

Man AHL Diversified Futures Ltd



- Man AHL Diversified Futures Ltd (the "Company") is a futures and options fund and will invest, without limitation, into sectors including stocks, bonds, currencies, interest rates, energies, metals, credit and agriculturals. It will make extensive use of financial derivative instruments ('FDIs') including but not limited to futures, options and interest rate swaps, and may utilise over-the-counter (OTC) derivatives. The Company may use long or short investment strategies. FDIs can be highly volatile and will expose investors to leverage risk. Leverage has the effect of potentially magnifying losses and could result in the value of the Company decreasing substantially.
- The Company is subject to additional risks that are not typically encountered in traditional investment products. These include, without limitation, commodity market risk, interest rate risk, foreign currency risk, concentration risk, counterparty risk, liquidity risk and sovereign risk.
- The Company employs certain strategies which depend on the reliability and accuracy of the Investment Manager's analytical models. To the extent such models do not prove to be correct, the Company may incur significant losses. The Company is subject to an incentive fee which is accrued on a daily basis. There is a risk that an investor redeeming its investment in the Company may still incur an incentive fee, even though a loss has been suffered by the redeeming investor.
- Investment involves risks in particular risks associated with futures and options fund. Investment in the Company may not be suitable for all investors, and may lead to total loss of investments. Before you decide to invest, you should make sure the intermediary who sells it to you has explained the Company is suitable for you. You should not make any investment decision solely based on this document. Please read the Company's offering documents carefully for further details including the investment objectives, risk factors and fees and charges.

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Monthly Report as of 28 February 2018

Inception Date : 13 May 1998 Lead Class Total NAV : USD 176,643,461 ISIN : BMG5777T1099

Fund Risks

Prior to investing in the Fund investors should carefully consider the risks associated with investing, investors should consider the following risks and where appropriate seek professional advice before investing: Market Risk, Counterparty Risk, Currency Risk, Liquidity, Financial Derivatives, Leverage, Emerging Markets, Model and Data Risk and Commodity Risk. More details can be found in the Risk Glossary.

Monthly commentary

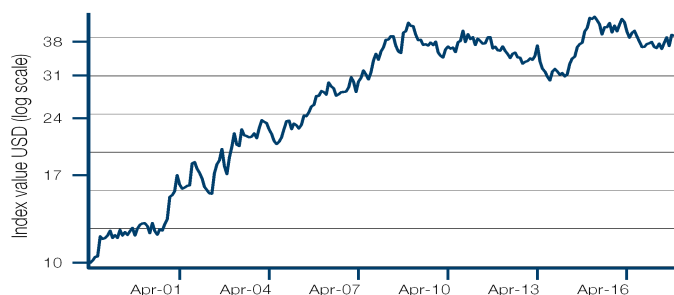
After so many months of the US equity market's relentless optimism, the long, low volatility rally came to a sudden and violent end at the beginning of February. With the deepest and sharpest reversal of trends that the markets have seen in a long time, the Fund suffered a significant shock, giving back the gains made in January with interest. What started as an apparent reaction to an uptick in wage inflation on Friday 2nd, soon became the largest ever one day points loss in the Dow Jones Industrial Average on the following Monday. The Fund saw significant losses in all asset classes except interest rates and bonds, with those from equities and energies causing the greatest pain, as the Fund ended the month down -10.95%.

The VIX index, which spent much of 2017 at historical lows, jumped almost 100% in a single day, leading to the liquidation of several 'short-VIX' exchange-traded products and a cycle of selling in the underlying equities, as participants hurried to cover the delta of their short volatility positions. The Fund's positioning, long in global markets, was cut steadily in response to the increase in volatility and the reversal in signals. The other driving factor in markets was clearly the continued upward direction of interest rates and bond yields, which led fixed income to be the only positively contributing asset class. In particular, shorts in US 10yr treasury and eurodollar contracts gained enough to more than offset losses on shorts in Canadian and Japanese government bonds. The coincident reversal in crude oil and related products saw further stress on long positions. Prices for Brent Crude had risen steadily by more than 40% over the preceding 7 months, but fell back nearly 10% in the same week as the S&P500. Metals added to losses, led by longs in copper, gold and aluminium. Agricultural trading was more balanced, with losses from cocoa and wheat mostly balanced by gains from soyameal and coffee. Prevailing US dollar shorts, strong in January, were challenged as the dollar rallied early on, particularly against commodity producing countries like Australia and Brazil. Some positive gains were made through short positioning in the Swedish krona against the euro as the Riksbank hinted at delays to any rate rises.

Net Performance and Risk*

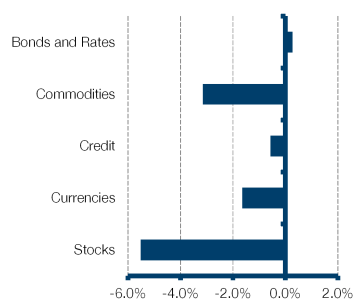
	Product
Last month	-10.95 %
Last 3 months	-4.85 %
Year to date	-5.19 %
Last 12 months	-1.21 %
Last calendar year	5.55 %
Total return	274.80 %
Annualised return	6.90 %
Annualised volatility	14.42 %
Sharpe ratio ¹	0.32
Worst drawdown ²	-29.40 %
Drawdown Length	57 months
No of Drawdowns	22

Performance chart 13 May 1998 to 28 February 2018*

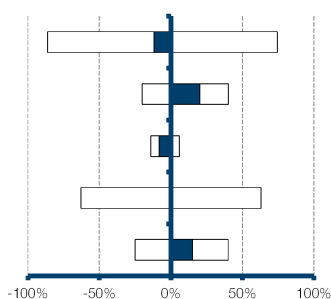


VaR (99%)	0.92 %
Expected Shortfall (99%) ³	1.08 %
Leverage ⁴	4.32

Gross Performance Contribution⁵



Sector Exposure⁶

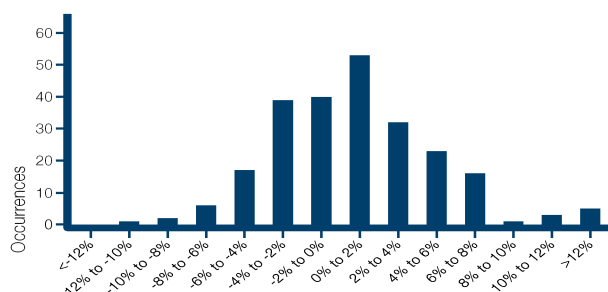


Exposure and VaR (99%)⁶

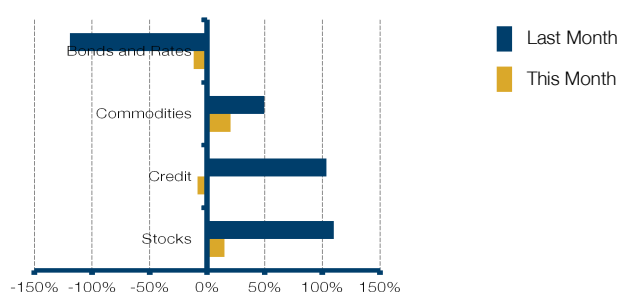
	Short	Long	Net	VaR
Bonds and Rates	-86.21	74.51	-11.70	0.26
Commodities	-20.04	40.34	20.30	0.56
Credit	-14.06	5.80	-8.26	0.02
Currencies	-62.91	62.91	N/A	0.32
Stocks	-25.06	40.01	14.95	0.21

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Distribution of Monthly Returns 13 May 1998 to 28 February 2018



Net Exposure Monthly Comparison



Top 5 Markets ⁷	MTD	EOM Position ⁸
Euro/Swedish Krona	0.22 %	Long
Eurodollar	0.17 %	Short
US Treasuries - 10yr	0.16 %	Short
Soyameal	0.09 %	Long
Euro/Canadian Dollar	0.09 %	Long

Bottom 5 Markets ⁷	MTD	EOM Position ⁸
VIX Volatility Index	-0.42 %	Long
Crude Oil - WTI	-0.41 %	Long
Korean Kospi	-0.39 %	Long
Crude Oil - Brent	-0.39 %	Long
RBOB Gasoline	-0.37 %	Short

Commodities Net Exposure

Metals	19.85 %
Energies	3.79 %
Agriculturals	-3.34 %

Sector	CS01 ⁹	DV01 ¹⁰
Credit	0.00 %	0.00 %
Bonds and Rates	0.00 %	0.01 %

Sovereign Bond Net Exposure

Non G10	4.74 %
G10	-4.43 %

Equity Sector Exposure

Broad Market Indices	8.00 %
Consumer Discretionary	3.27 %
Consumer Staples	-0.97 %
Energy	-0.67 %
Financials	4.12 %
Health Care	-0.09 %
Industrials	1.99 %
Information Technology	1.18 %
Materials	1.80 %
Real Estate	0.40 %
Telecommunication Services	-1.32 %
Utilities	-2.75 %

Top 5 Currency Exposure

USD	-33.77 %
AUD	-11.39 %
CAD	-11.25 %
NOK	9.96 %
SEK	-9.84 %

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Historical performance*

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ¹¹
2018	6.48 %	-10.95 %											-5.19 %
2017	0.48 %	0.82 %	-3.00 %	-0.63 %	2.71 %	-3.19 %	3.74 %	3.45 %	-5.13 %	7.02 %	-0.58 %	0.36 %	5.55 %
2016	4.10 %	3.44 %	-1.88 %	-5.57 %	-3.57 %	2.85 %	1.42 %	-3.30 %	-3.11 %	-3.26 %	0.11 %	1.63 %	-7.44 %
2015	6.20 %	-0.66 %	1.42 %	-2.10 %	-2.36 %	-6.01 %	4.36 %	0.14 %	2.51 %	-5.55 %	4.18 %	-3.32 %	-2.03 %
2014	-1.92 %	1.13 %	-2.10 %	1.33 %	6.44 %	3.34 %	1.14 %	5.88 %	1.88 %	0.85 %	7.07 %	2.13 %	30.20 %
2013	1.69 %	-0.96 %	2.38 %	6.54 %	-9.21 %	-4.21 %	-1.83 %	-3.03 %	-2.21 %	5.59 %	1.57 %	-1.64 %	-6.18 %
2012	-0.25 %	2.64 %	-2.73 %	-1.75 %	-2.44 %	2.56 %	0.71 %	-2.84 %	-0.17 %	-3.54 %	1.11 %	0.48 %	-6.29 %
2011	-2.84 %	1.14 %	-4.61 %	4.00 %	-1.47 %	-1.65 %	0.24 %	3.64 %	0.18 %	-6.58 %	1.01 %	-2.14 %	-9.21 %
2010	-2.05 %	-0.98 %	4.98 %	1.82 %	-1.27 %	0.66 %	-2.70 %	6.16 %	0.74 %	6.37 %	-6.60 %	4.80 %	11.63 %
2009	-1.88 %	-0.17 %	-4.91 %	-3.38 %	0.26 %	-3.04 %	0.40 %	-0.78 %	1.86 %	-1.59 %	2.15 %	-6.34 %	-16.41 %
2008	5.10 %	2.40 %	4.74 %	0.16 %	2.08 %	-0.10 %	-5.55 %	-3.45 %	-0.84 %	13.07 %	0.85 %	5.24 %	24.93 %
2007	6.02 %	-2.42 %	-6.06 %	6.34 %	2.35 %	4.55 %	-2.50 %	-2.83 %	4.40 %	7.34 %	4.13 %	-3.46 %	18.04 %
2006	2.96 %	-0.67 %	-1.50 %	7.57 %	-2.32 %	-1.10 %	-4.39 %	0.84 %	1.30 %	0.11 %	0.25 %	2.70 %	5.36 %
2005	-4.96 %	3.43 %	-1.03 %	-1.92 %	2.18 %	5.70 %	-0.29 %	2.35 %	3.59 %	0.97 %	5.51 %	0.11 %	16.19 %
2004	4.88 %	-0.93 %	-0.90 %	-3.70 %	-2.68 %	-4.18 %	-1.82 %	1.46 %	2.69 %	5.34 %	4.58 %	0.34 %	4.57 %
2003	7.09 %	8.01 %	-6.59 %	-0.83 %	10.57 %	-3.49 %	-0.46 %	-0.79 %	0.47 %	1.96 %	-2.88 %	6.31 %	19.43 %
2002	-3.49 %	-4.70 %	-2.02 %	-1.93 %	-0.20 %	12.98 %	5.77 %	2.43 %	7.00 %	-9.86 %	-4.69 %	10.60 %	9.76 %
2001	1.21 %	2.19 %	10.19 %	-5.48 %	-2.43 %	0.64 %	1.08 %	0.31 %	14.09 %	0.82 %	-3.97 %	-2.44 %	15.58 %
2000	0.87 %	0.08 %	-1.73 %	-4.17 %	6.27 %	-4.64 %	-2.23 %	3.38 %	-0.82 %	4.03 %	3.01 %	14.36 %	18.36 %
1999	-4.28 %	1.72 %	-1.69 %	4.99 %	-3.36 %	2.12 %	-1.74 %	2.37 %	1.98 %	-4.53 %	4.24 %	2.36 %	3.62 %
1998					1.40 %	2.27 %	0.19 %	12.99 %	-1.62 %	0.61 %	1.46 %	2.97 %	21.40 %

NAV Table ¹²

Class	NAV	ISIN	Bloomberg	Institutional or Distribution	Last month %	2015 Return	2016 Return	2017 Return
A&B USD Class	37.48	BMG5777T1099	EDFDFTA BH	D	-10.95 %	-2.03 %	-7.44 %	5.55 %

Key Facts ¹³

Performance fee	20%	Redemption notification	Before 17:00 (Hong Kong) 1 business day prior to the dealing day
Investment manager	AHL Partners LLP	Minimum investment	USD 10,000 and minimum additional subscriptions of USD 10,000
Tranche A Bloomberg ticker	EDFDFTA BH	Minimum redemption	200 shares
Bloomberg ticker Tranche B	EDFDLI BH	Introducing Broker fee	1% per annum
Valoren	18478953	Management fee	3% per annum
Dealing frequency	Daily, on the first business day following a valuation day	Incentive fee	Calculated at the rate of 20% of any net increase in net asset value per share and may only be payable if the net increase in value exceeds a previously attained value (high watermark). The incentive fee is accrued daily and payable annually in arrears.
Valuation point	Every business day	Tranche A sales charge	Up to 5% may be charged on new applications by the relevant distributor. Please refer to the prospectus for other charges and fees.
Financial year end	September 30	Tranche B sales charge	Not applicable. Tranche B Shares are not open for new applications.
Subscription notification	Before 17:00 (Hong Kong) 1 business day prior to the dealing day	Tranche B redemption fee	Tranche B redemption fee - Up to 4%

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¹ Sharpe ratio is calculated using a risk-free rate in the appropriate currency over the period analysed. Where an investment has underperformed the risk-free rate, the Sharpe ratio will be negative. Because the Sharpe ratio is an absolute measure of risk-adjusted return, negative Sharpe ratios are not shown as they can be misleading. The risk-free rate used for Sharpe ratio calculation is the 3 month USD Libor. ² The drawdown is the percentage drop in the price of an investment from its last peak price. The worst drawdown represents the greatest peak to trough decline over the life of an investment. ³ Expected Shortfall is defined as the average of all losses which are greater than or equal to VaR. ⁴ Leverage displayed here is calculated using the sum of gross exposure from each sector traded by the AHL Programme and therefore does not include leverage from FX hedging or cash management and in no way reflects regulatory leverage calculations. Exposure calculations used are the same as detailed in the exposure reference note with exposures netted at the underlying security level. ⁵ The figures are estimated and generated on a fund level and do not take into account the fees/interest/commission charges on any particular account. Differences may also occur due to slippage variation, portfolio changes, FX movements and post execution adjustments. Therefore the sum total of these sector indications will not necessarily equate to the reported performance for the month in question. ⁶ Exposure values represent the delta notional value of positions expressed as a percentage of fund capital. Where applicable, fixed income exposures are adjusted to a 10 year bond equivalent. Currency exposure within this table only reflects that of the Currency sector traded by Man AHL and does not include FX hedging or cash management. For credit default swaps, a short position represents buying protection and a long position represents selling protection. ⁷ The organisations and/or financial instruments mentioned are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale. ⁸ End of month (EOM) position. ⁹ CS01 is the impact on the fund in response to a one basis point increase in credit spreads. ¹⁰ DV01 is the impact on the fund in response to a one basis point increase in interest rates. ¹¹ When 12 months of performance data is unavailable for a calendar year, partial year to date is shown. ¹² The performance data is based on the reporting share class of the Fund (shown in blue in the NAV table). ¹³ Introducing Broker Fee: The fee is payable to Man Investments AG which has been appointed as the Introducing Broker and is responsible for recommending appropriate Brokers to the Fund as well as actively managing these relationships, ensuring appropriate service levels as well as an adequate diversification of Brokers. For full details of fees and expenses which may be incurred by the Fund, including fees payable to members of Man Group, refer to the Fees and Expenses section of the Prospectus or any relevant Prospectus Supplement. Redemption Fee: Not applicable to Tranche A Shares. Redemptions of Tranche B Shares will be subject to the following fee if shares are redeemed on a dealing day before they have been in issue for 2, 4 and 6 years. The respective fees per shares are 4%, 2.5% and 1% of redemption price per share. There will be no redemption fee for Tranche B shares which are redeemed after they have been in issue for 6 years after their initial issuance.

Risk Glossary

Market Risk: The Fund is subject to normal market fluctuations and the risks associated with investing in international securities markets and therefore the value of your investment and the income from it may rise as well as fall and you may not get back the amount originally invested.

Counterparty Risk: The Fund will be exposed to credit risk on counterparties with which it trades in relation to on-exchange traded instruments such as futures and options and where applicable, 'over-the-counter' ("OTC", "non-exchange") transactions. OTC instruments may also be less liquid and are not afforded the same protections that may apply to participants trading instruments on an organised exchange.

Currency Risk: The value of investments designated in another currency may rise and fall due to exchange rate fluctuations. Adverse movements in currency exchange rates may result in a decrease in return and a loss of capital. It may not be possible or practicable to successfully hedge against the currency risk exposure in all circumstances.

Liquidity: The Fund may make investments or hold trading positions in markets that are volatile and which may become illiquid. Timely and cost efficient sale of trading positions can be impaired by decreased trading volume and/or increased price volatility.

Financial Derivatives: The Fund will invest in financial derivative instruments ("FDI") (instruments whose prices are dependent on one or more underlying asset) to achieve its investment objective. The use of FDI involves additional risks such as high sensitivity to price movements of the asset on which it is based. The extensive use of FDI may significantly multiply the gains or losses.

Leverage: The Fund's use of FDI may result in increased leverage which may lead to significant losses.

Emerging Markets: The Fund may invest a significant proportion of its assets in securities with exposure to emerging markets which involve additional risks relating to matters such as the illiquidity of securities and the potentially volatile nature of markets not typically associated with investing in other more established economies or markets.

Model and Data Risk: The Fund's Investment Manager relies on quantitative trading models and data supplied by third parties. If models or data prove to be incorrect or incomplete, the Fund may be exposed to potential losses. Models can be affected by unforeseen market disruptions and/or government or regulatory intervention, leading to potential losses.

Commodity Risk: The Fund may have exposure to commodities, the value of which can be volatile and may carry additional risk. Commodity prices can also be influenced by the prevailing political climate and government stability in commodity producing nations.

Important Information

The value of an investment and any income derived from it can go down as well as up and investors may not get back their original amount invested. Alternative investments can involve significant additional risks.

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Access the latest performance and other information on the Man website: <http://www.man.com>. (This website is not authorised and reviewed by the SFC).

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