accruals basis and ex-dividend basis respectively, gross of withholding tax. Interest and dividends earned in these instruments are recorded in net gain on financial assets and liabilities at fair value through profit or loss in the statement of comprehensive income.

(f) Financial assets and liabilities

Financial assets and liabilities at fair value through profit or loss

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

At 31 March 2019 and 30 September 2018, there are no material differences between these valuation methods.

In the current year the Fund has adopted IFRS 9 *Financial Instruments*. Comparative figures for the year ended 30 September 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

In accordance with IFRS 9, the Fund classifies its financial assets and liabilities at initial recognition into the categories of financial assets and financial liabilities as discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the short term. Derivatives are also categorised as held for trading as the Fund does not designate any derivatives as hedges in a hedging relationship. Therefore, they meet the held-for-trading criteria and are required to be measured at fair value through profit or loss.

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

2. Significant accounting policies (continued)

(f) Financial assets and liabilities (continued)

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

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

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

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

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

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

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

The investments in government bonds are valued at fair value.

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

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously. As at 31 March 2019 and 30 September 2018, no financial assets and liabilities are offset in the statement of financial position.

(h) Derivatives

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

The Fund may engage in forward contracts, futures contracts, interest rate swaps, credit default swaps and contracts for difference. These are described below:

– Forward contracts

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

– Futures contracts

Futures contracts are recorded on the trade date and are valued at the applicable last traded price on the last business day of the period. The difference between the original contract amount and the fair value of the open futures position is reflected as financial assets or financial liabilities at fair value through profit or loss in the statement of financial position and as net gain on financial assets and liabilities at fair value through profit or loss in the statement of comprehensive income. Realised gains or losses are recognised on the closing or trade date of the contract and are included in net gain on financial assets and liabilities at fair value through profit or loss in the statement of comprehensive income.

– Swap contracts

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts. The Fund's main swap contracts consist of interest rate swaps and credit default swaps as detailed below:

– Interest rate swaps

Interest rate swaps relate to contracts taken out by the Fund with major brokers in which the Fund either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Changes in the value of the interest rate swap agreements and amounts received or paid in connection with these contracts, are included in net gain on financial assets and liabilities at fair value through profit or loss in the statement of comprehensive income.

2. Significant accounting policies (continued)

(h) Derivatives (continued)

– Credit default swaps

The Fund may enter into credit default swaps for speculative purposes or to manage its exposure to certain sectors of the market or to reduce credit risk. The Fund may enter into credit default swap agreements to provide a measure of protection against the default of an issuer (as buyer of protection) and/or gain credit exposure to an issuer to which it is not otherwise exposed (as seller of protection). Credit default swaps are agreements in which one party pays fixed periodic payments to counterparty in consideration for a guarantee from the counterparty to make a specific payment should a negative credit event take place (e.g. default, bankruptcy or debt restructuring). The Fund may either buy or sell (write) credit default swaps.

If a credit event occurs, as a buyer, the Fund will either receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising of an index or receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising of an index. As a seller (writer), the Fund will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising of an index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising of an index.

The periodic payments received or made by the Fund are included in net gain on financial assets and liabilities at fair value through profit or loss in the statement of comprehensive income. Swaps are marked-to-market daily and changes in value are recorded in net gain on financial assets and liabilities at fair value through profit or loss in the statement of comprehensive income. When the swap is terminated, the Fund will record a realised gain/(loss) equal to the difference between the proceeds from (or cost of) the closing transaction and the Fund's basis in the contract, if any. Swap transactions involve, to varying degrees, elements of credit and market risk in excess of the amounts recognised in the statement of financial position. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavourable changes in interest rates and/or market values associated with these transactions.

- Contracts for difference

Contracts for differences are recorded on the trade date basis and are valued based on the difference between the notional long/short position of the underlying equity security calculated from a reference price on the date of entering into the contract and the market value at the date of closing the trade, or the reporting date if prior to terminating the contract. The difference between the initial recognition amount and the market value of the open contracts for differences is reflected as financial assets and liabilities at fair value through profit or loss in the statement of financial position and as net gain on financial assets and liabilities at fair value through profit or loss in the statement of comprehensive income. Realised gains or losses are recognised on the closing or trade date of the contract and are included in net gain on financial assets and liabilities at fair value through profit or loss in the statement of comprehensive income.

(i) Realised gains and losses and unrealised gains and losses

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

(j) Transaction costs

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

(k) Functional and presentation currency

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

(l) Foreign currency

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

2. Significant accounting policies (continued)

(m) Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis. Dividend expense is recognised on the ex-dividend date.

(n) Redeemable Participating Shares

Redeemable Participating Shares are classified as equity instruments when:

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

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

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

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

The Fund has assessed that the Redeemable Participating Shares should be classified as equity for the period/year ended 31 March 2019 and 30 September 2018.

(o) Cash and cash equivalents, bank overdraft, balances with brokers and balances due to brokers

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

(p) Due from and due to brokers

Due from and due to brokers represents amounts receivable for securities sold and payable for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date. These amounts are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment, if any. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the brokers.

(q) Taxation

There is currently no taxation imposed on income or capital gains by the Government of Bermuda. Under current Bermudan law, the Fund is not obligated to pay any taxes in Bermuda on either income or capital gains. The Fund has received an undertaking from the Minister of Finance in Bermuda pursuant to the provisions of the Exempted Undertakings Tax Protection Act 1966 which exempts the Fund from any such Bermuda taxes, at least until 31 March 2035.

(r) Subscriptions in advance

In response to the Central Bank of Ireland ("CBI") publishing the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers (the "Investor Money Regulations" or "IMR") in March 2015 (effective from 1 July 2016), the Investment Manager undertook, together with BNY Mellon Fund Services (Ireland) Designated Activity Fund, a review of the way in which subscription, distribution and redemption monies are routed to and from funds managed by the Investment Manager. As a result of this review, subscription and redemption monies have been routed through a cash collection account in the name of the Fund. Pending issue of the shares and/or payment of subscription proceeds to an account in the name of the Fund, and pending payment of redemption proceeds or distributions, the relevant investor will be an unsecured creditor of the Fund in respect of amounts paid by or due to it.

(s) Comparative information

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

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

At the period end, amounts disclosed as cash and cash equivalents, bank overdraft, balances with brokers and balances due to brokers were held at BNP Paribas and The Bank of New York Mellon SA/NV (the "Banks") and Deutsche Bank, J.P. Morgan Chase Bank N.A., Royal Bank of Scotland Plc, Merrill Lynch & Co. Inc., Credit Suisse AG, Morgan Stanley, HSBC Bank Plc and Goldman Sachs (the "Brokers"). These include amounts transferred as collateral against open derivatives, deposits held at call with banks and, other short-term highly liquid investments with original maturities of three months or less.

The portion of balances with brokers represented by collateral pledged as at 31 March 2019 was USD21,234,879 (30 September 2018: USD22,326,430) and the portion of balances due to brokers represented by collateral received was USD6,658,412 (30 September 2018: USD6,443,682).

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

The following tables summarise financial assets and liabilities at fair value through profit or loss as at 31 March 2019 and 30 September 2018.

	31 March 2019			30 September 2018		
	Notional USD	Fair Value USD	% of Net Assets	Notional USD	Fair Value USD	% of Net Assets
Financial assets at fair value through profit or loss						
<i>Held for trading</i>						
<u>Interest bearing securities</u>						
Government bonds	-	85,538,298	55.86%	91,268,970	91,612,293	58.70%
Total interest bearing securities		85,538,298	55.86%		91,612,293	58.70%
<u>Derivatives</u>						
Commodity futures	39,850,958	2,600,130	1.70%	48,078,783	3,614,701	2.32%
Currency futures	20,973,164	139,508	0.09%	6,889,319	3,175	-
Stock index futures	73,876,965	814,259	0.53%	72,911,179	1,240,678	0.79%
Interest rate futures	1,403,544,847	5,901,533	3.86%	457,967,036	696,678	0.45%
Forward currency contracts	555,541,199	3,720,328	2.43%	524,180,229	3,539,269	2.27%
Forward commodity contracts	4,011,316	4,376	-	29,082,833	162,190	0.10%
Contracts for difference	34,279,894	1,944,619	1.27%	38,840,425	2,289,673	1.47%
Credit default swaps	5,000,000	5,268,239	3.44%	15,000,000	6,461,374	4.14%
Interest rate swaps	740,899,093	18,284,018	11.94%	948,428,135	11,701,709	7.50%
Total derivatives		38,677,010	25.26%		29,709,447	19.04%
Total financial assets at fair value through profit or loss		124,215,308	81.12%		121,321,740	77.74%
Financial liabilities at fair value through profit or loss						
<i>Held for trading</i>						
<u>Derivatives</u>						
Commodity futures	54,859,646	(1,839,120)	(1.20)%	67,052,163	(744,354)	(0.48)%
Currency futures	467,004	(1,085)	-	875,134	(17,922)	(0.01)%
Stock index futures	6,699,818	(143,294)	(0.09)%	18,187,108	(308,547)	(0.20)%
Interest rate futures	-	-	-	524,479,791	(662,944)	(0.42)%
Forward currency contracts	452,870,205	(4,517,445)	(2.95)%	338,863,361	(4,353,892)	(2.79)%
Forward commodity contracts	6,687,570	(91,652)	(0.06)%	8,290,872	(372,351)	(0.24)%
Contracts for difference	12,839,043	(1,252,808)	(0.82)%	18,569,189	(1,521,959)	(0.98)%
Credit default swaps	179,744,000	(509,794)	(0.34)%	187,030,000	(1,169,941)	(0.75)%
Interest rate swaps	740,899,093	(13,034,984)	(8.51)%	948,428,135	(10,990,323)	(7.04)%
Total derivatives		(21,390,182)	(13.97)%		(20,142,233)	(12.91)%
Total financial liabilities at fair value through profit or loss		(21,390,182)	(13.97)%		(20,142,233)	(12.91)%

None of the financial assets at fair value through profit or loss were used as collateral.

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

Fair value of financial instruments

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

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

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

The fair value hierarchy has the following levels:

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

Valuation techniques

Listed or publicly traded investment in treasury bills and derivatives

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

Over-the-counter derivatives

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

The following tables are a summary of the classification within the fair value hierarchy of the Fund's financial instruments carried at fair value as at 31 March 2019 and 30 September 2018:

	Level 1 USD	Level 2 USD	Level 3 USD	Total Fair Value USD
As at 31 March 2019				
Financial assets at fair value through profit or loss				
<i>Interest bearing securities</i>				
Government bonds	85,538,298	-	-	85,538,298
Total interest bearing securities	85,538,298	-	-	85,538,298
<i>Derivatives</i>				
Commodity futures	2,600,130	-	-	2,600,130
Currency futures	139,508	-	-	139,508
Stock index futures	814,259	-	-	814,259
Interest rate futures	5,901,533	-	-	5,901,533
Contracts for difference	-	1,944,619	-	1,944,619
Credit default swaps	-	5,268,239	-	5,268,239
Forward commodity contracts	-	4,376	-	4,376
Forward currency contracts	-	3,720,328	-	3,720,328
Interest rate swaps	-	18,284,018	-	18,284,018
Total derivatives	9,455,430	29,221,580	-	38,677,010
Total financial assets at fair value through profit or loss	94,993,728	29,221,580	-	124,215,308

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For the period ended 31 March 2019



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

Valuation techniques (continued)

	Level 1 USD	Level 2 USD	Level 3 USD	Total Fair Value USD
As at 31 March 2019 (continued)				
Financial liabilities at fair value through profit or loss				
Derivatives				
Commodity futures	(1,839,120)	-	-	(1,839,120)
Currency futures	(1,085)	-	-	(1,085)
Stock index futures	(143,294)	-	-	(143,294)
Contracts for difference	-	(1,252,550)	(258)	(1,252,808)
Credit default swaps	-	(509,794)	-	(509,794)
Forward commodity contracts	-	(91,652)	-	(91,652)
Forward currency contracts	-	(4,517,445)	-	(4,517,445)
Interest rate swaps	-	(13,034,984)	-	(13,034,984)
Total derivatives	(1,983,499)	(19,406,425)	(258)	(21,390,182)
Total financial liabilities at fair value through profit or loss	(1,983,499)	(19,406,425)	(258)	(21,390,182)
As at 30 September 2018				
Financial assets at fair value through profit or loss				
Interest bearing securities				
Government bonds	91,612,293	-	-	91,612,293
Total interest bearing securities	91,612,293	-	-	91,612,293
Derivatives				
Commodity futures	3,614,701	-	-	3,614,701
Currency futures	3,175	-	-	3,175
Stock index futures	1,240,678	-	-	1,240,678
Interest rate futures	696,678	-	-	696,678
Contracts for difference	-	2,289,593	80	2,289,673
Credit default swaps	-	6,461,374	-	6,461,374
Forward commodity contracts	-	162,190	-	162,190
Forward currency contracts	-	3,539,269	-	3,539,269
Interest rate swaps	-	11,701,709	-	11,701,709
Total derivatives	5,555,232	24,154,135	80	29,709,447
Total financial assets at fair value through profit or loss	97,167,525	24,154,135	80	121,321,740
Financial liabilities at fair value through profit or loss				
Derivatives				
Commodity futures	(744,354)	-	-	(744,354)
Currency futures	(17,922)	-	-	(17,922)
Stock index futures	(308,547)	-	-	(308,547)
Interest rate futures	(662,944)	-	-	(662,944)
Contracts for difference	-	(1,521,741)	(218)	(1,521,959)
Credit default swaps	-	(1,169,941)	-	(1,169,941)
Forward commodity contracts	-	(372,351)	-	(372,351)
Forward currency contracts	-	(4,353,892)	-	(4,353,892)
Interest rate swaps	-	(10,990,323)	-	(10,990,323)
Total derivatives	(1,733,767)	(18,408,248)	(218)	(20,142,233)
Total financial liabilities at fair value through profit or loss	(1,733,767)	(18,408,248)	(218)	(20,142,233)

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

Valuation techniques (continued)

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

Investments are reviewed at each period end to ensure that they are correctly classified between Level 1, 2 and 3 in accordance with the fair value hierarchy outlined above. Where an investment's characteristics change during the period and investments no longer meet the criteria of a given level, they are transferred into a more appropriate level at the end of the relevant financial reporting period. For the period/year ended 31 March 2019 and 30 September 2018, there were no transfers between Level 1 and Level 2.

The following table includes a reconciliation of amounts for the period ended 31 March 2019 and year ended 30 September 2018 for financial instruments classified within Level 3:

	31 March 2019		30 September 2018	
	Derivatives USD	Total USD	Derivatives USD	Total USD
Financial assets and liabilities at fair value through profit or loss				
Opening balance	(138)	(138)	-	-
Total gains and losses				
Realised	(407)	(407)	(2,437)	(2,437)
Unrealised	(120)	(120)	(113)	(113)
Purchases	458	458	3,020	3,020
Sales	(51)	(51)	(582)	(582)
Transfers into Level 3	-	-	(26)	(26)
Closing Balance	(258)	(258)	(138)	(138)

All net realised and unrealised gains/(losses) in the tables above are reflected in the accompanying statement of comprehensive income. Unrealised loss of USD120 (30 September 2018: USD113) relates to those financial instruments held by the Fund during the period ended 31 March 2019 and is reflected in net gain/(loss) on financial assets at fair value through profit or loss in the statement of comprehensive income.

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and are categorised within Level 3 at 31 March 2019 and 30 September 2018:

Asset Description	Fair Value as at 31 March 2019	Valuation Techniques	Unobservable input	Range
	USD			
Contracts for difference	(258)	Last traded price	N/A	N/A

Asset Description	Fair Value as at 30 September 2018	Valuation Techniques	Unobservable input	Range
	USD			
Contracts for difference	(138)	Last traded price	N/A	N/A

Forward contracts

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

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

Futures contracts

The Fund is subject to interest rate, stock index and commodity risks in the normal course of pursuing its investment objectives. The Fund may use futures contracts to gain exposure to, or hedge against changes in the value of interest rates, commodities or index. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date. A futures contract is an exchange traded financial instrument and is often cash settled.

Contracts for differences

Contracts for differences represent agreements that obligate two parties to exchange cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise deemed notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Therefore amounts required for the future satisfaction of the contracts for differences may be greater or less than the amount recorded. The ultimate gain or loss depends upon the prices recorded at the period end date.

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

Derivative financial instruments

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

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

Derivative financial instruments are generally based on notional amounts which are not recorded in the financial statements. These notional amounts represent the theoretical principal value on which the cash flows of the derivative transactions are based. Unrealised gain or loss, rather than notional amounts, or the fair value of exchange-traded derivatives traded by the Fund are included in the statement of financial position. The net unrealised gain or loss, rather than contracted or notional amounts, approximates the Fund's future cash flows from trading activities.

At 31 March 2019 and 30 September 2018, the Fund was exposed, via its investments in derivative financial instruments to underlying position representing financial instruments for which notional amounts are summarised below. The notional value of derivative activity as at 31 March 2019 and 30 September 2018 is representative of the derivative trading during the period/year.

The following table details the movements in notional values of the portfolio since the end of the preceeding accounting period:

	30 September 2018 Opening USD	Net Additions/Realisations USD	31 March 2019 Closing USD
Financial assets at fair value through profit or loss			
Commodity futures	48,078,783	(8,227,825)	39,850,958
Currency futures	6,889,319	14,083,845	20,973,164
Stock index futures	72,911,179	965,786	73,876,965
Interest rate futures	457,967,036	945,577,811	1,403,544,847
Forward currency contracts	524,180,229	31,360,970	555,541,199
Forward commodity contracts	29,082,833	(25,071,517)	4,011,316
Contracts for difference	38,840,425	(4,560,531)	34,279,894
Credit default swaps	15,000,000	(10,000,000)	5,000,000
Interest rate swaps	948,428,135	(207,529,042)	740,899,093
Total	2,141,377,939	736,599,497	2,877,977,436
Financial liabilities at fair value through profit or loss			
Commodity futures	67,052,163	(12,192,517)	54,859,646
Currency futures	875,134	(408,130)	467,004
Stock index futures	18,187,108	(11,487,290)	6,699,818
Interest rate futures	524,479,791	(524,479,791)	-
Forward currency contracts	338,863,361	114,006,844	452,870,205
Forward commodity contracts	8,290,872	(1,603,302)	6,687,570
Contracts for difference	18,569,189	(5,730,146)	12,839,043
Credit default swaps	187,030,000	(7,286,000)	179,744,000
Interest rate swaps	948,428,135	(207,529,042)	740,899,093
Total	2,111,775,753	(656,709,374)	1,455,066,379

5. Offsetting financial assets and financial liabilities

As at 31 March 2019 and 30 September 2018, no financial assets and liabilities of the Fund are being presented net within the statement of financial position. The following tables provide information on the financial impact of netting for instruments subject to an enforceable master netting arrangement or similar agreement in the event of default as defined under such agreements.

Man AHL Diversified Futures Ltd

Notes to the financial statements (continued)

For the period ended 31 March 2019



5. Offsetting financial assets and financial liabilities (continued)

The following table summarises the net financial assets per counterparty as at 31 March 2019:

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

	(i)	(ii)	(iii)=(i)+(ii)
	Gross assets not offset in the statement of financial position		
Counterparty	Gross amounts of assets in the statement of financial position USD	Financial instruments USD	Cash collateral held USD
Credit Suisse AG	16,979,314	(7,092,874)	(801,428)
Deutsche Bank AG	6,959,513	(2,463,899)	(301,072)
Goldman Sachs	4,195,706	(2,757,526)	(1,093,516)
HSBC Bank Plc	5,713,909	(1,854,438)	-
JP Morgan Chase Bank N.A.	36,292,784	(18,798,034)	(3,779,147)
Merrill Lynch & Co. Inc.	5,480,702	(852,092)	(273,404)
Morgan Stanley	1,184,918	(775,073)	(409,845)
Royal Bank of Scotland Plc	4,330,225	(1,680,056)	-
The Bank of New York Mellon SA/NV	85,538,298	(8,727)	-
Total	166,675,369	(36,282,719)	(6,658,412)
			123,734,238

The following table summarises the net financial liabilities per counterparty as at 31 March 2019:

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

	(i)	(ii)	(iii)=(i)+(ii)
	Gross liabilities not offset in the statement of financial position		
Counterparty	Gross amounts of liabilities in the statement of financial position USD	Financial instruments USD	Cash collateral pledged USD
Credit Suisse AG	7,092,874	(6,562,375)	(530,499)
Deutsche Bank AG	2,463,899	-	(2,463,899)
Goldman Sachs	2,757,526	(1,699,666)	(1,057,860)
HSBC Bank Plc	1,854,438	-	(1,854,438)
JP Morgan Chase Bank N.A.	18,798,034	(10,090,698)	(8,707,336)
Merrill Lynch & Co. Inc.	852,092	(852,092)	-
Morgan Stanley	1,001,158	(1,001,158)	-
Royal Bank of Scotland Plc	1,680,056	-	(1,680,056)
The Bank of New York Mellon SA/NV	8,727	(8,727)	-
Total	36,508,804	(20,214,716)	(16,294,088)
			-

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

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

	(i)	(ii)	(iii)=(i)+(ii)
	Gross assets not offset in the statement of financial position		
Counterparty	Gross amounts of assets in the statement of financial position USD	Financial instruments USD	Cash collateral held USD
Credit Suisse AG	14,348,301	(7,588,518)	(766,785)
Deutsche Bank AG	7,406,189	(3,213,443)	(644,608)
Goldman Sachs	5,149,240	(3,695,878)	(1,020,530)
HSBC Bank Plc	6,058,996	(2,365,654)	-
JP Morgan Chase Bank N.A.	27,431,680	(16,198,536)	(3,004,345)
Merrill Lynch & Co. Inc.	6,242,185	(590,924)	(198,404)
Morgan Stanley	95,507,596	(1,512,403)	(809,010)
Royal Bank of Scotland Plc	5,268,566	(1,022,579)	-
The Bank of New York Mellon SA/NV	2,846	(2,846)	-
Total	167,415,599	(36,190,781)	(6,443,682)
			124,781,136

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Notes to the financial statements (continued)

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5. Offsetting financial assets and financial liabilities (continued)

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

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

	(i)	(ii)	(iii)=(i)+(ii)
	Gross liabilities not offset in the statement of financial position		
Counterparty	Gross amounts of liabilities in the statement of financial position USD	Financial instruments USD	Cash collateral pledged USD
Credit Suisse AG	7,588,518	(7,052,809)	(535,709)
Deutsche Bank AG	3,213,443	-	(3,213,443)
Goldman Sachs	3,695,878	(2,033,152)	(1,662,726)
HSBC Bank Plc	2,365,654	-	(2,365,654)
JP Morgan Chase Bank N.A.	16,198,536	(9,634,832)	(6,563,704)
Merrill Lynch & Co. Inc.	590,924	(590,924)	-
Morgan Stanley	1,512,403	(1,512,403)	-
Royal Bank of Scotland Plc	1,022,579	-	(1,022,579)
The Bank of New York Mellon SA/NV	4,218	(2,846)	-
Total	36,192,153	(20,826,966)	(15,363,815)
			1,372

As at 31 March 2019 the amount of collateral cash pledged is USD21,234,879 (30 September 2018: USD22,326,430) and the amount of collateral received was USD6,658,412 (30 September 2018: USD6,443,682).

6. Financial risk management

The risks of the Fund are consistent with those set out in the audited financial statements for the year ended 30 September 2018 and those detailed within the Offering Memorandum.

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

	31 March 2019 USD	31 March 2018 USD
Realised and unrealised gain/(loss) on foreign currency		
Net realised (loss)/gain on foreign currency	(276,799)	1,218,085
Change in net unrealised appreciation/(depreciation) on foreign currency	3,809	(52,690)
Net (loss)/gain on foreign currency	(272,990)	1,165,395
Interest income	660,696	351,246
Interest expense	(194,296)	(324,511)
Dividend income	42,191	26,637
Dividend expense	(34,088)	(7,138)
	474,503	46,234
Realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss		
Net realised gain on investments	817,084	3,886
Net realised loss on contracts for difference	(882,806)	(6,661)
Net realised loss on forward commodity contracts	(548,712)	(1,545,688)
Net realised loss on forward currency contracts	(1,936,592)	(8,869,033)
Net realised gain/(loss) on commodity futures	413,244	(2,301,719)
Net realised gain on currency futures	65,393	317,447
Net realised gain on interest rate futures	7,724,850	1,553,913
Net realised (loss)/gain on stock index futures	(2,502,473)	9,430,036
Net realised loss on credit default swaps	(995,439)	(377,389)
Net realised gain/(loss) on interest rate swaps	520,529	(118,314)
Total net realised gain/(loss)	2,675,078	(1,913,522)

Man AHL Diversified Futures Ltd

Notes to the financial statements (continued)

For the period ended 31 March 2019



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

	31 March 2019 USD	31 March 2018 USD
Change in net unrealised gain on investments	182,643	196,548
Change in net unrealised loss on contracts for difference	(75,902)	(656,508)
Change in net unrealised gain on forward commodity contracts	119,719	884,753
Change in net unrealised gain on forward currency contracts	2,519	4,331,652
Change in net unrealised (loss)/gain on commodity futures	(1,870,676)	2,025,078
Change in net unrealised gain on currency futures	153,170	86,541
Change in net unrealised gain on interest rate futures	5,867,799	2,643,813
Change in net unrealised loss on stock index futures	(261,167)	(3,321,612)
Change in net unrealised loss on credit default swaps	(131,495)	(103,597)
Change in net unrealised gain on interest rate swaps	4,537,647	1,408,464
Total net movement in unrealised gain	8,524,257	7,495,132
Net gain on financial assets and liabilities at fair value through profit or loss	11,673,838	5,627,844

8. Related party transactions

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

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

Man Investments (Hong Kong) Limited is a related party as it is the Hong Kong Representative of the Fund.

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

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

Conyers Dill & Pearman, the Fund's legal advisor, is a related party as Dawn Griffiths is a Director of the Fund and a partner of the law firm.

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

As at 31 March 2019 and 31 March 2018, none of the redeemable participating shares were owned by entities affiliated to Man Group plc.

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

For the period ended 31 March 2019

Related party	Type of fee	Total fees USD	Fees payable USD
Conyers Dill & Pearman Limited	Legal fees*	8,703	-
Directors	Directors' fees	5,984	2,894
AHL Partners LLP	Introducing broker fees	747,969	119,370
Man Investments AG	Management fees	2,243,907	358,111
Man Investments (Hong Kong) Limited	Hong Kong representative fees*	2,493	17,466
Man Investments AG	Services Manager fees	172,033	27,455

For the period ended 31 March 2018

Related party	Type of fee	Total fees USD	Fees payable USD
Conyers Dill & Pearman Limited	Legal fees*	11,120	-
Directors	Directors' fees	5,951	2,894
AHL Partners LLP	Introducing broker fees	950,858	138,584
Man Investments AG	Management fees	2,852,510	415,760
Man Investments AG	Incentive fees	3,588	3,588
Man Investments (Hong Kong) Limited	Hong Kong representative fees*	2,480	12,466
Man Investments AG	Services Manager fees	221,422	31,874

* Legal fees and Hong Kong representative fees are included within legal and other professional fees and other expenses, respectively, in the statement of comprehensive income.

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

9. Share capital

The Fund has an authorised share capital of USD762,000 comprising 12,000 Management Shares of par value USD1 and 75,000,000 Redeemable Participating Shares of par value USD0.01. The 75,000,000 Redeemable Participating Shares of par value USD0.01 carry 100% of the voting rights. The Management Shares do not carry voting rights for as long as there are shares of any other class in issue.

Management Shares of the Fund

The Management Shares are beneficially owned by Master Multi-Product Holdings Ltd, which is itself owned by Conyers Trust Company (Bermuda) Limited as trustee of the Master Multi-Product Purpose Trust, a special purpose trust formed under the laws of Bermuda pursuant to a Deed of Trust made by Conyers Trust Company (Bermuda) Limited (therein named Codan Trust Company Limited) dated 14 December 2005. As at 31 March 2019, these shares remained uncalled and no amounts were paid or payable to the Fund.

The holders of Management Shares are not entitled to any dividend whatsoever in respect of their Management shares. In the event of a winding up or dissolution of the Fund, the holders of Management Shares are entitled to an amount equal to the par value. The Management Shares have been issued but not called. No amount is recognised until the Management Shares are called.

Redeemable Participating Shares

The Redeemable Participating Shares of the Fund are divided into two tranches: Tranche A and Tranche B. The Fund is offering only Participating Tranche A Shares to investors at the Subscription Price from (and including) 4 September 2012. The Directors have resolved that all Redeemable Participating Shares issued by the Fund prior to 4 September 2012 shall be converted to Tranche B Shares on 4 September 2012. Redeemable Participating Shareholders wishing to purchase additional Redeemable Participating Shares from 4 September 2012 onwards must subscribe for Participating Tranche A Shares (the Directors may decide otherwise from time to time).

Redeemable Participating Shares are redeemable, and written notices to redeem Redeemable Participating Shares should be received by the Administrator or BNYM (Hong Kong) by fax or by any other form of electronic communication agreed in advance with the Administrator, at the contact address referred to in the 'Names and addresses' section of the Offering Memorandum not later than 17:00 pm (Hong Kong time) one Business Day prior to the Dealing Day on which the redemption is to take place, except in the event that the calculation of the Net Asset Value per Redeemable Participating Share has been suspended.

Share transactions in Redeemable Participating Shares for the periods ended 31 March 2019 and 31 March 2018 were as follows:

	31 March 2019	31 March 2018
Opening Redeemable Participating Shares	4,256,933	5,156,013
Issued Redeemable Participating Shares	74,136	105,172
Redeemed Redeemable Participating Shares	(373,106)	(615,991)
Closing Redeemable Participating Shares	3,957,963	4,645,194

Redemption fees

In case Tranche B Redeemable Participating Shares are redeemed before they have been in issue for the periods shown below, the current Net Asset Value per Redeemable Participating Share redeemed will be paid by the Fund to the Redeemable Participating Shareholder after deduction of a fee for early redemption, which will, in turn be paid to the Introducing Broker primarily to compensate it for the costs of marketing the Redeemable Participating Shares, as follows:

Tranche B

Redeemable Participating Shares redeemed on a Dealing Day before they have been in issue for:

2 years	Fee for early redemption:
4 years	4.0 % of redemption price per Redeemable Participating Share
6 years	2.5 % of redemption price per Redeemable Participating Share
	1.0 % of redemption price per Redeemable Participating Share

There will be no redemption fee applied on Tranche B Redeemable Participating Shares which are redeemed after they have been in issue for six years. No redemption fees will be applied for redemptions of Tranche A Redeemable Participating Shares.

Total redemption/winding up

All of the Shares may be redeemed by the Fund if:

- the holders of not less than 75% in value of the issued Redeemable Participating Shares of the Fund carrying voting rights at general meetings of the Fund approve of the redemption at a general meeting; or
- at any time, the aggregate of the Net Asset Value per Share of all Redeemable Participating Shares in issue on each of three successive Valuation Points is less than USD3,000,000; or
- the Custodian has served notice of its intention to retire under the terms of the custodian agreement and no new custodian has been formally approved and appointed within six months of the date of service of such notice.

On a winding up of the Fund the assets available for distribution (after satisfaction of creditors) shall be distributed to the holders of the Redeemable Participating Shares pari passu to the extent of their nominal value and thereafter all surplus assets shall be distributed to the holders of the Redeemable Participating Shares in proportion to the number of Redeemable Participating Shares held.

9. Share capital (continued)

Capital Management

The Fund's objectives for managing capital are:

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

10. Contingent liabilities and commitments

There were no contingent liabilities or commitments as at 31 March 2019 (30 September 2018: none).

11. Soft commission arrangements

There were no soft commission arrangements in place during the period.

12. Subsequent events

There have been no subsequent events after the period end that impact the Fund and require disclosure in the financial statements.