

Man AHL Diversified (Guernsey)



Monthly Report as of 30 June 2017

Inception Date : 04 January 2008 **Total Platform AUM :** (USD) 283,671,528 **ISIN :** GG00B29ZYR48

Monthly commentary

Monetary policy dominated market action during the month of June, as central bankers were busy, first changing interest rates, and then the direction and mood of investor sentiment. The US Federal Reserve hiked rates by another 0.25% mid-month, in a move that was well anticipated by participants. In the last week however, Mario Draghi, President of the European Central Bank (ECB), produced a hawkish tone that suggested to many that the ECB may be about to reduce its bond purchase stimulus program. A spike up in yields and the resulting volatility in European bonds spilled over into both currency and equity markets, reversing recent major trends and triggering losses on the Funds positions, principally in FX and fixed income. These dominated smaller offsetting gains from energies and credit trading and the Fund ended June down -3.26%.

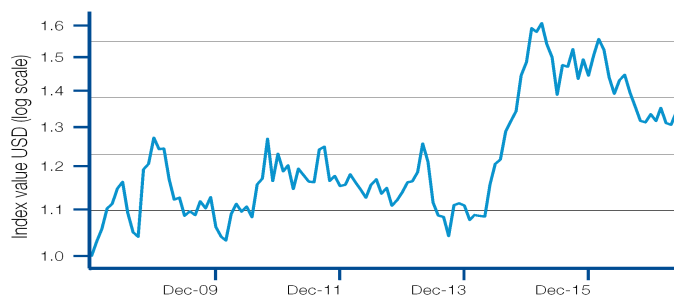
In terms of asset class performance, energies led the way with the strongest returns. Short positions in RBOB gasoline registered the largest gains as the broad crude oil complex weakened on concerns over increased US output, as well as a pickup in production from both Libya and Nigeria. As a result, most energy markets contributed positively, with US natural gas short positions also adding to returns. Other commodities made small losses in June. Agricultural returns were mixed and the softer US dollar offered little support for the Fund's

long gold positions as the yellow metal drifted lower to prices not seen since mid-May. Similarly, longs in aluminium suffered as the market weakened, while positive performance accrued from longs in palladium. Credit returns were positive for the Fund, with most spreads tightening for much of the early part of the month. Long positions in both the European 5yr iTraxx Index and European 5yr Senior Financial iTraxx Index contributed significantly, although similar positioning in the CDX US High Yield Index yielded small losses as spreads widened slightly. Stocks returns were more mixed, with the UK FTSE 100 index futures detracting most as long positions suffered in the wake of the unconvincing UK election result. Rates and currency trading were most impacted by the central bank action and rhetoric during the period. Mixed positioning in the Korean won and Canadian dollar versus the US dollar weighed on performance with the Fund beginning the month short the Canadian currency before seeing it rally to a 5-month high by the end of the month as the Bank of Canada surprised traders with talk of a rate hike very soon. Leading losses in the fixed income space came from Europe, where long positions in the German bund and UK 10-yr gilt suffered as growing expectations of monetary policy normalization by the Bank of England and ECB drove a surge in yield.

Net Performance and Risk*

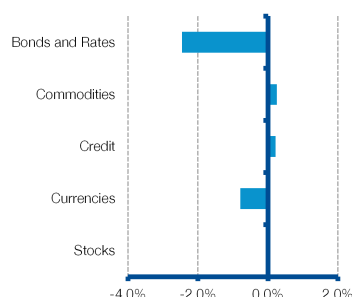
	Product
Last month	-3.26 %
Last 3 months	-1.01 %
Year to date	-2.76 %
Last 12 months	-9.29 %
Last calendar year	-7.59 %
Total return	29.79 %
Annualised return	2.78 %
Annualised volatility	13.43 %
Sharpe ratio ¹	0.15
Worst drawdown ²	-19.25 %
Drawdown Length	27 months
No of Drawdowns	4

Performance chart 04 January 2008 to 30 June 2017*

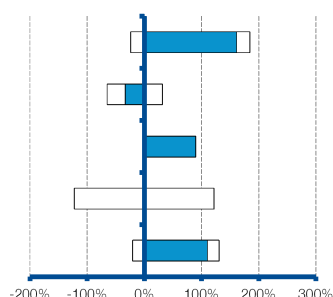


VaR (99%)	2.07 %
Expected Shortfall (99%) ³	2.39 %
Leverage ⁴	7.90

Gross Performance Contribution⁵



Sector Exposure⁶



Exposure and VaR (99%)⁶

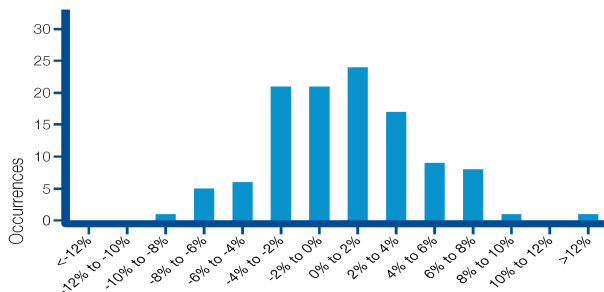
	Short	Long	Net	VaR
Bonds and Rates	-23.54	184.68	161.13	0.75
Commodities	-64.95	31.70	-33.26	1.00
Credit	0.00	90.09	90.09	0.11
Currencies	-122.17	122.17	N/A	0.99
Stocks	-20.18	130.71	110.53	0.92

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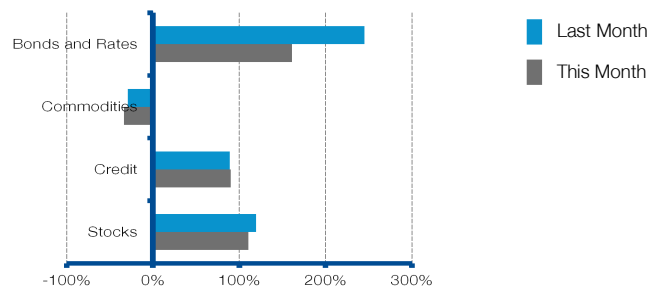
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Distribution of Monthly Returns
04 January 2008 to 30 June 2017



Net Exposure Monthly Comparison



Top 5 Markets ⁷

	MTD	EOM Position ⁸
Mexican Peso/US Dollar	0.37 %	Long
Wheat	0.37 %	Long
New Zealand/US Dollar	0.23 %	Long
Sugar	0.20 %	Short
Europe-Energy	0.14 %	Short

Bottom 5 Markets ⁷

	MTD	EOM Position ⁸
Euro-BUND	-0.33 %	Long
Short Sterling	-0.32 %	Long
Canadian Bankers Acceptance	-0.30 %	Short
Gold	-0.29 %	Long
Euribor	-0.25 %	Long

Commodities Net Exposure

Metals	11.94 %
Agriculturals	-19.14 %
Energies	-26.05 %

Sector

	CS01 ¹⁰	DV01 ¹¹
Credit	-0.04 %	0.00 %
Bonds and Rates	0.00 %	-0.15 %

Sovereign Bond Net Exposure

G10	47.89 %
Non G10	24.78 %

Equity Sector Exposure

Broad Market Indices	66.14 %
ETFs	1.95 %
Consumer Discretionary	4.08 %
Consumer Staples	5.60 %
Energy	-5.16 %
Financials	6.11 %
Health Care	6.47 %
Industrials	11.12 %
Information Technology	8.38 %
Materials	-1.18 %
Real Estate	1.35 %
Telecommunication Services	1.08 %
Utilities	4.59 %

Top 5 Currency Exposure

USD	-143.85 %
EUR	34.64 %
NOK	-21.84 %
PLN	20.46 %
MXN	17.45 %

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 %

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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 %	-3.26 %							-2.76 %
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	1.30	GG00B29ZYR48	MAHLDGD GU	D	-3.26 %	33.93 %	-2.68 %	-7.59 %
B EUR	1.16	GG00B3CTZB13	MANADGE GU	D	-3.34 %	33.77 %	-2.78 %	-8.92 %
C CHF	0.98	GG00B3CTZD37	MANAHLG GU	D	-3.41 %	34.13 %	-3.61 %	-9.56 %
E AUD	1.25	GG00B3X89L55	MADIGAA GU	D	-3.30 %	35.33 %	-0.96 %	-7.61 %
G RMB	11.71	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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