

An abstract geometric design composed of overlapping, semi-transparent blue and white polygons, creating a sense of depth and movement. The shapes are angular and layered, with some appearing to be in the foreground and others receding into the background.

# Man AHL Diversified Futures Ltd

Prospectus  
1 January 2020



# Man AHL Diversified Futures Ltd

A company incorporated with limited liability in Bermuda under the Companies Act 1981 of Bermuda

The prices of futures, options and other investments in which the Company may invest may fall in value as rapidly as they may rise and it may not be possible to liquidate the Company's position in the relevant markets before a loss is sustained.

No assurance can be given that the investment objective of the Company will be achieved or that substantial losses will not be suffered.

**The Company uses alternative investment strategies and the risks inherent in the Company are not typically encountered in traditional funds. It undertakes special risks which may lead to substantial or total loss of investment and is not suitable for investors who cannot afford to take on such risks. Investors are advised to consider their own financial circumstances and the suitability of the Company as part of their investment portfolio. They are also advised to read this offering document and should obtain professional advice before subscribing to the Company.**

# Preliminary

If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

Investors may contact Man Investments (Hong Kong) Limited (the 'Hong Kong Representative') for any queries or complaints in relation to this investment product. To contact the Hong Kong Representative, investors may either:

- write to the Hong Kong Representative (Man Investments (Hong Kong) Limited, Unit 2206-2207, 22/F Man Yee Building, No. 68 Des Voeux Road, Central, Hong Kong)
- e-mail the Hong Kong Representative (ComplaintsAsia@man.com)
- call the Hong Kong Representative Complaints line: +852 2230 7285

The Hong Kong Representative will respond to the enquiry or complaint in writing within reasonable time.

This Prospectus contains particulars of Man AHL Diversified Futures Ltd (the 'Company'), an open-ended investment company, and the offering of Participating Shares (the 'Shares') the proceeds of which are to be invested in accordance with the objectives set out in this Prospectus.

The distribution of this Prospectus is not authorised unless it is accompanied by a copy of the latest audited financial statements of the Company, which together with this Prospectus forms the Prospectus for the issue of Shares in the Company.

This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Shares are offered on the basis of the information and representations contained in this Prospectus and any further information given or representations made by any person may not be relied upon as having been authorised by the Company or its Directors. Neither the delivery of this Prospectus nor the allotment or issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date of this Prospectus.

No listing or other dealing facility is at present being sought for the Shares although the Directors may consider seeking a listing in the future.

The Company has been incorporated in Bermuda as an open-ended investment company with limited liability. The Company is open-ended in that it can issue and redeem its Shares at prices based upon the Net Asset Value per Share.

The Company has been classified as a Bermuda standard fund. As such, the Company is subject to supervision and regulation as provided for in the Bermuda Investment Funds Act 2006. However, the Company should be viewed as an investment suitable only for those investors who can fully evaluate and bear the risks involved.

The Company is regulated in Bermuda by the Bermuda Monetary Authority whose address is BMA House, 43 Victoria Street, Hamilton HM 12, Bermuda with telephone number +1 441 295 5278. The Investment Manager is authorised and regulated in the United Kingdom by the Financial Conduct Authority whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS, United Kingdom with telephone number +44 (0) 20 7066 1000.

Permission under the Exchange Control Act 1972 (and regulations made thereunder) has been obtained from the Bermuda Monetary Authority for the issue of the Shares as defined and described herein. Authorisation by the Bermuda Monetary Authority does not constitute a guarantee by the Bermuda Monetary Authority as to the performance of the Company or its creditworthiness. Furthermore, in authorising the Company, the Bermuda Monetary Authority shall not be liable for the performance of the Company or in the default of its operators or service providers, nor for the correctness of any opinions or statements expressed in this Prospectus.

A copy of this Prospectus has been delivered to the Registrar of Companies in Bermuda for filing pursuant to the Act. It must be distinctly understood that, in accepting this Prospectus for filing, the Registrar of Companies in Bermuda accepts no responsibility for the financial soundness of any proposals or for the correctness of any of the statements made or opinions expressed with regard to them.

The Company has been authorised by the Securities and Futures Commission ('SFC') in Hong Kong under the Code on Unit Trusts and Mutual Funds as a 'Hedge Fund'. In granting such authorisation the Securities and Futures Commission takes no responsibility for the financial soundness of the Company or for the accuracy of any of the statements made or opinions expressed in this Prospectus. **SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.**

The Investment Manager and the Directors of the Company, whose names appear in this Prospectus, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.

Except in relation to those prohibited recipients as described in Appendix 3, copies of this Prospectus and of the Application Form may be obtained from the Company, the offices of Man Group and its authorised intermediaries, the Administrator, BNYM (Hong Kong) and the Hong Kong Representative.

Capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed to them in Appendix 1 entitled 'Definitions'.

The date of this Prospectus is 1 January 2020.

**The attention of potential investors is drawn to the 'Risk factors' section.**

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## The offering

General	The Shares of the Company are divided into two tranches: Tranche A and Tranche B. The Company is currently offering only Participating Tranche A Shares to investors at the Subscription Price (as defined in Appendix 1). Shares issued by the Company prior to 4 September 2012 when the Shares were not designated into Tranches were converted to Tranche B Shares on 4 September 2012. Shareholders wishing to purchase additional Shares from 4 September 2012 onwards must subscribe for Participating Tranche A Shares (unless the Directors may decide otherwise from time to time).
The Company	Man AHL Diversified Futures Ltd
Shares	Shares may be redeemed on any Dealing Day at the Net Asset Value per Share as at the Valuation Point immediately preceding the Dealing Day (for redemption orders received no later than 17:00 (Hong Kong time) on one Business Day prior to the Dealing Day). An early redemption fee may be applicable to Tranche B Shares, see section headed 'Fee for early redemption of Shares'. Shares will be denominated in USD.
Investment objective	The Company seeks to achieve substantial medium-term capital growth while aiming to restrict the associated risk.
Dividends	It is not anticipated that any dividends will be paid. Investors' returns will be determined by the trading profits, if any, to the redemption date.
Minimum initial investment	USD 50,000
Minimum Redemption	200 Shares
Minimum Holding	300 Shares or USD 10,000, whichever is lesser (based on last published NAV) or such lesser amount as the Directors in their discretion may determine.
Investment Manager and Introducing Broker	AHL Partners LLP
Services Manager and Marketing Adviser	Man Investments AG
Registrar	BNY Mellon Alternative Investment Services Ltd
Administrator	BNY Mellon Fund Services (Ireland) Designated Activity Company
Custodian	The Bank of New York Mellon SA/NV, Dublin Branch
Hong Kong Representative	Man Investments (Hong Kong) Limited

### Identification numbers of the Shares

	ISIN code	Valoren number
Tranche A	BMG5777T1099	18478953
Tranche B	BMG0122Q1087	895929

The Net Asset Value per Share may go down as well as up. The attention of potential investors is drawn to the 'Risk factors' section of this Prospectus. This is a summary concerning the Shares and is indicative only. The detailed terms and conditions of this offering follow with substantial qualifications and restrictions that apply to this summary. Accordingly, the above terms must be read in conjunction with the terms, qualifications, conditions and restrictions that follow. Capitalised terms used in this summary have the meanings ascribed to them in Appendix 1.

## Investment objective

The Company seeks to achieve substantial medium-term capital growth while aiming to restrict the associated risk. The underlying investment programme, the AHL Diversified Programme, seeks to capitalise primarily on upward and downward price trends in a diversified range of global stock index, bond, currency, short-term interest rate and commodity futures markets. No more than 5% of the Net Asset Value will be applied towards margin requirements with respect to off-exchange futures contracts (that is, contracts which are not traded on Recognised Exchanges).

The Company primarily invests in futures and options. The Company also intends to invest extensively in other financial derivative instruments ('FDI(s)') to achieve its investment objective, including but not limited to warrants, forward contracts, convertible securities, interest rate swaps, credit default swaps and equity swaps. Financial derivative instruments are used with a view to manage the exposure of the portfolio in respect of global stock index, bond, currency, interest rate and commodity markets. It may use long or short (synthetic only) investment strategies. Since the programme is directional in nature, it may build a long position to profit from an upward trending market or a short position in a downward trending market. As such, when the majority of the markets are downward trending, net short positions may be resulted. The long and short active positions implemented by the Company may not be correlated with the underlying securities positions held by the Company.

The Company will acquire financial derivative instruments for hedging and investment purposes and its net derivatives exposure may be more than 100% of the Company's NAV. Monies and any other assets of the Company which are not immediately required for investment purposes will be held by the Custodian. On the instructions of the Investment Manager the Custodian may deposit such monies with banks or credit institutions and may also invest part or all of such monies in short-term money related instruments including, but not limited to, fixed deposits, certificates of deposit, commercial paper, treasury bills and bonds issued or guaranteed by the government of any country of the OECD.

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 over-the-counter based repurchase agreements or reverse repurchase transactions which may be up to 100% of the Company's NAV 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.

The Company does not have any credit rating requirements in respect of the underlying debt securities. It is not subject to any limitation on the portion of its NAV that may be invested in any one country, region and sector. On an on-going basis Man Group Risk/AHL Research and Trading is responsible for monitoring the Company's credit risk in respect of the counterparties with whom the Company have placed cash by

tracking each counterparty's credit rating, credit default swap spread and share price movement.

The maximum level of the Company's assets available for repo contracts and other cash management arrangements will not exceed the cash not required by the Company for trading purposes. All incremental gross income will accrue to the Company.

The Company may be geared to a significant extent, and is accordingly exposed to abnormal levels of risk associated with gearing.

## The AHL Diversified Programme

AHL manages the AHL Diversified Programme which 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.

A product of continuing research and development carried out by AHL since 1987, the AHL Diversified Programme utilises and is committed to extending the range and versatility of the original investment techniques, strategies and markets. As such, subject to the restrictions set out in this Prospectus, AHL may increase the number and diversity of markets and instruments traded directly or indirectly by the AHL Diversified Programme and deploy new strategies or trading systems where appropriate. A cornerstone of the investment philosophy is that financial markets experience persistent trends and inefficiencies. Trends are a manifestation of serial correlation in financial markets – the phenomenon whereby past price movements influence future price behaviour. Although they vary in their intensity, duration and frequency, price trends are universally recurrent across all sectors and markets. Trends are an attractive focus for active trading styles applied across a diverse range of global markets.

As well as emphasising sector and market diversification, the AHL Diversified Programme has been constructed to achieve diversification by combining various systems. The systems are driven by powerful computerised processes or trading algorithms, most of which work by sampling prices in real time and measuring price momentum and breakouts. With access to around 300 traded instruments, AHL provides investors with one of the most diverse trading programmes in the industry. Instruments traded encompass currencies, bonds, rates, energies, metals and agriculturals.

The trading algorithms aim mainly to capture price trends and close out positions when there is a high probability of a different trend developing. The AHL Diversified Programme may include algorithmic systems based on certain forms of quantitative fundamental data that can be captured efficiently, such as interest rate data.

Another important aspect of diversification is the fact that the various systems generate signals across different time frames, ranging from around a week to several months, which



helps to reduce the risk of the AHL Diversified Programme. In line with the principle of diversification, the approach to portfolio construction and asset allocation is premised on the importance of deploying investment capital across the full range of sectors and markets. Particular attention is paid to correlation of markets and asset classes, expected returns, market access costs and market liquidity. Portfolios are regularly reviewed and, when necessary, adjusted to reflect changes in these factors. The Investment Manager also has a process for adjusting its market risk exposure in real time to reflect changes in the volatility of individual markets. The portfolio structure and constituents are regularly reviewed by the investment management team and allocations may change to access other sectors and markets.

The leverage range in terms of net derivatives exposure of the Company is typically around 200-1200% of the Company's NAV. 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.

Additionally, AHL benefits from being part of Man. Man offers expertise in client servicing through a worldwide network of offices and staff, product structuring, marketing and compliance together with back-office support functions including information technology, administration and logistics.

## AHL Risk management

Risk management is an essential component of AHL's investment management process. AHL has put in place a risk management framework which is designed to identify, monitor and mitigate the portfolio, operational and outsourcing risks relevant to its operations. AHL's risk management framework is part of, and is supported by, the overarching risk management framework of Man.

Key principles of AHL's risk management framework include the segregation of functions and duties where material conflicts of interest may arise and having an appropriate degree of independent and senior management oversight of business activities. As part of this independent oversight, AHL's activities are subject to regular review by Man internal audit function.

Risk management consists primarily of monitoring risk measures and ensuring the systems remain within prescribed limits. The major risk monitoring measures and focus areas include value-at-risk, stress testing, implied volatility, leverage, margin-to-equity ratios and net exposures to sectors and different currencies.

## Liquidity Risk Management

The Investment Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Company and to ensure that the liquidity profile of the investments of the Company will facilitate compliance with the Company's obligation to meet redemption requests. Such policy, combined with the liquidity management tools that may be employed by the Investment Manager, also seeks to achieve fair treatment of Shareholders and safeguard the interests of remaining Shareholders in case of sizeable redemptions.

The liquidity risk management of the Company is carried out by the Investment Manager's risk management function which is functionally independent from the portfolio investment function. The oversight of the risk management function is headed by the Chief Risk Officer whose reporting line is to the Man Group Chief Finance Officer. A liquidity report of the Company will be generated by the Investment Manager's risk management team at the beginning of each day. Liquidity risk related issues will be discussed with the relevant investment team for appropriate remediation. Exceptions on liquidity risk related issues may be escalated to the Chief Risk Officer or senior management.

The Investment Manager would regularly assess the liquidity of the Company's assets under the current and likely future market conditions. In particular, the Investment Manager intends to maintain a diversified investment portfolio with different levels of liquidity and avoid concentrating investment in any one investment, particularly investments which are less liquid. The Investment Manager may also set an internal limit as to each individual investment that may be held by the Company.

The Investment Manager may also be in regular communication with distributors and substantial investors of the Company in order to receive updates on investor profile and their historical and expected redemption patterns. Through such communication, the Investment Manager can make better assessment as to the expected redemptions (especially substantial redemptions) from the Company in the future.

The Investment Manager may use a range of quantitative metrics and qualitative factors in assessing the liquidity of the Company's assets including the following:

- the volume and turnover in the security;
- (where the price is determined by the market) the size of the issue and the portion of the issue that the Investment Manager plans to invest in;
- the cost and timeframe to acquire or sell the securities;
- an independent analysis of historic bid and offer prices may indicate the relative liquidity and marketability of the instrument; and
- the quality and number of intermediaries and market makers dealing in the security concerned.



The Investment Manager will classify the assets of the Company into different liquidity categories and adopt different risk indicators for monitoring purpose.

The Investment Manager will also perform basic liquidity stress testing on the Company on a daily basis; an extensive liquidity stress testing will be performed on at least an annual basis or in times of adverse market conditions or during the period where there are large redemption requests, if necessary.

The following tools may be employed by the Investment Manager to manage liquidity risks:

- the Investment Manager may suspend redemption under exceptional circumstances as set out under the heading entitled “Suspension of dealings” on P.28 of this Prospectus. During such period of suspension, Shareholders would not be able to redeem their investments in the Company;
- the Company may borrow up to 10% of its Net Asset Value on a temporary basis to meet redemption requests. For details please refer to “Investment and borrowing restrictions” below. Please note that borrowing involves an increased degree of financial risk and may increase the exposure of the Company to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that the Company will be able to borrow on favourable terms.

Investors should note that there is a risk that the tools may be ineffective to manage liquidity and redemption risks.

## Investment and borrowing restrictions

The Company will at all times adhere to the principle of diversification of risk in its derivatives trading.

The following investment and borrowing restrictions shall apply.

1. The Company may only enter into futures and options contracts dealt with on a futures, commodities or options exchange or any over-the-counter derivative approved by the Custodian.
2. No more than 5% of the Company's Net Asset Value will be invested in securities issued by the same body. Notwithstanding the foregoing, up to 30% of the Company's total Net Asset Value may be invested in government and other public securities of the same issue. The Company may invest all of its assets in government and public securities in at least six different issues.

(for purposes of restriction (2) above, “government and other public securities” means any investment issued by, or the payment of principal and interest on, which is guaranteed by the government of any member state of the Organization for Economic Co-operation and Development (OECD) or any fixed interest investment issued in any OECD country by a public or local authority or nationalized industry of any OECD country or anywhere in the world by any other body which is, in the

opinion of the Custodian, of similar standing. Government and other public securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise).

3. No more than 5% of the Company's Net Asset Value may be invested in the debt securities of companies, other than banks, with shareholder funds of less than USD 1 billion or equivalent in foreign currency.
4. The assets of the Company must include liquid assets which have a total minimum value, at all times except in extraordinary circumstances, at least equal to three times the amount of the sum of margins deposited and all premiums paid, in respect of transactions which have not been closed out. (The Investment Manager shall notify the Custodian immediately if such extraordinary circumstances occur.) At least 30% of the Net Asset Value must be held on deposit or invested in liquid short-term debt instruments and may not be used for margin requirements. Not more than 35% of the Net Asset Value may be committed as margin for Futures Contracts and/or premium paid for options purchased (including put and/or call options).
5. The Company will not hold open contract positions in any Futures Contract month or option series for which the combined margin requirement represents 5% or more of its Net Asset Value.
6. Premiums paid to acquire options outstanding with identical characteristics may not exceed 5% of the Net Asset Value.
7. The Company will not hold open positions in Futures Contracts concerning a single commodity or single financial instrument for which the combined margin requirement represents 20% or more of its Net Asset Value.
8. The Company may not invest in commodity contracts other than commodity futures contracts and EFP metals.
9. The Company may not invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares in real estate companies and interests in real estate investment trusts (REITs)).
10. The Company may not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.
11. The Company may not acquire any asset or engage in any transaction which involves the assumption of any liability which is unlimited.

The Company will not undertake borrowings save for borrowings to fund (a) redemption payments for redeeming Shareholders; or (b) for the short-term funding of new investments in each case pending redemption by the Company of the proceeds of sale or redemption of other investments which may be secured on the assets of the Company. The aggregate borrowing capacity of the Company shall be limited to a maximum of 10% of its Net Asset Value at

any time and from time to time. Additionally the Broker (or one of its affiliated companies) may lend monies to the Company in foreign currencies to finance non-USD margins (both initial and variation). By matching a non-USD obligation with a short-term borrowing in the relevant currency, foreign exchange risks may be mitigated. Any such borrowing will not be taken into account in such 10% limit referred to above on the basis that such borrowing is made on a back-to-back basis only.

If the investment and borrowing restrictions as set out above are breached, the Investment Manager shall take as a priority objective all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of the Shareholders.

AHL has designed and implemented a statistically derived measure of risk through its computer-based trading systems. This proprietary risk control mechanism (which is continually monitored and updated) operates to control the application of leverage to the Company's investments, such leverage being variable depending on the nature of the investments and the markets traded and prevailing market conditions.

No more than 35% of the Net Asset Value may be held by the Broker and used for initial margin purposes except in extraordinary circumstances. (The Investment Manager shall notify the Custodian and the Securities and Futures Commission immediately if such circumstances occur.) The Company will not take legal or management control over any of the entities in which it invests.

## Securities financing transactions

The Company does not currently intend to enter into any securities lending transaction. The Company may enter into repurchase agreements or reverse repurchase transactions (collectively, "securities financing transactions").

A repurchase transaction involves the sale of securities by a seller to a buyer for a purchase price, and an agreement for the seller to repurchase such securities on a mutually agreed future date for the same purchase price, plus interest at a negotiated rate. From the perspective of the buyer, the transaction is referred to as a reverse repurchase transaction, and involves buying securities against payment of a cash price, with the buyer agreeing to resell the securities at a future date, and the original seller agreeing to repurchase such securities at the same price, plus interest at a negotiated rate. Such transactions are economically equivalent to a cash loan collateralised by the securities.

All revenues arising from securities financing transactions, net of direct and indirect expenses and fees as reasonable and normal compensation for the services rendered in the context of the securities financing transactions, shall be returned to the Company.

Any securities financing transactions are likely to bear a fee, typically a rate of interest at an agreed cost of funding rate plus a spread. Further fees relating to the financing arrangements such as arrangement, commitment, minimum utilisation and renewal fees may also be payable. The costs of any such financing arrangements shall be applied pro rata to each tranche and/or class of shares, if applicable.

The maximum and expected level of the Company's assets available for these transactions are 100% and 78.5% of the Company's Net Asset Value respectively. The types of assets that may be subject to securities financing transactions include money market instruments and cash.

Collateral obtained under a securities financing transaction must be in the form of one of the following:

- (a) government or public securities;
- (b) corporate bonds;
- (c) shares/equities listed on a recognised stock exchange; and
- (d) such other collateral as the Investment Manager deems appropriate.

The counterparty to a securities financing transaction must have a credit rating that is satisfactory to the Investment Manager, acting reasonably. The counterparties must also be approved by the Directors. The AHL Counterparty Risk Monitoring Committee is responsible for recommending counterparties to the Directors and counterparties currently must have an investment grade credit rating and be based in a jurisdiction which is recognised to be a major financial centre and subject to a very high standard of regulation or be an offshore jurisdiction of such a jurisdiction.

## Collateral Policy and criteria

Assets provided by the Company on a title transfer basis shall no longer belong to the Company. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Custodian.

The Company does not receive collaterals from the counterparties to transactions of over-the-counter financial derivative instruments.

## Investment Manager

Following the novation of the Investment Management Agreement to AHL Partners LLP on 22 July 2014, the Investment Manager for the Company is AHL Partners LLP. The responsibility of the investment selection, portfolio construction and portfolio management of the Company's portfolio rests with AHL. AHL operates as an investment division of the Man Group and operates through various legal vehicles including the Investment Manager (i.e. AHL Partners LLP).

The Investment Manager is authorised and regulated by the FCA in the conduct of its regulated activities in the United Kingdom. A member of the Man Group, the Investment Manager provides access for private and institutional investors

worldwide to alternative investment strategies through a range of innovative products and solutions designed to deliver long-term investment performance. Man Investments Limited, also a member of the Man Group, was the investment manager of the Company from inception until 22 July 2014.

The Investment Manager is separately appointed as Introducing Broker to the Company. Further details are provided in the section of this Prospectus headed "Management and administration".

### AHL

AHL operates as an investment division of Man Group and operates through various legal vehicles including the Investment Manager.

AHL is one of the world's leading quantitative managed futures managers. It provides investors with highly liquid and efficient trading strategies which offer low correlation to more traditional investment disciplines.

The business was established in 1987 as a division of Man Investments Limited and has developed a long and successful track record, offering strong returns with a low correlation to other asset classes. As at 30 June 2016, the Investment Manager managed USD 18.8 billion in assets.

AHL employs sophisticated computerised processes to identify inefficiencies in markets around the world. A stable and robust trading and implementation infrastructure is then employed to capitalise on these trading opportunities. AHL is able to draw on the substantial business and corporate infrastructure, information technology, administration, logistics, compliance and legal functions, and client servicing offered by Man through a worldwide network of offices and staff.

### Marketing Adviser

Man Investments AG has been appointed as the Marketing Adviser. Man Investments AG, a member of the Man Group, has principal responsibility for advising the Company in relation to product structuring and for the set-up, optimisation, co-ordination and maintenance of an efficient global distribution network. Man Investments AG has also been appointed as the Services Manager.

The Marketing Adviser may liaise with the relevant service providers in respect of the Shares and arrange for the provision of liquidity to the Company and the implementation of any leverage facility.

## Brokerage and Custodian

The nature of futures brokerage arrangements differs substantively from securities brokerage in that significant exposure to the futures markets can be effected with minimal capital commitments. Additionally, transactions in the off-exchange markets may be incurred without the commitment of significant capital. These arrangements are described in detail below.

### On-exchange contracts

On-exchange futures contracts are entered into on a margin basis whereby the Company is required to deposit only a percentage of the relevant contract value with the Brokers.

The Brokers in turn post margin to the relevant exchange.

Pursuant to the FCA (or equivalent) client money rules each Broker is obliged to request segregation of its client and own assets held by the relevant exchange, although not all exchanges offer segregation and this is taken into consideration in determining the Broker selection for each exchange. Therefore margins paid by the Company to a Broker together with open trading positions and all realised profits and losses derived from trading may be held in a segregated customer account with that Broker (the 'brokerage account') and the Company's assets will be designated as those of the Company by the Broker. The assets held in the brokerage account will be subject to a lien in favour of the Broker in respect of liabilities of the Company due to the Broker since such monies constitute the Broker's collateral in the event of trading losses.

### Off-exchange contracts

For off-exchange traded contracts, the Brokers make available to the Company dealing facilities with various counterparties. The Brokers satisfy the margin requirements (if any) required by the counterparty for these contracts. The Brokers in turn request margin from the Company, including any additional margin required to cover any unrealised losses on the contract. Any excess funds held by the Brokers over the amounts needed to cover margin requirements are withdrawn from the Brokerage Accounts on a daily basis and returned to the Company.

### Custodian

Monies held by the Custodian shall be subject to the Broker's right to call for such monies in the event of trading losses being incurred, or when additional margin is required by the Broker for on-exchange contracts.

The Brokers will accept trading instructions for the Brokerage Accounts directly from the Investment Manager on the basis of a formal trading authorisation received from the Company.

## Risk factors

As investors could lose some or all of their investment, potential investors should carefully consider the information contained in this Prospectus before making any investment in Shares. In particular, but without limitation, investors should carefully consider the risks associated with investing in the Shares, whether the Shares are a suitable investment for them and whether they have sufficient resources to be able to bear any losses which may result from an investment in the Shares. In any events, the liability of investors is limited to their investment in the Company.

To the best knowledge and belief of the Directors, the following is a list of the risks factors associated with investment in Shares of the Company as of the date of this Prospectus. Investors should carefully consider the following risk factors and only invest in the Shares if they understand the terms on which the Shares are offered and should, where appropriate, seek advice from relevant adviser(s) before making an investment.

## General Risks

### Overall investment approach

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 rates 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/credit, liquidity risks. The Company may utilise over-the-counter (OTC) FDIs which may increase these risks.

Shareholders' return on the Shares will be determined by reference to any cumulative net gains or losses from the diversified investment activities of the Company. The difference at any one time between the price paid for a Share and the price at which a Share may be redeemed means that an investment in Shares may not be suitable for all investors and should be viewed as at least, a medium-term investment.

### Speculative investment

Investors should carefully consider the investment objective of the Company as set out in the section entitled 'Investment objective' in this Prospectus. There can be no assurance that the Company will achieve its investment objective. An investment in the Shares is not guaranteed or subject to principal or capital protection and investors could lose some or all of their investment. Both an investment in the Company and the investments which the Company proposes to make are speculative. Furthermore, the Company's investments may be subject to sudden, unexpected and substantial price movements (which may be influenced by factors such as changes in interest rates, currency exchange rate and economic and political events which are beyond the control of, and not predictable by, the Investment Manager, and the utilisation of leverage). It should be borne in mind that the risk involved in this type of company is greater than that normally associated with other types of investment as the underlying investments of the Company can be subject to sudden, unexpected and substantial price movements, which may lead to substantial fluctuations in the Net Asset Value per Share within a short period of time. Accordingly, an investment in the Shares should be made only by those persons who could afford to sustain a loss in such an investment.

Regardless of the fact that the Investment Manager intends to manage the Company diligently in pursuit of the Company's investment objective, no guarantee or representation can be made that the Company's investment programme will be successful, that the various investment strategies and trading strategies utilised will have low correlation with each other or that the Company's returns will exhibit low correlation with an investor's traditional investment portfolio. The Company may utilise a variety of investment techniques, each of which can involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Company's investment portfolio may be subject.

### Performance history

There can be no assurance that information on the Investment Manager or the Investment objectives set out in this Prospectus or elsewhere, including information on past performance, will be indicative of how the Shares will perform (either in terms of profitability or low correlation with other investments) in the future.

### Dependence on the Investment Manager

The success of the Company is significantly dependent upon the ability of the Investment Manager to develop and implement effectively the Company's investment objective. Except as otherwise discussed herein, investors will be relying entirely on the Investment Manager to conduct and manage the affairs of the Company. Subjective decisions made by the Investment Manager may cause the Company to incur losses or to miss profit opportunities on which it could otherwise have capitalised.

The performance of the Investment Manager is largely dependent on the talents and efforts of the highly skilled personnel of AHL. The success of the Company depends on AHL's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other personnel. There can be no assurance that AHL's investment professionals will continue to be associated with AHL throughout the life of the Company and there is no guarantee that the talents of AHL's investment professionals could be replaced. The failure to attract or retain such investment professionals could have a material adverse effect on the Company and its Shareholders.

### Operational risk

The Company depends on the Investment Manager to develop appropriate systems and procedures to control operational risk. These systems and procedures may not account for every actual or potential disruption of the Investment Manager's operations. The Investment Manager's business is dynamic and complex. As a result, certain operational risks are intrinsic to the Investment Manager's operations, especially given the volume, diversity and complexity of transactions that the Investment Manager is expected to undertake daily on behalf of its clients. Disruptions in the Investment Manager's operations may cause the Company to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputational damage.

### Trading systems risks

The Company depends on the Investment Manager and its other service providers to develop and implement appropriate systems for the Company's trading activities. Further, the Company relies extensively on computer programmes and systems (and may rely on new systems and technology in the future) for various purposes including, without limitation, to trade, clear and settle transactions, to evaluate certain financial instruments, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Company's activities. Certain of the Company's and the Investment Manager's operations interface will be dependent upon systems operated by third parties, including prime brokers, the Administrator, market



counterparties and their sub-custodians and other service providers, and the Investment Manager may not be in a position to verify the risks or reliability of such third-party systems. These programmes or systems may be subject to certain limitations, including, but not limited to, those caused by computer “worms”, viruses and power failures. The Company’s operations are highly dependent on each of these systems and the successful operation of such systems is often out of the Company’s and Investment Manager’s control. The failure of one or more systems or the inability of such systems to satisfy the Company’s new or growing businesses could have a material adverse effect on the Company. For example, systems failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the ability of the Company to monitor its investment portfolio and risks.

There is a risk that algorithmic trading systems may not be able to adequately react to a market event without serious disruption. Further, trading algorithms may malfunction causing severe losses. While the Investment Manager has a “kill switch” to allow for human intervention to respond to significant system malfunctions, it cannot be guaranteed that losses will not occur in such circumstances.

#### **Trade error risk**

The complex trading programmes operated by the Investment Manager and the speed and volume of transactions invariably result in occasional trades being executed which, with the benefit of hindsight, were not required by the trading programme. To the extent an error is caused by a counterparty, such as a broker, the Investment Manager generally attempts to recover any loss associated with such error from such counterparty. To the extent an error is caused by the Investment Manager, a formalised process is in place for the resolution of such errors. Given the volume, diversity and complexity of transactions executed by the Investment Manager on behalf of the Company, investors should assume that trading errors (and similar errors) may occur, and may result in losses to the Company. If such errors result in gains to the Company, such gains will be retained by the Company. However, if such errors result in losses, they will be borne by the Investment Manager in accordance with its internal policies unless otherwise determined by the Directors.

#### **Cash management**

Funds not immediately required for margin requirements are usually held in a bank account.

The Company may 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 securities financing transactions (i.e. repurchase or reverse repurchase transactions) and other cash management arrangements.

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. In the event of the failure of the counterparty of a repurchase agreement with which collateral has been placed, the fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

#### **Borrowing for operations**

In certain circumstances, as disclosed in the ‘Investment and borrowing restrictions’ section of this Prospectus, the Company may borrow money, for example to meet redemption payments for redeeming Shareholders. The use of short-term borrowing creates several additional risks for the Company. If the Company is unable to service the debt, a secured lender could liquidate the Company’s position in some or all of the financial instruments that have been pledged as collateral and cause the Company to incur significant losses. The occurrence of other material defaults and other financing agreements, may trigger cross-defaults under the Company’s agreements with other brokers, lenders, clearing firms or other counterparties, multiplying the materially adverse impact to the Company. The interest on borrowing will adversely affect the operating results of the Company.

#### **Fees and transaction costs**

The performance of the Company will be adversely affected by charges related to the investments of the Company. The Company may be engaged in a high level of trading resulting in commensurably higher transaction costs. Typically, high portfolio turnover will result in correspondingly high transaction costs and the exact amount of brokerage and related transaction costs that will be incurred will depend upon a number of factors including the nature and frequency of the market opportunities presented, the size of transactions and the transaction rates in effect from time to time.

The Company is obliged to support significant costs as disclosed in the sections entitled ‘Charges and fees’ in this Prospectus including management and incentive fees and transaction brokerage charges, and these costs will adversely affect the Net Asset Value of the Share and therefore the ability of the Company to generate positive performance. Such fees and transaction costs are to a substantial degree, payable to the Man Group.

Investors should note there will be no equalisation methods used for the purpose of determining the incentive fee payable to the Investment Manager. Therefore there is a risk an investor redeeming Shares may still incur an incentive fee in respect of the Shares, even though a loss in investment capital has been suffered by the redeeming investor.

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. Incentive fees may be paid on unrealised gains which may never be realised by the Company.

For further information on fees and transaction costs, please refer to the section entitled 'Charges and fees'.

#### **Cross-tranche liabilities and limited recourse**

The Company has the power to issue shares in tranches. The Company and each tranche of Shares does not benefit from any form of statutory segregation.

Generally, liabilities incurred in respect of a specific tranche of Shares will be attributed to that tranche, while other general expenses as determined in the discretion of the Administrator will be incurred at the Company level and/or allocated to each tranche on a pro-rata basis.

The rights of each Shareholder are limited to the Net Asset Value attributable to the relevant tranche of Shares. In the event that the Net Asset Value of the relevant tranche of Shares is insufficient to make payments to Shareholders of such tranche of Shares, such Shareholders will not be entitled to exercise any rights or have recourse to the Net Asset Value attributable to any other tranche of Shares or any other assets of the Company.

However, the Company is a single legal entity and the assets and liabilities attributable to each tranche will not be segregated as a matter of Bermudian law, nor will contracts with service providers seek to limit their recourse to the Net Asset Value attributable to any particular tranche. All of the assets of the Company will be available to meet all of its liabilities, regardless of the tranche to which such assets or liabilities are attributable. In practice, cross-tranche liability would arise where one tranche becomes insolvent and is unable to meet all of its liabilities. In such a case, the assets of the Company attributable to other tranches may be applied to cover the liabilities of the insolvent tranche.

#### **Redemptions and Lack of Secondary Market**

Shareholders will need to submit a written notice of redemption one Business Day prior to the Dealing Day on which the redemption is to be made. There is currently no secondary market for the Shares. Shareholders will therefore not know in advance of giving the notice of redemption the price at which the Share will be redeemed. In the period after which the notice of redemption has been given and before the relevant Dealing Day, the Net Asset Value and therefore the Redemption Price which will be payable to the Shareholder may change substantially due to market movements and may be affected by the fluctuations in value of the underlying investments during the period between the submission of the redemption request and the date when the redemption price is calculated. Shareholders are not entitled to withdraw a request for redemption unless the Directors otherwise determine or unless a suspension of dealings and/or calculations has been declared as per the terms of this Prospectus.

#### **Payment of subscription monies**

Where an Applicant for Shares fails to pay the subscription monies by the due date, the Directors may, in accordance with the Company's Bye-laws, cancel the allotment of the Shares. Redemption, transfer or conversion instructions may be refused or treated as though they have been withdrawn if payment for the Shares has not been made. An Applicant may

be required to indemnify the Company against any losses, costs or expenses incurred directly or indirectly as a result of the Applicant's failure to pay for Shares applied for in a timely fashion. In computing any losses covered under this paragraph, account shall be taken, where appropriate, of any movement in the price of the Shares concerned between the allotment date and cancellation date of the Shares, and of the costs incurred by the Company in taking proceedings against the Applicant. The Company may also, at its discretion, redeem or sell part of an investor's existing shareholding to satisfy any loss incurred. In addition, investors should note if the Company decides not to or cannot take proceedings against the Applicant in relation to any losses, costs or expenses incurred directly or indirectly as a result of the Applicant's failure to pay for Shares applied for in a timely fashion then the Company shall bear such losses, costs or expenses.

#### **Effect of substantial redemptions**

Several factors cause substantial redemptions to be a risk factor for Shareholders. Subject to the applicable investment objectives of the Company, a portion of the Company's portfolio may be comprised of financial instruments that are over-the-counter and which may experience reduced liquidity. The Company may not be able to dispose of such financial instruments readily. Substantial redemptions could be triggered by a number of events, including, for example, unsatisfactory performance, significant change in personnel or management of the Investment Manager, removal or replacement of the Investment Manager as the investment manager of the Company, a decision by the Company and/or the Company's investors to liquidate such Company's assets by redeeming Shares, investor reaction to redemptions from the Investment Manager's Other Accounts, legal or regulatory issues that investors perceive to have a bearing on the Company or the Investment Manager, or other factors. Actions taken to meet substantial redemption requests from the Company (as well as similar actions taken simultaneously in the Investment Manager's Other Accounts) could result in prices of financial instruments held by the Company decreasing and in Company expenses increasing (e.g., transaction costs and the costs of terminating agreements). The overall value of the Company also may decrease because the liquidation value of certain assets may be materially less than their mark-to-market value. The Company may be forced to sell its more liquid positions which may cause an imbalance in the portfolio that could adversely affect the remaining Shareholders. Substantial redemptions could also significantly restrict the Company's ability to obtain financing or derivatives counterparties needed for its investment and trading strategies, which would have a further material adverse effect on the Company's performance.

#### **Service provider risks**

The Company is an unregulated special purpose vehicle which does not have its own infrastructure and is reliant on service providers to fulfil its obligations to Shareholders. Where a service provider is unable to fulfil its obligations to the Company, for example where a service provider becomes insolvent, the Company in turn may encounter difficulties in performing its obligations to Shareholders.

### **Custody risk**

Custodian or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where the Company invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Company may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Company may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Company may even be unable to recover all of its assets. The costs borne by the Company in investing and holding investments in such markets will be generally higher than in organised securities markets.

### **Risks relating to investments**

#### **General economic and market conditions**

The success of the Company's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Company's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of financial instruments' prices and the liquidity of the Company's investments. Volatility or illiquidity could impair the Company's profitability or result in losses. The Company may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss.

The economies of some countries may differ favourably or unfavourably from the US and Western European economies in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

#### **Brexit**

Changes in the UK political environment following the UK's decision by referendum to exit from the EU may lead to political, legal, tax and economic uncertainty. This may impact general economic conditions in the UK and various other countries. It is not yet clear whether and to what extent EU regulations remain applicable or will be replaced by different UK regulations with respect to the Investment Manager following a UK exit from the EU or what legal or cooperation arrangements the UK may put in place with the EU, but it is possible that investors may be subject to fewer regulatory protections than would otherwise be the case. A UK exit may adversely affect the Investment Manager's ability to access markets, make investments, attract and retain employees or

enter into agreements (on its own behalf or on behalf of the Company) or continue to work with non-UK counterparties and service providers, all of which may result in increased costs to the Company.

#### **Model and Data Risk**

The Investment Manager relies heavily on quantitative models (both proprietary models developed by the Investment Manager, and those supplied by third parties) and information and data supplied by third parties ("**Models and Data**") rather than granting trade-by-trade discretion to the Investment Manager's investment professionals. Models and Data are used to construct sets of transactions and investments, to value investments or potential investments (whether for trading purposes, or for the purpose of determining the Net Asset Value of the Company), to provide risk management insights, and to assist in hedging the Company's investments.

When Models and Data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon expose the Company to potential risks. For example, by relying on Models and Data, the Investment Manager may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favourable opportunities altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful. Furthermore, when determining the Net Asset Value of the Company, any valuations of the Company's investments that are based on valuation models may prove to be incorrect.

Some of the models used by the Investment Manager are predictive in nature. The use of predictive models has inherent risks. For example, such models may incorrectly forecast future behaviour, leading to potential losses on a cash flow and/or a mark-to-market basis. In addition, in unforeseen or certain low-probability scenarios (often involving a market disruption of some kind), such models may produce unexpected results, which can result in losses for the Company. Furthermore, because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data.

All models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting valuations will be incorrect. However, even if market data is input correctly, "model prices" will often differ substantially from market prices, especially for securities with complex characteristics, such as derivative securities.

#### **Valuation Risk**

Some of the investments of the Company may not be actively traded and there may be uncertainties and judgmental determinations involved in the valuation of such investments. Under such circumstances, the Net Asset Value of the Company may be adversely affected.



### **Obsolescence Risk**

The Company is unlikely to be successful in its quantitative trading strategies unless the assumptions underlying the models are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that profitable trading signals will not be generated. If and to the extent that the models do not reflect certain factors, and the Investment Manager does not successfully address such omission through its testing and evaluation and modify the models accordingly, major losses may result. The Investment Manager will continue to test, evaluate and add new models, as a result of which the existing models may be modified from time to time. Any modification of the models or strategies will not be subject to any requirement that shareholders receive notice of the change or that they consent to it. There can be no assurance as to the effects (positive or negative) of any modification on Company's performance.

### **Crowding/Convergence**

There is significant competition among quantitatively-focused managers and the ability of the Investment Manager to deliver returns that have a low correlation with global aggregate equity markets and other hedge funds is dependent on their ability to employ models that are simultaneously profitable and differentiated from those employed by other managers. To the extent that the Investment Manager is not able to develop sufficiently differentiated models, the Shareholders' investment objectives may not be met, irrespective of whether the models are profitable in an absolute sense. In addition, to the extent that the Investment Manager's model comes to resemble those employed by other managers, the risk that a market disruption that negatively affects predictive models will adversely affect the Company is increased, as such a disruption could accelerate reductions in liquidity or rapid repricing due to simultaneous trading across a number of funds in the marketplace.

### **Risk of Programming and Modeling Errors**

The research and modeling processes engaged in by the Investment Manager involves financial, economic, econometric and statistical theories, research and modeling; the results of that process must then be translated into computer code. Although the Investment Manager seeks to hire individuals skilled in each of these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raise the chances that the finished model may contain an error; one or more of such errors could adversely affect the Company's performance and likely would constitute a trade error under the Investment Manager's policies.

### **Involuntary Disclosure Risk**

The ability of the Investment Manager to achieve its investment goals for the Company is dependent in large part on its ability to develop and protect its models and proprietary research. The models and proprietary research and the Models and Data are largely protected by the Investment Manager through the use of policies, procedures, agreements, and similar measures

designed to create and enforce robust confidentiality, non-disclosure, and similar safeguards. However, aggressive position-level public disclosure obligations (or disclosure obligations to exchanges or regulators with insufficient privacy safeguards) could lead to opportunities for competitors to reverse-engineer the Investment Manager's models, and thereby impair the relative or absolute performance of the Company.

### **Limited diversification and risk management failures**

Except as set forth in this Prospectus, the Company has no formal guidelines for diversification. As a result, 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. This limited diversity could expose the Company to losses disproportionate to market movements in general. The Investment Manager manages the risk for the Company by seeking to ensure that the underlying risk is within predetermined levels as defined by the Investment Manager's trading strategy. Even when the Investment Manager attempts to control risks and diversify the portfolio, risks associated with different assets may be correlated in unexpected ways, with the result that the Company faces concentrated exposure to certain risks. Although the Investment Manager attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Many risk management techniques are based on observed historical market behaviour, but future market behaviour may be entirely different. Any inadequacy or failure in the Investment Manager's risk management efforts could result in material losses for the Company.

### **Ramp-up periods**

During a "ramp-up period" of a new strategy, the Company may not be fully invested, in order to avoid impact on the relevant markets, which may result in a reduction in expected investment returns for the duration of this period.

### **Systemic risk**

Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Company interacts on a daily basis. Such risks may be exacerbated by the obligations for certain financial instruments to be centrally cleared by a third-party clearing house.

Further, world events and/or the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in liquidity and counterparty issues which could result in the Company incurring substantial losses.

### **Interest rate risks**

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.

### **Foreign exchange risk**

The Company may invest some of the Company's assets in financial instruments denominated in non-US currencies, the prices of which are determined with reference to currencies other than the US Dollar. However, the Company values its financial instruments in US Dollars. The Company may or may not seek to hedge its non-US currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when the Company wishes to use them, or that hedging techniques employed by the Company will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all.

To the extent unhedged, the value of the Company's direct or indirect positions in non-US investments will fluctuate with US Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the US Dollar compared to the other currencies in which the Company makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Company's financial instruments in their local markets and may result in a loss to the Company. Conversely, a decrease in the value of the US Dollar will have the opposite effect on the Company's non-US Dollar investments.

### **Investments in emerging markets**

The Company may invest in financial derivative instruments with underlying in securities or currencies of emerging market countries. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include: (a) increased risk of nationalisation or expropriation of assets or confiscatory taxation; (b) greater social, economic and political uncertainty, including war; (c) higher dependence on exports and the corresponding importance of international trade; (d) greater volatility, less liquidity and smaller capitalisation of markets; (e) greater volatility in currency exchange rates; (f) greater risk of inflation; (g) greater controls on foreign investment and limitations on realisation of investments, repatriation of invested capital and on the ability to exchange local currencies for US Dollars; (h) increased likelihood of governmental involvement in and control over the economy; (i) governmental decisions to cease support of economic reform programmes or to impose centrally planned economies; (j) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (k) less

extensive regulation of the markets; (l) longer settlement periods for transactions and less reliable clearance and custody arrangements; (m) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (n) certain considerations regarding the maintenance of the Company's financial instruments with non-US brokers and securities depositories.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. The Company could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on financial instruments held by the Company or gains from the disposition of such financial instruments.

In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision which is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries.

### **Risk associated with debt securities rated below investment grade**

The Company may invest in debt securities rated below investment grade (in the case where the credit rating is designated/assigned by an internationally recognised credit agency) or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

### **Terrorism and catastrophe risks**

The Company's portfolio is subject to the risk of loss arising from exposure that it may incur, directly or indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes and other natural disasters, terrorism and other catastrophic events. These risks of loss can be substantial and could adversely affect the return of the Company.

### **Counterparty risk**

The Company will have significant credit and operational risk exposure to its counterparties, which will require the Company to post collateral to support its obligations in connection with transactions involving futures and options and other FDIs. Generally, counterparties will have the right to sell, pledge,

re-hypothecate, assign, use or otherwise dispose of the collateral posted by the Company in connection with such transactions. Additionally, for example, the Company may lend securities on a collateralised and an uncollateralised basis, from its portfolio.

Investments will normally be entered into between the Company and brokers as principal (and not as agent). Accordingly, the Company is exposed to the risk that brokers may, in an insolvency or similar event, be unable to meet its contractual obligations to the Company. Should any counterparty transacting with the Company become insolvent, any claim that the Company may have against such counterparties would ordinarily be unsecured.

Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Company has concentrated its transactions with a single or small group of counterparties. If there is a default by the counterparty to a transaction, the Company will under most normal circumstances have contractual remedies and in some cases collateral pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the Net Asset Value of the Company being less than if the Company had not entered into the transaction.

If one or more of the Company's counterparties that act as custodian, prime broker or broker-dealer for the Company were to become insolvent or the subject of liquidation proceedings, there exists the risk that the recovery of the Company's securities and other assets from such custodian, prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such custodian, prime broker or broker-dealer.

Investors should assume that the insolvency of any Company counterparty would result in a loss to the Company, which could be material.

### **Leverage**

The Company may borrow and/or utilise various forms of leverage including leveraged or short positions under derivative instruments. While leverage presents opportunities for increasing total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Company would be magnified to the extent leverage is employed, and substantial losses may result from unwinding short positions.

As a general matter, the banks and dealers that provide financing to the Company can apply essentially discretionary margin, haircut financing as well as security and collateral valuation policies. For example, should the financial instruments pledged to brokers to secure the Company's margin accounts decline in value, the Company could be subject to a “margin call”, pursuant to which the Company must either deposit additional funds or financial instruments with the broker or suffer mandatory liquidation of the pledged financial instruments to compensate for the decline in value. In the event of a sudden drop in the value of the Company's portfolio, the Company might not be able to liquidate financial instruments quickly enough to satisfy their margin

requirements. Increases in the amount of margin or similar payments could result in the need for trading activity at times and prices which could be disadvantageous to the Company and could result in substantial losses.

As a consequence of leverage, interest expense may be material as a percentage of the assets of the Company. Interest expense could force a reduction in the exposure of the Shares to the relevant investment objectives of the Company. The use of such leverage means that even comparatively small losses, or insufficient profits to offset expenses, could rapidly deplete the capital available to the Company and reduce or eliminate its profit potential. Further fees relating to any leverage facility such as arrangement, commitment, minimum utilisation and renewal fees may also be payable. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or government, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants. The imposition of any such limitations or restrictions could compel the Company to liquidate all or part of its portfolio at disadvantageous prices, which may lead to a complete loss of the Company's equity.

There can be no assurance that the Company will be able to maintain adequate leverage facilities or avoid having to close out positions at losses which if held would have been profitable. There is also no assurance that any leverage facility will be renewed and, if any leverage facility in respect of the Company is renewed, it may be renewed on less favourable terms. In particular, third parties may not be available to act as financing providers and the Man Group itself may face regulatory, commercial or other constraints, resulting in it not offering or renewing a leverage facility. Additionally, any leverage facility may be subject to early termination in accordance with its terms and may be terminated by a counterparty. A loss of, a termination of, or a reduction in, a leverage facility may have the effect of causing the Company to reduce its overall investment exposure in respect of the Shares with a corresponding reduction in investment return expectations. The renewal of a leverage facility might be subject to a change in terms of that leverage facility including but not limited to a change in applicable interest margins.

### **Execution of orders**

The Company's investment objectives and trading strategies depend on its ability to establish and maintain an overall market position in a combination of financial instruments selected by the Investment Manager. The Company's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, trading volume surges or systems failures attributable to the Investment Manager, the Company's counterparties, brokers, dealers, agents or other service providers. In such event, the Company might only be able to acquire or dispose of some, but not all, of the components of such position, or if the overall position were to need adjustment, the Company might not

be able to make such adjustment. As a result, the Company would not be able to achieve the market position selected by the Investment Manager, which may result in a loss.

### **Hedging transactions**

The Company may utilise financial instruments both for investment purposes and for risk management purposes in order to: (a) protect against possible changes in the market value of the Company's investment portfolios resulting from fluctuations in the markets and changes in interest rates; (b) protect the Company's unrealised gains in the value of its investment portfolio; (c) facilitate the sale of any such investments; (d) enhance or preserve returns, spreads or gains on any investment in the Company's portfolios; (e) hedge against a directional trade; (f) hedge the interest rate, credit or currency exchange rate on any of the Company's financial instruments; (g) protect against any increase in the price of any financial instruments the Company anticipates purchasing at a later date; or (h) act for any other reason that the Investment Manager deems appropriate. The Company will not be required to hedge any particular risk in connection with a particular transaction or its portfolios generally. While the Company may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Company than if it had not engaged in any such hedging transaction. Moreover, it should be noted that the portfolio will always be exposed to certain risks that may not be hedged.

### **Equities**

The Company may invest in equity swaps and/or other forms of equity derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Company may suffer losses if the performance of the equity instruments diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Company has not hedged against such a general move. The Company also may be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

### **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.

### **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.

### **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, 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.

### **Derivative instruments generally**

In order to implement the AHL Diversified Programme, the Company may make extensive use of various derivative instruments, including but not limited to warrants options, futures, forward contracts, convertible securities, interest rate swaps, credit default swaps and equity swaps. Many derivatives are valued on the basis of dealers' equivalents. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative may be materially different. Such differences can result in an overstatement of the Net Asset Value, and may have a materially adverse effect on performance in situations where positions are required to be liquidated in order to raise funds.

The Company may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Company and legally permissible. For example, risks with respect to credit derivatives may include determining whether an event will trigger payment under the contract and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk. Other swaps, options, and other derivative instruments may be subject to various types of risks, including market risk, regulatory risk, tax risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk, and operations risk. Where the Company invests in derivatives such as futures or forwards that are linked to commodities, there is a risk that, were there to be an error in closing out the relevant position in time, the Company might be required to take physical delivery of such commodities, or arrange for



another party to take delivery on short notice, with resulting additional costs. In addition, as new derivative instruments are developed, documentation may not be standardised, leading to potential disputes or misunderstanding with counterparties. The regulatory and tax environment for derivative instruments in which the Company may participate is evolving, and changes in the regulation or taxation of such financial instruments may have a material adverse effect on the Company.

The Company uses financial derivative instruments to manage the exposure of the portfolio and it may build long and short positions based on underlying market volatility. When the majority of the underlying markets are downward trending, net short positions may be resulted. Should the market reverses and an upward trending market is subsequently formed, it could have a negative effect on the performance of the Company and substantial losses may result from unwinding short positions.

### **Futures**

The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Company's positions trade or of its clearing houses or counterparties.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Company from promptly liquidating unfavourable positions and subject the Company to substantial losses or prevent it from entering into desired trades. In extraordinary circumstances, a futures exchange or other regulator could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

The price of stock index futures contracts may not correlate perfectly with the movement in the underlying stock index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, shareholders may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market

also may cause price distortions. Successful use of stock index futures contracts by the Company also is subject to the Investment Manager's ability to correctly predict movements in the direction of the market.

### **Options**

The seller (writer) of a call option, which is covered (i.e., the writer holds the underlying security), assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

### **Swaps**

The Company may enter into swap transactions for trading, investment and hedging purposes. Swaps are entered into in an attempt to obtain a particular return without the need to purchase the underlying reference asset. The use of total return swaps, price return swaps, volatility swaps, variance swaps, performance swaps, rate swaps, basis swaps, forward rate transactions, swaptions, basket swaps, index swaps, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions or any other similar transactions, whether referencing fixed income, equity or hybrid securities, credit, rates, commodities, currencies, baskets or indices (including any option with respect to any of these transactions) is a highly specialised activity that involves investment techniques and risks different from those associated with ordinary securities transactions. Swaps are individually negotiated transactions where each party agrees to make a one-time payment or periodic payments to the other party. Certain swap agreements require one party's payments to be "up-front" and timed differently than the other party's payments (such as is often the case with currency swaps), in which case the entire principal value of the swap may be subject to the risk that the other party to the swap will default on its contractual delivery obligations. Other

swap agreements, such as interest rate swaps, typically do not obligate the parties to make “principal” payments, but only to pay the agreed rates or amounts as applied to an agreed “notional” amount. Accordingly, the Company’s risk of credit loss may be the amount of interest payments it is entitled to receive on a net basis. As swap transactions are not typically fully funded, a payment of margin is often required by the counterparty. Where a trade is ‘in the money’, the Company is further exposed to the creditworthiness of the counterparty until any excess margin is returned. Swap agreements are currently principal-to-principal transactions in which performance is the responsibility of the individual counterparty and not an organised exchange or clearinghouse. As such, the Company is exposed to the risk of counterparty default and counterparty credit risk. In addition, the margin rate associated with the transaction is often at the discretion of the Company’s counterparty, which may result, in certain circumstances, in an unexpectedly large margin call and an associated liquidity drain for the Company. However, global regulators have recently moved to more closely regulate the over-the-counter market, and accordingly will require that a substantial portion of over-the-counter swaps be executed in regulated markets, submitted for clearing through regulated clearinghouses, and subject to mandated margin requirements. It is unclear as to how effective this regulatory change will be at reducing counterparty risk and increasing the efficiency of the market. The future costs associated with such trades and the liquidity impact of providing collateral is also uncertain and may be significantly more than is currently the case, thereby potentially reducing returns. In addition, as a swap transaction is a contract the value of which is derived from another underlying asset. As such, a move in the price of the underlying asset, can, due to the embedded leverage in the swap, magnify any gains or losses resulting from the transaction. As is the case with any derivative transaction, the counterparty hedge-based pricing and funding costs on entry and exit may be more costly than buying the underlying reference asset directly. Moreover, the Company’s forecasts of market values, interest rates, and currency exchange rates may be inaccurate and may result in overall investment performance results that are worse than the results that would have been achieved if the Company did not engage in swap transactions.

#### **Forward contracts**

The Company may make extensive use of forward contracts, particularly in relation to its currency trading. Forward contracts are transactions involving an obligation to purchase or sell a specific instrument or entitlement at a future date at a specified price. Forward contracts may be used by the Company for hedging purposes, such as to protect against uncertainty in the level of future foreign currency exchange rates. Forward contracts may also be used to attempt to protect the value of the Company’s existing holdings of securities held in currencies other than the base currency of the Company. As is the case for any attempt at hedging downside risk, there is a risk that there is an imperfect correlation between the value of the securities and the forward contracts entered into with respect to those holdings resulting in an unprotected loss. Forward contracts may also be used for investment, non-hedging purposes to pursue the Company’s investment objective, for example where it

is anticipated that a particular currency will appreciate or depreciate in value.

Forward contracts and options thereon, 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. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. As in the case of a futures contract, a forward usually only requires a much smaller amount of margin to be provided relative to the economic exposure which the forward contract provides to the relevant investment; it creates a ‘gearing’ or ‘leverage’ effect. This means that a small margin payment can lead to enhanced losses as well as enhanced gains. It also means that a relatively small movement in the underlying instrument can lead to a much greater proportional movement in the value of the forward contract. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets, particularly the currency markets, due to unusually high trading volume, political intervention, market dislocations, unanticipated third country events affecting the underlying asset, unscheduled holidays and market closures or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Company. Market illiquidity or disruption could result in major losses to the Company.

#### **Commodities**

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.

#### **Breaches in information technology security**

The Investment Manager maintains global information technology systems, consisting of infrastructure, applications and communications networks to support the Company’s as well as its own business activities. These systems could be subject to security breaches such as ‘cyber-crime’ resulting in theft, a disruption in the Investment Manager’s ability to close out positions and the disclosure or corruption of sensitive and confidential information. Security breaches may also result in misappropriation of assets and could create significant financial and/or legal exposure for the Company. The Investment Manager seeks to mitigate attacks on its own systems but will not be able to control directly the risks to third-party systems to which it may connect. Any breach in security of the Investment Manager’s systems could have a

material adverse effect on the Investment Manager and may cause the Company to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Legal, regulatory and taxation risks.

### **Regulatory risks**

Legal, tax and regulatory developments could occur during the term of the Company that may adversely affect the Company. Securities and futures markets are subject to comprehensive regulation and limitation of statutes, regulatory rules and margin requirements. The regulators and self-regulatory organisations and exchanges may be authorised to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. Furthermore the interpretation of such laws, regulations or taxation arrangements may differ from jurisdiction to jurisdiction and/or be construed differently by a court of law from the legal advice obtained by the Company. It is impossible to predict what, if any, changes in regulations may occur, but any regulations which restrict the ability of the Company to trade in securities or the ability of the Company to employ, or brokers and other counterparties to extend, credit in their trading (as well as other regulatory changes that result) could have a material adverse impact on the profit potential of the Company.

Additionally, the recent election of a new president of the United States and the results of the recent US congressional elections could lead to substantial changes in US regulations applicable to the Company and/or the Investment Manager as well as other changes in US economic and tax policy, laws and regulations. It is unclear what impact these developments may have on the Company and the Investment Manager.

### **MiFID II**

Each of the EU's re-cast Markets in Financial Instruments Directive (2014/65/EU) (the "MiFID II Directive"), delegated and implementing EU regulations made thereunder, laws and regulations introduced by Member States of the EU to implement the MiFID II Directive, and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR" and, together with the MiFID II Directive, "MiFID II") impose new regulatory obligations on the Investment Manager. These regulatory obligations may impact on, and constrain the implementation of, the investment strategy of the Company and lead to increased compliance obligations upon and accrued expenses for the Investment Manager and/or the Company.

### **Extension of pre- and post-trade transparency**

MiFID II introduces wider transparency regimes in respect of trading on EU trading venues and with EU counterparties. MiFID II extends the pre- and post-trade transparency regimes from equities traded on a regulated market to cover equity-like instruments, such as depositary receipts, exchange-traded funds and certificates that are traded on regulated trading

venues, as well as to cover non-equities, such as bonds, structured finance products, emission allowances and derivatives.

The increased transparency regime under MiFID II, together with the restrictions on the use of "dark pools" and other non-regulated trading venues, may lead to enhanced price discovery across a wider range of asset classes and instruments which could disadvantage the Company particularly in the fixed income markets. Such increased transparency and price discovery may have macro effects on trading globally, which may have an adverse effect on the Net Asset Value.

### **Equities – mandatory on-exchange trading**

MiFID II introduces a new rule that an EU regulated firm may execute an equity trade only on an EU trading venue (or with a firm which is a systematic internaliser or an equivalent venue in a third country). The instruments in scope for this requirement are any equities admitted to trading on any EU trading venue, including those with only a secondary listing in the EU. The effect of this rule is to introduce a substantial limit on the possibility of trading off-exchange or OTC in EU listed equities with EU counterparties. The overall impact of this rule on the Investment Manager's ability to implement the Company's investment objective and investment strategy is uncertain.

### **OTC derivatives**

MiFID II requires certain standardised OTC derivatives (including all those subject to a mandatory clearing obligation under EMIR) to be executed on regulated trading venues. In addition, MiFID II introduces a new trading venue, the "Organised Trading Facility", which is intended to provide greater price transparency and competition for bilateral trades. The overall impact of such changes on the Company is highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime.

### **Commodity position limits and reporting**

MiFID II introduces position limit and position reporting requirements within the EU for the first time in relation to certain commodity derivatives. The precise implication and scope of these requirements is not yet known as the implementing measures are not yet finalised. However, it is likely that these measures will impose restrictions on the positions that the Investment Manager may hold on behalf of all accounts owned or managed by it in certain commodity derivatives and will require the Investment Manager to more actively monitor such positions. If the Investment Manager's and/or the Company's positions reach the position limit thresholds, such positions will be required to be reduced in order to comply with such limits.

### **Changes to use of direct market access**

MiFID II introduces new requirements on EU banks and brokers which offer direct market access ("DMA") services to allow their clients to trade on EU trading venues via their trading systems. EU DMA providers will be required to impose trading and credit thresholds on their clients, and to have the benefit of monitoring rights. It will also be necessary for the EU DMA provider to enter into a binding written agreement



with its clients, which deals with compliance with MiFID II and the trading venue rules. These changes may affect the implementation of the Company's investment strategy.

#### **Changes to policies and procedures and costs of compliance**

MiFID II requires significant changes to a number of policies and procedures, including in respect of best execution, payment for and access to research, algorithmic trading, high frequency trading and conflicts of interest, which may apply to the Investment Manager. There is no guarantee that these changes will not adversely impact the Company's investment strategy. Compliance with these requirements is likely to have a significant cost implication and it is possible that the Company may bear, directly or indirectly, a certain proportion of the Investment Manager's costs of compliance with MiFID II, which are relevant to the Company.

#### **Market abuse regime**

The Market Abuse Regulation (Regulation 596/2014) ("MAR") repealed and replaced the previous EU rules on civil market abuse, contained in the Market Abuse Directive (Directive 2003/6/EC) ("MAD") and implementing legislation, with effect from 3 July 2016. The Directive on Criminal Sanctions for Market Abuse (Directive 2014/57/EU) ("CSMAD") was also required to be transposed into the national law of participating member states by 3 July 2016.

MAR has expanded the scope of the civil market abuse regime under MAD to cover, for the first time, different trading systems and financial instruments and takes into account technological developments, notably algorithmic trading and high frequency trading. MAR addresses the interaction between spot markets and derivative markets, including commodity markets, and potential sources of abuse and manipulation between them, including through provisions allowing member states to introduce criminal sanctions for market abuse offences.

Notwithstanding that the operation of a common regulatory framework on civil market abuse in the EU is expected to provide greater legal certainty and consistency across the markets of the member states, the broader scope of the market abuse regime post 3 July 2016 has led to increased operational and compliance requirements and costs for market participants, including the Investment Manager.

#### **Position limits**

"Position limits" imposed by various regulators or exchanges may limit the Company's ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular financial instrument. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if the Company does not intend to exceed applicable position limits, it is possible that the Investment Manager's Other Accounts together with the Company may be aggregated. To the extent that the Company's position limits were collapsed with an affiliate's position limits, the effect on the Company and resulting restriction on its investment activities may be significant. If at any time positions managed

by the Investment Manager were to exceed applicable position limits, the Investment Manager would be required to liquidate positions, which might include positions of the Company, to the extent necessary to come within those limits. Further, to avoid exceeding the position limits, the Company might have to forego or modify certain of its contemplated trades.

#### **Litigation**

With regard to certain of the Company's investments, it is a possibility that the Investment Manager and/or the Company may be plaintiffs or defendants in civil proceedings. The expense of prosecuting claims, for which there is no guarantee of success, and/or the expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Company and would reduce net assets or may, pursuant to applicable law, require Shareholders to return to the Company distributed capital and earnings.

#### **FATCA risk**

The United States of America (U.S.) Foreign Account Tax Compliance Act ("FATCA") provisions enacted under the Hiring Incentives to Restore Employment Act, 2010, and regulations issued thereunder require foreign financial institutions ("FFIs") to agree inter alia (i) to report to the Inland Revenue Service of the U.S. ("IRS") certain taxpayer information (including name, address and taxpayer identification number and account details) regarding U.S. account holders (or in the case of account holders that are non-U.S. entities owned by U.S. owners, regarding those U.S. owners) and (ii) to impose U.S. withholding tax of 30 per cent (the "Withholding Tax") on certain payments made to a recalcitrant account holder or a non-participating FFI.

As part of the process of implementing FATCA, the U.S. government has negotiated intergovernmental agreements ("IGAs") with many foreign jurisdictions to make it easier for FFIs in those partner jurisdictions to comply with the provisions of FATCA. Bermuda has signed a Model 2B (non-reciprocal) inter-governmental agreement with the U.S. (the "U.S. IGA") to give effect to the reporting rules. Under the U.S. IGA, FFIs will be required to enter into a foreign financial institution agreement ("FFI Agreement") with the IRS to obtain the status as a participating FFI and will be required to report information on U.S. account holders to the IRS.

As a Bermuda Reporting Financial Institution ("Bermuda FI"), the Company has registered with the IRS as a Reporting Model 2 FFI and agreed to identify relevant "Specified U.S. Persons" (being any U.S. investor and any non U.S. investor with U.S. owners). Provided that the Company complies with the U.S. IGA and the FFI Agreement, it will not be subject to the related Withholding Tax. Investors will generally be required to provide to the Company information that identifies their direct or indirect U.S. ownership. Any such information provided to the Company will be disclosed to the IRS annually on an automatic basis unless it is otherwise exempt from the reporting and withholding rules.

Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the Withholding Tax, no assurance can be given that the Company will be able

to comply with the relevant reporting requirements or other obligation. If the Company becomes subject to a withholding tax as a result of FATCA, the value of the Shares may be materially affected.

Please refer to Appendix 2 for further information on FATCA. Shareholders should consult their own tax advisors regarding FATCA and any equivalent or similar regime and the possible implications of such rules for their investments in the Company.

An investment in the Company could result in significant adverse tax consequences for investors, which are not discussed herein. Accordingly, potential investors should not invest in the Company without first consulting their tax advisors.

#### **No guarantee or principal or capital protection**

Any investment in Shares is not guaranteed or subject to principal or capital protection and investors could lose some or all of their investment. Potential investors in Shares should carefully consider the information contained in this Prospectus before making any investment in Shares.

#### **Conflicts of Interest**

The Investment Manager has conflicts of interest policies and procedures that seek to identify, prevent and mitigate potential and actual conflicts of interest applicable to its business and to its provision of services to the Company and to its Other Accounts (as defined below), a summary of certain of which are included in this Prospectus. Some conflicts are inherent in the way that the Investment Manager does business and may not be completely mitigated, even with the Investment Manager's best efforts to do so.

#### **Man Group Persons Generally**

The Company is subject to a number of actual and potential conflicts of interest involving the Investment Manager, the Services Manager, the Marketing Adviser and other Man Group persons, the "Man Group Persons". Any Man Group Person may from time to time act as director, investment manager, marketing adviser, trustee, adviser or sub-adviser in relation to, or be otherwise involved in or provide services to, other funds or client accounts managed by the Investment Manager and/or another Man Group Person (each an "Other Account", and the Company and Other Accounts together being an "Account"). Each Man Group Person will endeavour to ensure that any conflicts arising are identified and resolved or mitigated, as reasonably practical, fairly and in accordance with the obligations applicable to such party. In addition, subject to applicable law, Man Group Persons may acquire, hold, dispose of or otherwise deal in the assets of the Company, as principal or agent, provided that such dealings are carried out as if they were effected on normal commercial terms and negotiated on an arm's length basis. Man Group Persons may on occasion hold a significant percentage of ownership in the Company and/or in Other Accounts which utilise an investment strategy substantially similar to the investment strategy of the Company.

The Marketing Adviser may provide structuring services, and in this capacity may propose that the Company enter into agreements with the Marketing Adviser, affiliated entities or third parties with which the Marketing Adviser or its affiliates have a broader commercial relationship for the

provision of various services, including in respect of financing arrangements, and brokerage services in respect of which they may receive fees, spreads and other compensation. The final decision as to which service provider is chosen is made by the Directors.

#### **The Investment Manager**

##### **Side-by-Side Management**

The Investment Manager may provide discretionary investment management services to Other Accounts which may give rise to conflicts of interest. By way of example, the Investment Manager may manage Other Accounts which have substantially similar investment objectives and strategies to those of the Company. Such Other Accounts may have more favourable liquidity terms than the Company, which could adversely impact the Company in certain market conditions, and may also have different fee and/or other terms than that of the Company (which might mean that the Investment Manager and its personnel may have financial and other incentives to favour such Other Accounts over the Company). The Investment Manager may make different investment decisions on behalf of the Company and such Other Accounts, notwithstanding that they have same or similar investment objectives and strategies.

##### **Order Aggregation and Trade Allocation**

The Investment Manager may aggregate orders relating to the same financial instrument that is traded on or around the same time for the Company and/or one or more Other Accounts. Any aggregated orders are generally allocated pro rata, either on a fill-by-fill basis or on an average price basis. When aggregating orders the Investment Manager will seek to mitigate any potential disadvantage that order aggregation may have on an Other Account. However, there is no guarantee that a benefit will be derived from order aggregation and it is possible that one or more Accounts, including the Company, may be disadvantaged as a result of order aggregation and pro rata trade allocation.

##### **Use of Affiliates**

Subject to applicable law, the Investment Manager may utilise certain investment management and/or order handling and trading capabilities of one or more of its affiliates. When delegating certain investment management and/or execution authority to an affiliate, the Investment Manager will not compensate the respective affiliate with any commissions. In such instances, the affiliate may also be providing similar services to Other Accounts and accordingly conflicts of interest may arise when providing such services to the Company. In particular, orders which are executed by an Investment Manager's affiliate on the instruction of the Investment Manager may not be aggregated by the Investment Manager's affiliate in connection with such affiliate's management of Other Accounts.

##### **Proprietary Investment Activities**

Any of the Man Group Persons may buy, hold and redeem shares in the Company in the normal course of their business and may on occasion hold a significant percentage of the Company's issued shares of one or more classes or series. Certain Man Group Persons are major participants in equity, fixed-income, global currency, commodity, derivative and

other financial markets. As such, Man Group Persons may be actively involved in transactions in the same financial instruments in which the Company may invest. Man Group Persons may compete with the Company for appropriate investment opportunities (and, for the avoidance of doubt, may be deemed Other Accounts that are allocated investment opportunities along with the Company pursuant to the Investment Manager's allocation policies). Man Group Persons are under no obligation to share any investment opportunity, idea or strategy with the Company.

#### **Investment in the Company by Other Accounts**

Other Accounts, including those managed by the Investment Manager, may invest in the Company. Serving in these capacities may give rise to certain conflicts of interest for the Investment Manager, particularly because the Investment Manager has actual knowledge of the portfolio positions of the Company. For example, any redemption of shares by the Investment Manager on behalf of Other Accounts could operate to the detriment of other shareholders. Notwithstanding the foregoing, the Investment Manager will at all times endeavour to act in accordance with its fiduciary obligations to its clients (including the Company and the Other Accounts).

#### **Principal Trades and Cross Trades**

A "Principal Trade" is a transaction in which a Man Group Person enters into a "principal transaction" (including a swap) with the Company in which any Man Group Person acts as principal for its own account with respect to the sale of a security (or other asset) or purchase of a security (or other asset) from the Company. The Investment Manager currently anticipates that substantially all Principal Trades, if any, in which a Man Group Person transacts as principal with the Company will be in circumstances where a Man Group Person holds a sufficiently large interest in an Other Account that such Other Account is deemed to be a proprietary account of a Man Group Person (i.e., a Man Group Person has a greater than 25% proprietary investment in such Other Account) (a "Principal Account"). These types of Principal Trades can occur when the Investment Manager organises a new fund that is expected to raise capital but during its "ramp-up" period has solely or significant proprietary capital, such as in connection with a Man Group Person seeding a new Other Account. Any Principal Trade will only be done in compliance with applicable law.

A "Cross Trade" is a transaction where the Investment Manager or any of its affiliates effects a purchase or sale transaction (or engages in other transactions) between the Company and an Other Account when the Investment Manager, exercising its judgment in good faith, determines that a such a transaction is mutually beneficial to the Company and that Other Account and is fair and equitable. In certain cases, Cross Trades may also be considered Principal Trades if an Other Account is deemed to be a Principal Account, as discussed above. The Investment Manager may also cause the Company to purchase or sell an investment that is being sold or purchased, respectively, at the same time by the Investment Manager, an affiliate or an Other Account.

In addition, the Investment Manager may cause the Company to purchase or redeem shares in a fund at the same time that

an Other Account is redeeming or purchasing shares in the same fund. Although such transactions are independent of each other (i.e. the Company and the Other Account are not transacting with each other), they are "related transactions" because the Company may be obtaining access to that fund because the Other Account is redeeming, or vice versa. For example, to finance redemptions of shares, the Company may have to redeem from a fund that is closed to new investors because of a capacity constraint. In that instance, the Man Group Persons of that fund may offer the capacity that the Company gave up to Other Accounts in accordance with Man Group policies, and the Investment Manager and/or another Man Group Person may elect to make the investment on behalf of one or more Other Accounts as part of their portfolio allocation process and in accordance with their policies. Although these "related transactions" are not Cross Trades, the Investment Manager will only engage in these "related transactions" when it believes the transactions are appropriate and in the best interests of the Company and the Other Accounts involved.

In relation to Principal Trades, Cross Trades and other "related transactions", the Investment Manager may have a conflict between acting in the best interests of the Company and assisting itself and other Man Group Persons (including Principal Accounts by selling or purchasing a particular security (or other asset)). However, the Investment Manager believes that it has controls in place to mitigate such conflicts such that the Company and the Other Accounts (including Principal Accounts) are treated on a fair and equitable basis.

#### **Devotion of Time**

Man Group Persons (including the Investment Manager) will devote as much of their time to the activities of the Company as they deem necessary and appropriate and will not be devoted exclusively to the Company. The provision of services to Other Accounts may involve substantial time and resources and the Man Group Persons may have conflicts of interest in the allocation of their time among the Company and the Other Accounts.

#### **Voting Rights**

The Company may have the right to exercise voting rights in respect of certain of its investments. The Investment Manager may exercise voting rights on behalf of the Company (usually by way of a proxy vote), and will generally seek to vote in the best interests of the Company, as determined in good faith by the Investment Manager given the totality of the circumstances. The Investment Manager will seek to address material conflicts that may arise between the Investment Manager's interests (or those of Other Accounts) and those of the Company before voting on behalf of the Company. The Investment Manager may abstain from voting if the Investment Manager determines that doing so is unnecessary or unwarranted for any other reason. The Investment Manager has contracted with an independent third-party provider who provides voting agent and advisory service related to proxies.

### **Selection of Brokers and Trading Counterparties**

The Investment Manager or other Man Group Persons may be subject to conflicts of interest relating to their selection of brokers and trading counterparties on behalf of the Company. The Investment Manager will consider a number of factors when determining what broker or trading counterparty to use to execute an order or set of orders on behalf of the Company and Other Accounts. Such factors include a broker or counterparty's ability to effect the transactions, its ability to seek best execution as well as such broker or counterparty's facilities, reliability and financial responsibility. In certain circumstances a broker or trading counterparty may provide other services that are beneficial to the Investment Manager and/or other Man Group Persons, but not necessarily beneficial to the Company, including capital introduction, marketing assistance, financing, consulting with respect to technology, operations or equipment and other services or items. Such services are only accepted where permitted under applicable laws and regulations.

### **Service Providers**

The Administrator, the Custodian and/or any service provider to the Company, and their respective affiliates may from time to time act as prime broker, dealer, custodian, depository, registrar, administrator or distributor, in relation to, or be otherwise involved in, Other Accounts or other funds, vehicles or accounts established by parties other than the Investment Manager, which may have similar investment objectives and strategies to those of the Company. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interests with the Company. Each will, at all times, have regard in such event to its obligations to the Company and will endeavour to ensure that such conflicts are resolved fairly. The Administrator, the custodian and/or any service provider to the Company, and their respective officers, employees and affiliates may from time to time provide other services to Man Group Persons and/or be involved in other financial, investment or professional activities which may give rise to conflicts of interest with the Company, or which may conflict with the investment strategy being pursued by the Company. The Administrator, which has been appointed to calculate the Net Asset Value, faces a potential conflict of interest because its fee is based on the Net Asset Value.

### **The Directors**

A Director may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is interested, provided that he or she has disclosed to the other Directors prior to the conclusion of any such transaction or arrangement the nature and extent of any material interest of his or hers in that transaction or arrangement. Unless the Directors determine otherwise, a Director may vote in respect of any such arrangement or proposal, having first disclosed such interest. As at the date of this Prospectus, no Director or person connected to any Director has any interest, beneficial or non-beneficial, in the share capital of the Company or any material interest in the Company or in any agreement or arrangement with the Company other than the agreements disclosed in this Prospectus. The Directors may also be directors of other funds to which Man Group Persons provide services. The Directors

will endeavour to ensure that any conflicts of interest are resolved fairly.

### **Conflicts of Interest Affecting Funds Generally**

The conflicts of interest that apply to the Company in respect of the Investment Manager, its other service providers and the Directors, as described above, will generally also apply to each fund which is managed by a Man Group Person, its other service providers and its directors or other governing body.

Market quotations regarding certain investments by a fund managed by a Man Group Person, may not always be available. In such cases, those investments may be valued by the relevant Man Group Person. The Man Group Person will have a conflict of interest in making such a valuation, because the valuation affects the relevant fund's net asset value and, consequently, the incentive compensation and the management fees that the Man Group Person would receive for its services.

## **Management and administration**

After deduction of the preliminary expenses of the Company (as set out in the 'Charges and fees' section to this Prospectus) the unutilised balance of the proceeds of the Share issue will be invested in the AHL Diversified Programme.

### **Introducing Broker**

The Company may appoint a number of Brokers to provide clearing services in relation to its trading activities. AHL Partners LLP, a member of the Man Group, has been appointed as the Introducing Broker to the Company and is responsible for recommending appropriate Brokers to the Company as well as actively managing these relationships, ensuring appropriate service levels as well as an adequate diversification of Brokers.

### **Custodian**

The Company has appointed The Bank of New York Mellon SA/NV, Dublin branch to act as Custodian of the Company's assets pursuant to the custodian agreement. The Custodian provides safe custody for the cash and registrable assets of the Company held by it (other than monies and trading assets with the Broker) and collects any income arising on such assets on the Company's behalf. The Custodian may delegate the whole or any part of its custodial function to sub-custodians.

The Custodian is a limited liability company established in Belgium on 30 September 2008. The principal activity of the Custodian is asset servicing, which is provided to both third party and to internal clients within The Bank of New York Mellon group. The Custodian is regulated and supervised as a significant credit institution by the European Central Bank (ECB) and the National Bank of Belgium (NBB) for prudential matters and under the supervision of the Belgian Financial Services and Markets Authority (FSMA) for conduct of business rules. It is regulated by the Central Bank of Ireland for conduct of business rules.

The Custodian is a wholly-owned subsidiary of The Bank of New York Mellon ("BNY Mellon"). BNY Mellon is a global financial services company focused on helping clients manage



and service their financial assets, operating in 35 countries and serving more than 100 markets. BNY Mellon is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. As at 31 March 2019, it had US\$34.5 trillion in assets under custody and administration and US\$1.8 trillion in assets under management.

### Services Manager

Man Investments AG has been appointed by the Company as the Services Manager. In performing that role, Man Investments AG will be responsible to the Company for selecting and appointing (as principal) service providers to provide general shareholder services (which will include maintenance of the Company's register) and certain accounting and valuation services to the Company, as well as monitoring the providers of those services. The Company will not itself select or appoint these service providers.

The Company has agreed to both indemnify and exempt from liability each of the Services Manager, members of its group, its delegates (which, for the avoidance of doubt, shall not include the service providers appointed by the Services Manager which are referred to below) and its associates from losses, liabilities, damages or costs in connection with the Services Manager's appointment and provision of its services, the appointment of service providers or the performance or non-performance of the relevant service provider's duties and/or any untrue statement of material fact contained in the Prospectus that is not due to fraud, gross negligence or wilful default of the Services Manager, members of its group, its delegates or its associates.

The Services Management Agreement also includes provisions pursuant to which the Company has agreed to both indemnify and exempt from liability, (i) the Administrator; (ii) any member of the Administrator group; (iii) any delegate appointed by the Administrator; and (iv) the associates of the Administrator, any member of the Administrator group and any delegate appointed by the Administrator, respectively (the "**Administrator Indemnified Persons**") from losses, liabilities, claims, damages, costs or expenses in connection with the appointment of the Administrator or the performance or non-performance of its duties that is not due to a breach of the fund services agreement between the Services Manager and the Administrator (the "**BNYM Fund Services Agreement**") by, or the negligence, wilful default or fraud of, the Administrator Indemnified Persons. The Administrator Indemnified Persons are able to enforce the indemnity and exclusion of liability directly against the Company through third party rights granted to them pursuant to the terms of the Services Management Agreement. The Services Management Agreement may be terminated in whole or in part by any party giving not less than 3 months' notice in writing to the other parties.

Certain discretions described in the Prospectus as reserved to the Directors, for example, in connection with the subscriptions, transfers and/or redemptions of Shares, have been delegated to the Services Manager pursuant to the Services Management Agreement.

### Administrator

In accordance with the Services Management Agreement, the Services Manager (as principal) has selected and appointed BNY Mellon Fund Services (Ireland) Designated Activity Company pursuant to the BNYM Fund Services Agreement as Administrator. The Administrator will perform certain general shareholder services, including processing certain anti money laundering documents and performing certain valuation and accounting services for the Company. The Administrator may delegate its duties and any such delegation to third parties requires the prior written consent of the Services Manager, such consent not to be unreasonably withheld. The Administrator is not responsible for and will have no liability in connection with any trading decisions of the Company. The Administrator will not provide any investment advisory or investment management services to the Company. The Administrator will not be responsible for and will have no liability in connection with monitoring any investment restrictions or compliance with the investment restrictions.

The Administrator is a designated activity company incorporated in Ireland on 31 May 1994 and is engaged in the provision of fund administration, accounting, registration, transfer agency and related shareholder services to collective investment schemes and investment funds. The Administrator is authorised by the Central Bank of Ireland under the Investment Intermediaries Act, 1995. The Administrator is a wholly-owned indirect subsidiary of the Bank of New York Mellon Corporation.

As an independent valuation agent, in determining the Net Asset Value per Share, the Administrator will follow the valuation policies and procedures adopted by the Company. The manner in which the services of the Administrator will be performed by the Administrator will be determined in accordance with the Bye-laws of the Company and the Prospectus and the liability of the Administrator will be determined in accordance with the BNYM Fund Services Agreement. For the purpose of calculating the Net Asset Value per Share, the Administrator shall in certain circumstances, and shall be entitled to, rely on, and will not be responsible for and will have no liability in connection with the accuracy of, financial data furnished to it by various third parties which may include the Custodian and/or the Investment Manager.

The Bank of New York Mellon Corporation has a centralised group, Securities Data Management, to provide valuations for all assets within the Company. Valuations are received for exchange traded securities from independent market vendors and run through a suite of validation checks. Securities Data Management is a global team, with specialist pricing teams based in US, EMEA and ASIA, with approximately 200 pricing specialists globally with multiple years of experience.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. The Bank of New York Mellon Corporation is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide

client-focused team. As at 31 March 2019, it had USD34.5 trillion in assets under custody and administration and USD1.8 trillion in assets under management.

Although the Administrator and the Registrar are appointed by the Services Manager as principal, not agent for the Company, the Company is able to enforce certain of the obligations in the BNYM Fund Services Agreement through third party rights granted to it pursuant to the terms of that agreement. Any enforcement by the Company is subject to a specific conduct of claims process set out in the BNYM Fund Services Agreement. Under this process the Services Manager or a member of its group will, unless certain defined exceptions apply, represent the Company if it is bringing a claim against the Administrator, the Registrar or their delegates or if the Administrator, the Registrar or one of their delegates are bringing a claim against the Company.

The Administrator has delegated certain of its duties to BNYM (Hong Kong).

### Registrar

BNY Mellon Alternative Investment Services Ltd. serves as the Registrar pursuant to the BNYM Fund Services Agreement. Pursuant to the BNYM Fund Services Agreement, the Registrar maintains the register of shareholders in the Company. The Registrar is the Company's administrator for the purposes of the IFA.

The Registrar is a limited company incorporated in Bermuda on 4 January 1993 and is engaged in the provision of fund administration, accounting, registration, transfer agency and related shareholder services to collective investment schemes and investment funds. The Registrar is licensed by the Bermuda Monetary Authority under the IFA, and is a wholly-owned indirect subsidiary of The Bank of New York Mellon Corporation.

The BNYM Fund Services Agreement also provides for indemnification of the Registrar and its directors, officers and employees and validly appointed delegates from and against any and all actions, proceedings, claims, demands, liabilities, losses, damages, costs and expenses (other than those resulting from fraud, negligence or wilful default on its part or on the part of its directors, officers, employees or validly appointed delegates) which may be made or brought against or suffered or incurred by the Registrar in performing its obligations or duties thereunder. The Company and not the Registrar is responsible for determining that the Shares are marketed and sold in compliance with all applicable securities and other laws. The Registrar is entitled to fees for its services pursuant to the BNYM Fund Services Agreement.

### Company Secretary

The Company has appointed an employee of SS&C Fund Services (Bermuda) Ltd. to act as Company Secretary (together, the 'Company Secretary'). Pursuant to the Company Secretarial Services Agreement, the Company Secretary is responsible for, amongst other things, the following matters: (a) preparing and filing the annual return of the Company with the Registrar of Companies; (b) maintaining the Company's minute book and records; (c) updating the Company's registers of directors and members; (d) making all necessary filings with the Registrar of Companies and the BMA; (e) organising

payment to the BMA of the Company's annual registration fees; and (f) arranging the Company's board meetings and providing agendas and minutes of each of the Company's meetings. In each case, the Company Secretary provides services under the general supervision of the Directors.

The terms of the Company Secretarial Services Agreement contains certain indemnification and exclusion of liability provisions in favour of SS&C Fund Services (Bermuda) Ltd., its officers, servants, agents and delegates. However, the Company Secretary is not entitled to indemnification or exclusion of liability in the event that SS&C Fund Services (Bermuda) Ltd. or its officers, servants, agents or delegates acted with negligence, wilful default, fraud or dishonesty in performing its obligations or duties under the Company Secretarial Services Agreement.

## The Shares

### Purchase price

The price at which Shares may be purchased will be by reference to the Subscription Price, as defined in Appendix 1.

### Share valuation

The Net Asset Value per Share will be equal to the value of the assets of the Company less its liabilities divided by the number of Shares outstanding at each Valuation Point. The value of the assets and the liabilities of the Company will be determined by computing as at each Valuation Point in accordance with the Bye-laws as follows:

- (a) all calculations based on the value of investments quoted, listed, traded or dealt in or on any futures exchange shall be made by reference to the settlement price (or, in the absence of any trades, at the mean between the latest offer and bid prices quoted thereon) on the principal exchange for such investments as at the close of business on the day for which such calculation is to be made; all calculations based on the value of investments traded or dealt in on any over-the-counter market which is the principal exchange therefore shall be made by reference to the mean between the latest offer and bid prices quoted thereon PROVIDED ALWAYS that:
  - (i) if the Directors at their discretion consider that the prices ruling on an exchange other than the principal exchange provide in all the circumstances a fairer criterion of value in relation to any such investment, they may adopt such prices; and
  - (ii) the Directors may, at their absolute discretion, permit some other method of valuation to be used if they consider that such valuation better reflects the fair value;
- (b) forward foreign exchange contracts will be valued by reference to the price at the Valuation Point at which a new forward contract of the same size and maturity could be undertaken;
- (c) if no price quotations are available as above provided, the value thereof shall be determined from time to time in such manner as the Directors shall determine; and
- (d) any value (whether of a security or cash) otherwise than

in USD shall be translated into USD at the rate (whether official or otherwise) that the Directors shall in their absolute discretion deem appropriate to the circumstances having regard inter alia to any premium or discount that they consider may be relevant and to costs of exchange.

All calculations based on the value of the investments quoted, listed, traded or dealt in, or on, any other exchange (i.e. non-futures) shall be made by reference to the last quoted price (or, in the absence of any trades, at the mean between the latest offer and bid prices quoted thereon) on the principal exchange for such investments as at the close of business on the relevant exchange on the day on which such calculation is to be made.

Fair value adjustments should be conducted with due skill, care and diligence, and in good faith after consultation with the Custodian.

### Reporting

The Net Asset Value per Share as at each Valuation Point will be published on Man's Hong Kong country website of [www.man.com](http://www.man.com) (this website is not authorised and reviewed by the SFC) and at the Director's discretion in financial publications and media sources. In addition it will be available from the Registrar and the Hong Kong Representative.

The following documents, among others, will be published on Man's Hong Kong country website of [www.man.com](http://www.man.com) (this website is not authorized and reviewed by the SFC):

- Monthly performance report of the Company (in English and Chinese language);
- Audited financial statements prior to the annual general meeting in each year within four months of the financial year end (in English language only);
- Unaudited semi-annual financial report within two months of the relevant accounting period (in English language only);
- Unaudited quarterly financial report within one month of the end of the relevant period (in English language only<sup>1</sup>); and
- Copies of Shareholder notification letters (in English and Chinese language) (the original notification letters will be mailed to Shareholders)

Shareholders will be notified in writing when new audited financial statements or new semi-annual financial report are available in electronic form on the Man's Hong Kong country website.

### Procedure for applications

The Shares of the Company are divided into two tranches: Tranche A and Tranche B. The Company is offering only Participating Tranche A Shares to investors at the Subscription Price (as defined in Appendix 1). All Shares issued by the Company prior to 4 September 2012 when the Shares were not designated into Tranches were converted to Participating Tranche B Shares on 4 September 2012. Shareholders wishing to purchase additional Shares from 4 September 2012 onwards must subscribe for Participating Tranche A Shares (unless the Directors may decide otherwise from time to time).

1. The first quarterly financial report will be issued for the period commencing 1 January 2020.

Shareholders as at the date of this Prospectus should note their rights have not been changed.

Completed application forms should be sent to BNYM (Hong Kong) or the Administrator at the contact address referred to in the 'Names and addresses' section of this Prospectus. The information required in the Application Form (including the Anti-Money Laundering Documents) is necessary for consideration of the application. Failure to provide the information may result in rejection of the application.

### Personal data

By signing an Application Form, prospective investors:

1. confirm that they have read this Prospectus and the Application Form; and
2. acknowledge, and (to the extent required) agree that:
  - (a) any personal data provided by them to the Company in the Application Form and any other personal data provided in connection with their investment in the Company (the "Personal Data") (which, as set out below, may include sensitive personal data) may be disclosed to and processed by any Man Group entity and/or affiliates, and the Administrator, the Registrar, BNYM (Hong Kong), the Hong Kong Representative and/or any other service providers to the Company and their affiliated and non-affiliated sub-delegates (the "Data Processors") for the Data Purposes (as defined below);
  - (b) Personal Data may be used and disclosed for the purposes of:
    - (i) processing the Application Form;
    - (ii) facilitating the acceptance and management of the prospective investor's investment in the Company, including in connection with the opening of trading or custody accounts in the jurisdictions in which the Company is to invest, if called upon to establish the availability under any applicable law of an exemption from registration of the relevant investment in the Company and the compliance with applicable laws and any relevant exemptions thereto;
    - (iii) the administration of their investment in the Company, including the storage and maintenance of shareholders' registers and related activities;
    - (iv) the prevention of money laundering, financing of terrorism or fraud, which may require information about the prospective investor to be screened against sanctions lists and which will require the processing of information as to whether the prospective investor has held political office or has links with proscribed organisations. As a result of these checks this may mean that information is processed which is classed as 'sensitive';
    - (v) informing the prospective investor about their investment in the Company (including information of a confidential nature);
    - (vi) statistical analysis and market research;



(vii) compliance with any legal and regulatory obligations or other requests to disclose information (whether or not having the force of law), where disclosure is considered to be in the legitimate interests of the Company, Man Group, or the third party to whom the information is disclosed (including without limitation statutory reporting obligations to the Central Bank of Ireland, the Irish Revenue Commissioners, the Internal Revenue Service ("IRS"), the Bermuda Monetary Authority or other relevant regulators, government bodies and tax authorities including overseas bodies or where necessary to protect the rights and property of the Company or Man Group);

(viii) direct marketing of services that Man Group entities and/or affiliates thinks may be of interest to the prospective investor in accordance with the permissions expressed in the Application Form; and

(ix) allowing service providers retained by Man Group entities and/or affiliates to provide identity verification services to other organisations,

(collectively, the "Data Purposes").

3. acknowledge and (to the extent required) consent to the processing of their Personal Data, including the transfer of the Personal Data, to jurisdictions outside the EEA or Hong Kong (including, for example, the United States) that may not have data protection laws or have data protection laws that have not been deemed by the EU to have the same level of protection as EU (or as HK) data protection law (such transfer will only be carried out for the Data Purposes described above or as otherwise required by law or regulation, and in accordance with applicable data protection legislation);
4. recognise that they have the right to access and request corrections to the Personal Data. They also have the right to opt out of the use of their Personal Data for direct marketing purposes and may also have the right to object to the processing of Personal Data in certain circumstances. To exercise any of these rights (which may be subject to payment of a fee) the prospective investor should contact the Data Protection Officer of Man Investments (Hong Kong) Ltd at Unit 2206-2207, 22/F Man Yee Building, No. 68 Des Voeux Road, Central, Hong Kong or email at: InvestorServicesAsia@man.com;
5. acknowledge that their Personal Data will be processed by the Data Processors on behalf of the Company. Their Personal Data will be processed by the Data Processors in accordance with applicable data protection legislation for the purposes of carrying out their services, the Data Purposes described above, conducting financial crime risk management and other such activities, or as otherwise required by law or regulation; and
6. acknowledge and (to the extent required) consent to the Data Processors or the Company disclosing their Personal Data to third parties where necessary for the Data Purposes. This may include disclosure to third parties such as auditors, the Central Bank of Ireland, the Irish Revenue

Commissioners, the Bermuda Monetary Authority, or other regulators or agents and service providers of the Data Processors who may process the Personal Data for the Data Purposes described above.

Where the prospective investor is an institutional investor, Personal Data (including sensitive personal data) relating to the prospective investor, its directors and officers and its ultimate beneficial owners will be processed as described above, and the prospective investor agrees that it has notified such individuals of, and procured their consent to, such processing of Personal Data and will provide a copy of this consent to Man Group on request.

The Administrator, Services Manager, Marketing Advisor and Investment Manager all retain the right to record any telephone calls made to them. By signing the Application Form, Applicants will be consenting to such recording.

Notwithstanding the above, in Hong Kong, any collection, use or transfer of the aforesaid Personal Data will be done in compliance with Hong Kong laws and regulations. In particular, any use or transfer of the aforesaid Personal Data for "direct marketing" purposes (as defined under applicable laws and regulations) will only be done with the prior written consent (or indication of no objection, as permitted) of the affected Applicant. In accordance with applicable Hong Kong data protection legislation, such consent may be withdrawn by the affected Applicant at any time by writing to the Data Protection Officer (as noted below) or, if applicable, the relevant Data Processor(s) (e.g. the Administrator, BNYM (Hong Kong) or the Hong Kong Representative).

In Hong Kong, Applicants have the right to access and require corrections to, and receive a copy of, the Personal Data and a reasonable fee may be charged to Applicants for any such copy. Applicants also have the right to ascertain the Company's policies and practices in relation to the Personal Data and to be informed of the kind of Personal Data held by the Company. The person to whom requests for correction of Personal Data or copies of Personal Data or for information regarding policies and practices and kinds of data held are to be addressed is:

The Data Protection Officer  
Man Investments (Hong Kong) Limited,  
Unit 2206-2207  
22/F Man Yee Building  
No. 68 Des Voeux Road  
Central  
Hong Kong

Although the Company has taken reasonable measures to prevent unauthorized third parties from receiving knowledge of, or having access to the aforesaid Personal Data (e.g. preventing data access by malicious or other unauthorized third parties etc.), neither the Company nor its service providers (including the Data Processors) will be liable with respect to any unauthorized third party receiving knowledge of or having access to such Personal Data. In addition, insofar as information (including but not limited to Personal Data) is transferred electronically and may be made available outside Hong Kong, the same level of confidentiality and/or protection in relation to data protection regulation as currently in force in

Hong Kong may not be guaranteed while information is kept abroad.

The Investment Manager may record telephone communications or conversations (without use of a warning tone), and retain a copy of electronic communications, between its UK based staff and the Company's clients and counterparties (collectively "relevant records"), pursuant to regulatory requirements and/or if it considers it appropriate to manage risks. Where it does so to comply with FCA rules on the subject of "Recording telephone conversations and electronic communication", a copy of relevant records made following these rules coming into effect on 3 January 2018 will be available to you on request for up to five years from the date the record was made (or seven years if the FCA has requested us to extend the record retention period). In addition, a copy may be shared with the FCA if required. Should you require a copy of any relevant record, please contact your usual client relationship contact. If you have queries or complaints over the Investment Manager's handling of your personal data, the Investment Manager hopes it can resolve these. A person whose personal data the Investment Manager may hold may also have a right to lodge a complaint with a data protection authority in relevant circumstances.

Applicants should also note that, by providing an e-mail address on an Application Form (the "Authorised E-mail Address"), the relevant Applicant acknowledges that one or more of the Data Processors may contact the Applicant by e-mail at the Authorised E-mail Address in connection with one or more of the Data Purposes (as noted above) and also acknowledges that email is a non-secure medium and that all electronic correspondence between the Applicant, the Company, Man Group entities and/or any other Data Processor(s) shall be governed by the Company's relevant standard terms and conditions, a copy of which is available upon request.

Applications should be made by fax, original or by any other form of electronic communication, as agreed in advance with the Administrator, to the Administrator or BNYM (Hong Kong) not later than 17:00 (Hong Kong), one Business Day prior to the Dealing Day on which the subscription is to take place. Any applications received after this deadline will not (unless the Directors agree otherwise) be accepted for subscription on that Dealing Day and will automatically be moved to the next following Dealing Day.

For all new applications for subscriptions, Applicants must promptly mail the relevant original Application Form (and Anti-money Laundering Documents), if required, duly completed and signed by or on behalf of the Applicant to the Administrator or BNYM (Hong Kong) who have been appointed to process applications. Save as otherwise provided below, Shareholders will not be entitled to payment of any redemption proceeds (pursuant to a request for redemption) until the original Application Form (and Anti-money Laundering Documents), if required, has been received by the Administrator or BNYM (Hong Kong). Once completed applications have been received by the Company, they are irrevocable. The Directors may, in their absolute discretion, reject or scale down any application for Shares without giving any reason. In such event the subscription monies or any

balance thereof, as appropriate, less any bank charges, will be returned to the source from which it was received. Please note that the minimum level of initial investment by each investor in Hong Kong in the Company is USD50,000.

BNYM (Hong Kong) or the Administrator will not require an original executed version of any subsequent Application Form in respect of any application for additional Shares and, in such circumstances, will regard an Application Form submitted by fax or other electronic medium as authentic and conclusive, provided that the Applicant has agreed to indemnify BNYM (Hong Kong) or the Administrator in connection with such faxed or electronic subsequent Application Form and has provided their relevant bank account information in relation to the account which the redemption proceeds should be credited to as part of its original executed and delivered initial Application Form (as described in the previous paragraph). The Applicant will also always be under the obligation to promptly mail the duly completed and signed Anti-money Laundering Documents to BNYM (Hong Kong) or the Administrator.

Shares will be allotted on the Dealing Day after acceptance of the application. The Company will issue fractions of Shares.

Subscription monies should be sent by electronic transfer using the bank instructions letter provided with the Application Form. Subscription monies must not be sent by cheque or bank draft. Subscription monies are due immediately but in any case cleared funds net of bank charges must be received in the Subscription Account within three (3) Business Days of the relevant Dealing Day in respect of which the application is made. If timely settlement is not made the relevant allotment of Shares may be cancelled and an Applicant may be required to compensate the Company (see paragraph entitled "Payment of subscription monies" section of the Risk Factors section of the Prospectus). The Company may also, at its discretion, redeem or sell part of an investors existing shareholding to satisfy any loss incurred.

Subscription monies denominated in a certain currency cannot be transferred on any public holiday relating to such currency e.g. USD cannot be transferred on a US federal public holiday and in such circumstances the subscription monies will be transferred on the next Business Day.

When applying for Shares, Applicants should apply for a minimum initial investment of USD50,000.

A sales fee of up to 5% may be charged on new applications by the relevant distributor. Unless otherwise indicated in the Application Form, all the amounts received in the Subscription Account shall be applied to the AHL Diversified Programme and the Company shall have absolutely no obligation to repay any amount as a sales commission to the relevant distributor.

Once applications have been received by BNYM (Hong Kong) or the Administrator they may not be withdrawn without the consent of the Directors, acting in their sole discretion.

By signing the Application Form, an Applicant will certify, represent, warrant and agree that he/she/it is not a US Person or that the Shares applied for are not being acquired directly or indirectly by or on behalf of, or for the account of a US Person. An Applicant will further certify, represent, warrant and agree that the Applicant will notify BNYM (Hong Kong),

the Administrator or the Company (as the case may be) in the event that either the Applicant becomes a US Person or holds the Shares on behalf of, or for the account or benefit of, a US Person. A false statement or misrepresentation of tax status by a US Person could lead to penalties under US law. If an Applicant's tax status changes and it becomes a US citizen or a resident, it must notify the relevant party as mentioned above within 30 days.

Applicants should consider the section entitled 'Risk factors' of this Prospectus.

### **Money laundering**

The Registrar, the Administrator and BNYM (Hong Kong) and any of their delegates are responsible to regulators for compliance by the Company with money laundering regulations and for that reason, existing Shareholders, potential subscribers for and transferees of Shares may be asked for Anti-money Laundering Documents. Until satisfactory Anti-money Laundering Documents are provided by potential investors or transferees, as determined by the Directors, the Directors reserve the right to withhold issuance and approval of transfers of Shares.

In case of delay or failure to provide satisfactory Anti-money Laundering documents, the Company may take such action as they see fit including the right to redeem issued Shares compulsorily.

Contract notes will be issued to successful Shareholders confirming allocation.

No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance.

In accordance with Bermudian law, Shares are only issued in the names of companies, partnerships or individuals. In the case of an Applicant acting in a special capacity (for example as trustee), contract notes (or Share certificates, if issued) may, at the request of the Applicant, record the capacity in which the Applicant is acting.

Shares purchased for those under 18 years of age must be registered in the name of the parent or guardian, but may be designated with the minor's initials for the purposes of identification. The Company will take no cognisance of any trust applicable to its Shares.

### **Subscription Account**

The Company has opened a non-interest bearing Subscription Account with the Bank of New York Mellon, SA/NV. Any monies credited to the Subscription Account shall be held on trust for the benefit of the relevant Applicant pending the allocation of Shares.

### **Restriction on applications**

There are no restrictions on the eligibility of any person to subscribe for Shares provided that such person is not a Non-qualified Person. Applicants subscribing for Shares in the Company are advised that the Shares are issued subject to the provisions of the Bye-laws.

### **Transfer of Shares**

Shareholders are entitled to transfer Shares to anyone other than a Non-qualified Person by completion of the Man 'Transfer request form' (available from the Administrator or BNYM (Hong Kong) (or such other entity contracted to provide such form)) and signed by or on behalf of the transferor and the transferee subject to the restrictions mentioned above. A transfer must be accompanied by a completed Transfer request form', if required, signed for and on behalf of the transferor and the transferee as well as the Anti-money Laundering Documents.

Shareholders wishing to transfer Shares must sign the transfer instrument in the exact name or names in which the Shares are registered, indicating any special capacity in which they are signing and supplying all other requested details.

The Directors may at their discretion decline to register any transfer. A Shareholder is not entitled to transfer Shares if as a result of such transfer either he or the person to whom the Shares are to be transferred would hold Shares with a value of less than the Minimum Holding unless the whole of the Shareholder's holding is transferred.

### **Procedure for redemption**

Shares are redeemable, and notices to redeem 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 this Prospectus 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 Share has been suspended (see below for details of where notice should be given). Any applications received after this deadline will not (unless the Directors agree otherwise) be accepted for redemption on that Dealing Day and shall automatically be moved to the next following Dealing Day. The redemption notices must contain the exact name of the investor, the amount of Shares to be redeemed and an original signature(s) as per the Application Form. Redemptions must be for a number of Shares at least equal to the Minimum Redemption of 200 Shares and must not (unless all of the relevant Shareholder's Shares are being redeemed) result in the Shareholder holding a number of Shares less than the Minimum Holding. In the event that a Shareholder requires payment of redemption proceeds to an account other than that specified in the Application Form, the Shareholder must provide an original request in writing.

If the redemption notice was sent by fax or by any other form of electronic communication, the Company is under no obligation to pay any redemption proceeds until the original of that redemption notice has been received by the Administrator or BNYM (Hong Kong). Redemption requests will only be processed on receipt of faxed/mailed instructions where the redemption proceeds are to be made to a bank account on record. Notwithstanding the foregoing, the Administrator may, in its absolute discretion, process redemption requests on behalf of certain low risk Shareholders (as determined by the Administrator) absent the original Application Form and

original Anti-money Laundering Documents. In relation to any redemption notice sent by fax or other form of electronic communication, the Administrator or BNYM (Hong Kong) will not require an original executed version of the redemption notice to be sent as described in the previous paragraph. Faxed requests or electronic communications sent to the Company, the Administrator or BNYM (Hong Kong) will only be effective when actually received by the Company, the Administrator or BNYM (Hong Kong).

The redemption price will be calculated by reference to the Net Asset Value as at the Valuation Point immediately preceding the Dealing Day. Shareholders are not entitled to withdraw a request for redemption after the relevant cut-off unless the Directors otherwise determine or unless redemptions or the payment of redemption proceeds have been suspended or the determination of the Net Asset Value per Share has been suspended (see 'Suspension of valuations' in section 5 of Appendix 2 to the Prospectus). The Directors are not bound to redeem part only of a holding of Shares if as a result of such redemption a Shareholder would hold less than the Minimum Holding.

Upon receipt of a Shareholder's redemption notice, payment of redemption proceeds to Shareholders will be made without interest in USD by bank transfer at the expense and risk of the Shareholder in accordance with the bank instructions provided by that Shareholder within five (5) Business Days after the Dealing Day or as soon as practicable thereafter. Any bank wire charges incurred by the Company associated with the payment of redemption proceeds to investors will be borne by the Company rather than by the redeeming investor. The redeeming investor's bank wire charges incurred by their own bank will be borne by the redeeming investor. The Company is under no obligation to pay any redemption proceeds until the original Application Form (and Anti-money Laundering Documents) has been received.

The Directors may, in their sole discretion, waive the Minimum Redemption and Minimum Holding requirements.

#### **Fee for early redemption of Tranche B Shares**

All costs of marketing the Shares and certain amounts payable to intermediaries are borne by the Marketing Adviser. No such costs are borne by the Company. In case the Tranche B Shares are redeemed before they have been in issue for the periods shown below after their initial issuance, the current Net Asset Value per Share redeemed will be paid by the Company to the Shareholder after deduction of a fee for early redemption, which will, in turn be paid to the Marketing Adviser primarily to compensate it for the costs of marketing the Shares, as follows:

<b>Tranche B Shares redeemed on a Dealing Day before they have been in issue for:</b>	<b>Fee for early redemption:</b>
2 years	4.0 % of redemption price per Share
4 years	2.5 % of redemption price per Share
6 years	1.0 % of redemption price per Share

There will be no redemption fee applied on Tranche B Shares which are redeemed after they have been in issue for six years after their initial issuance.

#### **For the avoidance of doubt, the Directors have determined that in general no redemption fees will be applied for redemptions of Tranche A Shares.**

There may be circumstances in which the Company will be able to procure a purchase of a redeeming Shareholder's Shares and, although no actual redemption will be effected, where a purchase is procured in these circumstances a redeeming Shareholder will receive an amount equal to those proceeds that would have been paid to the Shareholder had an actual redemption taken place (that is, less the redemption fee, where applicable). In these circumstances the redemption fee will operate as an administrative charge to be paid to the Marketing Adviser. In certain circumstances, the Directors have the discretion to waive all or any of the fee for early redemption and in particular cases or generally.

#### **Compulsory redemption of Shares**

The Bye-laws empower the Company to require the redemption (or transfer) of any Shares, if in the opinion of the Directors, such Shares are acquired or held by a Non-qualified Person.

In the event that a Shareholder (or the ultimate beneficial holder of the Shares held by a Shareholder) fails to disclose its identity to the reasonable satisfaction of the Directors, the Directors are empowered to redeem compulsorily all of the Shares held by such Shareholder (or such number thereof as are being held on behalf of that ultimate beneficial holder) upon giving 1 day's prior notice.

#### **Total redemption/winding up**

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

- the holders of not less than 75% in value of the issued Shares of the Company carrying voting rights at general meetings of the Company approve of the redemption at a general meeting of which not more than 12 and not less than four weeks notice has been given; or
- at any time, the aggregate of the Net Asset Value per Share of all Shares in issue on each of three successive Valuation Points is less than USD 3,000,000 and provided that notice of not less than four and not more than 12 weeks has been given to the holders of the Shares within four weeks after the third relevant Valuation Point; or
- the Custodian has served notice of its intention to retire under the terms of the custodian agreement (and has not revoked such notice) 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 Company the assets available for distribution (after satisfaction of creditors) shall be distributed to the holders of the Manager Shares and the Shares *pari passu* to the extent of their nominal value up to the nominal amount paid thereon and thereafter all surplus assets shall be distributed to the holders of the Shares in proportion to the number of Shares held. In the event all of the Shares are redeemed by the Company the investors may not receive all of their original investment.



Any unclaimed proceeds or other cash held by the custodian upon termination of the Company may, subject to the right of the custodian to deduct therefrom any expenses it may incur in making such payment, be transferred to the Company and dealt with by the Company or the liquidator of the Company, as applicable, in accordance with applicable law.

### Suspension of dealings

The Directors may declare a suspension of the determination of the Net Asset Value per Share in certain circumstances as described in section 5 of Appendix 2. Whenever the Directors declare such a suspension they will immediately notify the SFC of such suspension and will, immediately following any such declaration and at least once a month during the period of such suspension, publish a notice on Man's Hong Kong country website of [www.man.com](http://www.man.com) (this website is not authorized and reviewed by the SFC). No Shares will be redeemed during such period of suspension, but whilst such suspension subsists, a redemption notice may be withdrawn. However, if a redemption notice is not withdrawn, it will be acted upon on the first Dealing Day following the end of the suspension.

### Dividends

It is not the intention of the Directors to make any distribution of net income by way of dividends. Net income will, therefore, effectively be represented in the value of the Shares.

## Charges and fees

### Investment management and incentive fees

A management fee of 3% per annum of the Net Asset Value of the Company (the 'Management Fee') is accrued daily and

calculated on the aggregate Net Asset Value as determined on each Valuation Point. The Management Fee is payable monthly in arrears by the Company.

In addition to the management fee, an incentive fee (the 'Incentive Fee') will also be payable by the Company to the Investment Manager. The Incentive Fee is payable annually in arrears on the last Dealing Day in each financial year of the Company and is calculated at the rate of 20% of any net appreciation (after deduction of the Management Fees in respect of the period for which the calculation is being made but prior to deduction of the Incentive Fee) in the Net Asset Value per Share as at the Valuation Point applicable to such Dealing Day above any previous highest Net Asset Value per Share on any preceding Dealing Day in respect of which an Incentive Fee shall have previously been paid (the 'Benchmark NAV'), multiplied by the number of Shares in issue as at the Valuation Point applicable to such Dealing Day.

The Incentive Fee shall be accrued at each Valuation Point throughout a financial year. If the Net Asset Value per Share exceeds the Benchmark NAV, an Incentive Fee accrual will be made. If not, no Incentive Fee accrual will be made. On each Valuation Point, the accrual made on the previous Valuation Point will be reversed and a new Incentive Fee accrual will be calculated and made in accordance with the above. If the Net Asset Value per Share on a Valuation Point is lower than or equal to the Benchmark NAV, all provision for previously accrued Incentive Fee will be reversed and no Incentive Fee will be accrued.

A hypothetical example of the calculation of the incentive fee is set out below.

	Benchmark Net Asset Value per Share (high watermark)*	Net Asset Value per Share at year end (prior to deduction of incentive fees (if any))*	Will an incentive fee be applied?*	Net appreciation on which incentive fee is applied*	Incentive fee per Share (20% of the net appreciation)*	Net Asset Value per Share at year end (including incentive fees (if any))*
Year 1	10.0	12.0	Yes	2.0	0.4	11.6
Year 2	11.6	10.5	No	N/A	N/A	10.5
Year 3	11.6	12.6	Yes	1.0	0.2	12.4
Year 4	12.4	12.0	No	N/A	N/A	12.0

\*This is a hypothetical example and is not indicative of future performance.

Investors should note there will be no equalisation methods used for the purpose of determining the Incentive Fee payable by the Company to the Investment Manager. The use of equalisation methods ensures the Incentive Fee payable by the investor is directly referable to the specific performance of such individual investor's holding of Shares. Investors may be advantaged or disadvantaged as a result of the calculation methodology used.

The price of Shares subscribed for or redeemed during a financial year will be based on the Net Asset Value per Share (after accrual of Incentive Fee as calculated in accordance with the above). Depending upon the performance of the Company during the year, the price at which investors subscribe

for or redeem Shares at different times will be affected by performance of the Company and this could have a positive or negative effect on the Incentive Fee borne by them

If an investor redeems Shares part way through a financial year, the Incentive Fee accrued in respect of the Shares redeemed, over the period from the end of the previous financial year in respect of which an Incentive Fee was previously paid to the date of redemption, shall be crystallised. The amount of the crystallisation (i.e. the Incentive Fee associated with the redeemed Shares) in respect of each Share redeemed will be 20% of the net appreciation (as described above) in the Net Asset Value per Share as at the Valuation Point applicable to the Dealing Day on which

the Shares are redeemed above the Benchmark NAV. The aggregate crystallisation associated with the redeemed Shares during a financial year shall be paid by the Company to the Investment Manager at the end of the financial year in which the relevant Shares are redeemed. The crystallisation of Incentive Fees and the payment of such crystallisation will neither affect the price of Shares remaining in issue nor the holdings of existing investors.

If an investor subscribes part way through a financial year and the Net Asset Value per Share on the Valuation Point applicable to the date of the subscription is above the Benchmark NAV the Company will increase the overall Incentive Fee accrual by an amount equal to the current Incentive Fee accrual per Share for the period from the last Dealing Day in respect of which an Incentive Fee was previously paid to the date of the subscription, multiplied by the number of Shares issued to the subscribing investor. The increase in the Incentive Fee accrual due to new subscriptions may result in a dilution of the Net Asset Value per Share for the remaining investors. The amount of any dilution will depend on the current Incentive Fee accrual per Share applicable on the date of the subscription and the size of the Shares issued in respect of the subscription relative to the total number of outstanding Shares of the Company. If the investor redeems prior to or at the end of the same financial year of subscription, the investor may still incur an Incentive Fee even if a loss in investment capital has been suffered.

If an investor subscribes part way through a financial year and the Net Asset Value per Share applicable at the date of the subscription is below the Benchmark NAV there would be no Incentive Fee accrual for these Shares until the Net Asset Value per Share increases above the Benchmark NAV. This means that the investor would be advantaged as the Company would not pay any Incentive Fee for these new Shares for the positive performance between the Net Asset Value per Share on the date of the subscription and the Benchmark NAV.

Full details of the calculation of the Management Fee and the Incentive Fee are contained in the Investment Management Agreement referred to in section 11 of Appendix 2.

Fees payable to the Investment Manager will be paid directly to Man Investments AG which has been appointed as Marketing Adviser for receipt of such fees in accordance with the Investment Management Agreement.

#### **Custodian fees**

The Custodian shall be paid by the Company a fee accruing at each Valuation Day and payable monthly at a rate of up to 0.025% per annum of the Net Asset Value subject to a minimum annual fee of USD 35,000. In addition, the Custodian is entitled to be reimbursed for all out-of-pocket expenses properly incurred by it in the performance of its duties. The Company will be responsible for the fees and expenses of any sub-custodians appointed by the Custodian.

#### **Hong Kong Representative fees**

The Hong Kong Representative shall be paid by the Company a fee accruing at each Valuation Day and calculated monthly at a rate of up to USD 5,000 per annum.

#### **Services Manager fees**

In consideration for the services provided by the Services Manager pursuant to the Services Management Agreement, the Company will pay the Services Manager in respect of shareholder services an annual fixed fee of USD 1,000 plus an annual variable fee accruing at each Valuation Day and payable quarterly as per a sliding scale based on the number of investors as follows:

Up to 100 investors	USD 10,000
101 to 200 investors	USD 13,000
201 to 400 investors	USD 16,000
401 to 600 investors	USD 19,000

When there are more than 600 investors, the annual variable fee shall be increased by increments of USD 3,000 for every additional 200 investors. The Services Manager will also be paid by the Company an annual fee of 0.05% of the Net Asset Value. In addition, a fee of USD 27 shall be paid in arrears by the Company in respect of outward payments to Shareholders.

In respect of valuation services, the Company will pay the Services Manager a fee of 0.23% per annum of the Net Asset Value accrued daily and paid monthly in arrears. The valuation fees payable will be subject to a minimum of USD 25,000 per annum.

The Services Manager will pay a portion of the fees it receives from the Company to the Administrator and Registrar. The Services Manager is solely responsible for the payment of fees to the Administrator and Registrar and the Company will have no responsibility or liability for such fees.

#### **Company Secretary fees**

In consideration for the secretarial services provided by the Company Secretary to the Company, the Company will pay an annual retainer fee at the Company Secretary's customary rates for such services. The Company Secretary will be reimbursed for all disbursements and reasonable expenses incurred in the performance of its duties, and such disbursements will be invoiced separately and payable quarterly.

#### **Operating fees and expenses**

Each class or series of Shares shall be subject to, directly or indirectly, all reasonable expenses incidental to the Company's operations and business, the cost of which may vary, including, without limitation:

- (a) all investment expenses;
- (b) all fees and expenses of transactional, risk, market, consumer and industry data and information and other alternative data (e.g. news and quotation equipment and services (including fees due to data and software providers, exchanges and other third party data and information vendors and other non-traditional data and information sources)), all fees for academic research data and trade-related services (e.g., transaction costs, trade ideas and/or alpha capture), currency hedging costs, listing and audit costs, clearing and settlement charges, custodial fees, interest expense, consulting, investment banking and any other professional fees or compensation relating to particular investments);

- (c) the costs of the Company's service providers including, without limitation, external accounting, legal, audit, tax preparation and advice and paying agent fees and expenses (other than the costs of the Administrator which are borne by the Services Manager);
- (d) Directors fees, expenses and all of the costs of insurance for the benefit of the Directors (if any);
- (e) all entity-level taxes and similar amounts and corporate fees payable to governments or agencies;
- (f) all communication expenses with respect to investor services, of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents to Shareholders and all expenses of meetings of Shareholders;
- (g) all interest on borrowings;
- (h) liquidation costs;
- (i) out-of-pocket costs and expenses suffered or incurred by the Services Manager for the benefit of the Company including expenses, if any, incurred by the service providers and charged to them and paid on behalf of the Company by the Services Manager;
- (j) external legal and compliance expenses (which include, without limitation, responding to formal and informal inquiries, subpoenas, investigations and other regulatory matters, indemnification expenses and expenses associated with regulatory filings relating to the Company); and
- (k) all administrative expenses.

Unless otherwise indicated, such expenses will be borne on a pro rata basis by each class or series of Shares. The Company may, in the absolute discretion of the Directors, also bear expenses, the cost of which may vary, incurred with respect to addressing the legal, tax and/or regulatory requirements of a particular class or series of Shares or individual Shareholders.

The Services Manager and/or the Investment Manager will be entitled to be reimbursed by the Company in respect of any such expenses borne by it or them.

Directors will receive an amount of up to USD 5,000 per annum per Director plus other fees and be reimbursed for out-of-pocket expenses, including those in relation to attendance at meetings.

The Company may incur an expense which forms part of a larger aggregate expense ("Expense") relating to a number of investment entities for which a member of the Man Group provides services. Such Expense will normally be allocated between the relevant investment entities, including the Company, pro rata to the value of the net assets of the relevant investment entity, in conjunction with a flat fee per investment entity for a portion of the Expense, where possible and appropriate. In all such cases, the Directors shall liaise with the Investment Manager to determine the basis on which the Expense shall be allocated to the Company and in doing so will seek to ensure that all expenses borne by the Company are equitable.

### Brokerage fees

The Company shall bear all costs of trading transactions and interest on borrowing.

Brokerage fees will be charged at market rates by the Broker and comprise execution fees charged by executing brokers, exchange fees and the fee charged by the Brokers. The Introducing Broker will charge a fee to the Company of 1% per annum of the Net Asset Value.

### Notice for fee increase

One month's prior notice will be given to Shareholders for any increase in the Management Fee, Incentive Fee, Custodian fee, Hong Kong Representative fees, Services Manager fees and Brokerage fees.

### Best Execution

Transactions for the Company are allocated to brokers, dealers and/or trading venues (as defined by the Markets Financial Instruments Directive) on the basis of best execution (in accordance with the rules of the FCA, SEC and MiFID II) based on a number of factors, including, among other things, execution costs inclusive of commission rates, speed and likelihood of execution, impact on market price, availability of price improvement, liquidity of the instrument, the broker's financial strength, ability to commit capital, stability and responsibility, reputation, reliability, overall past performance of services, responsiveness to the Investment Manager as well as means of communication, quality of recommendations, deal calendar, ability to execute trades based on the characteristics of a particular trade, technology and trading systems, trading activity in a particular security, block trading and block positioning capabilities, nature and frequency of sales coverage, net price, depth of available services, arbitrage operations, bond capability and options operations, investment banking coverage, capacity of syndicate operations, the availability of stocks to borrow for short trades, willingness to execute related or unrelated difficult transactions, order of call, back office, settlement processing and special execution capabilities, efficiency and speed of execution, and error resolution. The Investment Manager will take all sufficient steps to execute the order in a manner designed to obtain the best possible results for the Company on a consistent basis. However the Investment Manager does not need to, nor will it, seek the best result on each and every trade but rather ensures that methodologies employed achieve overall best execution on behalf of the Company. The Investment Manager has established a best execution committee to review execution performance and other execution related decisions taken by the Investment Manager on behalf of the Company.

In entering into transactions with brokers or dealers connected to the Investment Manager on behalf of the Company, the custodian, directors of the Company or any of their connected persons, the Investment Manager will ensure that:

- (a) such transactions are on arm's length terms;
- (b) it uses due care in the selection of such brokers or dealers and ensure that they are suitably qualified in the circumstances;



- (c) transaction execution must be consistent with applicable best execution standards;
- (d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
- (e) it monitors such transactions to ensure compliance with its obligations; and
- (f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the Company.

Neither the Investment Manager nor any of its connected persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for the Company to such brokers or dealers.

There are no soft commission arrangements in place.

# Names and addresses

## Directors

### Michael Collins (President) (British)

Argonaut Limited  
Argonaut House  
5 Park Road  
Hamilton HM 09  
Bermuda

Mr Collins is the managing director of Argonaut Limited, Bermuda. Shirelle Jones is an alternate director to Mr Collins.

### Dawn Griffiths (British)

Conyers Dill & Pearman Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

Ms Griffiths is a director of Conyers Dill & Pearman Limited, barristers and attorneys, Bermuda.

### David Smith (British)

Equus Asset Management Partners L.P.  
27 Queen Street  
Hamilton HM 11  
Bermuda

Mr Smith is a partner of Equus Asset Management Partners L.P.

## Registered office of the Company

5 Reid Street  
Hamilton HM 11  
Bermuda

## Company Secretary

Christine Perinchief  
c/o SS&C Fund Services (Bermuda) Ltd.  
5 Reid Street  
Hamilton HM 11  
Bermuda

## Investment Manager and Introducing Broker

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

## Marketing Adviser and Services Manager

Man Investments AG  
Huobstrasse 3  
8808 Pfäffikon SZ  
Switzerland

## Custodian

The Bank of New York Mellon SA/NV, Dublin Branch  
Riverside 2, Sir John Rogerson's Quay,  
Grand Canal Dock, Dublin 2, D02 KV60, Ireland

## Registrar

BNY Mellon Alternative Investment Services Ltd.  
Ingham and Wilkinson Building, 4th Floor  
129 Front St.  
Hamilton HM12  
Bermuda

Email: [man.shareholderservicing@bnymellon.com](mailto:man.shareholderservicing@bnymellon.com)

## Administrator

BNY Mellon Fund Services (Ireland) Designated Activity Company

### Registered Office

Guild House  
Guild Street  
IFSC  
Dublin 1  
Ireland

### Business Address

Riverside Two  
Sir John Rogerson's Quay  
Grand Canal Dock  
Dublin 2  
Ireland

Tel: + 353 1 790 3554

Fax: + 353 1 790 4007

Email: [man.shareholderservicing@bnymellon.com](mailto:man.shareholderservicing@bnymellon.com)

The Bank of New York Mellon  
Alternative Investment Services  
Level 24, Three Pacific Place,  
1 Queen's Road East  
Hong Kong  
Attn: Investor Services Team

Tel: + 852 2840 2628

Fax: + 852 8009 69011

Email: [ManAsiaDealing@BNYMellon.com](mailto:ManAsiaDealing@BNYMellon.com) (for Dealing Forms)  
[ManAsiaInvestorServicing@BNYMellon.com](mailto:ManAsiaInvestorServicing@BNYMellon.com)  
(for Investor Queries)

## Hong Kong Representative

Man Investments (Hong Kong) Limited  
Unit 2206-2207  
22/F Man Yee Building  
No. 68 Des Voeux Road  
Central  
Hong Kong

Tel: +852 2230 7231

Email: [InvestorServicesAsia@man.com](mailto:InvestorServicesAsia@man.com)

## Auditors

Ernst & Young Ltd.  
3 Bermudiana Road  
Hamilton HM 11  
Bermuda

## Legal adviser as to matters of Bermudian law

Conyers Dill & Pearman Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

# Appendix 1

## Definitions

**'Act'** means the Companies Act 1981 of Bermuda, as the same may be amended from time to time.

**'Administrator'** means BNY Mellon Fund Services (Ireland) Designated Activity Company.

**'AHL'** means an investment division of Man Group.

**'AHL Diversified Programme'** means the programme described in the section entitled 'The AHL Diversified Programme'.

**'Anti-money Laundering Documents'** means the documentation required to be provided by an Applicant as part of their application for Shares as set out in the applicable appendix to the relevant Application Form.

**'Applicant'** means any person, in whose name an application to subscribe for Shares is made by submitting a duly completed and signed Application Form and 'Applicants' shall be construed accordingly.

**'Application Form'** means the application form to be completed and executed by an investor upon applying for Shares and 'Application Forms' shall be construed accordingly.

**'Auditors'** means Ernst & Young Ltd, chartered accountants of 3 Bermudiana Road, Hamilton HM 11, Bermuda.

**'BNYM Fund Services Agreement'** means the fund services agreement entered into by and between the Services Manager and the Administrator, as amended and restated from time to time.

**'BNYM Hong Kong'** means The Bank of New York Mellon, Alternative Investment Services, Level 24, Three Pacific Place, 1 Queen's Road East, Hong Kong.

**'Broker'** means any party or parties appointed from time to time as clearing and/or prime broker of the Company and **'Brokers'** shall be construed accordingly. Currently, no prime broker has been appointed by the Company.

**'Business Day'** means a day (except Saturday and Sunday) on which financial markets are generally open for business in Dublin, London, Hong Kong, and New York provided that if on any such day, the period during which the financial market in Hong Kong is open is reduced as a result of a Number 8 or above Typhoon Signal, Black Rainstorm warning issued by the Hong Kong Observatory or other similar event, such day shall not be a Business Day unless the Directors otherwise agree.

**'Bye-laws'** means the bye-laws of the Company, as amended from time to time.

**'Company'** means Man AHL Diversified Futures Ltd, a company incorporated with limited liability in Bermuda under the Companies Act 1981 of Bermuda.

**'Company Secretary'** means SS&C Fund Services (Bermuda) Ltd. (formerly known as Citi Fund Services (Bermuda), Ltd.) or such other person or entity as may be appointed by the Company from time to time as its company secretary.

**'Company Secretarial Services Agreement'** means the company secretarial services agreement entered into by and between the Company and SS&C Fund Services (Bermuda) Ltd.

**'Custodian'** means The Bank of New York Mellon SA/NV, Dublin Branch.

**'Dealing Day'** means the first Business Day following a Valuation Day or such other days as the Directors shall from time to time determine.

**'Directors'** means the directors (or any alternate director) of the Company or any duly authorised committee thereof and 'Director' shall be construed accordingly.

**'EMIR'** means the European Market Infrastructure Regulation.

**'FCA'** means the Financial Conduct Authority, a company limited by guarantee established and authorised to carry out its regulatory functions under the FSMA (and any successor regulatory organisation).

**'FSMA'** means the Financial Services and Markets Act 2000 of the United Kingdom (as amended by the Financial Services Act 2012), as the same may be amended from time to time.

**'Fund'** means all consideration received by the Company for the allotment or issue of Participating Shares together with all investments in which such consideration is invested or reinvested and all income earnings, profits and proceeds thereof and 'Funds' shall be construed accordingly.

**'Futures Contracts'** means contracts (including contracts which are not traded on-exchange and which are not readily realisable investments) on and for physical commodities, currencies, mortgage-backed securities, money market instruments, obligations of and guaranteed by the governments of sovereign nations, and any other financial instruments, securities, stock, financial, and economic indices, and items which are now, or may hereafter be, the subject of futures contract trading, futures contracts, options on futures contracts and physical commodities, cash and forward contracts, foreign exchange commitments, deferred delivery contracts, leverage contracts, and other commodity related contracts, agreements and transactions (including contingent liability transactions), and 'Futures Contract' shall be construed accordingly.

**'Hong Kong Representative'** means Man Investments (Hong Kong) Limited, a limited liability company incorporated in Hong Kong and a member of the Man Group, or such other party as is appointed Hong Kong Representative of the Company and the Investment Manager from time to time.

**'IFA'** means the Investment Funds Act 2006 of Bermuda (as amended).

**'Introducing Broker'** means AHL Partners LLP of Riverbank House, 2 Swan Lane, London EC4R 3AD, United Kingdom, a limited liability partnership established in England and authorised and regulated by the FCA in the conduct of its regulated activities in the United Kingdom.

**‘Investment Management Agreement’** means the agreement between the Company, the Investment Manager and Man Investments AG, as described in section 11 of Appendix 2 to this Prospectus.

**‘Investment Manager’** means AHL Partners LLP of Riverbank House, 2 Swan Lane, London EC4R 3AD, United Kingdom, a limited liability partnership established in England and authorised and regulated by the FCA in the conduct of its regulated activities in the United Kingdom.

**‘Man Group’** means:

- (i) Man Group plc;
- (ii) any company or other entity which directly or indirectly controls, is controlled by or is under common control with Man Group plc (including any holding company or subsidiary, each within the meaning of section 1159 of the Companies Act 2006); and
- (iii) any limited partnership or limited liability partnership whose general partner or managing member is an entity in (ii) above,

but excluding any investment fund in relation to which Man Group plc or an entity or partnership in (ii) or (iii) above provides investment management, advisory, marketing or related services.

**‘Manager Shares’** means the shares of a par value of USD 1 in the capital of the Company having the rights and being subject to the restrictions described in sections 1 and 2 of Appendix 2 and **‘Manager Share’** shall be construed accordingly.

**‘Marketing Adviser’** means Man Investments AG, acting in its capacity as marketing adviser pursuant to the investment management agreement.

**‘Minimum Holding’** means the minimum number of Shares or USD amount which a Shareholder must maintain, being 300 Shares or USD 10,000, whichever is lesser (based on last published NAV) or such lesser amount as the Directors in their discretion may determine.

**‘Minimum Redemption’** means the minimum number of Shares which a Shareholder may redeem pursuant to any single redemption application being 200 Shares.

**‘Net Asset Value’** or **‘NAV’** means the amount calculated by the Administrator on each Valuation Point, which amount is equal to the value of the net assets of the Company for the benefit of the Shareholders (as such value is more particularly described in the section headed ‘Share valuation’).

**‘Net Asset Value per Share’** means the Net Asset Value divided by the numbers of Shares outstanding at each Valuation Point.

**‘Non-qualified Person’** means (i) any person who by acquiring and/or holding Shares, would be in breach of the law or requirements of any country or governmental authority; or (ii) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Directors to

be relevant) which, in the opinion of the Directors, might result in the Company incurring any liability to taxation or suffering any other pecuniary or commercial disadvantage that the Company might not otherwise have incurred or suffered; or (iii) any US Person.

**‘OECD’** means the Organisation for Economic Co-operation and Development.

**‘Other Accounts’** means other investment products or managed accounts to which the Investment Manager provides investment advice or other services from time to time.

**‘Participating Share’** or **‘Share’** means each of the 75,000,000 redeemable participating shares of USD 0.01 offered pursuant to this Prospectus (comprising both Tranche A Shares and Tranche B Shares) and **‘Participating Shares’** or **‘Shares’** shall be construed accordingly.

**‘Prospectus’** means this prospectus dated 9 April 2018 relating to the offering of Shares by the Company including the appendices to this Prospectus accompanied by a copy of the latest audited financial statements of the Company.

**‘Recognised Exchange’** means an investment exchange recognised under the Financial Services and Markets Act 2000 (UK) or designated by the Securities and Investments Board and, when the context so admits, includes a recognised clearing house through which transactions effected under the rules of a Recognised Exchange may be cleared and **‘Recognised Exchanges’** shall be construed accordingly.

**‘Registrar’** means BNY Mellon Alternative Investment Services Ltd or such other party of parties as is or are appointed as registrar from time to time.

**‘Service’** means United States Internal Revenue Service

**‘Services Manager’** means Man Investments AG.

**‘SFC’** means the Securities and Futures Commission in Hong Kong referred to in section 3(1) of the Securities and Futures Ordinance.

**‘Shareholders’** means the holders of a Participating Share and **‘Shareholder’** shall be construed accordingly.

**‘Subscription Account’** means the subscription account opened by the Company with the Bank of New York Mellon, SA/NV (the details of which are set out in the Application Form).

**‘Subscription Price’** means the price at which Shares can be purchased, which shall be ascertained by: (a) determining the Net Asset Value of the Company calculated as at the last Valuation Point prior to the Dealing Day the relevant Shares are issued; (b) dividing the amount calculated under (a) above by the number of Shares in issue or deemed to be in issue as at the relevant Valuation Point; and (c) deducting therefrom such amount as may be necessary to round the resulting amount down to the nearest cent.

**‘United States’** or **‘US’** means the United States of America and its territories and possessions including any state thereof and the District of Columbia.



**‘US Person’** means with respect to any person, any individual or entity that would be (i) a “United States Person” as defined under Regulation S promulgated under the US Securities Act of 1933, as amended; or (ii) a person or entity that is not a “Non-United States Person” as defined under US Commodity Futures Trading Commission Regulation 4.7; (iii) a “US person” under the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations published by the US Commodity Futures Trading Commission on July 26, 2013; or (iv) a “United States person” under the US Internal Revenue Code of 1986, as amended.

**‘USD’** means dollars in the currency of the United States of America.

**‘Valuation Day’** means any Business Day and/or such other day or days in addition thereto or in substitution thereof as may from time to time be determined by the Directors, either in any particular case or generally, but so that there shall be at least one Valuation Day in each month.

**‘Valuation Point’** means the time of close of business in the market or markets relevant for the valuation of the assets and liabilities of the Company on the Valuation Day and **‘Valuation Points’** shall be construed accordingly.

# Appendix 2

## General information

### 1. Incorporation

The Company was incorporated on 11 September 1997 in Bermuda with limited liability under the Companies Act 1981 of Bermuda. The memorandum of association and the Bye-laws of the Company comprise its constitution.

On incorporation the authorised share capital of the Company was USD 12,000 divided into 12,000 Manager Shares of a par value of USD 1 each. Shortly after incorporation the authorised share capital was increased from USD 12,000 to USD 762,000 by the creation of an additional 75,000,000 shares of USD 0.01 par value designated as Participating Shares.

The Manager Shares are owned by Master Multi-Product Holdings Ltd, a Bermuda exempted company, which is itself owned by Codan Trust Company Limited in its capacity 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 Codan Trust Company Limited dated 14 December 2005.

The Shares are available for issue at the discretion of the Directors.

### 2. Manager Share rights

The holders of Manager Shares shall:

- (a) not be entitled to vote;
- (b) not be entitled to any dividends whatsoever in respect of such Manager Shares;
- (c) in the event of a winding up or dissolution of the Company, whether voluntary or involuntary or for the purpose of reorganisation or otherwise or upon distribution of capital, be entitled *pari passu* with the holders of Shares, to an amount equal to the nominal amount paid up on such Manager Shares out of the assets of the Company but shall not be entitled to any other or further amount; and
- (d) not be subject to redemptions or repurchase of such Manager Shares, whether at the option of the Company or the holder.

### 3. The Shares

The holders of the Shares shall:

- (a) be entitled to one vote per Share;
- (b) be entitled to such dividends as the Directors may from time to time declare;
- (c) in the event of a winding up or dissolution of the Company, whether voluntary or involuntary or for the purposes of reorganisation or otherwise or upon any distribution of capital, be entitled, subject to the provisions of the Bye-laws, to share *pro rata* in the remaining assets of the Company; and
- (d) be entitled, and subject, to redemption or repurchase of such Shares as provided in these Bye-laws.

### 4. Redemption price

On each Dealing Day, the redemption price per Share will be the Net Asset Value per Share as at the last Valuation Point rounded down to the nearest whole cent.

Any certificate as to the Net Asset Value per Share and/or redemption price per Share given in good faith by or on behalf of the Directors is binding on all parties.

The payment of redemption proceeds will be made usually within five Business Days or as soon as practicable thereafter following the calculation of the Net Asset Value as at the relevant Valuation Point (but in any event within one calendar month of receipt by BNYM (Hong Kong) (or such other entity contracted to receive applications) of the relevant redemption notice) in accordance with the provisions set out under the section headed 'Procedure for redemption'.

### 5. Suspension of valuations

The Directors may suspend the determination of the Net Asset Value for the whole or any part of a period during which: any exchange or market on which any significant portion of the investments of the Company are listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such exchange or market is restricted; circumstances exist as a result of which in the opinion of the Directors it is not reasonably practicable for the Company to dispose of investments of the Company, or as a result of which any such disposal would be materially prejudicial to Shareholders; a breakdown occurs in any of the means normally employed in ascertaining the value of investments or when for any other reason the value of any of the investments or other assets of the Company cannot reasonably or fairly be ascertained; the Company is unable to repatriate funds required for the purpose of making payments due on redemption of the Shares; or any transfer of funds involved in the realisation or acquisition of investments or payments due on redemptions of the Shares cannot, in the opinion of the Directors, be effected at normal rates of exchange.

### 6. Directors

- (a) The remuneration of the Directors will be determined by the Company in a general meeting. The Directors may also be paid, *inter alia*, for travelling, hotel and other expenses properly incurred by them in attending meetings of the Directors or in connection with the business of the Company. Any Director who devotes special attention to the business of the Company may be paid such extra remuneration as the Directors may determine.
- (b) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director, or may act in a professional capacity for the Company on such terms as the Directors may determine. No Director shall be disqualified by his office from contracting with the Company in any capacity, nor shall any such contract or arrangement entered into by the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office if he shall declare the nature of

his interest. However, with certain limited exceptions, in the case of obligations incurred on behalf of the Company, and of proposals concerning other companies in which he has a beneficial interest of at least one percent, a Director shall not vote and shall not be counted in the quorum in respect of any contract or arrangement in which he is so interested, and if he shall vote, his vote shall not be counted, unless he has declared the nature of his interest at the first opportunity at a meeting of the Directors or in writing to the Directors and no other Director objects to the interested Director voting on such arrangement.

- (c) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting at which he or any other Director is appointed to hold any such office or place of profit under the Company or at which the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of terms thereof.
- (d) There is no provision in the Bye-laws requiring a Director to retire by reason of any age limit and there is no share qualification for Directors.

## 7. Restrictions on Shareholders

The Directors have power to impose such restrictions as they may think necessary for the purpose of ensuring that no Shares are acquired or held by a Non-qualified Person. If it comes to the notice of the Directors that any Shares are so held by any such Non-qualified Person the Directors may give notice to such person requiring the redemption or transfer of such Shares in accordance with the provisions of the Bye-laws. A person who becomes aware that he is holding or owning Shares in breach of any such restriction is required either to deliver to the Company a written request for redemption of his Shares in accordance with the Bye-laws, or to transfer the same to a person who would not thereby be a Non-qualified Person.

## 8. Indemnities

The Bye-laws of the Company contain indemnities in favour of the Directors, secretary and other officers and servants for the time being of the Company. In addition, certain of the material contracts referred to in section 11 below contain provisions under which the Company indemnifies the other parties thereto.

## 9. Commission

Save as disclosed in this Prospectus, no commission, discounts, brokerage or other special terms have been granted by the Company in connection with the issue or sale of any Shares.

## 10. Interests

The Investment Manager is a member of the Man Group. The Man Group or affiliated companies will receive, directly or indirectly, fees in respect of valuation services provided, advisory and management and registrar fees from the Company and will, from time to time, make loans bearing commercial rates of interest to the Company.

No Director has any interest in the Shares. Ms Griffiths and Mr Collins also serve as directors of Master Multi-Product Holdings Ltd which is the owner of the Manager Shares of the Company. Ms Perinchief, the Company secretary, is an employee of SS&C

Fund Services (Bermuda) Ltd..

There are no existing or proposed service contracts between any of the Directors and the Company but the Directors may receive remuneration as provided in the Bye-laws.

## 11. Material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company and are, or may be, material:

- (a) the amended and restated Investment Management Agreement between the Company, Man Investments AG and the Investment Manager, effective 1 January 2020, pursuant to which the Investment Manager has agreed to provide investment management advice, trading advice and risk management services to the Company and pursuant to which Man Investments AG has been appointed as Marketing Adviser;
- (b) the deed of novation and amendment between the Introducing Broker, Man Investments AG and the Company dated 5 September 2016 in relation to an introducing broker agreement between Man Investments AG and the Company, dated 4 September 2012 pursuant to which AHL Partners LLP has been appointed as Introducing Broker of the Company;
- (c) the early redemption agreement between the Company and the Marketing Adviser, dated 11 March 1998 as amended and restated in the amended and restated early redemption agreement dated 4 September 2012, pursuant to which the Company has agreed to pay, in consideration of certain marketing related expenses incurred by the Marketing Adviser on behalf of the Company, to the Marketing Adviser a fee for early redemption of Shares. The amount of this fee is set out under the section headed 'Fee for early redemption of Shares';
- (d) the Services Management Agreement between the Company and the Services Manager dated 21 March 2017, pursuant to which the Services Manager will select and appoint (as principal) service providers to provide general shareholder services (which will include maintenance of the Company's register) and certain accounting and valuation services to the Company, as well as monitoring the providers of those services;
- (e) the Company Secretarial Services Agreement between the Company and SS&C Fund Services (Bermuda) Ltd. dated 4 September 2012, pursuant to which the Company Secretary has agreed to provide certain corporate administrative services to the Company;
- (f) the custodian agreement between the Company, the Investment Manager and the Custodian dated 20 September 2018 and further amended by way of an amendment agreement effective 1 January 2020; and
- (g) the Hong Kong representative agreement between the Company, the Investment Manager and the Hong Kong Representative, dated 25 March 2011, as amended and restated on 21 July 2014, pursuant to which the Hong Kong Representative has been appointed as the Hong Kong Representative of the Company and the Investment Manager.

## 12. Consents

The Auditors have given and have not, before delivery of a copy of this Prospectus for filing with the Registrar of Companies in Hong Kong and in Bermuda, withdrawn their written consent to the inclusion of their name and their report in the form and context in which they appear.

## 13. Meetings

The financial year end of the Company is 30 September in each year. Audited financial statements and unaudited semi-annual financial reports will be published on the Man's Hong Kong website at [www.man.com](http://www.man.com) (this website is not authorised and reviewed by the SFC and it may contain non-SFC authorised funds). Audited financial statements will be made available prior to the annual general meeting in each year within four months of the financial year end and unaudited semi-annual financial report will be made available within two months of the relevant accounting period. Audited financial statements and unaudited semi-annual financial reports will only be available in English. Copies will be provided by the Hong Kong Representative upon request.

Annual general meetings will usually be held in Bermuda (normally during February or March of each calendar year or such other date as the Directors may determine). Notices convening each annual general meeting will be sent to Shareholders not later than 21 days before the date fixed for the meeting.

## 14. Litigation

The Company is not engaged in any litigation or arbitration proceedings and is not aware of any litigation or claim pending or threatened by or against it.

## 15. Change in financial position

There has been no significant change in the financial position of the Company since the date of the latest audited financial statements of the Company to the date of this Prospectus.

The Directors confirm that as of the date of issue of this Prospectus, there are no events which have occurred subsequent to the date of the last audited financial statements and prior to the date of issue of this document that either provide material additional information relating to conditions that existed at the date of such financial statements or which cause significant changes to assets or liabilities relating to the Company or which will or may have a significant effect on the future operations of the Company other than those events which occur in the normal course of business of a fund (including the subscriptions and redemptions of Shares and changes in the market value of the assets of the Company).

## 16. Taxation

Investors should appreciate that as a result of changing law or practice, or unfulfilled expectations as to how the Shares, the Company or investors will be regarded by revenue authorities in different jurisdictions, taxation consequences for investors may vary. Investors should consult their professional advisers on the possible tax consequences of their subscribing for, purchasing, holding, selling or redeeming Shares under the laws of their countries of citizenship, residence, ordinary residence or domicile. The following comments are based on advice received by the Directors regarding current law and

practice in Bermuda and Hong Kong and are intended to assist investors.

### Bermuda

At the date of this Prospectus, there is no Bermuda income, corporation, or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or its Shareholders, other than Shareholders ordinarily resident in Bermuda.

The Company has obtained from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act, 1966, as amended, an undertaking that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not until 31 March 2035 be applicable to the Company or to any of its operations or to the shares, debentures or other obligations of the Company, except in so far as such tax applies to persons ordinarily resident in Bermuda and holding such shares, debentures or other obligations of the Company or any land leased or let to the Company. As an exempted company, the Company is liable to pay the Bermuda Government a fixed registration fee currently at rates between USD 2,095 and USD 32,676 per annum, calculated by reference to the authorised share capital of the Company. In addition there is an annual fee payable to the Bermuda Monetary Authority under the provisions of the Investment Funds Act 2006.

### Hong Kong

Under current Hong Kong law and practice:

- (a) profits of the Company arising from the sale or disposal of securities, interest received by or accrued to the Company and profits arising under foreign exchange and Futures Contracts are exempt from profits tax;
- (b) profits tax will not be payable by any investors in respect of the sale, redemption or other disposal of Shares (unless such transactions form part of a trade, profession or business carried on in Hong Kong); and
- (c) no tax will be payable by investors in Hong Kong in respect of dividends or other income distribution of the Company (if any).

### Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("AEOI"). The AEOI requires financial institutions ("FI") in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FIs, and to file such information with the Hong Kong Inland Revenue Department ("IRD") who in turn will exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement ("CAA"); however, FIs may further collect information relating to residents of other jurisdictions.



By investing in the Company and/or continuing to invest in the Company through FIs in Hong Kong, investors acknowledge that they may be required to provide additional information to the relevant FI in order for the relevant FI to comply with AEOI. The investor's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such unitholders that are not natural persons), may be communicated by the IRD to authorities in other jurisdictions.

Each shareholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Company through FIs in Hong Kong.

### **Identity of Beneficial Ownership and Withholding on Certain Payments**

#### **United States**

The United States of America (U.S.) Foreign Account Tax Compliance Act ("FATCA") provisions enacted under the Hiring Incentives to Restore Employment Act, 2010, and regulations issued thereunder require foreign financial institutions ("FFIs") to agree inter alia (i) to report to the Inland Revenue Service of the U.S. ("IRS") certain taxpayer information (including name, address and taxpayer identification number and account details) regarding U.S. account holders (or in the case of account holders that are non-U.S. entities owned by U.S. owners, regarding those U.S. owners) and (ii) to impose U.S. withholding tax of 30 per cent (the "Withholding Tax") on certain payments made to a recalcitrant account holder or a non-participating FFI.

As part of the process of implementing FATCA, the U.S. government has negotiated intergovernmental agreements ("IGAs") with many foreign jurisdictions to make it easier for FFIs in those partner jurisdictions to comply with the provisions of FATCA. Bermuda has signed a Model 2B (non-reciprocal) inter-governmental agreement with the U.S. (the "U.S. IGA") to give effect to the reporting rules. Under the U.S. IGA, FFIs will be required to enter into a foreign financial institution agreement ("FFI Agreement") with the IRS to obtain the status as a participating FFI and will be required to report information on U.S. account holders to the IRS.

As a Bermuda Reporting Financial Institution ("Bermuda FI"), the Company has registered with the IRS as a Reporting Model 2 FFI and agreed to identify relevant "Specified U.S. Persons" (being any U.S. investor and any non U.S. investor with U.S. owners). Provided that the Company complies with the U.S. IGA and the FFI Agreement, it will not be subject to the related Withholding Tax. Investors will generally be required to provide to the Company information that identifies their direct or indirect U.S. ownership. Any such information provided to the Company will be disclosed to the IRS annually on an automatic basis unless it is otherwise exempt from the reporting and withholding rules.

#### **General Points**

The Standard for Automatic Exchange of Financial Account Information in Tax Matters (commonly referred to as the "Common Reporting Standard" or "CRS") is a regime developed by the Organisation for Economic Co-operation

and Development ("OECD") to facilitate and standardize the exchange of information on residents' assets and income, primarily for taxation purposes, between numerous jurisdictions around the world ("participating foreign jurisdictions"). Bermuda is a signatory to The Multilateral Convention on Mutual Administrative Assistance in Tax Matters which permits participating foreign jurisdictions to enter into agreements that provide for the automatic exchange of information with respect to certain tax matters. On 29 October 2014, Bermuda signed The Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (the "MCAA") which provides the legal basis through which participating foreign jurisdictions can agree to the CRS. Bermuda, together with over 60 other participating foreign jurisdictions, has committed to implement CRS with effect from 1 January 2016 and as a result, the Company is required to identify accounts held directly or indirectly by residents in participating foreign jurisdictions and to report information on such persons to the relevant tax authority in Bermuda, which will then exchange such information annually with foreign fiscal authorities in the participating foreign jurisdictions (the "foreign fiscal authorities").

In future, it is possible that IGAs similar to the U.S. IGA and the MCAA may be entered into with other countries or jurisdictions by the Bermuda Government to introduce similar regimes for reporting to other countries' or jurisdictions' fiscal authorities.

By investing (or continuing to invest) in the Company, investors shall be deemed to acknowledge and agree, and have given their consent to, the following:

- (i) the Company (or its agent) may be required to disclose to the IRS, HMRC and other relevant foreign fiscal authorities certain confidential information in relation to the investor or its direct or indirect shareholders, including, but not limited to, the investor's name, address, tax residencies, tax identification number (if any), social security number (if any) and certain information relating to the investor's investment;
- (ii) the Company (or its agent) may be required to disclose to the IRS, HMRC and other relevant foreign fiscal authorities certain confidential information when registering with such authorities and if such authorities contact the Company (or its agent directly) with further enquiries;
- (iii) the Company will require the investor to provide additional information and documentation which the Company is required to disclose to the IRS, HMRC or other relevant foreign fiscal authorities;
- (iv) in the event that an investor's failure to comply with any FATCA related reporting requirements results in Withholding Tax, the Company reserves the right to ensure that any such Withholding Tax and any other withholdings or related costs, expenses, fines, interest, penalties, debts, losses or liabilities incurred by the Company, the Investment Manager or any other agent, delegate, employee, director, officer or affiliate of any of the foregoing persons, arising from such investor's failure to comply is economically borne by such investor (including, without limitation, by deducting such amounts from redemption proceeds or from any amount paid to that investor in

respect of any dividend or other distribution declared and paid or to be paid by the Company);

- (v) in the event an investor does not provide the requested information or documentation and has not itself complied with the applicable requirements, whether or not that actually leads to compliance failures by the Company, or a risk of the Company or its investors being subject to Withholding Taxes as a result of FATCA, or otherwise results in withholding tax being imposed or any related costs, expenses, fines, interest, penalties, debts, losses or liabilities being incurred, the Company reserves the right to take any action and/or pursue all remedies at its disposal, including, without limitation, the immediate compulsory redemption or withdrawal of the investor concerned. Such withholding and redemption will be carried out as permitted by applicable laws and regulations and the Investment Manager will act in good faith and on reasonable grounds;
- (vi) no investor (to include a person who has ceased to be an investor) affected by any such action or remedy pursued by or on behalf of the Company in order to comply with FATCA, or mandatory tax information reporting requirements to which the Company is subject (or any relevant legislation, regulations or official guidance published in connection therewith) (together, the "Reporting Requirements") shall have any claim against the Company, the Investment Manager or any other agent, delegate, employee, director, officer or affiliate of any of the foregoing person for any form of damages or liability as a result of such action or remedy and the investor shall be deemed to have consented to the taking of such action or the exercise of such remedy and to have waived any and all rights or claims in respect thereof, to the fullest extent permitted by applicable law.

This summary does not address all of the provisions of FATCA and/ or the U.S.-IGA or U.K.-IGA or other Reporting Requirements that might be applicable to the Company or a particular investor. Moreover, changes in applicable tax and regulatory laws after the date of this Prospectus may alter anticipated tax consequences or the matters referred to in this summary. None of the Company, the Investment Manager, or any of their respective officers, directors, employees, agents, accountants, counsel or consultants assumes any responsibility for the tax consequences to any investor of an investment in the Company.

Shareholders should consult their own tax advisors regarding FATCA and any equivalent or similar regime and the possible implications of such rules for their investments in the Company.

An investment in the Company could result in significant adverse tax consequences for investors, which are not discussed herein. Accordingly, potential investors should not invest in the Company without first consulting their tax advisors.

## **17. Exchange control**

The Company has been classified as non-resident of Bermuda for exchange control purposes by the Bermuda Monetary Authority, whose permission for the issue of Shares of the Company has been obtained. The transfer of Shares between persons regarded as resident outside Bermuda for exchange control purposes and the issue and redemption of Shares to or by such persons may be effected without specific consent under the Exchange Control Act 1972 of Bermuda and regulations made thereunder. Issues and transfers involving any person regarded as resident in Bermuda for exchange control purposes require specific prior authorisation under the Act.

The Company, by virtue of being non-resident in Bermuda for exchange control purposes, is free to acquire, hold and sell any foreign currency and investments without restriction.

## **18. Inspection of documents**

Copies of the following documents are available for inspection at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) free of charge at the offices of the Company in Bermuda and at the offices of the Hong Kong Representative (from whom copies may be purchased):

- (a) the Companies Act 1981 (as amended) of Bermuda;
- (b) the memorandum of association and Bye-laws of the Company;
- (c) the material contracts referred to in section 11 above;
- (d) latest financial statements and audited report thereon; and
- (e) the written consent of the Auditors referred to above.

## Appendix 3

### Selling restrictions

The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions.

No persons receiving a copy of this Prospectus or the accompanying Application Form in any such jurisdiction may treat this Prospectus or such Application Form as constituting an invitation to them to subscribe for Shares, nor should they in any event use such Application Form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such Application Form could lawfully be used without compliance with any registration or other legal requirements.

#### Argentina

The Shares are not and will not be marketed in Argentina by means of a public offer of securities, as such term is defined under Section 16 of Law N° 17,811, as amended. No application has been or will be made with the Argentine Comisión Nacional de Valores, the Argentine securities governmental authority, to offer the Shares in Argentina.

#### Australia

No offer of securities or any other financial product is being made into Australia other than to investors who are both: (i) “wholesale clients” as defined in section 761G of the Corporations Act (Cth) 2001; and (ii) “Sophisticated investors” as defined in section 708(8) of the Corporations Act (Cth) 2001 or “Professional investors” as defined in section 708(11) of the Corporations Act (Cth) 2001.

This Prospectus has not been, and will not be, lodged with the Australian Securities and Investments Commission as a disclosure document for the purposes of the Corporations Act (Cth) 2001.

Any Shares issued upon acceptance of the offering may not be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least twelve (12) months after their issue, except in circumstances where disclosure to investors is not required under Chapter 6D of the Corporations Act (Cth) 2001 or unless a disclosure document that complies with the Corporations Act (Cth) 2001 is lodged with the Australian Securities and Investments Commission.

Investors are advised that the Company is not licensed in Australia to provide financial product advice in relation to the Shares. No cooling-off regime will apply in respect of the acquisition of Shares.

#### Bahrain

This offer is a private placement. It is not subject to the regulations of the central bank of Bahrain that apply to public offerings of securities, and the extensive disclosure requirements and other protections that these regulations contain. This Prospectus is therefore intended only for “Accredited Investors” as defined below.

The financial instruments offered by way of private placement may only be offered in minimum subscriptions of \$100,000 (or equivalent in other currencies). The Central Bank of Bahrain assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this document.

The board of directors and the management of the issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the board of directors and the management, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the reliability of such information.

“Accredited Investors” are defined as:

- a. Individuals holding financial assets (either singly or jointly with their spouse) of USD 1,000,000 or more;
- b. Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD 1,000,000; or
- c. Governments, supranational organisations, central banks or other national monetary authorities, and state organisations whose main activity is to invest in financial instruments (such as state pension funds).

#### Brazil

The Company and its Shares have not been, nor will they be, registered or qualified under any rules issued by the Brazilian Securities Exchange Commission (the “CVM”) or any applicable securities laws of Brazil, and are not, and will not be, subject to public offering in Brazil. Therefore, the Company and its Shares cannot be marketed, offered or sold to the general public in Brazil. Any offers or sales of Shares in violation of the foregoing shall be considered as an irregular public offering of securities in Brazil, and treated by the Fund as void.

This Prospectus is highly confidential and has been delivered to an exclusive and restricted group of potential investors who have previous and/or regular business relationship with the distributor and/or such other persons, firms or companies as may from time to time be appointed as distributor or co-distributor or sub-distributor and/or other entities within their group. This Prospectus is personal to the person to whom it has been delivered and does not constitute a public offering of securities or any sort of investment in Brazil. Distribution of this Prospectus to any person other than the person to whom it has been delivered is unauthorised, and any disclosure of any of its contents is prohibited. Each person to whom this Prospectus has been delivered, by accepting delivery of this Prospectus, agrees to the foregoing and agrees not to make any copies of this Prospectus, in whole or in part.

#### Canada

The Shares may not be offered or sold, and this Prospectus may not be delivered, in Canada or to a resident of Canada unless and until this Prospectus is accompanied by an appropriate Canadian wrapper. In addition, the Shares may only be offered or sold to qualified investors in Canada, in accordance with the requirements of the securities regulations of the investor’s place of residence or domicile.

#### Cayman Islands

No invitation to the public in the Cayman Islands to subscribe for Shares is permitted to be made unless the Shares are listed on the Cayman Islands Stock Exchange. As at the date of this Prospectus, no such listing is anticipated to be made.

## Chile

For the residents of the Republic of Chile. Neither the Company nor the Shares have been registered with the Chilean Superintendency of Securities and Insurance (Superintendencia de Valores y Seguros de Chile, the “SVS”). Therefore, the Shares may not be offered, distributed or sold in the Republic of Chile nor may any subsequent resale of the interests be carried out in the Republic of Chile except in circumstances which do not constitute a public offer of securities in the Republic of Chile as defined in the Chilean Securities Market Act (Ley 18,045, Ley de Mercado de Valores) or without complying with all legal and regulatory requirements in relation thereto.

The Prospectus attached hereto is confidential and personal to each offeree, it has not been registered with the SVS and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise to acquire the Shares. Distribution of the Prospectus to any person other than the offeree is unauthorised, and any disclosure of any of the content of the Prospectus without our prior written consent is prohibited. Each investor, by accepting the delivery of the Prospectus, agrees to the foregoing and will not forward or copy the Prospectus or any documents referred to herein.

Each investor must make its own assessment as to whether the Shares may be lawfully acquired by it and seek financial advice in this regard. The Company reserves the right to reject any offer to purchase, in whole or in part, and for any reason, the Shares offered hereby. The Company also reserves the right to sell or place less than all of the Shares offered hereby.

## Colombia

The Shares have not and will not be marketed, offered, sold or distributed in Colombia or to Colombian residents except in circumstances which do not constitute a public offer of securities in Colombia within the meaning of Article 6.1.1.1.1 of Decree 2555 of 2010, as amended from time to time. Neither the Company nor the Shares will be publicly offered, marketed or negotiated in Colombia through promotional or advertisement activities (as defined under Colombian Law) except in compliance with the requirements of Colombian regulations (especially, Decree 2555 of 2010 issued by the Ministry of Finance and Public Credit, Law 964 of 2005 and Decree 663 of 1993 or the Organic Statute of the Financial System), as amended and restated, and decrees and regulations made thereunder. The Shares have not been registered in the National Securities and Issuers Registry (Registro Nacional de Valores y Emisores) of the Colombian Financial Superintendency (Superintendencia Financiera de Colombia) and the Shares are not intended to be offered publicly in Colombia.

Pursuant to Decree 2555 of 2010, as amended by, amongst others, Decree 2955 of 2010, certain requirements must be met in order for Colombian pension fund administrators to be able to invest in private equity funds established outside Colombia.

There are Colombian laws and regulations (specifically foreign exchange and tax regulations) that may be applicable to any transaction or investment consummated in connection with this Prospectus. The investor bears sole liability for full compliance with any such laws and regulations

## Dubai International Financial Centre

This Prospectus relates to a fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority (‘DFSA’).

The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this fund. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it.

The Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares offered should conduct their own due diligence on the Shares.

If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.

## Guernsey

The offer of the Shares described in this Prospectus does not constitute an offer to the public in the Bailiwick of Guernsey for the purposes of the Prospectus Rules 2008 (the “Rules”) issued by the Guernsey Financial Services Commission (the “GFSC”). Neither this Prospectus nor any other offering material relating to the Shares will be distributed or be caused to be distributed to the public in Guernsey. The Rules do not apply to this Prospectus and, accordingly, this Prospectus has not been, nor is it required to be, submitted to or approved or authorised by the GFSC. The Fund will not be regulated by the GFSC. The GFSC has no on-going responsibility to monitor the performance of the Fund or to protect the interests of Shareholders.

To the extent to which any promotion of the Shares is deemed to take place in the Bailiwick of Guernsey, the Shares are only being promoted in or from within the Bailiwick of Guernsey either: (i) by persons licensed to do so under the Protection of the Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the “POI Law”); or (ii) to persons licensed under the POI Law, the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 1994 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000. Promotion is not being made in any other way.

## India

Please note that any Shares of the Company that are issued will be issued strictly on a private placement basis. The Securities and Exchange Board of India (“SEBI”) has not approved, authorised or registered this Prospectus or any offering of the Shares. This Prospectus is made available to the recipient thereof on a restricted and strictly confidential basis in reliance upon the representation of such recipient as to its eligibility to receive this Prospectus and to subscribe for the Shares. No other person is permitted to view this



Prospectus, to subscribe for any Shares or to distribute or solicit for subscription or purchase in any manner this Prospectus, the Shares or any direct or indirect interest in the Company. No general solicitation or offering to the public is made hereby and no more than 49 numbered copies of this Prospectus have been made available to persons in India. This Prospectus is not a prospectus, statement in lieu of a prospectus, draft prospectus, red herring prospectus, shelf prospectus or letter of offer within the meanings given to such terms by the Indian Companies Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, or any other laws or regulations in India.

Investment in the Shares by persons resident in India is subject to compliance with: (i) the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004; (ii) the Master Circular on Direct Investment by Residents in Joint Venture / Wholly Owned Subsidiary Abroad dated 1 July 2011 (RBI/2011- 12/11 Master Circular No. 01/2011-12); and (iii) the Master Circular on Miscellaneous Remittances From India – Facilities for Residents dated 1 July 2011 (RBI/2011 – 12/1) issued by the Reserve Bank of India and as may be amended or replaced from time to time. Except as expressly permitted in terms of the above, no person resident in India is permitted to subscribe for securities of an entity incorporated outside India. In particular, no person in India is eligible to subscribe for or to purchase the Shares, except for the following, subject to the restrictions specified under applicable regulations: (a) companies in India, statutory corporations established by Acts of the Indian parliament and registered partnerships in India which are eligible to invest up to 400% of their net worth in entities outside India (subject to approval of the relevant regulator for investments in entities engaged in financial services) to the extent permitted under the aforesaid regulations; (b) companies listed on a stock exchange in India (other than companies engaged in the financial services sector) that are permitted to invest up to 50% of their net worth in shares of an overseas company which is listed on a recognized stock exchange to the extent permitted by the aforesaid regulations; (c) mutual funds registered with the SEBI to the extent permitted by the aforesaid regulations; (d) Indian resident individuals who intend to make investments up to USD200,000 annually under the liberalized remittance scheme detailed under the Reserve Bank of India's Master Circular on Miscellaneous Remittances From India – Facilities for Residents dated 1 July 2011 (RBI/2011 – 12/1) as may be amended or replaced from time to time; and (e) such other persons who have received express permission from the Reserve Bank of India.

It is the responsibility of each recipient of this Prospectus to evaluate based on legal advice whether any subscription to Shares of the Company is a permissible capital account transaction under the Foreign Exchange Management Act, 1999 and regulations thereunder.

### **Indonesia**

The Shares have not been offered or sold and will not be offered or sold in Indonesia or to Indonesian nationals, corporations or Indonesian citizens under the Indonesian Capital Markets Law (Law No.8/1995), wherever they are

domiciled or to Indonesian residents, including by way of invitation, offering or advertisement, and neither this Prospectus nor any other offering materials relating to the Shares have been distributed, or will be distributed, in Indonesia or to Indonesian nationals, corporations or residents, in a manner which constitutes a public offering of the Shares under the laws or regulations of the Republic of Indonesia.

### **Israel**

Neither this Prospectus nor the Application Form constitutes a prospectus within the meaning of the Israeli Securities Law, 1968 ("Israeli Securities Law"), and none of them have been approved by the Israeli Securities Authority. A prospectus has not been prepared or filed, and will not be prepared or filed with the Israeli Securities Authority in connection with the offer of the Shares under this Prospectus and Application Form.

Neither the Prospectus nor the Application Form constitutes an offer or sale of Securities and/or Units to the general public in the State of Israel, as such terms are defined in the Israeli Securities Law and the Israeli Joint Investment Trust Law, 1994 ("Israeli Joint Investment Trust Law"), respectively.

The Shares are being offered only to special types of investors that are listed in the First Supplement of the Israeli Securities Law ("Special Investors"), and which have provided their prior written confirmation that they comply with the eligibility criteria set forth therein to be treated as Special Investors, are aware of the meaning of being treated as Special Investors, and consent to be treated as such. The term "Special Investors" shall include: A Mutual Trust Fund, as defined under the Israeli Joint Investment Trust Law, or a trust fund manager; a Provident Fund, as defined under the Israeli Supervision of Financial Services (Provident Funds) Law, 5765-2005, or a company managing a Provident Fund; an Insurer as defined under the Israeli Law of Supervision of Insurance Business, 1981; a Banking Corporation and an Auxiliary Corporations as defined under the Israeli Banking Law (License), 1981 ("Israeli Banking Law") (except for a company licensed as a Joint Services Company under the Israeli Banking Law), purchasing Shares for their own account and/or for investors which are considered as Special Investors; an entity which is licensed to render Portfolio Management services under the Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995 ("Israeli Investment Advice Law") (provided that such entity is purchasing Shares for its own account and for clients who are considered, by themselves, as Special Investors); an entity which is licensed to render Investment Advice and/or Investment Marketing services, under the Israeli Advice Law (purchasing Shares for its own account); a member of the Tel-Aviv Stock Exchange (purchasing Shares for its own account, and/or for clients which are considered, by themselves, as Special Investors); a certain type of underwriter which complies with certain eligibility conditions set forth in Section 56(c) of the Israeli Securities Law (purchasing Shares for its own account); a venture capital fund which is primarily engaged in investment in corporations, which, at the time of its investment, was engaged mainly in research and development activities or in the manufacture of innovative and know-how based products or processes, which involve a relatively high risk; a corporation

fully owned by Special Investors; a corporation (with the exception of a corporation incorporated for the purpose of purchasing securities in a certain offer) whose equity capital is in excess of 50 million NIS; and/or an individual, purchasing the Shares for her/his own account, with respect to whom two of the three following conditions are fulfilled: (i) the total value of her/his cash, deposits, financial assets and securities as defined under Section 52 of the Israeli Securities Law exceeds 12 million NIS; (ii) she/he has expertise and capabilities in the capital market field or was employed for at least one (1) year in a professional position which requires expertise in the capital market; and (iii) had performed at least thirty (30) transactions (except for transactions performed by an entity licensed under the Israeli Investment Advice Law to render Portfolio Management services for such individuals).

This Prospectus and the Application Form may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent by the Company and/or authorised representatives of the Company. Any offeree who purchases Shares is purchasing such Shares for its own benefit and account and not with the aim or intention of distributing or offering such Shares to other parties. Nothing in this Prospectus and/or in the Application Form shall be considered as render of Investment Advice, Investment Marketing and/or Portfolio Management services, or an Offer to Render Investment Advice, Investment Marketing and/or Portfolio Management Services, as such terms are defined under the Israeli Investment Advice Law. Potential investors are encouraged to seek competent investment advice from an Israeli entity licensed under the Israeli Investment Advice Law to render Investment Advice and/or Investment Marketing services prior to making the investment.

#### Japan

The Shares have not been and will not be registered for a public offering in Japan pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law (the "FIEL"). The Shares may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan or to others for reoffering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements for the FIEL and otherwise in compliance with such law and other relevant laws and regulations. As used in this paragraph "resident of Japan" means a natural person having his place of domicile or residence in Japan, or a juridical person having its main office in Japan as defined in Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Trade Law of Japan (Law No. 228 of 1949).

#### Jersey

Consent under the Control of Borrowing (Jersey) Order 1958 (the "COB Order") has not been obtained for the circulation of this Prospectus. Accordingly, the offer that is the subject of this Prospectus may only be made in Jersey where such offer is not an offer to the public (as defined in the COB Order) or where the offer is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom or Guernsey as the case may be. The Directors may, but are not obliged to, apply for such consent in the future.

#### Kenya

The offer of the Shares does not constitute an offer to the public within the meaning of section 57 of the Companies Act (Chapter 486, laws of Kenya) (the "CA") or an offer of securities to the public within the meaning of regulation 5(1) of The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulation, 2002 as amended by The Capital Markets (Securities) (Public Offers, Listing and Disclosures) (Amendment) Regulations, 2008 (the "Regulations"). The Company and its local distributors and the investors to whom this Prospectus is provided will agree that the Shares may not be offered or sold directly or indirectly to the public or otherwise in Kenya.

In accordance with the CA and the Regulations, this Prospectus and the offer of the Shares have not been and will not be approved by the Capital Markets Authority in Kenya and will not be delivered to the Registrar of Companies or the Capital Markets Authority in Kenya for registration.

#### Lebanon

Neither this Prospectus nor the Application Form constitutes or forms part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Shares in the Company in the Lebanese territory, nor shall it (or any part of it), nor the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

The Company has not been, and will not be, authorised or licensed by the Central Bank of Lebanon (the "CBL") and its Shares cannot be marketed and sold in Lebanon. No public offering of the Shares is being made in Lebanon and no mass-media means of contact are being employed. This Prospectus is aimed at institutions and sophisticated, high net worth individuals only, and this Prospectus will not be provided to any person in Lebanon except upon the written request of such person.

The Shares may not be sold or transferred except as permitted by the Company and will be subject to significant restrictions upon transfer.

**Recipients of this Prospectus should pay particular attention to the disclosure under the heading "Certain Investment Risks" in this Prospectus. Investment in the Shares is suitable only for sophisticated investors with the financial ability and willingness to accept the risks and lack of liquidity associated with such an investment, and said investors must be prepared to bear those risks for an extended period of time.**

#### Macao

The Company has been registered by the Monetary Authority of Macao ("AMCM") in Macao Special Administrative Region ("Macao SAR") and authorised for advertising and marketing as a "Foreign Investment Fund" in Macao SAR in accordance with Article No. 62 of Decree Law no.83/99/M of 22 November 1999.

#### Malaysia

**No approval from the Securities Commission of Malaysia is or will be obtained, nor will any prospectus be filed or registered, nor this Prospectus deposited as an information memorandum, with the Securities Commission**

**of Malaysia for the offering of the Shares in Malaysia. This Prospectus neither constitutes nor is intended to constitute an invitation or offer for subscription or purchase of the Shares to any person in Malaysia. The Shares may not be offered or sold or made available to any person in Malaysia. Neither this Prospectus nor any other offering material or document relating to the Shares may be published or distributed, directly or indirectly, to any person in Malaysia.**

#### **Mexico**

The Shares are not authorised to be publicly offered in Mexico. The Shares have not been and will not be registered with the Registro Nacional de Valores (the “National Securities Registry”) maintained by the Comisión Nacional Bancaria y de Valores (the “National Banking and Securities Commission” or “CNBV”) and may not be offered or sold publicly, or otherwise be the subject of brokerage activities in Mexico, except pursuant to a private placement exemption pursuant to article 8 of the Ley del Mercado de Valores, as amended (the “Mexican Securities Market Law”).

The information contained in this Prospectus is exclusively the responsibility of the Fund and has not been reviewed or authorised by the CNBV. In making an investment decision, all investors, including any Mexican investors who may acquire shares from time to time, must rely on their own review of this Prospectus, the Company, the Investment Manager as well as their investment regime and applicable taxes.

#### **Panama**

The Company has not been and will not be registered with the Security Market Superintendence of the Republic of Panama under Decree Law N°1 of July 8, 1999, as amended by Law 67 of September 1, 2011 (the “Panamanian Securities Act”) and its Shares may not be publicly offered or sold within the Republic of Panama, except in certain limited private offerings exempt from the registration requirements of the Panamanian Securities Act. The Shares do not benefit from the tax incentives provided by the Panamanian Securities Act and are not subject to regulation or supervision by the Security Market Superintendence of the Republic of Panama.

#### **People’s Republic of China**

The Shares may not be offered, sold or delivered, directly or indirectly, in the People’s Republic of China (excluding Hong Kong, Macau and Taiwan) (the “PRC”) unless otherwise permitted by the local laws and regulations. The Shares may only be offered or sold to the PRC investors that are authorised to engage in the purchase of the Shares being offered or sold. PRC investors are responsible for obtaining all relevant government regulatory approvals/licences (if any) by themselves, including, but not limited to, any which may be required from the State Administration of Foreign Exchange and other competent regulatory authorities and complying with all relevant PRC regulations (if applicable), including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

The Company does not represent that this Prospectus may be lawfully distributed, or that any Shares may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption

available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Company which would permit a public offering of any Shares or distribution of this document in the PRC. Accordingly, the Shares are not being offered or sold within the PRC by means of this Prospectus or any other document. Neither this Prospectus nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

#### **The Philippines**

THE SECURITIES BEING OFFERED FOR SALE OR SOLD HEREIN (THE “SHARES”) HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) OF THE PHILIPPINES UNDER THE SECURITIES REGULATION CODE (“SRC”). ANY FUTURE OFFER TO SELL OR SALE OF TGE SECURITIES IS SUBJECT TO THE REGISTRATION REQUIREMENTS UNDER THE SRC UNLESS SUCH OFFER TO SELL OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

The Company is not an investment company registered with the SEC pursuant to Republic Act No. 2629 or the Investment Company Act. Hence, the Fund is not authorised nor recognised by the SEC and the Shares are not allowed to be sold or be offered for sale to the retail public in the Philippines. The Fund has not secured the written confirmation of the SEC that the sale or offer for sale of the Shares in the Philippines is exempt from the registration requirements under the SRC. The Fund will comply with all applicable selling and distribution restrictions of the SEC.

The distribution of this Prospectus and the sale or offering for sale of the Shares in the Philippines is not subject to the registration requirements under the SRC and will qualify as an exempt transaction under Section 10.1 (I) of the SRC, if the Shares will be sold or offered for sale only to qualified individual and institutional buyers. The qualified individual and institutional buyers should be registered with a registrar authorised by the SEC and said buyers should possess the qualifications provided under SEC Memorandum Circular No. 6, Series of 2007. If you are not such a qualified individual or institutional buyer, please be guided accordingly by consulting with your legal and financial adviser.

Pursuant to SRC Rule 10.1, a notice of exemption in the form of SEC Form 10-1 shall be filed by the Fund with the SEC after the sale of the Shares in accordance with the rules of the SEC.

#### **Peru**

The Shares have not been, nor will they be, registered or qualified under the Peruvian Securities Act, as amended. Thus, except with respect to Peruvian Qualified Investors (as defined below), the Shares may not be offered, sold, transferred or delivered directly or indirectly in Peru or to any Peruvian person. Any sales or transfers of Shares in violation of the abovementioned shall be prohibited and treated as null and void, unless the Shares are listed on the Peruvian Stock Exchange under the regulations provided by the Peruvian Securities Act. As of the date of this Prospectus, no such listing is anticipated.



In accordance with the applicable Peruvian regulations contemplated in the Peruvian Securities Law the following entities and individuals qualify as “Peruvian Qualified Investors” for the purposes of this Prospectus: (i) banks, finance entities and insurance companies, broker dealers, private pension funds, investment funds, mutual funds and foreign entities that carry out similar activities; (ii) the Public Pension Fund (Oficina de Normalización Previsional), the Public Health Services Entities (EsSalud) and securitization companies; (iii) entities considered as “Qualified Institutional Buyers” under Rule 144-A of the US Securities and Exchange Commission; (iv) other financial entities under the surveillance of the Superintendence of Banking, Insurance and Private Pension Securities Managers; (v) public or private entities engaged in the investment in securities on a regular basis (in the case of private entities, their net worth should be equal to or greater than PEN 750,000.00); (vi) natural persons whose individual net worth, or joint net worth with that person’s spouse, at the time of his purchase is equal to or greater than PEN 2,000,000.00, and who had individual net income or joint net income with that person’s spouse, equal to or greater than PEN 750,000.00 during the past three (3) years prior to the purchase; (vii) officers and managers of the aforementioned entities; (viii) any corporation in which all of the equity owners are one of the aforementioned persons; and (ix) securities or trusts managed by the aforementioned persons, when they take the investment decisions, if the net worth of said funds or trusts is equal to or greater than PEN 400,000.00.

#### Russian Federation

No Shares have been offered or sold or transferred or otherwise disposed of, or will be offered or sold or transferred or otherwise disposed of (as part of their initial distribution or at any time thereafter) to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law.

Since neither the issue of the Shares nor a securities prospectus in respect of the Shares has been, or is intended to be, registered with the Federal Service for Financial Markets of the Russian Federation, the Shares are not eligible for initial offering or public circulation in the Russian Federation and may not be offered in the Russian Federation in any way other than to Russian “qualified investors” (as defined under Russian law) in a manner that does not constitute “advertisement”, “placement” or “public circulation” (as defined under Russian law) of the Shares in the Russian Federation.

Information set forth in this Prospectus is not an offer, advertisement or invitation to make offers, to sell, exchange or otherwise transfer the Shares in the Russian Federation or to or for the benefit of any Russian person or entity.

#### Saudi Arabia

This Prospectus includes information given in compliance with the “Offer of Securities Regulations” as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October, 2004 and amended by resolution of the Board of the Capital Market Authority resolution number

1-28-2008 dated 18 August, 2008 (the “KSA Regulations”). This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the KSA Regulations. It should not be distributed to any other person, or relied upon by any other person.

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a “Saudi Investor”) who acquires Shares in the Company pursuant to the offering should note that the offer of these Shares is a limited offer under paragraph (a) of article 11 of the KSA Regulations. The Shares will be offered to no more than 60 Saudi Investors and the minimum amount payable by each Saudi Investor must not be less than Saudi Riyal (SR) 1 million or an equivalent amount. This offer of the Shares is therefore exempt from the public offer of the KSA Regulations, but is subject to the following restrictions on secondary market activity:

- (a) a Saudi Investor (the “transferor”) who has acquired Shares pursuant to this exempt offer may not offer or sell the Shares to any person (referred to as a “transferee”) unless the price to be paid by the transferee for such shares equals or exceeds SR 1 million;
- (b) if the provisions of paragraph (a) cannot be fulfilled because the price of the Shares being offered or sold to the transferee has declined since the date of the original exempt offer, the transferor may offer or sell the Shares to the transferee if their purchase price during the period of the original exempt offer was equal to or exceeded SR 1 million;
- (c) if the provisions of (b) cannot be fulfilled, the transferor may offer or sell the Shares if he/she sells his/her entire holding of shares to one transferee, the provisions of paragraph (a), (b) and (c) shall apply to all subsequent transferees of the Shares.

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Saudi Capital Market Authority.

**The Saudi Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities offered hereby. If you do not understand the contents of this document you should consult an authorised financial adviser.**

#### Singapore

The offer or invitation of the Shares, which is the subject of this Prospectus, does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the ‘SFA’) or recognised under Section 287 of the SFA. The Company is not authorised or recognised by the Monetary Authority of Singapore (the ‘MAS’) and the Shares are not allowed to be offered to the retail public. This Prospectus and any other document or material issued in connection with the offer or



sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law as specified in Section 305A(5) of the SFA;
- (4) as specified in Regulation 36 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

#### Important Information

1. The offer or invitation of the Shares is regulated by the Bermuda Monetary Authority under the Bermuda Investment Funds Act 2006. The business address of the Company is c/o SS&C Fund Services (Bermuda) Ltd., 5 Reid Street, Hamilton HM11, Bermuda.

2. AHL Partners LLP, being the manager of the Company, is authorised and regulated in the United Kingdom by the Financial Conduct Authority whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS, United Kingdom with telephone number +44 (0) 20 7066 1000.
3. The role of The Bank of New York Mellon SA/NV, Dublin Branch as custodian of the Company is not regulated in Hong Kong.
4. Investors in Singapore should note that if they wish to obtain the accounts of the Company and information on the past performance of the Company, they should contact their local distributor or the Hong Kong Representative of the Company, to obtain such information.
5. The Company does not currently have a policy of entering into any side letters that may further qualify the relationship between the Company and selected investors.

#### South Africa

The Company is a collective investment scheme as defined in the Collective Investment Schemes Control Act, 2002 (CISCA). The Company has not been approved as a foreign collective investment scheme in South Africa and therefore in terms of the CISCA the Shares may not be solicited to members of the public in South Africa, which includes: (a) members of any section of the public, whether selected as clients, members, shareholders, employees or ex-employees of the person issuing an invitation to acquire a participatory interest in a collective investment scheme; and (b) a financial institution regulated by any law, but excludes persons confined to a restricted circle of individuals with a common interest who receive the invitation in circumstances which can properly be regarded as a domestic or private business venture between those persons and the person issuing the invitation.

Furthermore, a copy of the Company's Memorandum of Association, and a list of the names and addresses of its Directors, has not been filed with the Companies and Intellectual Property Commission in South Africa. Nor has this Prospectus been registered in South Africa. Accordingly, in terms of the Companies Act 2008, no Shares under this Prospectus shall be offered to the public in South Africa, which includes an offer of the Shares to any section of public, whether selected: (a) as holders of the Shares; (b) as clients of the person issuing the Prospectus; (c) as the holders of any particular class of property; or (d) in any other manner, but does not include an offer made, inter alia, in the following circumstances:

- (i) if the offer is made only to: (A) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents; (B) the Public Investment Corporation as defined in the Public Investment Corporation Act, 2004; (C) a person or entity regulated by the Reserve Bank of South Africa; (D) an authorised financial services provider, as defined in the Financial Advisory and Intermediary Services Act, 2002; (E) a financial institution, as defined in the Financial Services Board Act, 1990; (F) a wholly-owned subsidiary of a person contemplated in subparagraph (C), (D) or (E), acting as agent in the capacity of an authorised portfolio manager for a pension fund registered in terms of the

Pension Funds Act, 1956, or as manager for a collective investment scheme registered in terms of CISC; or (G) any combination of persons contemplated in paragraphs (A) to (F);

- (ii) if the total contemplated acquisition cost of the securities, for any single addressee acting as principal, is equal to or greater than the amount prescribed in terms of subsection 96(2) (a) of the Companies Act 2008 (being R1 million as at the date of this Prospectus)

### **South Korea**

Neither the Company nor the Investment Manager is making any representation with respect to the eligibility of any recipients of this Prospectus to acquire the Shares therein under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act and Regulations thereunder. The Shares have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

### **Switzerland**

The Company is neither registered with nor supervised by the Swiss Financial Market Supervisory Authority FINMA and its Shares are not authorised for public offering and distribution in, into or from Switzerland. Distribution of the Company and its Shares in and from Switzerland is not permitted and the Shares will be offered in Switzerland exclusively to qualified investors pursuant to Article 10 para 3 lit a. or b. of the Collective Investment Schemes Act, ("CISA"), its Ordinance of application ("CISO") and FINMA's Circular 2013/9 on Distribution of Collective Investment Schemes. This Prospectus may neither be distributed, made available nor disclosed to investors which are not qualified investors per Article 10 para 3 lit a or b in Switzerland.

"Qualified Investors pursuant to Article 10 para 3 lit. a or b" are defined as being: (i) financial intermediaries subject to supervision such as banks, securities dealers, fund management companies; and (ii) insurance companies subject to supervision .

### **Taiwan**

The Company has not been and will not be registered with the Financial Supervisory Commission of Taiwan, the Republic of China pursuant to relevant securities laws and regulations and may not be offered, distributed, or sold in Taiwan, the Republic of China through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Law of Taiwan, the Republic of China that requires a registration or approval of the Financial Supervisory Commission of Taiwan, the Republic of China.

### **Thailand**

The Company is not authorised by the Securities and Exchange Commission and the Prospectus has not been approved by or filed with the Securities and Exchange Commission or any other regulatory authority of the Kingdom of Thailand. Accordingly, the Shares may not be offered or sold, or this Prospectus distributed, directly or indirectly, to

any person in Thailand except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the Thai government and regulatory authorities in effect at the relevant time.

### **Trinidad and Tobago**

The Company is not authorised by the Securities and Exchange Commission and the Prospectus has not been approved by or filed with the Securities and Exchange Commission or any other regulatory authority in Trinidad and Tobago. Accordingly, the Shares may not be offered or sold, or this Prospectus distributed, directly or indirectly, to any person in Trinidad and Tobago except to market actors registered under the Securities Industry Act and in compliance with the Securities Industry Act and its Regulations.

### **United Arab Emirates (excluding the Dubai International Financial Centre)**

Neither the Company nor the Shares have been approved or licensed by the UAE Central Bank, the Securities and Commodities Authority, the Dubai Financial Services Authority or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This Prospectus is strictly private and confidential and has not been reviewed, deposited or registered with any licensing authority or governmental agency in the United Arab Emirates, and is being issued to a limited number of investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Neither the Company nor the Shares have been or may be promoted, advertised, offered or sold directly or indirectly to the public in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. This Prospectus does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. Further, the information contained in this Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the United Arab Emirates.

### **United States**

No Shares shall be issued in the US or to any US Person.

The Shares have not been, nor will they be, registered or qualified under the US Securities Act of 1933, as amended (the 'Securities Act'), or any applicable securities laws of any state or other political sub divisions of the United States of America. The Shares may not be offered, sold, transferred or delivered directly or indirectly in the US or to any US Person. Any sales or transfers of Shares in violation of the foregoing shall be prohibited and treated by the Company as void. All applicants and transferees of Shares must complete an Application Form which confirms, among other things, that a purchase or a transfer of Shares would not result in a sale or transfer to a person or an entity which is a US Person.

None of the US Securities and Exchange Commission (the 'SEC'), the securities regulatory authority of any state of the United States or the security regulatory authority of any other jurisdiction has passed upon the value of the Shares,

made any recommendations as to their purchase, approved or disapproved this offering, or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offense.

#### **Uruguay**

The Shares have not been registered with the Central Bank of Uruguay and will be offered in Uruguay only through private offering. In addition, the Company was not established under the system provided for in Law 16,774 of September 27, 1996 (Investment Funds Act).

#### **Venezuela**

Under exchange control and securities regulations in effect in Venezuela, the Shares may not be offered to, nor traded with, any individual or entity in Venezuelan territory. Venezuelan investors (whether individuals or entities) may acquire the Shares outside Venezuelan territory.

**The attention of potential investors is drawn to the section entitled 'Risk factors' and also to the 'Anti-money laundering documentation requirements' in the Application Form.**