

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ATTORNEY, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER. IF YOU HAVE SOLD OR TRANSFERRED ALL YOUR USD-CLASS SHARES IN MAN AHL GUARANTEED FUTURES 3 LTD, PLEASE FORWARD THIS DOCUMENT TO THE PURCHASER OR TRANSFEREE, OR TO THE STOCKBROKER, BANK MANAGER OR OTHER AGENT THROUGH WHOM THE SALE OR TRANSFER WAS EFFECTED.**

**THE BOARD OF DIRECTORS OF THE COMPANY ACCEPTS RESPONSIBILITY FOR THE ACCURACY OF THE CONTENTS OF THIS LETTER.**

## **MAN AHL GUARANTEED FUTURES 3 LTD - USD CLASS SHARES**

(incorporated in Bermuda with limited liability as a mutual company)

**DIRECTORS:**

Mr. Michael Collins  
Ms. Dawn Griffiths  
Mr. David Smith

**REGISTERED OFFICE:**

5 Reid Street  
Hamilton HM 11  
Bermuda

7 November 2013

**Dear Sir/Madam**

**Notice of move to permanent cash**

We wish to notify you, effective from 7 November 2013, that the Directors of Man AHL Guaranteed Futures 3 Ltd (the "Company") have resolved to reduce the investment exposure of the USD-Class shares (the "Shares") of the Company to the AHL Diversified Programme to zero and, with a view to preserving the remaining capital, to hold all remaining capital in guarantee instruments and/or cash.

In accordance with the Prospectus issued by the Company, this action will have no impact on the capital guarantee and you are still guaranteed to receive at least the current guarantee value per Share if you hold to maturity, ensuring at a minimum the repayment of USD 0.9 per Share (namely, 90% of the Purchase Price of such Share)<sup>1</sup>. However, investors should note that the guarantee will not apply for any Shares redeemed prior to the maturity of the Shares.

Further background, information and the available next steps and options (including an option to transfer your investment to another Man product or redemption free of early redemption fees) are set out in the Annex to this letter. We strongly recommend that you consult your financial adviser regarding the actions outlined in this letter.

We regret that this action has become necessary, but firmly believe that this is in the interests of investors in the Company. If you have any questions, please contact the Hong Kong Representative whose office is at Suite 1301, Chater House, 8 Connaught Road Central, Hong Kong, Tel.: +852 2521 2933.

Yours faithfully

**The Board of Directors**

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<sup>1</sup> The Guaranteed Amount of USD 0.9 per Share is subject to the terms of a capital guarantee as described in the Prospectus issued by the Company. The guarantee is only applicable to Shares outstanding on 31 December 2014 and will therefore not apply to Shares redeemed earlier.

## **Annex**

All capitalised terms in this letter that are undefined shall have the meaning set out in the Prospectus issued by the Company in relation to the Shares.

### **Background**

The Company issued Shares to investors at a purchase price of USD 1 per Share. The Guaranteed Amount in respect of each Share outstanding and to be redeemed on 31 December 2014 (the "Maturity Date" of the Shares) is USD 0.9 per Share. The Guaranteed Amount is subject to the terms of a capital guarantee as described in the Prospectus issued by the Company. The Shares are closed for new subscriptions.

Man Investments Limited, as the Investment Manager of the Company, manages the risk for the Company by seeking to ensure that the underlying risk is within predetermined levels as defined by the Investment Manager's trading strategy. The Prospectus issued by the Company noted that, in the event of an exceptional decline in the value of the Trading Capital to a level insufficient to sustain its normal trading strategies, the Company may have to cease trading activities. The Investment Manager believes that the value of the Trading Capital is now insufficient to maintain the Company's normal trading strategies.

### **Developments**

Man Investments Limited has recommended to the Directors, effective from 7 November 2013, that it is in the interests of investors in the Company that the Company should reduce the investment exposure to the AHL Diversified Programme to zero and, with a view to preserving the remaining capital, hold all remaining capital in guarantee instruments and/or cash. The reduction of investment exposure to zero is substantially expected to complete within a week of the date of this letter.

Consequently, Man Investments Limited, as the Investment Manager, and Man Investments AG, as the Product Structuring Adviser, have advised the Directors to take a number of measures to reduce the ongoing operating costs of the Company. These measures include, but are not limited to, the suspension or reduction of certain fees earned by Man Group entities or affiliates (including a reduction of the management fee to zero), negotiations with service providers to waive or reduce their fees and the reduction of certain ongoing expenses (such as auditing costs). Nevertheless, in the current market environment the Company does not expect to generate any income from its cash holdings and investors should note that, from 7 November 2013, the total remaining fees and expenses incurred by the Shares of the Company are likely to exceed the investment return of the remaining capital held in guaranteed instruments and/or cash. Subsequently, the Net Asset Value of the Company is expected to progressively deteriorate until the Maturity Date.

Therefore, in order to facilitate redemptions of Shares before the Maturity Date pursuant to option (ii) below, the Directors have resolved pursuant to the discretion granted to them in the Prospectus that from the Dealing Day of 2 January 2014 onwards, the cut-off time and date for such redemptions by Standard Shareholders will be 17:00 (London time) on the 23<sup>rd</sup> calendar day of the month (currently the 15<sup>th</sup> calendar day) preceding the Dealing Day upon which redemption is required to be effected. The Directors have in addition resolved that the cut-off time and date for such redemptions by Standard Shareholders for the Dealing Day of 2 December 2013 will be 17:00 (Hong Kong time) on 25 November 2013. This is set out in the table below:

Dealing Day	Previous cut-off time and date	Revised cut-off time and date (effective immediately)
2 December 2013	15 November 2013 (17:00 London time)	25 November 2013 (17:00 Hong Kong time)
2 January 2014	15 December 2013 (17:00 London time)	23 December 2013 (17:00 London time)
3 February 2014	15 January 2013 (17:00 London time)	23 January 2014 (17:00 London time)
All further Dealing Days: the first Business Day of each calendar month (or any other Business Day determined by the Directors)	The 15 <sup>th</sup> calendar day of the previous month (17:00 London time)	The 23 <sup>rd</sup> calendar day of the previous month (17:00 London time)

Monthly liquidity procedures will otherwise remain unchanged and details of these procedures are set out in the Prospectus. Payment of redemption proceeds will usually be made within ten (10) Business Days of the date on which the valuation is available to the Shareholder Services Agent and Registrar. Typically, the valuation data is available by the tenth (10<sup>th</sup>) calendar day of the month (however the precise date of availability is subject to change and may be made available later in any given month).

In accordance with the Prospectus and Bye-laws of the Company, investors are notified that Directors may exercise their discretion to compulsorily redeem all the Shares in the event that the aggregate Net Asset Value of all Shares in issue on three successive Valuation Days is less than USD 20,000,000 and provided that there are sufficient funds at such time to pay at least the Guaranteed Amount of USD 0.9 per Share.

#### **Guarantee**

Please note that redemptions or switches prior to the maturity date of 31 December 2014 will be at the prevailing Net Asset Value per Share and, therefore, the Guarantee will not apply. The Guaranteed Amount at maturity is USD 0.9 per Share. **There is no guarantee that the prevailing Net Asset Value per Share before the Maturity Date will be on or above the Guaranteed Amount.**

#### **Taxation**

Shareholders resident in Hong Kong will not be liable for Hong Kong tax in respect of any income or gains made on the issue, redemption, conversion or other disposal in Hong Kong of shares, save that persons carrying on in Hong Kong a business of trading securities may be subject to Hong Kong profits tax if those gains form part of such business. We strongly recommend that shareholders consult their tax advisor regarding the actions outlined in this letter in the event of any uncertainty surrounding their tax position.

#### **Documents for Inspection**

The following documents of the Company are available for inspection during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the office of the Hong Kong Representative, whose contact details are stated on page 1 of this letter:

- (a) the Prospectus;
- (b) the Bye-laws.

#### **What to do next**

Shareholders of the Company have the following options:

- i. A switch, without charge, into another Man product

If you choose to switch, you will be subject to the terms of the new investment product. You should consult your financial adviser regarding whether the option to switch is suitable for your individual circumstances. If you do not have access to a

financial adviser, please contact your local Man office for details of financial advisers in your area who are authorised to offer Man products.

Please note that funds not authorized by the SFC in Hong Kong would not be available to Hong Kong retail investors. Shareholders resident in Hong Kong may switch their investment, subject to a subscription threshold of USD 10,000, to Man AHL Diversified Futures Ltd which is authorised by the SFC as a futures and options fund. Please note that Man AHL Diversified Futures Ltd has a different risk profile from the Company (e.g. no capital guarantee feature will be offered). Copies of the offering documentation for Man AHL Diversified Futures Ltd are available on [www.man.com](http://www.man.com). Shareholders resident in Hong Kong should read the offering documentation of Man AHL Diversified Futures Ltd before any decision to switch is made. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. **If you choose to switch, the prevailing Net Asset Value per Share before the Maturity Date may be above or below the Guaranteed Amount at maturity of USD 0.9 per Share**

ii. A return of redemption proceeds before the Maturity Date

If you wish to redeem your Shares before the Maturity Date, you may apply for redemption at the monthly Net Asset Value, therefore forgoing your Guarantee. No early redemption fees will be charged. Please refer to the 'Developments' heading in this Annex (including the table enclosed within that section) for details of applicable cut-off times and dates for such redemptions. Please complete the enclosed Redemption Request Form and return it to your financial adviser, your local Man office or Citibank N.A., Hong Kong Branch, 9/F., Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong by fax: +852 3077 4889 followed by mailing the original redemption request.

In accordance with the Prospectus issued by the Company, payment of redemption proceeds will usually be made within ten Business Days of the date on which the valuation of the Shares is available. Shareholders selecting this option will receive redemption proceeds calculated as at the prevailing Net Asset Value per Share multiplied by their shareholdings. **The prevailing Net Asset Value per Share before the Maturity Date may be above or below the Guaranteed Amount at maturity of USD 0.9 per Share.**

iii. A return of redemption proceeds upon the Maturity Date

Please note that if you take no action, you will remain invested until maturity of the Shares on 31 December 2014 (or such earlier date as may be declared by the Directors) at which point you will receive at a minimum the repayment of the Guaranteed Amount at maturity of USD 0.9 per Share (namely, 90% of the Purchase Price of such Share)<sup>1</sup>.

Please note that the name and registered address of the Shareholder Services Agent (formerly known as Citi Hedge Fund Services, Ltd.) has now changed to Citi Fund Services (Bermuda), Ltd, 5 Reid Street, Hamilton HM 11, Bermuda.



Dawn Griffiths  
Director