



Product Key Facts

Man AHL Diversified Futures Ltd

Issuer: AHL Partners LLP

29 March 2019

- This statement provides you with key information about this product.
- This statement is a part of the offering document.
- You should not invest in this product based on this statement alone.

Quick facts

| | |
|--|---|
| Fund manager | AHL Partners LLP |
| Custodian | BNY Mellon Trust Company (Ireland) Limited |
| Dealing frequency | Daily |
| Base currency | USD |
| Ongoing charges over a year [#] : | <u>With Incentive Fee:</u> 4.53% <u>Without Incentive Fee:</u> 4.53% |
| Dividend policy | No distributions |
| Financial year end of this fund | 30 September |
| Minimum investments | USD10,000 initial, USD10,000 additional |

[#]The ongoing charges figures are based on the expenses for the period from 1 October 2017 to 30 September 2018. These figures may vary from year to year. Incentive fee is to be paid as at year end and may vary subject to the market conditions.

What is this product?

Man AHL Diversified Futures Ltd ('The Company') is a fund constituted in the form of a mutual fund and is a futures and options fund. It has been incorporated in Bermuda as an open-ended investment company with limited liability.

Objectives and Investment Strategy

Objectives

The Company seeks to achieve substantial medium-term capital growth while aiming to restrict the associated risk.

Strategy

The AHL Diversified Programme employs sophisticated computerised processes primarily to identify trends and other opportunities 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 risk control, ongoing research, diversification and the constant quest for efficiency.

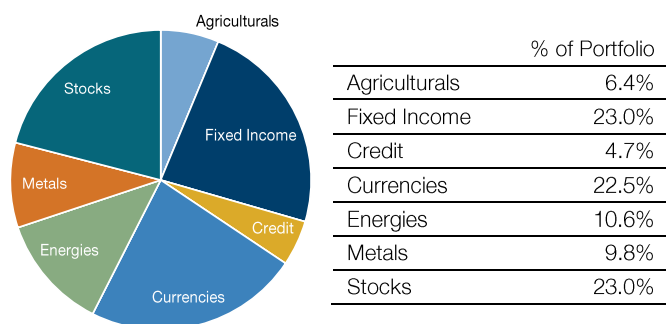
The Company primarily invests in futures and options. The Company also intends to invest extensively in other financial derivative instruments ('FDIs') to achieve its investment objective, including but not limited to warrants, forward contracts, convertible securities, interest rate swaps, credit default swaps and equity swaps. It may use long or short investment strategies.

The leverage range of the AHL Diversified Programme is typically around 200-1000% of the Company's NAV. In order to calculate leverage, financial derivative instruments are converted into an equivalent position in the underlying asset, with

netting and hedging arrangements applied where risk offsetting occurs and as determined by the Investment Manager. Interest rate exposures are duration adjusted in order to compare them on an equivalent risk basis. Cash and cash equivalent instruments, FX hedges of any cash balances, as well as any share class hedges are excluded from the exposure calculation. Leverage is then calculated by summing the absolute values of these netted underlying exposures, and dividing by the Company's NAV expressed in percentage terms. Leverage is allowed to fluctuate both above and below these average levels to some extent, as leverage is a function of positions held, so strong trends and other opportunities in a market tend to result in larger positions and therefore higher leverage. Leverage may also move below the range in times of increased market stress: the Company will reduce position sizing with the aim of maintaining a balanced risk profile through time. In addition, there may be times of low trends where the Company takes smaller positions across markets. Leverage is closely monitored.

The Company may also enter into arrangements by which cash not required by the Company for trading purposes will be managed by the Investment Manager. Such arrangements may include the entry by the Company into repurchase agreements or reverse repurchase transactions and other cash management arrangements, including holding cash in bank accounts, secured or unsecured deposits or investing such cash in corporate or government bonds, or such other instruments as deemed appropriate by the Investment Manager.

Investment Mix as of 13 March 2019



The sector allocations are designed to reflect the expected long-term risk exposure to each sector relative to the other sectors in the portfolio. The pie chart on the left shows the estimated percentages for each sector allocation for the current portfolio as at 13 March 2019 for illustrative purposes only. The portfolio structure and constituents are regularly reviewed by the investment management team and sector allocations will change accordingly.

Source: Man Group Database

What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors. The Company may substantially invest in various futures and option contracts and other financial derivatives instruments ("FDI"). Risks inherent in the Company are not typically encountered in traditional funds which may lead to substantial or total loss of investments and is not suitable for investors who cannot afford to take on such risk.

1. Risk of investing in futures, options and other FDIs

- The Company primarily invests in futures and options. The Company also intends to invest extensively in other FDIs', including but not limited to warrants, forward contracts, convertible securities, interest rate swaps, credit default swaps and equity swaps, which can be highly volatile and expose investors to a high risk of loss due to the leveraged effect embedded in it.
- Futures and options investments are subject to key risk factors including leverage, counterparty and liquidity risks and substantial losses may be suffered. Risks associated with the use of FDIs include leverage, counterparty and liquidity risks. The Company may utilise over-the-counter (OTC) FDIs which may increase these risks.

2. Commodity market risk

- The Company is exposed to risks of investments in commodities markets which may be more volatile and may be of higher risk than investments on other markets. As such the net asset value of the Company may be very volatile and could go down substantially within a short period of time.

3. Risk of investing in repurchase agreements

- The use of repurchase and reverse repurchase agreements by the Company involves certain risks. For example, if the seller of securities to the Company under a reverse repurchase transaction defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Company will seek to dispose of such securities, which action could involve costs or delays. The Company may suffer a loss to the extent that

the proceeds from the disposal of the underlying securities are less than the repurchase price due from the defaulting seller.

4. Model and data risk

- The Company may rely heavily on quantitative models or strategies which depend upon the reliability and accuracy of the Investment Manager's analytical models and data supplied by third parties. To the extent such models or the assumptions underlying them or the data do not prove to be correct, the investments of the Company may not perform as anticipated which could result in losses.

5. Interest rate risk

- The Company may invest in futures and options with interest rates as an underlying asset. If the Company has long positions in futures and options with interest rates as an underlying asset, an increase in interest rates may result in a decrease in the market-to-market value of such instrument, and hence, the Company may incur significant loss, and vice versa. The factors influencing interest rates include, amongst other things, monetary policy, fiscal policy and inflation.

6. Foreign exchange risk

- Some of the Company's assets will be managed in currency (ies) other than that in which the Company is denominated, and the Company, will therefore be affected by the fluctuation of the exchange rate(s).

7. Risk of limited diversification

- The Company's portfolio could become significantly concentrated in a limited number of issues, types of financial instruments, industries, sectors, strategies, countries, or geographic regions, and any such concentration of risk may increase losses suffered by the Company.

8. Counterparty risk

- Investments may normally be entered into between the Company and broker as principal. Accordingly, the Company is exposed to the risk that the broker may, in an insolvency or similar event, be unable to meet its contractual obligations to the Company. The insolvency of any counterparty could result in a material loss to the Company.

9. Leverage risk

- The Company may borrow and utilise FDIs together with other forms of leverage. Leverage has the effect of potentially magnifying losses and could result in the value of the Company's net assets and the Net Asset Value per Share decreasing. The cumulative effect of the use of leverage in a market that moves adversely to a leveraged instrument could result in a substantial loss which would be greater than if leverage were not used.

10. Incentive fee (i.e. performance fee)

- Incentive fees may create an incentive for the Investment Manager to make investments which are riskier than would be the case in the absence of a fee based on performance.
- The method of calculating incentive fees and the fact that no equalization methods are used gives rise to the risk that a Shareholder may be subject to an incentive fee even if they may have suffered a loss on their investment.
- Incentive fees may be paid on unrealised gains which may never be realised by the Company.

11. Liquidity risk

- The Company may make investments in markets that are volatile and which may become illiquid. Accordingly, it may not be possible in certain circumstances for a position to be initiated or liquidated promptly (in the event of insufficient trading activity in the relevant market or otherwise). This risk may be accentuated where the Company is required to liquidate positions to meet margin requests, margin calls or other funding requirements.

12. Sovereign risk

- The AHL Diversified Programme may invest in debt securities issued or guaranteed by governments and/or supranational institutions (or in related financial derivative instruments) and thus may be exposed to credit risk of such governments and/or supranational institutions. If such governments and/or supranational institutions default on their debt securities, e.g. when they are not able to meet their obligations as to the payment of principal and/or interest, or become insolvent, Company could lose money. There may not be any bankruptcy proceedings by which the Company could enforce its rights against a defaulted government or a supranational institution in whole

or in part.

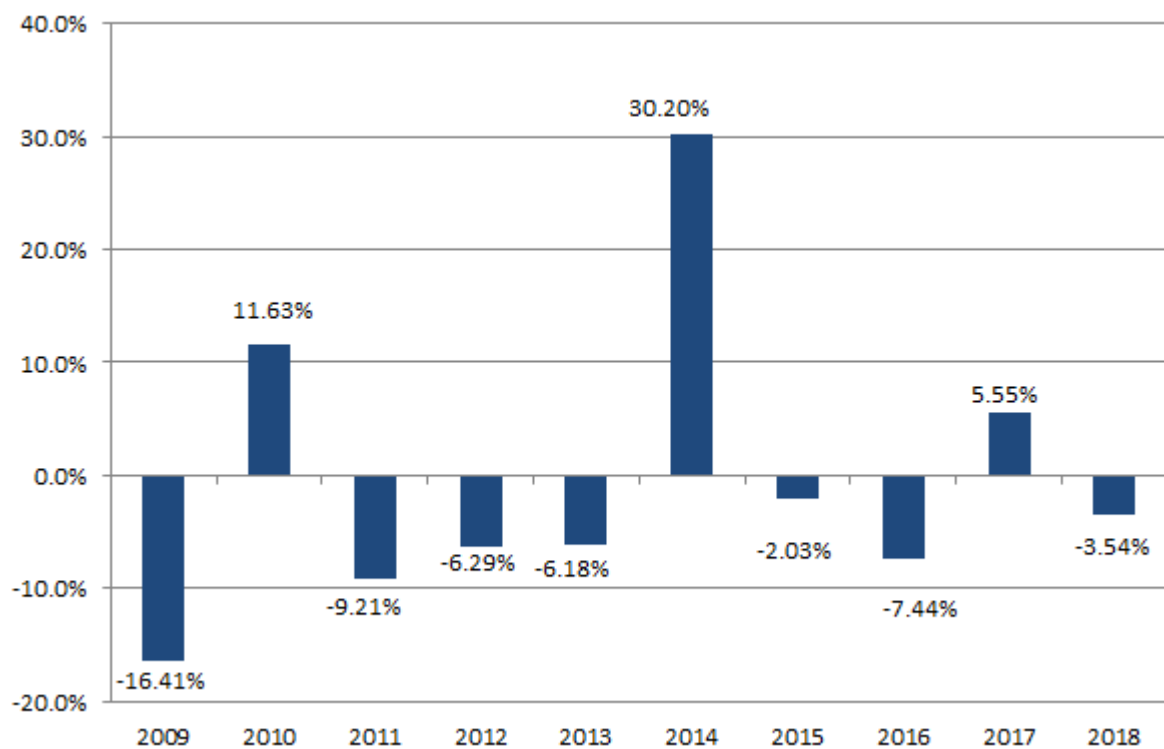
13. European sovereign crisis

- In light of the current fiscal conditions and concerns on the sovereign risk of certain European countries, investments in European securities might face higher volatility, liquidity and foreign exchange risk. The performance of these investments could deteriorate significantly should there be any adverse credit events (e.g. further downgrade of the sovereign credit rating) of any European country.
- Should the current fiscal conditions on certain European countries continue to deteriorate, there is a possibility that a European government may default. Funds investing in securities issued or guaranteed by governments and/or supranational institutions in a European country may thereby be exposed to additional credit risks relating to sovereign debts as described in the risk factor headed “Sovereign Risk” above.

14. Emerging market risk

- The Company invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

How has the Company performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV.
- These figures show by how much the Company increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Company launch date: 1998

Is there any guarantee?

The Company does not have any guarantee. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when you deal in the Shares of the Company.

| Fee | What you pay | | | | | | | | | | |
|---|--|---|---|---------|-------|---------|-------|---------|-------|---------------|-----|
| Tranche A Sales charge (subscription fee) | A sales charge of up to 5% may be charged on new applications by the relevant distributor for Tranche A Shares only. The sales charge does not apply to Tranche B Shares which are not open for new applications (unless the Directors decide otherwise from time to time). | | | | | | | | | | |
| Switching fee | Not applicable | | | | | | | | | | |
| Redemption fee for: | | | | | | | | | | | |
| Tranche A Shares | Not applicable | | | | | | | | | | |
| Tranche B Shares | <table> <tr> <td>Shares redeemed on a dealing day that have been held for less than:</td><td>Fee for early redemption: (as a % of redemption price per Share)</td></tr> <tr> <td>2 years</td><td>4.0 %</td></tr> <tr> <td>4 years</td><td>2.5 %</td></tr> <tr> <td>6 years</td><td>1.0 %</td></tr> <tr> <td>After 6 years</td><td>nil</td></tr> </table> | Shares redeemed on a dealing day that have been held for less than: | Fee for early redemption: (as a % of redemption price per Share) | 2 years | 4.0 % | 4 years | 2.5 % | 6 years | 1.0 % | After 6 years | nil |
| Shares redeemed on a dealing day that have been held for less than: | Fee for early redemption: (as a % of redemption price per Share) | | | | | | | | | | |
| 2 years | 4.0 % | | | | | | | | | | |
| 4 years | 2.5 % | | | | | | | | | | |
| 6 years | 1.0 % | | | | | | | | | | |
| After 6 years | nil | | | | | | | | | | |

Ongoing fees payable by the Company

The following expenses will be paid out of the Company. They affect you because they reduce the return you get on your investments.

| | Annual Rate (as a % of the Company's NAV) |
|--|---|
| Management fee | 3 % |
| Custodian fee | Up to 0.025% of the NAV subject to a minimum annual fee of USD 35,000 |
| Incentive fee (performance fee) | <p>20% of the net appreciation of the net asset value per Share (prior to deduction of any incentive fees) above the benchmark net asset value per Share, multiplied by the number of Shares in issue.</p> <p>The benchmark net asset value per Share is equal to the highest net asset value per Share on any preceding dealing day in respect to which an incentive fee has previously been paid (high watermark).</p> <p>The incentive fee is accrued daily and payable annually at the end of each financial year of the Company on 30 September.</p> <p>Incentive fee accrues on each valuation point if the NAV per Share exceeds the high water mark. On each valuation point, the incentive fee accrual made (if any) on the previous valuation point will be reversed and a new incentive fee accrual will be calculated. If the NAV per Share is lower than or equal to the high water mark, any incentive fee accrual will be reversed and no incentive fee will be accrued.</p> <p>Equalisation methods are not used. The use of equalisation methods ensure the incentive fee payable by the investor is directly referable to the specific performance of such individual investor's Shares.</p> <p>Please refer to the 'Charges and Fees' Section in the offering document for details and illustrative examples of the incentive fee calculation.</p> |
| Administration fee | Not applicable |
| Services Manager fee | |
| Valuation service | - 0.23% of the NAV subject to a minimum annual fee of USD 25,000 |

| | |
|-----------------------------|--|
| Shareholder services | - 0.05% of the NAV* * together with an annual fixed fee of USD1,000 plus an annual variable fee subject to number of investors. |
| Brokerage fee | 1% of the NAV |

Other fees

You may have to pay other fees when dealing in the Shares of the Company.

Additional Information

- You generally buy and redeem Shares at the Company's next-determined net-asset value (NAV) after the Administrator or BNYM Hong Kong receives your request in good order by 17:00 (Hong Kong time), one Business Day prior to a Dealing Day being the dealing cut-off time. Before placing your subscription or redemption orders, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Company's dealing cut-off time).
- The net asset value of the Company is calculated every Business Day of each week and the price of the Shares may be obtained each Business Day from Man Investments (Hong Kong) Limited and online at Man's Hong Kong country website www.man.com (this website is not authorised and reviewed by the SFC) and at the Director's discretion in other financial publications and media sources.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.