Man Series 11 OM-IP 220

LIMITED ARBN 116 338 679

ANNUAL REPORT 2016

CAPITAL GUARANTEE BY
(subject to the conditions in chapter 2 of the Prospectus)

Table of contents

Man Series 11 OM-IP 220 Limited

(Liquidation basis)

Notice of Annual General Meeting

NOTICE is hereby given of the Eleventh Annual General Meeting of Man Series 11 OM-IP 220 Limited (the "Company") to be held at Bermuda House, Tutakimoa Road, Avarua, Rarotonga, Cook Islands on Friday, 17 March 2017 at 2:20 pm to consider the following business.

1. To receive the audited accounts of the Company for the year ended 30 September 2016.
2. To receive the annual report of the performance of the Company for the year ended 30 September 2016.
3. To note that Michael Collins, David Smith and Dawn Griffiths continue in office as directors of the Company in accordance with the Articles of Association of the Company. John Walley and Ronan Daly ceased to be directors on 18 March 2016.
4. To resolve that a director's fee of USD 5,000 per annum be paid to David Smith and Dawn Griffiths.
5. To resolve to reappoint Ernst & Young as auditor of the Company for the audit period ending 30 September 2017.
6. Any other business.

DATED this 9th day of January 2017.

PENRHYN SECRETARIES LIMITED

as Resident Secretary by its Nominee:

OKIRUA TE OKOITU

A Shareholder who is entitled to attend and vote at the annual general meeting may appoint not more than two proxies to attend and vote at the meeting in place of the Shareholder. If two proxies are being appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. A proxy need not be a Shareholder of the Company.

Proxies are to be deposited not less than 48 hours before the time for holding the meeting with the Company c/o Man Investments Australia Limited, PO Box N672, Grosvenor Place, NSW 1220, Australia. Proxies may also be faxed to (61-2) 9252 4453, toll free from Australia on 1800 787 220 or toll free from New Zealand on 0800 787 220.

Holders of Redeemable Shares are entitled on a show of hands to one vote and on a poll to one vote for each share held.

Holders of Ordinary Shares are entitled on a show of hands to one vote and on a poll collectively have the right to cast that number of votes that is equal to 20% of the total number of votes that may be cast by Members. A holder of an Ordinary Share can demand a poll.

Report of the Directors

The Directors present the annual report of **Man Series 11 OM-IP 220 Limited** (the "Company") incorporating the Investment Manager's Report, the Financial Statements and Independent Auditor's Report for the year ended 30 September 2016.

Investment Strategy

Launched in January 2006, the Company received subscriptions for 222,804,000 Shares at a subscription price of AUD 1.00 each. The proceeds were divided in two parts with approximately 53.5% invested in Australian denominated investments approved by National Australia Bank (the "Security Deposit"). These investments will mature on or before 31 May 2017 (the "Maturity Date") with a realisable value at least equal to the original investment of AUD 1.00 for each share (the "NAB Guarantee"). The remaining proceeds, after payment of the sales fee and formation costs, were invested in Man Series 11 OM-IP 220 Trading Limited (the "Trading Subsidiary") which commenced trading under the advice of Man Investments Limited in April 2006.

The NAB Guarantee includes a Rising Guarantee that allows the Company to lock in a portion of the trading profits each financial year (the "Rising Guarantee"). The amount added to the Security Deposit is calculated monthly on a per share basis, so that on the Maturity Date the NAB Guarantee will increase by an amount equal to 50% of any new trading profits generated in a financial year (after making good any prior years' losses).

The Company's core investments are in the AHL Diversified Program and Man Investments Portfolio, managed by AHL Partners LLP ("AHL LLP") and FRM Investment Management Limited ("FRM") (the "Investment Manager"), respectively. They identify opportunities to profit from price movements in a number of international markets using efficient market strategies, advanced technology and 24 hour risk management.

In addition, a leverage facility arranged by the Man Group is provided to enable further profit potential from an investment in the Man Investments Portfolio which accesses the expertise of international hedge fund managers with the aim of achieving consistent returns in both rising and falling markets.

Financial performance

The net decrease in value attributable to Redeemable Shareholders resulting from operations for the year was AUD 6,227,561 (2015: increase of AUD 6,386,529).

The Net Asset Value per Redeemable Share decreased by 9.05% (2015: increased by 9.03%). A commentary on the performance is set out in the Investment Manager's Report.

As the Trading Subsidiary has not made up prior year trading losses during the year, the NAB Guarantee at maturity remains at AUD 1.0105 (2015: AUD 1.0105) per Redeemable Share held and redeemed on the Maturity Date.

Dividends

In accordance with the Company's policy on dividends, the Directors do not intend to declare a dividend.

Directors' interests

Mr Collins, Mr Walley and Mr Daly each receive directors' fee of USD 5,000 each per annum.

The Directors are also entitled to reimbursement of expenses in attending general meetings of the Company and may be paid a per diem for each day of travel required to attend meetings.

The fees paid to Mr Collins, Mr Walley and Mr Daly are included in the directors' fees in the statement of comprehensive income.

The Directors of the Company are directors of the Trading Subsidiary and may also be directors of companies into which the Trading Subsidiary may directly or indirectly invest, or directors of companies that provide services to such companies.

Dawn Griffiths and David Smith were appointed as directors effective 18 March 2016. John Walley and Ronan Daly ceased to be directors on 18 March 2016.

Auditor

In accordance with the Cook Islands International Companies Act 1981-82, Ernst & Young retire and being eligible, offer themselves for reappointment for the audit period ending 30 September 2017. A resolution to reappoint Ernst & Young will be proposed at the forthcoming annual general meeting.

Dated this 9th day of January 2017.

Michael Collins

David Smith

Investment Manager's Report

Over the reporting period, the Net Asset Value per share of Man Series 11 OM-IP 220 Limited (the "Company") decreased by 9.05% (increased by 2015: 9.03%)

AHL Diversified Program

The AHL Diversified Program (the "AHL Program") was down over the period 1 October 2015 to 30 September 2016.

In the first quarter of the period, the AHL Program faced challenges as the risk-off sentiment that prevailed in the previous quarter moved to a more positive stance. This reversal meant that the AHL Program was lagging the generally pro-risk market action. The main headlines were the long anticipated US Federal Reserve rate hike of 25 basis points and the relentless downward price move of the crude oil complex. As a result, the AHL Program maintained short positions across the energy sector which led commodities to be the sole profitable sector. Stocks registered the largest losses as the market rally initially went against the AHL Program's short positions with which it entered the quarter. Fixed income was also down as long positions suffered with markets digesting the prospect of higher central bank rates.

During the second quarter of the period, continued concern about China's growth trajectory weighed on markets. This caused a drop in global risk assets during the first half of the quarter. Long positions in fixed income did particularly well and logged the best sector performance of the quarter. Interestingly, in mid-February the tone reversed amid easier global monetary policy. This helped to spur currencies to be the second best performing sector of the quarter, led by long emerging markets positions against the USD. Stocks were slightly negative as the sharp reversal mid-quarter was difficult to navigate.

The start of the third quarter saw a reversal in many of the trends that had been prevalent throughout most of the previous quarter. A pro-risk appetite, contrasting the second quarter gloom, saw rallies in global stocks and credit. A hawkish US Federal Reserve indicated that June rate rises might be back on the table, leading to rising treasury bond yields and a rising USD. This, along with supportive fundamental stories, caused a surge in the price of many agricultural commodities. These themes generated losses to the AHL Program right up until the end of June when the surprise result of the UK referendum to leave the European Union caused a flight to safety from which the AHL Program's long fixed income positions were the main beneficiary. Indeed, fixed income was the best performing sector over the quarter, with long positions in UK bonds faring particularly well as Gilt ten year yields halved over the quarter. Within credit, small losses were experienced, particularly trading the European CDS indices, where range-bound behaviour before Brexit and sharp moves post Brexit, incurred losses. Currencies, commodities and equities all detracted from performance over the quarter.

The fourth quarter of the period was a challenging one for the AHL Program. Overall the markets in third quarter were calmer after the volatility that came with the Brexit vote. Returns were negative across all sectors with the exception of long credit positions. Commodities were the most negative sector with losses led by energies. Currencies also generated losses driven by longs in the Turkish Lira versus the USD, which fell to record lows in the aftermath of a government coup attempt. Expectations that the US Federal Reserve would raise rates by year end hurt the AHL Program's long fixed income positions. Lastly, stocks added small losses. This was led by North American sector trading. In particular, longs in utilities and shorts in pharmaceuticals and biotech detracted the most.

Man Investments Portfolio

The final quarter of 2015 was positive for the Man Investments Portfolio (the "MI Portfolio"), with the majority of the gains occurring in November. Gains were primarily driven by macro strategies, enjoying bumper returns from short Euro and short energy trades. Global macro strategies made a positive contribution to returns with positions concentrated in few themes. The most common exposure was short Euro FX, but commodity specialists enjoyed successful relative value trading and directional gains on short nickel. Relative value strategies made a positive impact on return. Merger arbitrage outperformed special situations although we have noted the market tends to react more emphatically to negative news than positive, ensuring spreads remain wide until deal completion. Statistical arbitrage enjoyed mean reversion gains across the globe and successful fundamental strategy trading outside of Asia. Equity long-short managers detracted with muted returns, despite an uptick in volatility.

The first quarter of 2016 saw losses for the MI Portfolio. Extreme levels of market volatility proved difficult for hedge fund managers to navigate as risk reduction measures taken on initial falls limited participation in rallies. In January, credit strategies provided no help to returns. The MI Portfolio's credit value allocation detracted as their liquidity orientated equity book incurred losses namely in the entertainment and solar energy sectors. An emerging market credit long-short manager also returned losses from the flight to higher quality credits. In February, it was the equity long-short sector that suffered with losses unusually recorded by highly variable and low net strategies with an outsized loss from Japanese exposure. De-risking midway through the month appeared to be the main culprit while the outperformance of last year's worst sectors (e.g. oil & gas, basic resources) upset momentum based strategies. In March, the MI Portfolio delivered a positive return as more highly variable and tactical managers saw an opportunity to redeploy risk as risk assets continued to catch a bid. The equity long-short sector contributed well thanks to the variable bias element.

The MI Portfolio suffered in April as low quality companies outperformed high quality, leading to losses for many equity based strategies and negative alpha. The MI Portfolio's commodity strategy allocations were also a notable source of losses. Although a supportive environment for active investment management strategies in equity and credit markets during May helped cover losses at the start of the quarter, losses in June dragged the MI Portfolio back into negative territory. Losses in June came from equity long-short and credit strategies.

Performance was more positive during the third quarter of 2016. All of the gains came in July as all core strategies scored gains. The agricultural trading specialist in the MI Portfolio continued its recent run of form gaining on directional shorts in wheat and gamma trading that benefited from the uptick in volatility. The equity long-short sector benefitted from strong factor reversals in which cyclicals outperformed defensives. Index positioning through the middle of the month and good trading in financials from both the long and short sides resulted in gains despite extremely low gross exposure. Relative value strategies enjoyed strong gains within event arbitrage and fixed income arbitrage, plus a recovery in statistical arbitrage. Losses in August detracted from the gains made earlier in the quarter as global macro strategies recorded negative returns in aggregate as realised volatility drifted lower across a range of asset classes, particularly impacting long gamma positioning within the MI Portfolio's commodity specialist. However, it was the systematic trend following strategies that recorded the worst returns, accumulating losses from poor performance in commodities and rates.

Man Series 11 OM-IP 220 Limited
(Liquidation basis)

Statement of financial position
As at 30 September 2016

	Notes	2016 AUD	2015 AUD
Current assets:			
Cash at bank	4	2,023	2,022
Investment in the Trading Subsidiary	5	78,565,641	85,469,800
Zero coupon deposits	5	52,313,410	55,108,012
Amounts receivable on sale of investments		311,508	231,893
Total current assets		131,192,582	140,811,727
Current liabilities:			
Accrued expenses	9	(219,430)	(133,067)
Payable to Trading Subsidiary	9	(71,171,865)	(69,934,737)
Total current liabilities (excluding net assets attributable to Redeemable Shareholders)		(71,391,295)	(70,067,804)
Net assets attributable to Ordinary and Redeemable Shareholders		59,801,287	70,743,923
Which are represented by:			
Liability to Redeemable Shareholders			
52,670,300 (2015: 56,578,600) Redeemable Shares with a Net Asset Value of AUD 1.1353 (2015: AUD 1.2503) each	10	59,801,282	70,743,918
Ordinary Shares			
5 (2015: 5) Ordinary Shares of AUD 1.0000 (2015: AUD 1.0000) each	10	5	5
		59,801,287	70,743,923

Approved and authorised for issue on behalf of the Board on 9th January 2017.

Director

Director

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

EY

Man Series 11 OM-IP 220 Limited
(Liquidation basis)

Statement of changes in Redeemable Shareholders' interest
For the year ended 30 September 2016

	Notes	2016 AUD	2015 AUD
Redeemable Shareholders' interest at the beginning of the year		70,743,918	71,571,217
Redemption of 3,908,300 (2015: 5,830,465) Redeemable Shares	10	(4,715,075)	(7,213,828)
Change in net assets attributable to Redeemable Shareholders for the year		(6,227,561)	6,386,529
Redeemable Shareholders' interest at the end of the year	10	59,801,282	70,743,918

Statement of changes in equity
For the year ended 30 September 2016

	Note	2016 AUD	2015 AUD
Ordinary Shareholders' interest at the beginning of the year		5	5
Profit and total comprehensive income for the year		–	–
Ordinary Shareholders' interest at the end of the year	10	5	5

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

Statement of comprehensive income
For the year ended 30 September 2016

	Notes	2016 AUD	2015 AUD
Income			
Net gain on zero coupon deposits		1,145,350	2,492,643
Net (loss)/gain on investment in the Trading Subsidiary, which is comprised of the following items incurred at Trading Subsidiary level:	5		
Interest income		3,856	10,352
Net (loss)/gain on investments		(4,167,323)	11,011,323
Foreign exchange gain/(loss)		349,988	(1,177,100)
Brokerage commission	8,9	(1,331,568)	(1,862,143)
Consultancy fees	8,9	(346,794)	(466,667)
Dealing arrangement fees	9	(34,963)	(47,095)
Incentive fees	8,9	–	(1,310,931)
Interest expense		(11)	–
Loan interest expense	7,9	(94,300)	(154,750)
Management fees	8,9	(1,249,309)	(1,737,626)
Net (loss)/gain incurred at Trading Subsidiary level		(6,870,424)	4,265,363
Total (loss)/income		(5,725,074)	6,758,006
Expenses			
Audit fees		(17,803)	(31,655)
Directors' fees	9	(27,152)	(9,381)
Guarantee fees		(138,622)	(148,977)
Liquidation fees		(97,860)	–
Registrar fees		(56,138)	(27,756)
Valuation fees	9	(99,224)	(111,446)
Other expenses		(65,688)	(42,262)
Total expenses		(502,487)	(371,477)
(Deficit)/surplus for the year		(6,227,561)	6,386,529
Change in net assets attributable to Redeemable Shareholders for the year		6,227,561	(6,386,529)
Profit and total comprehensive income for the year		–	–

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

Man Series 11 OM-IP 220 Limited
(Liquidation basis)

Statement of cash flows
For the year ended 30 September 2016

	2016 AUD	2015 AUD
Change in net assets attributable to Redeemable Shareholders for the year	(6,227,561)	6,386,529
Adjustment to reconcile change in net assets attributable to Redeemable Shareholders to net cash (used in)/provided by operating activities:		
Items not involving cash and change in assets and liabilities:		
Net gain on zero coupon deposits	(1,145,350)	(2,492,643)
Net loss/(gain) on investment in the Trading Subsidiary	6,870,424	(4,265,363)
Movement in amounts receivable on sale of investments	(79,615)	429,861
Movement in accrued expenses	86,363	(41,044)
Net cash (used in)/provided by operating activities	(495,739)	17,340
Cash flows from investing activities:		
Net redemptions from the Trading Subsidiary	33,735	4,310
Redemption of zero coupon deposits	3,939,952	5,151,689
Net cash provided by investing activities	3,973,687	5,155,999
Cash flows from financing activities:		
Redemption of Redeemable Shares	(4,715,075)	(7,213,828)
Funding from the Trading Subsidiary	1,237,128	2,040,494
Net cash used in financing activities	(3,477,947)	(5,173,334)
Net change in cash and cash equivalents	1	5
Cash and cash equivalents at the beginning of the year	2,022	2,017
Cash and cash equivalents at the end of the year	2,023	2,022
Represented by:		
Cash at bank	2,023	2,022

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

1. General

Man Series 11 OM-IP 220 Limited (the "Company") was incorporated under the Cook Islands International Companies Act 1981-82 on 12 October 2005 and formed for the purpose of generating medium term capital growth. The Company commenced trading in April 2006.

The Company holds the investment in Man Series 11 OM-IP 220 Trading Limited (the "Trading Subsidiary"), its wholly owned subsidiary and the Australian dollar zero coupon deposits (the "Security Deposit") for the repayment to the Redeemable Shareholders upon maturity (the "Guaranteed Amount"). The Trading Subsidiary was incorporated under the Cook Islands International Companies Act 1981-82 on 12 October 2005.

The Trading Subsidiary invests directly or indirectly using the AHL Diversified Program (the "AHL Program") via investments in AHL investment vehicles and broker accounts. The AHL Program invests in a number of international markets and trades a wide range of market instruments which may include futures, options and other derivative instruments. In addition, the Trading Subsidiary invests in the Man Investments Portfolio (the "MI Portfolio") which allocates funds to specialised international fund managers which offer a diverse range of investment strategies. These investments are managed by AHL Partners LLP ("AHL LLP") and FRM Investment Management Limited ("FRM") (the "Investment Manager"), respectively.

The registered office of the Company and the Trading Subsidiary is Bermuda House, Tutakimoa Road, Avarua, Rarotonga, Cook Islands.

The Company has no employees (2015: Nil).

Liquidation

In the prior year, the financial statements were prepared on a going concern basis.

The Company will reach its scheduled maturity date of 31 May 2017 (the "Maturity Date") and will terminate upon such date. As a result, the Company changed its basis of accounting from the going concern basis to the liquidation basis of accounting, effective 30 September 2016.

All assets and liabilities are carried at amounts that materially equate to their realisable value and net settlement amount, respectively, as at 30 September 2016. Liquidation costs of AUD 97,860 have been accrued.

2. Summary of significant accounting policies

The following are the significant accounting and reporting policies adopted by the Company:

a) Basis of preparation

The financial statements are prepared in accordance with the Cook Islands International Companies Act 1981-82, generally accepted accounting practice in New Zealand (NZ GAAP) and the New Zealand Financial Reporting Act 1993. They have been prepared in full compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB").

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). For the purpose of complying with NZ GAAP, the entity is a for-profit entity.

The current year financial statements have been prepared using the liquidation basis where the assets and liabilities are stated at their net realisable value and settlement amount, respectively, as at 30 September 2016. In addition, an accrual has been made for the expected termination cost.

b) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of Company's financial statements for the year ended 30 September 2015, except for the adoption of the liquidation basis of accounting.

c) Use of accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the amounts reported and disclosures made in these financial statements and accompanying notes, including certain valuation assumptions. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in the future. In the process of applying the Company's accounting policies, the Company has made the judgement to classify Redeemable Shares as liabilities as discussed in Note 10. The Company also used estimates and assumptions in the fair value measurement of financial instruments as discussed in Note 5.

2. Summary of significant accounting policies (continued)

d) Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are as follows:

(i) An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
(ii) An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
(iii) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company's offering documents details its objective of providing investment management services to investors which includes investing in a variety of investments for the purpose of generating medium term capital growth, as more fully explained in Note 1.

The Company reports to its investors via monthly investor information, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Company's annual reports.

As a result, the Company meets the definition of an investment entity since the Company provides investment services. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

e) Revenue recognition

Interest income is recorded on an accrual basis.

f) Investment transactions

Investment transactions are recognised and derecognised on a trade date basis and accounted for at fair value. Gains and losses which arise from redemption of financial instruments and reflect movements between the initial cost and fair value are included in the statement of comprehensive income.

The fair value of financial instruments traded in active markets has been based on quoted market prices at the balance sheet date. For all other financial instruments not traded in an active market, the fair value has been determined by using valuation techniques deemed to be appropriate in the circumstances.

All realised and unrealised gains and losses on securities are recognised as net gain/(loss) on investment in the Trading Subsidiary and zero coupon deposits in the statement of comprehensive income. Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the financial period. At the Trading Subsidiary level, realised gains and losses represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments). The cost of securities sold is accounted for on a first in-first out basis.

g) Valuation of financial assets and liabilities

Subsequent to the adoption of the liquidation basis of accounting, investments were valued at net realisable value. Net realisable value approximates fair value as of date of adoption of liquidation basis of accounting. During the previous financial year until the liquidation basis of accounting was adopted, investments were valued at fair value.

Financial assets or liabilities held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short term.

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

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

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

2. Summary of significant accounting policies (continued)

g) Valuation of financial assets and liabilities (continued)

Zero coupon deposits

The zero coupon deposits are initially valued at cost which is the fair value of the investment and are then carried at fair value at the balance sheet date. The fair value is the market value of the zero coupon deposits using zero coupon deposit revaluation methodologies which take into account current interest rates and the time to maturity. Movements in fair value are included in the statement of comprehensive income.

The zero coupon deposits have also been classified as financial assets at fair value through profit or loss. The Company has designated the zero coupon deposits as such on inception, because they are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. Subsequent to the adoption of the liquidation basis of accounting, the zero coupon deposits were valued at net realisable value.

Investment in the Trading Subsidiary

Investment in the Trading Subsidiary has been classified as financial assets at fair value through profit or loss.

The investment in the Trading Subsidiary is stated at fair value through profit or loss in the financial statements of the Company. The fair value is based on the latest available redemption price of the Trading Subsidiary's Redeemable Shares, as determined by the Trading Subsidiary's administrator. Management reviews the details of the reported information and considers:

- the liquidity of the Company's investment in the Trading Subsidiary or its underlying investments;
- the value date of the Net Asset Value ("NAV") provided; and
- any restriction on redemptions.

If necessary, the Company makes adjustments to the NAV of the Trading Subsidiary to obtain the best estimate of fair value. Net (loss)/gain on investment in the Trading Subsidiary in the statement of comprehensive income includes the change in fair value of the Trading Subsidiary. Subsequent to the adoption of the liquidation basis of accounting, the investment in the Trading Subsidiary was valued at net realisable value.

h) Amounts receivable on sale of investments

Amounts receivable on sale of investments include receivables for securities sold that have been contracted for but not yet settled at the end of the reporting period.

i) Loans

The Company may utilise loans, which are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Loans are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Loans are subsequently stated at amortised cost.

j) Offsetting financial instruments

The Company may offset financial assets and liabilities when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously. Financial assets and liabilities which are offset are reported at their net amount in the statement of financial position. As at 30 September 2016 and 30 September 2015, no financial assets and liabilities are offset in the statement of financial position.

k) Functional and presentational currency

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

l) Foreign currency

Transactions during the year denominated in foreign currencies have been translated at the rates of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange in effect at the date of the statement of financial position. For investment transactions and investments held at the year end denominated in foreign currency, the resulting gains or losses are included in the net gain/(loss) on investment in the Trading Subsidiary and zero coupon deposits in the statement of comprehensive income. All other foreign currency gains and losses are included in the foreign exchange gain/(loss) in the statement of comprehensive income.

m) Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

2. Summary of significant accounting policies (continued)

n) Redeemable Shares

Redeemable Shares have been categorised as a financial liability carried at NAV as they are redeemable on the Maturity Date, or at the request of the investor.

3. Taxation

The Company and the Trading Subsidiary are registered under the Cook Islands International Companies Act 1981-82, and as such, no taxation is payable.

4. Cash at bank

At the year end, amounts disclosed as cash and cash equivalents were held at National Australia Bank ("NAB"). As at 30 September 2016 and 30 September 2015, there are no collateral balances held with brokers.

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

The following table summarises financial assets at fair value through profit or loss as at 30 September:

	Fair value 2016 AUD	Fair value 2015 AUD
Financial assets at fair value through profit or loss		
Investment in the Trading Subsidiary	78,565,641	85,469,800
Zero coupon deposits	52,313,410	55,108,012
Total financial assets at fair value through profit or loss	130,879,051	140,577,812

No financial assets have been pledged as collateral for the year ended 30 September 2016 or 30 September 2015.

Zero coupon deposits

The zero coupon deposits mature on 31 May 2017; however, zero coupon deposits are periodically redeemed to facilitate payments to investors who redeem their shares. The face value at maturity of the zero coupon deposits held as at 30 September 2016 was AUD 52,908,062 (2015: AUD 56,932,883).

Investment in the Trading Subsidiary

Trading Subsidiary

Interest held:	100%
Principal activities:	Investment in futures, foreign exchange markets and funds.
Balance sheet date:	30 September
Country of incorporation:	Cook Islands

Investment in the Trading Subsidiary is recorded at fair value through profit or loss.

The Company and Trading Subsidiary operate as an integrated structure. Total net redemptions made by the Company into the Trading Subsidiary during the year ended 30 September 2016 were AUD 33,735 (2015: AUD 4,310). As at 30 September 2016 and 30 September 2015, there were no capital commitment obligations and no amounts due to the Trading Subsidiary for unsettled purchases.

The Trading Subsidiary allows redemptions of the shares, as outlined in the offering documents, mainly for the purpose of making payments due on redemption of the Company's shares.

Investments held by the Trading Subsidiary

The Company invests, via the Trading Subsidiary, using the AHL Program and MI Portfolio. Movements in the fair value of the Trading Subsidiary's portfolio and corresponding movements in the fair value of the Trading Subsidiary may expose the Company to a loss.

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

Investments held by the Trading Subsidiary (continued)

The AHL Program

The AHL Program trades derivative financial instruments including financial and commodity futures and currencies as part of its investment strategy. Open positions in exchange-traded futures are valued using settlement prices issued by the relevant exchange at the close of business on the last day of the calendar month or such other day as the Directors of the Company shall from time to time determine ("Valuation Day") as defined in the offering documents. Open positions in forward foreign exchange contracts are valued using the market price of the contracts required to close out the contracts on the Valuation Day as per offering documents. Both realised and unrealised gains and losses, net of foreign exchange movements, are included in the statement of comprehensive income.

Initial margin deposits are made to the broker upon entering into the derivative contracts. During the period, the futures contracts are open, changes in the value of the contracts are recognised as unrealised gains or losses by "marking-to-market" on a daily basis to reflect fair value of the contracts at the end of each day's trading and are reflected in the statement of comprehensive income. Open futures contracts are considered effectively closed and derecognised when the number of contracts bought long and sold short of the same type and maturity on the same exchange are offset.

Variation margin payments are made to or received from the broker depending upon whether unrealised gains or losses are incurred. Indirect exposure to the AHL Program may also be obtained through investments in AHL investment vehicles.

The MI Portfolio

Managed by FRM, the MI Portfolio accesses the expertise of a wide range of international fund managers that invest across various complementary alternative investment styles, including commodities, macro, event driven, equity hedged, credit and relative value. Allocations to managers are made via managed accounts, comingled funds or other structures as seen appropriate by FRM. FRM was founded in 1991, acquired by the Man Group in 2012 and merged with the existing Multi-Manager business. FRM is a global alternatives investment specialist, providing open architecture solutions to sophisticated institutional investors worldwide.

The Trading Subsidiary held the following investments as at 30 September:

	2016 AUD	2015 AUD
Financial assets at fair value through profit or loss		
AHL Program		
Held for trading		
Investment in related managed funds		
AHL Institutional Series 1 Limited	4,278,703	11,705,238
MI Portfolio		
Held for trading		
Investment in related managed funds		
Man Strategies Holdings SPC: Class AISI2b Holdings - MGH Shares	–	9,374,426
Man Glenwood Holdings Limited	5,118,897	–
Total financial assets at fair value through profit or loss	9,397,600	21,079,664

Fair value of financial assets and liabilities

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

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

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

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

Fair value of financial assets and liabilities (continued)

The fair value hierarchy has the following levels:

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

The fair value of zero coupon deposits included in Level 2 is determined using zero coupon deposit revaluation methodologies by reference to the market interest rates and the time to maturity.

The fair value of investment in the Trading Subsidiary included in Level 3 is determined using NAV of the Trading Subsidiary, as determined by the Trading Subsidiary's administrator.

The following is a summary of the classification within the fair value hierarchy for the Company's financial instruments carried at fair value as of 30 September 2016:

	Level 2 AUD	Level 3 AUD	Total AUD
Financial assets a fair value through profit or loss			
Investment in the Trading Subsidiary	–	78,565,641	78,565,641
Zero coupon deposits	52,313,410	–	52,313,410
Total financial assets at fair value through profit or loss	52,313,410	78,565,641	130,879,051

The following is a summary of the classification within the fair value hierarchy for the Company's financial instruments carried at fair value as of 30 September 2015:

	Level 2 AUD	Level 3 AUD	Total AUD
Financial assets a fair value through profit or loss			
Investment in the Trading Subsidiary	–	85,469,800	85,469,800
Zero coupon deposits	55,108,012	–	55,108,012
Total financial assets at fair value through profit or loss	55,108,012	85,469,800	140,577,812

Investments are reviewed at the end of each reporting period to ensure that they are correctly classified between Levels 2 and 3 in accordance with the fair value hierarchy outlined above. Where investments' characteristics have changed during the year and no longer meet the criteria of a given level, they are transferred into a more appropriate level at the end of the relevant financial reporting period. For the years ended 30 September 2016 and 30 September 2015, there were no transfers between levels.

A reconciliation of movements in Level 3 assets for the years ended 30 September 2016 and 30 September 2015 is set out below:

	2016 AUD	2015 AUD
Balance at the beginning of the year	85,469,800	81,208,747
Contributions and redemptions, net	(33,735)	(4,310)
Total (loss)/gain in statement of comprehensive income	(6,870,424)	4,265,363
Balance at the end of the year	78,565,641	85,469,800

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

Fair value of financial assets and liabilities (continued)

While NAV, as valued according to the underlying funds' valuation methodology, in most cases is deemed to represent the fair value of the investments, in some cases immediate liquidity could only be achieved on the secondary market at a discount to NAV. Depending on multiple factors, such as supply and demand, high return expectations of prospective liquidity providers and other subjective estimates, as well as transaction considerations and interim distributions, these discounts may be significant. Until an actual trade is executed, however, secondary market bids or estimates remain indicative only and subject to change, may over or under represent the price that can be achieved in a structured and competitive process, and may only represent a single and not necessarily sustainable snapshot of the secondary market. Similarly, traded prices may or may not be replicable, depending on multiple factors which are subject to change.

The fair value of financial assets at fair value through profit or loss classified within Level 3 is based on unobservable inputs that may be subject to significant variability. Because of the inherent uncertainty of valuation with respect to such financial assets at fair value through profit or loss, the Company's estimates of fair value may differ significantly from fair values that would have been used had observable inputs been available for the valuation of such financial assets at fair value through profit or loss, and the differences could be material.

Asset description	Fair value at 30 September 2016 AUD	Valuation technique	Unobservable input
Investment in the Trading Subsidiary	78,565,641	NAV of the Trading Subsidiary	NAV of the Trading Subsidiary

Asset description	Fair value at 30 September 2015 AUD	Valuation technique	Unobservable input
Investment in the Trading Subsidiary	85,469,800	NAV of the Trading Subsidiary	NAV of the Trading Subsidiary

There is a single unobservable input to the fair valuation of the Trading Subsidiary hence no range disclosed.

6. Financial risk management

The Company's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The most important types of financial risks to which the Company is exposed are market risk, credit risk and liquidity risk. Market risk includes price risk, interest rate risk and currency risk. The Company manages these risks on an aggregate basis along with the risks associated with its investing activities as part of its overall risk management policies.

The nature and extent of the financial instruments outstanding at the date of the statement of financial position and the risk management policies employed by the Company are discussed below.

Overall risk management

In order to achieve the Company's investment objectives, the Company seeks to take on a certain level of financial risk.

The Company seeks to generate returns through investing in the AHL Program managed by AHL LLP and the MI Portfolio managed by FRM. AHL LLP and FRM are affiliated with the Investment Manager.

The Investment Manager distinguished risk between two primary levels, which were risks at the Company level and risks at the level of underlying investments held within the Trading Subsidiary. Accordingly, the Investment Manager had implemented procedures to manage risks associated with both the Company level and its underlying investments of the Trading Subsidiary.

At the Company level

Risk management at the Company level was segregated into pre-investment risk management and ongoing risk management. Pre-investment risk management involved determining asset allocation and portfolio construction. Ongoing risk management involved conducting risk and return analyses, monitoring the relevant Company specific portfolio restrictions and investment guidelines and managing currency, interest rate, credit and liquidity risks at the Company level.

Risk considerations or the need to bring the portfolio back in line with product guidelines might trigger a rebalancing of the portfolio, which was typically done on a monthly basis by the Investment Manager's portfolio management team.

6. Financial risk management (continued)

At the level of underlying investments of the Trading Subsidiary

The AHL Program

In the case of the AHL Program, the trading activity is managed by AHL LLP. AHL LLP identifies opportunities to profit from price movements in a number of international markets through specialised investment techniques, advanced technology and daily risk control.

The AHL Program seeks to identify and take advantage of upward and downward price trends. Trading takes place around-the-clock and real-time price information is used to respond to price movements across a diverse range of global markets. Investment rules are executed within a systematic framework.

AHL LLP employs a number of risk measures including proprietary measurement methods similar to the industry standard Value-at-Risk ("VaR") and conducts daily stress testing based on historical data. Depending upon the risks identified, AHL LLP may alter the exposure to different markets it trades in.

Substantially all derivative contracts are transacted on a margin basis. The Investment Manager manages the risk associated with these transactions by maintaining margin deposits in compliance with individual exchange regulations and internal guidelines. The Investment Manager also takes an active role in managing and controlling the Trading Subsidiary's market and counterparty risks, monitoring trading activities and margin levels daily and, as necessary, deposits additional collateral or reduces positions.

The MI Portfolio

In the case of the MI Portfolio, the Company gains its exposure through the Trading Subsidiary's holdings in investment vehicles that invest in a number of funds managed by third party managers (the "Underlying Investment Managers"), which are chosen by the Investment Manager.

The Investment Manager has an active procedure for selecting and monitoring investments in third party funds. As a pre-requisite for investment, initial due diligence is performed to ensure that the third party fund has a sound trading strategy, a robust operational infrastructure and a suitable risk management environment.

Following the initial investment decision, the Investment Manager monitors the integrity of the operations and performance on an ongoing basis. Strategy risks are monitored to obtain early warnings of style drift or performance deterioration. This involves the systematic monitoring of risk and return characteristics including the consistency and distribution of returns, drawdowns and abnormal deviations or return 'breakouts'. The Investment Manager receives weekly NAV estimates from the Underlying Investment Managers and monthly final NAV from the fund administrators.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates.

There are many risk measures used by the Investment Manager; however, one generally understood measure is annualised volatility. Annualised volatility is a measure of risk that is calculated as the standard deviation of the returns on the NAV per Redeemable Share for the previous 126 months.

As it is based on the NAV per Redeemable Share, annualised volatility incorporates all performance characteristics of the Company including the impact of interest rate movements and currency exchange differences for the previous 12 months. Although the direct investments of the Company may change, the investment strategies employed by its underlying investments will not significantly change, meaning that the risk and return characteristics that the Company is exposed to are broadly consistent.

Annualised volatility has limitations as it assumes a normal distribution of monthly returns, which may not be fully representative of hedge fund behaviour. Annualised volatility is based upon historical data. There is no guarantee of trading performance and past performance is no indication of future performance or results.

For the year ended 30 September 2016, the annualised volatility for the Company was 13.11% (2015: 13.42%).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following borrowings and receivables bear interest at floating commercial rates and hence are sensitive to changes in interest rates: cash at bank and the zero coupon deposits held with NAB.

The Investment Manager is responsible for managing the interest rate risk of the Company's investments.

Notes to the financial statements (continued)
For the year ended 30 September 2016

6. Financial risk management (continued)

Interest rate risk (continued)

The following tables detail the Company's exposure to interest rate risk by the earlier of contractual maturities or re-pricing:

As at 30 September 2016

	Less than 12 months AUD	12-less than 48 months AUD	48 plus months AUD	Non-int bearing AUD	Total AUD
Current assets					
Interest earning assets					
Cash at bank	2,023	–	–	–	2,023
Zero coupon deposits	–	52,313,410	–	–	52,313,410
Non-interest earning assets					
Investment in the Trading Subsidiary	–	–	–	78,565,641	78,565,641
Amounts receivable on sale of investments	–	–	–	311,508	311,508
Total current assets	2,023	52,313,410	–	78,877,149	131,192,582
Current liabilities					
Non-interest earning liabilities					
Accrued expenses	–	–	–	(219,430)	(219,430)
Payable to Trading Subsidiary	–	–	–	(71,171,865)	(71,171,865)
Total current liabilities (excluding net assets attributable to Redeemable Shareholders)	–	–	–	(71,391,295)	(71,391,295)
Interest rate gap	2,023	52,313,410	–	7,485,854	59,801,287

As at 30 September 2015

	Less than 12 months AUD	12-less than 48 months AUD	48 plus months AUD	Non-int bearing AUD	Total AUD
Current assets					
Interest earning assets					
Cash at bank	2,022	–	–	–	2,022
Zero coupon deposits	–	55,108,012	–	–	55,108,012
Non-interest earning assets					
Investment in the Trading Subsidiary	–	–	–	85,469,800	85,469,800
Amounts receivable on sale of investments	–	–	–	231,893	231,893
Total current assets	2,022	55,108,012	–	85,701,693	140,811,727
Current liabilities					
Non-interest earning liabilities					
Accrued expenses	–	–	–	(133,067)	(133,067)
Payable to Trading Subsidiary	–	–	–	(69,934,737)	(69,934,737)
Total current liabilities (excluding net assets attributable to Redeemable Shareholders)	–	–	–	(70,067,804)	(70,067,804)
Interest rate gap	2,022	55,108,012	–	15,633,889	70,743,923

6. Financial risk management (continued)

Interest rate risk (continued)

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

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

As at 30 September 2016

	Less than 12 months AUD	12-less than 48 months AUD	48 plus months AUD	Non-int bearing AUD	Total AUD
Net assets after 50 bps increase	2,033	52,574,977	–	7,485,854	60,062,864
Net assets after 50 bps decrease	2,013	52,051,843	–	7,485,854	59,539,710

As at 30 September 2015

	Less than 12 months AUD	12-less than 48 months AUD	48 plus months AUD	Non-int bearing AUD	Total AUD
Net assets after 50 bps increase	2,032	55,383,552	–	15,633,889	71,019,473
Net assets after 50 bps decrease	2,012	54,832,472	–	15,633,889	70,468,373

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is indirectly exposed to currency risk through its investments in the Trading Subsidiary which invests in non-AUD denominated investments. The Investment Manager has an active procedure to monitor foreign exchange exposures and manages this risk through offsetting non-AUD denominated balances and by entering into offsetting forward foreign exchange contracts.

As at 30 September 2016 and 30 September 2015, the Company's assets and liabilities are predominantly in AUD and the Company does not have significant exposure to foreign currency risk, and accordingly, no sensitivity analysis is presented. As part of the Company's investment strategy, the Company may periodically hold investments denominated in foreign currencies.

The Company may be indirectly exposed to foreign exchange risk through the underlying strategies of the investment funds held, where foreign exchange risk trading forms part of the mandated investment strategy.

Price risk

Price risk is the risk that the price of a financial instrument will fluctuate due to changes in the prices of market factors influencing directly or indirectly the value of the instrument.

The Company is exposed to price risk arising from its investments. Due to the nature of the trading securities followed by these investments, no direct relationship between any market factors and the expected prices of the investments can be established.

Price risk is managed as described in the overall risk management section on the previous page.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company.

The Company's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event the counterparties fail to perform their obligations as at 30 September 2016 and 30 September 2015 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position.

With respect to derivative financial instruments held by the Trading Subsidiary, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. Credit risk was mitigated for the AHL Program and MI Portfolio through the diversity of counterparties and mitigation of concentration risk.

6. Financial risk management (continued)

Credit risk (continued)

The significant exposures are to the bank and the guarantor, NAB.

The Investment Manager performs due diligence on all counterparties before they become a service provider or counterparty to the Company, and credit quality checks are part of this process. The credit quality of the Company's banks and the guarantor is regularly monitored and factored into allocation decisions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities or equity that are settled by delivering cash or cash equivalents.

The Company is exposed to cash redemptions of its Redeemable Shares on a regular basis. Redeemable Shares are redeemable at the holder's option based on the Company's NAV per Redeemable Share at the time of redemption.

The Company manages its obligation to repurchase the Redeemable Shares when required to do so and its overall liquidity risk by:

- Requiring a 2 week notice period before the first business day in each calendar month or such other day as the Directors of the Company may from time to time determine (the "Dealing Day") as per offering documents; and
- Allowing for redemptions to be paid on or about 20 business days following the relevant Dealing Day as per offering documents.

The Company's policy is to satisfy redemption requests by a combination of the following:

- Redemption of the Security Deposits and use of cash;
- Disposal of liquid assets; and
- Use of credit or loan facilities.

Generally, the Company takes on minimal liquidity risk as the Trading Subsidiary invests in managed investment funds with a redemption notice period less than that of the Company, or the Trading Subsidiary utilises a dealing arrangement facility to ensure investments in managed investment funds can be purchased from the Trading Subsidiary should there be insufficient liquidity at a price equal to the last available price per share on the date of purchase. Under the dealing arrangement facility, Man Investments AG arranges the provision of monthly liquidity for Trading Subsidiary to facilitate the redemption of shares, and the rebalancing of the investments. In return for arranging the dealing facility, the Trading Subsidiary pays Man Investments AG a dealing arrangement fee of 0.05% per annum of the total investment exposure of the Trading Subsidiary.

The liquidity risk in respect of traded derivative financial instruments in the AHL Program and MI Portfolio is managed by AHL LLP and FRM, respectively, on a daily basis. The allocation to the AHL LLP and FRM managed accounts bear minimal liquidity risk as the managed accounts contain highly liquid positions only.

The liquidity risk of the underlying investments, which have monthly liquidity, is managed by the third party managers (the "Underlying Investment Managers"), subject to the general controls as noted above.

The following tables detail the Company's liquidity analysis for its financial liabilities. The table has been drawn up based on the contractual maturity of the undiscounted net cash flows on the financial liabilities that settle on a net basis and the undiscounted gross cash flows on those financial liabilities that require gross settlement.

As at 30 September 2016

	Less than one month AUD	1-less than 3 months AUD	More than 3-12 months AUD	More than 1 year AUD	Total AUD
Accrued expenses	219,430	–	–	–	219,430
Payable to Trading Subsidiary	71,171,865	–	–	–	71,171,865
Redeemable Shares	354,245	59,447,037	–	–	59,801,282
Total current liabilities (excluding net assets attributable to Continuing Redeemable Shareholders)	71,745,540	59,447,037	–	–	131,192,577

6. Financial risk management (continued)

Liquidity risk (continued)

As at 30 September 2015

	Less than one month AUD	1-less than 3 months AUD	More than 3-12 months AUD	More than 1 year AUD	Total AUD
Accrued expenses	133,067	–	–	–	133,067
Payable to Trading Subsidiary	69,934,737	–	–	–	69,934,737
Redeemable Shares	296,696	70,447,222	–	–	70,743,918
Total current liabilities (excluding net assets attributable to Continuing Redeemable Shareholders)	70,364,500	70,447,222	–	–	140,811,722

The tables above represent the Company's contractual maturities for the listed financial liabilities and are not reflections of expected maturity of financial liabilities as historical experience has shown that the majority of investors intend to hold the Redeemable Shares until maturity. Redemptions requested by Redeemable Shareholders prior to the Maturity Date are recognised when a legal obligation arises, being the first business day of the calendar month following receipt of the request.

7. Loans

Loan facility

Under the Man Investments AG revolving loan facility, the Trading Subsidiary can borrow from Man Investments AG at USD overnight LIBOR plus a margin. The advance rate and margin are determined by Man Investments AG taking into account a number of factors including any illiquid assets and the total amount of all advances. Man Investments AG can unilaterally amend the margin from time to time. As at 30 September 2016, interest was being charged at USD overnight LIBOR plus a margin of 2.00% (2015: 2.50%) being 2.50% (2015: 2.50%). The loan is unsecured.

Under the facility, Man Investments AG may, at any time by giving five business days' notice to the Trading Subsidiary, terminate the revolving loan facility. No notification was made by Man Investments AG during the year. This borrowing does not affect the Redeemable Shareholders' Guaranteed Amount.

8. Fees, commissions and other expenses

A monthly consultancy fee, management fee, brokerage commission and incentive fee are charged to and payable by the Trading Subsidiary.

a) Consultancy fee

A consultancy fee is payable by the Trading Subsidiary to Man Investments AG and is calculated at a rate of up to one twelfth of 0.5% of the investment exposure of the Trading Subsidiary's investments (being an amount equal to approximately 160% of the aggregate NAV of the Redeemable Shares) before deducting consultancy, brokerage and incentive fees, if any, on the immediately preceding Valuation Day as per offering documents. The fee is payable in arrears on each monthly Dealing Day as defined in the offering documents and accrued monthly between Dealing Days.

b) Management fee

A management fee is payable by the Trading Subsidiary to Man Investments AG. The fee is payable monthly in arrears at a rate of one twelfth of 2% of the investment exposure to the AHL Program (which will target 100% of the aggregate NAV of the Redeemable Shares) before deducting brokerage, incentive fees and an allocation of consultancy fees, but after deducting an allocation of service and administration expenses on the immediately preceding Valuation Day as per offering documents.

A management fee in respect of the MI Portfolio investments is payable to Man Investments AG. The fee is payable in arrears on each quarterly Dealing Day as per offering documents at a rate of one quarter of 1.5% of the value of the investment exposure to the MI Portfolio (initially approximately 60% of the aggregate NAV of the Redeemable Shares).

c) Brokerage commission

A brokerage commission is payable by the Trading Subsidiary to Man Investments AG. This fee is paid monthly in arrears at a rate of one twelfth of 3.1% of the investment exposure to the AHL Program (plus the costs at institutional rates, for execution of any futures contracts traded and hedging transactions) before deducting management, incentive fees and an allocation of consultancy fees, if any, but after deducting an allocation of service and administration expenses.

8. Fees, commissions and other expenses (continued)

c) Brokerage commission (continued)

Effective 1 January 2016, the Introducing Broker services were novated from Man Investments AG to AHL LLP (the "Introducing Broker").

d) Incentive fee

An incentive fee in respect of the AHL Program is payable by the Trading Subsidiary to Man Investments AG and/or the Investment Manager at the rate of 20% of any net appreciation and increase in value attributable to the AHL Program after deduction of the management and brokerage fees and an allocation of service, administration and consultancy fees on any Valuation Day, above any previous highest attributable value on any preceding monthly Valuation Day as per offering documents on which the incentive fee is calculated.

In respect of the investments in the MI Portfolio, an incentive fee is payable to Man Investments AG at a rate equal to 10% of any net appreciation of the investment exposure to the MI Portfolio.

9. Related party transactions

FRM Investment Management Limited ("FRM") (the "Investment Manager"), Man Investments Australia Limited ("MIAL") (the "Sponsor"), Man Investments AG (the "Marketing Advisor", previously the "Introducing Broker" up to 31 December 2015 and a provider of a credit facility), AHL Partners LLP ("AHL LLP") (the "Introducing Broker" from 1 January 2016) and Man Valuation Services Limited (the "Valuation Agent") are related parties as they are all subsidiaries or associates of Man Group. Man Group means Man Group plc and all or any of its subsidiaries and associates, as the context requires.

Man Group plc companies are also involved, in varying capacities, in the management of the AHL Program and MI Portfolio in which the Trading Subsidiary has invested.

Master Multi-Product Holdings Limited ("MMPHL"), a Bermuda incorporated company, is a related party through its 100% holding of all the Management Shares in the Company. MMPHL shared 2 directors in common with the Company. The intermediate controlling party of the Company is therefore MMPHL. Michael Collins is a director of MMPHL and is also a director of the Company. John Walley was a director of MMPHL until 11 December 2015 and was also a director of the Company until 18 March 2016. Dawn Griffiths was appointed as a director of the Company effective 18 March 2016 and is also a director of MMPHL.

The Directors of the Company are directors of the Trading Subsidiary and may also be directors of companies into which the Trading Subsidiary may invest directly or indirectly, or directors of companies that provide services to such companies. Directors' fees are disclosed in the statement of comprehensive income.

Man Series 11 OM-IP 220 Trading Limited is a wholly owned Trading Subsidiary of Man Series 11 OM-IP 220 Limited.

Expenses paid to and year end balances with these companies are disclosed below.

	Trading Subsidiary		Company	
Related party transactions	2016 AUD	2015 AUD	2016 AUD	2015 AUD
Directors' fees	–	–	27,152	9,381
Expenses paid to Man Investments AG/FRM Investment Management Limited:				
Brokerage commission	368,466	1,862,143	–	–
Consultancy fees	346,794	466,667	–	–
Dealing arrangement fees	34,963	47,095	–	–
Incentive fees	–	1,310,931	–	–
Loan interest expense	94,300	154,750	–	–
Management fees	1,249,309	1,737,626	–	–
Expenses paid to AHL Partners LLP:				
Brokerage commission	963,102	–	–	–
Expenses paid to Man Valuation Services Limited:				
Valuation fees	–	–	99,224	111,446
Balance outstanding:				
Balance payable to Trading Subsidiary	–	–	(71,171,865)	(69,934,737)
Balance receivable from the Company	71,171,865	69,934,737	–	–
Man Investments AG Loan	(1,961,444)	(5,612,624)	–	–

9. Related party transactions (continued)

Included in accrued expenses of the Company are amounts due to related parties for unpaid fees of AUD 331,055 (2015: AUD 529,110) and AUD 15,085 (2015: AUD 10,629), respectively. No debts with related parties have been written off or forgiven during the year (2015: Nil).

The balance payable to the Trading Subsidiary is unsecured, non-interest bearing and payable on demand. All other transactions with related parties are priced on an arm's length/market basis.

10. Ordinary and Redeemable Shares

10.1 Ordinary Shares

	2016 AUD	2015 AUD
Authorised, issued and fully paid		
5 Ordinary Shares of AUD 1.00 each	5	5

The Ordinary Shares carry the rights to approximately 20% of total votes, whereas the Redeemable Shares as a class carry the right to approximately 80% of the votes cast by all shareholders. The holders of the Ordinary Shares have no rights to dividends nor to share in the profits and surplus assets of the Company.

10.2 Redeemable Shares

	2016 AUD	2015 AUD
Authorised		
499,999,995 Redeemable Shares of AUD 1.00 each	499,999,995	499,999,995

	2016	2015
Issued and fully paid		
Opening balance	56,578,600	62,409,065
Redeemed	(3,908,300)	(5,830,465)
Closing balance	52,670,300	56,578,600

All Redeemable Shares will be redeemed on 31 May 2017 at a value equal to the NAV per Redeemable Share on that date. However, by giving two weeks' notice in writing, Redeemable Shares can be redeemed on the first business day of any month, subject to the terms as set out in the offering documents, investment statement and the Articles of Association.

The Company's capital as at 30 September 2016 represented by Redeemable Shares is shown in the statement of financial position as a 'Liability to Redeemable Shareholders'.

The Company has certain restrictions on the redemptions of Redeemable Shares, as outlined in the offering documents and investment statement. The relevant movements are shown in the statement of changes in Redeemable Shareholders' interest. In accordance with the objectives outlined in the corporate information, accounting policies and the financial risk management policies in Note 6, the Company endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

Capital management

As a result of the ability to redeem Shares, the capital of the Company can vary depending on the demand for redemptions from the Company. The Company is not subject to externally imposed capital requirements and has no restrictions on the redemption of Shares other than those set out in the Company's offering documents.

During the previous financial year until the liquidation basis of accounting was adopted, the Company's objective for managing capital was to maximise the returns of capital to investors on a timely basis.

Refer to Note 6, 'Financial risk management', for the policies and processes applied by the Company in managing its capital.

10. Ordinary and Redeemable Shares (continued)

10.2 Redeemable Shares (continued)

Reconciliation to net asset value

There is a difference between the NAV as per the financial statements and the NAV for valuation and redemption purposes, calculated in accordance with the Company's offering documents in the current year.

The Company has accrued for certain future maturity costs in order to limit the impact on investors where the trading capital of the Company may decrease below a certain level. The accrual of costs for future periods is not permissible under IFRS and has not been expensed for the purpose of these financial statements.

Such is the case there is no difference in the prior year. The Company's NAV as per the financial statements as at 30 September 2016 is AUD 59,801,282 (2015: AUD 70,743,918) and the NAV per Redeemable Share is AUD 1.1353 (2015: AUD 1.2503). The amount of liquidation fees accrual made for the current year is AUD 97,860 (2015: Nil). For valuation and redemption purposes, the Company's NAV before liquidation fees accrual as at 30 September 2016 is AUD 59,899,142 (2015: AUD 70,743,918) and the NAV per Redeemable Share before liquidation fees accrual is AUD 1.1372 (2015: AUD 1.2503).

11. Subsequent events

Rising guarantee

In accordance with the offering documents, the Company will purchase additional zero coupon deposits to increase the NAB Guarantee at maturity by an amount equal to 50% of any net new trading profits of the Trading Subsidiary after making good any prior years' losses calculated monthly on a per share basis.

Since balance sheet date, no zero coupon deposits have been purchased (2015: Nil) as the Trading Subsidiary has not made up prior years' trading losses during the year.

Accordingly, the NAB Guarantee at maturity remains at AUD 1.0105 (2015: AUD 1.0105) per Redeemable Share held.

Redemptions post year end

Subsequent to balance sheet date, the Company has continued to redeem Redeemable Shares monthly in accordance with the normal redemption policy of the Company and has also redeemed zero coupon deposits relating to those redemptions.

12. Commitments and contingencies

There were no contingent liabilities or commitments as at year end (2015: Nil).

Independent Auditor's Report

To the Shareholders of Man Series 11 OM-IP 220 Limited

Report on the Financial Statements

We have audited the financial statements of Man Series 11 OM-IP 220 Limited on pages 7 to 25, which comprise the statement of financial position of Man Series 11 OM-IP 220 Limited as at 30 September 2016, and the statement of comprehensive income, statement of changes in redeemable shareholders' interest, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the company's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interest in, Man Series 11 OM-IP 220 Limited.

Opinion

In our opinion, the financial statements on pages 7 to 25:

- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of Man Series 11 OM-IP 220 Limited as at 30 September 2016 and the financial performance and cash flows of the company for the year then ended.

Basis of Preparation of the Financial Statements

The financial statements have been prepared on a liquidation basis as described in Note 2. This basis differs from the normal convention in that financial statements are usually prepared on the basis that the company will carry on business as a going concern. Under the liquidation basis, the financial statements include adjustments to the net book value of assets, reducing them to the amounts expected to be realised, together with additional provisions and liabilities which will arise as a result of the company ceasing to trade. Note 1 discloses the liquidation costs required as a result of the company ceasing to trade.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations that we have required.

In our opinion proper accounting records have been kept by Man Series 11 OM-IP 220 Limited as far as appears from our examination of those records.

Ernst + Young

9 January 2017
Auckland