

Man AHL Diversified (Guernsey)



Monthly Report as of 31 March 2017

Inception Date : 04 January 2008 **Lead Class Total NAV :** USD 219,667,328 **ISIN :** GG00B29ZYR48

Monthly commentary

In March, markets saw a well-anticipated interest rate rise in the US, as well as a less well expected failure by the new president to deliver on his first piece of promised legislature, the new healthcare bill. The dollar generally weakened globally, falling against both developed and emerging markets. However, global risk appetite remained mostly intact for the period, with equity and credit markets continuing their upward trajectories and realised volatility staying low. Reversals in interest rates and commodities proved challenging for the Fund, however, with losses also from trading in developed market FX. These were partly offset by positive performance in emerging market currencies and global equities to leave the Fund down -3.03% on the month.

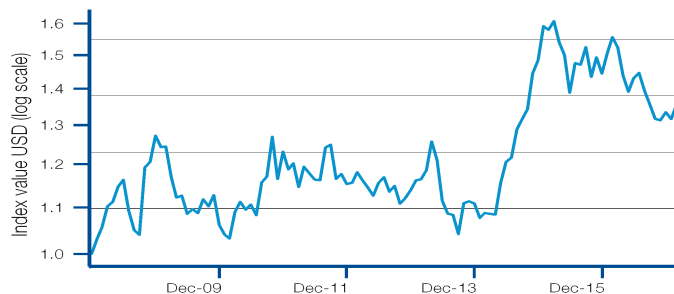
Despite reaching new all-time highs at the beginning of March, the US equity market underperformed markets in Europe and Asia, except for Japan. The Fund's broadly long positions saw most gains coming from Korean Kospi, EuroStoxx and Italian indices, with a particular boost also from specific sector positioning in European capital goods. Long positions in US banking stocks, however, were costly. Within commodities, it was a combination of energy and cocoa trading that dragged on performance. US natural gas, in particular, saw losses on short positions built up over the previous month as prices staged an 11%

recovery. Cocoa, which had seen six straight months of falling prices, bounced 9% and eroded some of the gains made earlier in the year. Short sugar positions fared much better as the market continued to fall from highs made last October, and long exposures to metals such as aluminium and palladium continued to benefit from the global risk appetite. In the UK at least, March will probably be remembered as the month that the government formally triggered the beginning of Brexit negotiations, via article 50 of the Lisbon Treaty. Despite some weakness early on, the British pound ended the month marginally up against the euro, and both were up against the US dollar. This weighed against the Fund's positioning in developed market FX, which was broadly long US dollars against the likes of pounds, euros and Canadian dollars. Elsewhere, the dollar weakness saw significant gains for the Fund in more emerging markets, with long positions in Mexico, India and Russia benefiting. The Federal Reserve's raising of policy interest rates by 25bp was no surprise to markets and if anything it underwhelmed traders in Janet Yellen's accompanying tone. US interest rates rose before the announcement and then retraced, sending treasury futures prices first down and then back up. The Fund started the month short US bonds and long German bunds and saw losses initially from Europe then also from America and the market rebounded. Smaller gains were made on Gilt and Italian BTP positions.

Net Performance and Risk*

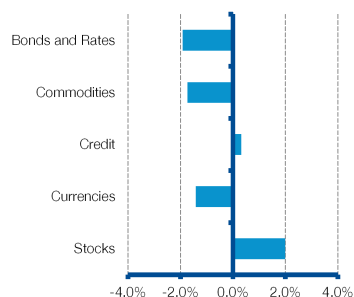
| | Product |
|-----------------------------|-----------|
| Last month | -3.03 % |
| Last 3 months | -1.77 % |
| Year to date | -1.77 % |
| Last 12 months | -13.90 % |
| Last calendar year | -7.59 % |
| Total return | 31.11 % |
| Annualised return | 2.97 % |
| Annualised volatility | 13.54 % |
| Sharpe ratio ¹ | 0.17 |
| Worst drawdown ² | -18.92 % |
| Drawdown Length | 14 months |
| No of Drawdowns | 4 |

Performance chart 04 January 2008 to 31 March 2017*

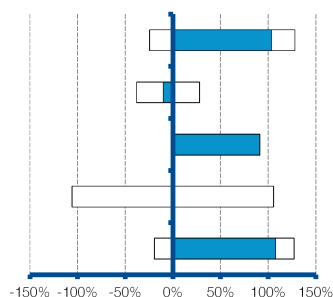


| | |
|---------------------------------------|--------|
| VaR (99%) | 2.29 % |
| Expected Shortfall (99%) ³ | 2.65 % |
| Leverage ⁴ | 6.67 |

Gross Performance Contribution⁵



Sector Exposure⁶



Exposure and VaR (99%)⁶

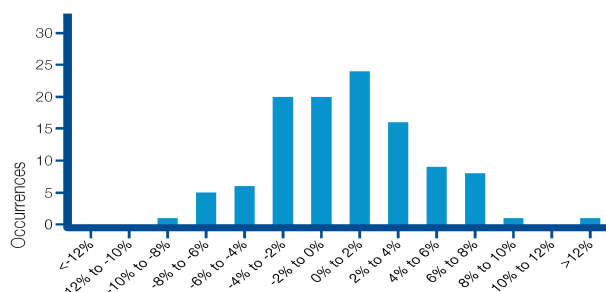
| | Short | Long | Net | VaR |
|-----------------|---------|--------|--------|------|
| Bonds and Rates | -24.38 | 127.85 | 103.47 | 0.66 |
| Commodities | -38.08 | 28.08 | -10.01 | 0.64 |
| Credit | 0.00 | 91.25 | 91.25 | 0.15 |
| Currencies | -105.50 | 105.50 | N/A | 1.28 |
| Stocks | -19.35 | 127.18 | 107.84 | 1.04 |

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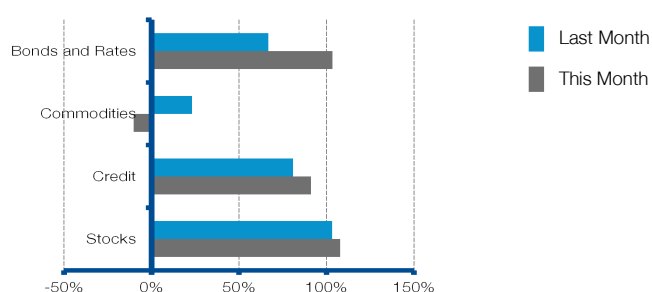
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Distribution of Monthly Returns
04 January 2008 to 31 March 2017



Net Exposure Monthly Comparison



Top 5 Markets ⁷

| | MTD | EOM Position ⁸ |
|------------------------|--------|---------------------------|
| Mexican Peso/US Dollar | 0.48 % | Long |
| Indian Rupee/US Dollar | 0.38 % | Long |
| Korean Kospi | 0.32 % | Long |
| Euro/Polish Zloty | 0.30 % | Short |
| Sugar | 0.21 % | Short |

Commodities Net Exposure

| | |
|---------------|----------|
| Metals | 15.25 % |
| Energies | -11.23 % |
| Agriculturals | -14.02 % |

Sovereign Bond Net Exposure

| | |
|---------|---------|
| G10 | 40.84 % |
| Non G10 | 22.39 % |

Top 5 Currency Exposure

| | |
|-----|-----------|
| USD | -106.34 % |
| PLN | 24.80 % |
| NOK | -17.89 % |
| AUD | 16.76 % |
| BRL | 15.30 % |

Option Positioning by Asset Class

| | Position | Vega ⁹ |
|--------------|-----------|-------------------|
| Commodities | Short vol | 0.00 % |
| Equity | Short vol | 0.00 % |
| FX | Short vol | -0.01 % |
| Fixed Income | Short vol | -0.02 % |

Bottom 5 Markets ⁷

| | MTD | EOM Position ⁸ |
|------------------------------|---------|---------------------------|
| Natural Gas - US | -0.59 % | Short |
| Cocoa | -0.38 % | Short |
| Euro/US Dollar | -0.29 % | Long |
| Euro-BUND | -0.26 % | Long |
| South African Rand/US Dollar | -0.26 % | Long |

Sector

| | CS01 ¹⁰ | DV01 ¹¹ |
|-----------------|--------------------|--------------------|
| Credit | -0.04 % | 0.00 % |
| Bonds and Rates | 0.00 % | -0.09 % |

Equity Sector Exposure

| | |
|----------------------------|---------|
| Broad Market Indices | 69.30 % |
| ETFs | 1.43 % |
| Consumer Discretionary | 4.42 % |
| Consumer Staples | 1.83 % |
| Energy | -5.02 % |
| Financials | 7.66 % |
| Health Care | 2.34 % |
| Industrials | 11.51 % |
| Information Technology | 9.27 % |
| Materials | 2.38 % |
| Real Estate | 0.27 % |
| Telecommunication Services | 0.62 % |
| Utilities | 1.82 % |

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Historical performance* ¹²

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD ¹³ |
|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------|
| 2017 | -1.36 % | 2.70 % | -3.03 % | | | | | | | | | | -1.77 % |
| 2016 | 4.27 % | 3.32 % | -2.13 % | -5.48 % | -3.30 % | 2.81 % | 1.10 % | -3.57 % | -2.75 % | -2.92 % | -0.31 % | 1.66 % | -7.59 % |
| 2015 | 7.18 % | -0.74 % | 1.80 % | -4.17 % | -2.66 % | -7.36 % | 6.24 % | -0.33 % | 3.64 % | -5.85 % | 4.01 % | -3.23 % | -2.68 % |
| 2014 | -2.91 % | 0.99 % | -0.16 % | -0.16 % | 6.75 % | 4.30 % | 0.90 % | 5.90 % | 2.10 % | 2.07 % | 7.58 % | 2.72 % | 33.93 % |
| 2013 | 2.06 % | 0.19 % | 1.88 % | 6.02 % | -3.67 % | -7.98 % | -2.60 % | -0.29 % | -3.81 % | 6.48 % | 0.39 % | -0.44 % | -2.66 % |
| 2012 | 0.25 % | 2.16 % | -1.63 % | -1.44 % | -1.67 % | 2.66 % | 1.12 % | -2.87 % | 1.18 % | -3.56 % | 1.11 % | 1.64 % | -1.27 % |
| 2011 | -3.53 % | 1.24 % | -4.70 % | 4.21 % | -1.32 % | -1.27 % | -0.13 % | 6.88 % | 0.59 % | -6.74 % | 1.01 % | -2.03 % | -6.37 % |
| 2010 | -1.96 % | -0.78 % | 5.56 % | 2.08 % | -1.59 % | 1.03 % | -2.12 % | 6.90 % | 1.20 % | 8.47 % | -8.25 % | 5.71 % | 16.10 % |
| 2009 | -2.32 % | 0.13 % | -6.05 % | -4.08 % | 0.38 % | -3.61 % | 0.89 % | -0.78 % | 2.86 % | -1.41 % | 2.30 % | -5.90 % | -16.65 % |
| 2008 | 3.03 % | 2.48 % | 4.31 % | 0.94 % | 3.18 % | 1.36 % | -6.14 % | -3.85 % | -0.92 % | 14.71 % | 1.15 % | 5.50 % | 27.25 % |

NAV Table ¹⁴

| Class | NAV | ISIN | Bloomberg | Institutional or Distribution | Last month % | 2014 Return | 2015 Return | 2016 Return |
|-------|-------|--------------|------------|-------------------------------|--------------|-------------|-------------|-------------|
| A USD | 1.31 | GG00B29ZYR48 | MAHLDGD GU | D | -3.03 % | 33.93 % | -2.68 % | -7.59 % |
| B EUR | 1.17 | GG00B3CTZB13 | MANADGE GU | D | -3.18 % | 33.77 % | -2.78 % | -8.92 % |
| C CHF | 0.99 | GG00B3CTZD37 | MANAHLG GU | D | -3.26 % | 34.13 % | -3.61 % | -9.56 % |
| E AUD | 1.27 | GG00B3X89L55 | MADIGAA GU | D | -3.07 % | 35.33 % | -0.96 % | -7.61 % |
| G RMB | 11.81 | GG00B3WXTG65 | MDRMBGA GU | D | -2.93 % | 35.33 % | -0.48 % | -6.55 % |

Key Facts ¹⁵

| | | | |
|--------------------|---|------------------------|-----------------------------|
| Investment manager | AHL Partners LLP | Management fee | Up to 3% per annum |
| Administrator | BNY Mellon Fund Services (Ireland) Designated Activity Company | Introducing Broker fee | 1% per annum |
| Valuation agent | Citibank Europe plc | Minimum investment | From USD 30,000 |
| Performance fee | 20% | Currencies | USD / EUR / CHF / AUD / RMB |

Important Information

¹ Sharpe ratio is calculated using a risk-free rate in the appropriate currency over the period analysed. Where an investment has underperformed the risk-free rate, the Sharpe ratio will be negative. Because the Sharpe ratio is an absolute measure of risk-adjusted return, negative Sharpe ratios are not shown as they can be misleading. The risk-free rate used for Sharpe ratio calculation is the 3 month USD Libor. ² The drawdown is the percentage drop in the price of an investment from its last peak price. The worst drawdown represents the greatest peak to trough decline over the life of an investment. ³ Expected Shortfall is defined as the average of all losses which are greater than or equal to VaR. ⁴ Leverage displayed here is calculated using the sum of gross exposure from each sector traded by the AHL Programme and therefore does not include leverage from FX hedging or cash management and in no way reflects regulatory leverage calculations. Exposure calculations used are the same as detailed in the exposure reference note with exposures netted at the underlying security level. ⁵ The figures are estimated and generated on a fund level and do not take into account the fees/interest/commission charges on any particular account. Differences may also occur due to slippage variation, portfolio changes, FX movements and post execution adjustments. Therefore the sum total of these sector indications will not necessarily equate to the reported performance for the month in question. ⁶ Exposure values represent the delta notional value of positions expressed as a percentage of fund capital. Where applicable, fixed income exposures are adjusted to a 10 year bond equivalent. Currency exposure within this table only reflects that of the Currency sector traded by AHL and does not include FX hedging or cash management. For credit default swaps, a short position represents buying protection and a long position represents selling protection. ⁷ The organisations and/or financial instruments mentioned are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale. ⁸ End of month (EOM) position. ⁹ The measurement of an option's sensitivity to changes in the volatility of the underlying asset. Vega represents the amount that an option contract's price changes in reaction to a one percent change in the volatility of the underlying asset. ¹⁰ CS01 is the impact on the fund in response to a one basis point increase in credit spreads. ¹¹ DV01 is the impact on the fund in response to a one basis point increase in interest rates. ¹² Please note that statistics have been calculated using the last weekly valuation of each month up to and including 30th June 2014. From that date forward a non-dealing calendar month end NAV has been used for the purposes of reporting monthly returns and performance statistics. ¹³ When 12 months of performance data is unavailable for a calendar year, partial year to date is shown. ¹⁴ The performance data is based on the reporting share class of the Fund (shown in blue in the NAV table). ¹⁵ Introducing Broker fee: The fee is payable to Man Investments AG which has been appointed as the Introducing Broker and is responsible for recommending appropriate Brokers to the Fund as well as actively managing these relationships, ensuring appropriate service levels as well as an adequate diversification of Brokers. For full details of fees and expenses which may be incurred by the Fund, including fees payable to members of Man Group, refer to the Fees and Expenses section of the Prospectus or any relevant Prospectus Supplement. Redemption Fee: For tranche A of each share class (NB: only tranche A of each share class is shown on the NAV table) there is a fee payable on redemption within the first six years. During first two years: 2% of NAV, during the third or fourth year: 1.5% of NAV, during fifth or sixth year: 0.5% of NAV (refer to the Prospectus Supplement for full details).

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