

Man AHL Diversified (Guernsey)



Monthly Report as of 31 May 2017

Inception Date : 04 January 2008 **Total Platform AUM :** (USD) 295,889,205 **ISIN :** GG00B29ZYR48

Monthly commentary

The month of May ended with global stock markets generally higher than where they had started, and the Vix index of US equity volatility was lower than where it had begun. Intra-month this index had in fact closed at 9.77, its lowest level since 1993, and yet this view of ongoing, benign low volatility in markets masks two more significant events, from which both markets and the Fund recovered well. Rallying bond markets added to returns made in stocks and credit, more than offsetting smaller commodity losses, to leave the Fund up +2.72% on the month.

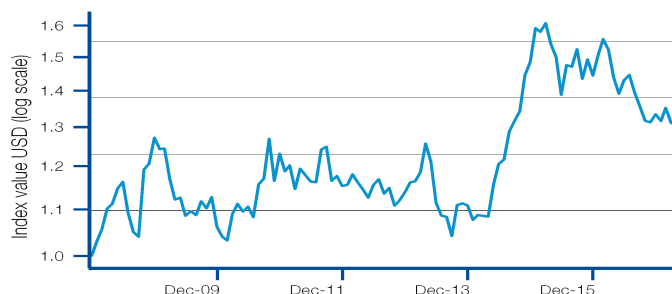
The first of these events occurred on Wednesday 17th May, when risk assets retreated sharply as commentators raised the prospect of a US Presidential impeachment, following further twists in the stories of Russian involvement in the US election campaign. The S&P suffered its biggest one-day drop in eight months. In an apparently unrelated story, the next day another potential presidential impeachment was flagged, this time in Brazil, caused a 9% fall in the country's Bovespa and the biggest sell-off in the real against the US dollar since 1999. Overall, however, equities were the strongest performing asset class, with Asian indices such as Kospi and Hang Seng standing out as winners for the Fund. The Trump news hit the Fund's long positions in the broadest US index most, the Russell 2000, but its effect was far from uniform. Indeed, the technology-heavy

Nasdaq index ended the month up 3.7% and resulted in a positive contribution to the Fund. Credit markets shared in the positive sentiment of equities, with CDS positions in European indices in particular performing strongly. Yields in most markets declined over the course of the month, leading to profits from the Fund's growing long bond positions. Italian bonds, in particular, continued their post-French-election run of price increases to top the list of performers. On the debit side, receiver positions in Brazilian swaps were hit as short end yields widened on the news of corruption evidence implicating current President Michel Temer. A long position in the Brazilian real was by far the worst performer both in the FX sector and portfolio as a whole. Positions here and in the swap markets were quickly cut on the sharp increase in market volatility. Long positions in the euro, on the other hand, continued to benefit from the positive momentum following the French elections last month. Once again, commodities posted the largest losses in the portfolio, dominated this month by short positions in precious metals, where both silver and gold remain range-bound year-to-date. More certain direction was seen in the agricultural markets, as soybeans, sugar and coffee prices all continued to fall to the benefit of short positioning in the Fund.

Net Performance and Risk*

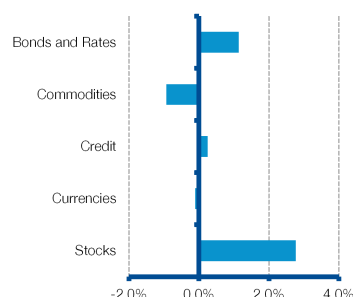
	Product
Last month	2.72 %
Last 3 months	-0.77 %
Year to date	0.52 %
Last 12 months	-3.61 %
Last calendar year	-7.59 %
Total return	34.16 %
Annualised return	3.17 %
Annualised volatility	13.44 %
Sharpe ratio ¹	0.18
Worst drawdown ²	-18.92 %
Drawdown Length	14 months
No of Drawdowns	4

Performance chart 04 January 2008 to 31 May 2017*

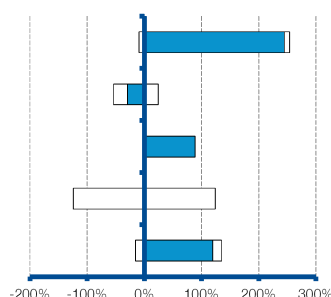


VaR (99%)	1.94 %
Expected Shortfall (99%) ³	2.19 %
Leverage ⁴	8.28

Gross Performance Contribution⁵



Sector Exposure⁶



Exposure and VaR (99%)⁶

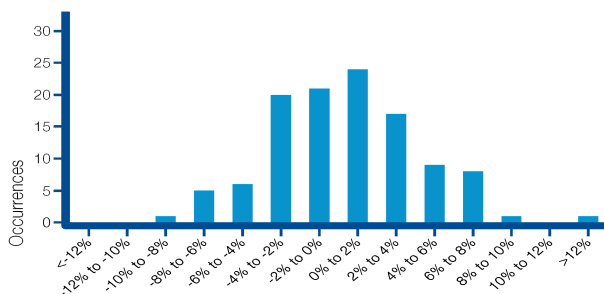
	Short	Long	Net	VaR
Bonds and Rates	-8.82	253.82	245.00	1.07
Commodities	-53.87	24.64	-29.23	0.70
Credit	0.00	89.02	89.02	0.14
Currencies	-123.84	123.84	N/A	0.82
Stocks	-15.41	134.87	119.46	1.07

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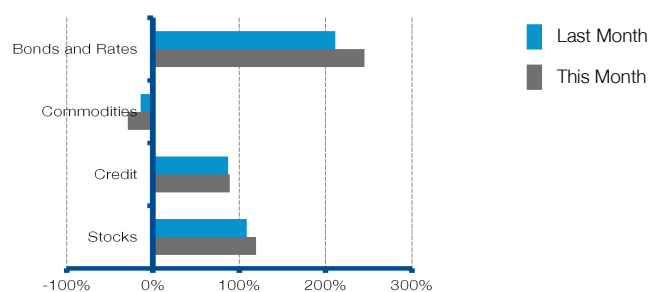
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Distribution of Monthly Returns
04 January 2008 to 31 May 2017



Net Exposure Monthly Comparison



Top 5 Markets ⁷

	MTD	EOM Position ⁸
Korean Kospi	0.45 %	Long
Euro/US Dollar	0.42 %	Long
Hang Seng	0.29 %	Long
Chinese Renminbi/US Dollar Offshore Deliverable	0.20 %	Long
Euro/Polish Zloty	0.20 %	Short

Bottom 5 Markets ⁷

	MTD	EOM Position ⁸
Brazilian Real/US Dollar	-0.73 %	Short
Cocoa	-0.33 %	Short
Canadian Dollar/US Dollar	-0.26 %	Short
Norwegian Krone/US Dollar	-0.25 %	Short
New Zealand/US Dollar	-0.20 %	Long

Commodities Net Exposure

Metals	7.97 %
Energies	-14.77 %
Agriculturals	-22.43 %

Sector

	CS01 ¹⁰	DV01 ¹¹
Credit	-0.04 %	0.00 %
Bonds and Rates	0.00 %	-0.23 %

Sovereign Bond Net Exposure

G10	88.87 %
Non G10	35.01 %

Equity Sector Exposure

Broad Market Indices	77.63 %
ETFs	2.13 %
Consumer Discretionary	6.05 %
Consumer Staples	6.79 %
Energy	-4.48 %
Financials	3.26 %
Health Care	4.35 %
Industrials	10.41 %
Information Technology	10.31 %
Materials	-1.34 %
Real Estate	0.96 %
Telecommunication Services	0.44 %
Utilities	2.96 %

Top 5 Currency Exposure

USD	-95.23 %
EUR	41.55 %
CAD	-22.96 %
PLN	21.33 %
AUD	-16.94 %

Option Positioning by Asset Class

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

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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 %	-0.38 %	2.72 %								0.52 %
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	1.34	GG00B29ZYR48	MAHLDGD GU	D	2.72 %	33.93 %	-2.68 %	-7.59 %
B EUR	1.20	GG00B3CTZB13	MANADGE GU	D	2.57 %	33.77 %	-2.78 %	-8.92 %
C CHF	1.01	GG00B3CTZD37	MANAHLG GU	D	2.54 %	34.13 %	-3.61 %	-9.56 %
E AUD	1.30	GG00B3X89L55	MADIGAA GU	D	2.64 %	35.33 %	-0.96 %	-7.61 %
G RMB	12.06	GG00B3WXTG65	MDRMBGA GU	D	2.53 %	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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