

Man AHL Diversified (Guernsey)



Monthly Report as of 31 July 2017

Inception Date : 04 January 2008 **Total Platform AUM :** (USD) 290,139,332 **ISIN :** GG00B29ZYR48

Monthly commentary

After a rocky last week of June, markets were generally more stable in July. Both the US Federal Reserve and the European Central Bank left policy unchanged during their July meetings and gave a boost to risk-on sentiment with their slightly dovish tone. Meanwhile the strong Q2 earnings season in the US provided support to equities - among the indices hitting new all-time highs were the S&P 500, the MSCI World, the Russell 2000 and the Nasdaq Composite. Gains came from currency, equities and credit trading, with smaller losses principally coming from agricultural commodities, leaving the Fund up +3.40% net in the month of July.

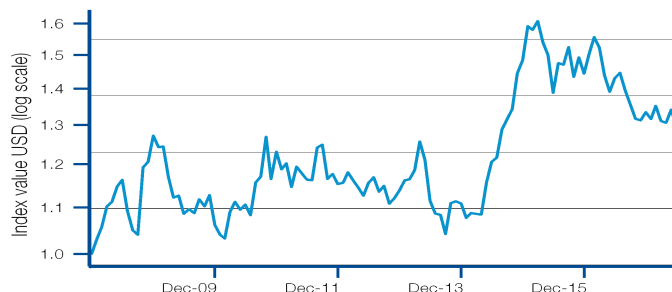
It wasn't all quiet on the geo-political front however with turnover of White House staff, including ex-hedge Fund manager, Anthony Scaramucci, both named as new White House Communications director, and fired just 10 days later. The US Senate voted not to repeal Obamacare, adding further questions as to the ability of president Trump to pass legislation, while North Korea continued to demonstrate ambitions to be able to launch missiles capable of reaching the US. None of this seemed to matter to stock markets, which delivered the second best asset class returns in July. Longs in the Hang Seng topped the performers as the index raced to a 2-year high, with Chinese H-Shares Index generating the next

largest gains. On the negative side, losses came from longs in the South African All Share Index where the country fell into its second recession since 2009. The strongest performance came from currency trading, where the predominant theme was short US dollar exposure. The best returns came from longs in the Brazilian real, Australian and Mexican dollars against the US dollar, while longs in euros versus the Swiss franc also saw significant gains. Investors remained positive on the euro as they awaited further clues on the withdrawal of stimulus measures by the ECB. Credit added positively on the month with all traded markets generating gains on the month as spreads narrowed. Leading the way was a long credit position in the European 5yr Crossover iTraxx Index. All interest rates markets traded were also positive in July. The strongest performing market was a short in the Canadian bankers acceptance on the back of the Bank of Canada raising rates for the first time since 2010. Energies proved to be mildly positive during July, despite high volatility. US natural gas prices touched a 5-month low as weather forecasts saw summer heat in the US as largely past. This benefited the Fund's short positions, while shorts in crude oil - both WTI and Brent - saw losses as prices rose. Agricultural markets generated the largest losses over the month, with sharp rises in soybeans and coffee, driven by deteriorating crop conditions, detracting the most.

Net Performance and Risk*

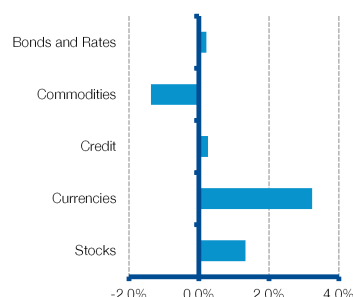
	Product
Last month	3.40 %
Last 3 months	2.75 %
Year to date	0.55 %
Last 12 months	-7.23 %
Last calendar year	-7.59 %
Total return	34.20 %
Annualised return	3.12 %
Annualised volatility	13.41 %
Sharpe ratio ¹	0.18
Worst drawdown ²	-19.25 %
Drawdown Length	27 months
No of Drawdowns	4

Performance chart 04 January 2008 to 31 July 2017*

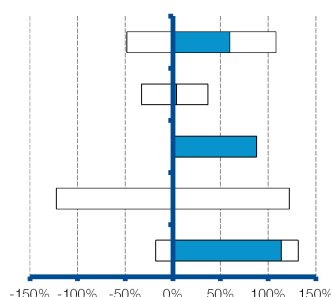


VaR (99%)	2.07 %
Expected Shortfall (99%) ³	2.39 %
Leverage ⁴	7.07

Gross Performance Contribution⁵



Sector Exposure⁶



Exposure and VaR (99%)⁶

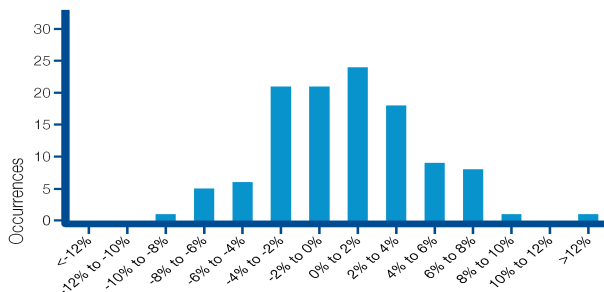
	Short	Long	Net	VaR
Bonds and Rates	-48.25	108.13	59.88	0.31
Commodities	-32.70	36.71	4.01	0.53
Credit	0.00	87.62	87.62	0.11
Currencies	-122.08	122.08	N/A	1.21
Stocks	-17.81	131.52	113.71	1.01

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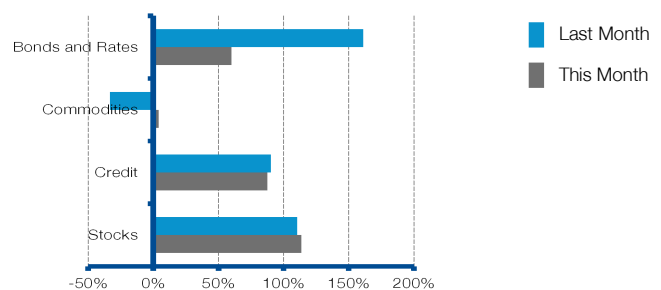
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Distribution of Monthly Returns
04 January 2008 to 31 July 2017



Net Exposure Monthly Comparison



Top 5 Markets ⁷

	MTD	EOM Position ⁸
Brazilian Real/US Dollar	0.57 %	Long
Euro/Swiss Franc	0.45 %	Long
Australian Dollar/US Dollar	0.42 %	Long
Mexican Peso/US Dollar	0.37 %	Long
Canadian Dollar/US Dollar	0.36 %	Long

Bottom 5 Markets ⁷

	MTD	EOM Position ⁸
Soyabeans	-0.37 %	Long
Gold	-0.33 %	Short
Japanese Yen/US Dollar	-0.31 %	Short
South African Rand/US Dollar	-0.26 %	Long
Coffee	-0.25 %	Short

Commodities Net Exposure

Metals	11.87 %
Agriculturals	-2.55 %
Energies	-5.31 %

Sector

	CS01 ¹⁰	DV01 ¹¹
Credit	-0.04 %	0.00 %
Bonds and Rates	0.00 %	-0.05 %

Sovereign Bond Net Exposure

G10	6.06 %
Non G10	4.45 %

Equity Sector Exposure

Broad Market Indices	77.65 %
ETFs	2.11 %
Consumer Discretionary	-0.49 %
Consumer Staples	-1.59 %
Energy	-5.05 %
Financials	13.03 %
Health Care	3.41 %
Industrials	8.31 %
Information Technology	9.06 %
Materials	4.92 %
Real Estate	1.49 %
Telecommunication Services	0.21 %
Utilities	0.65 %

Top 5 Currency Exposure

USD	-162.24 %
JPY	-20.42 %
AUD	18.88 %
MXN	18.61 %
BRL	16.86 %

Option Positioning by Asset Class

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

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Man AHL Diversified (Guernsey)



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 %	3.40 %						0.55 %
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	MAHLGDG GU	D	3.40 %	33.93 %	-2.68 %	-7.59 %
B EUR	1.19	GG00B3CTZB13	MANADGE GU	D	3.20 %	33.77 %	-2.78 %	-8.92 %
C CHF	1.01	GG00B3CTZD37	MANAHLG GU	D	3.18 %	34.13 %	-3.61 %	-9.56 %
E AUD	1.29	GG00B3X89L55	MADIGAA GU	D	3.28 %	35.33 %	-0.96 %	-7.61 %
G RMB	12.11	GG00B3WXTG65	MDRMBGA GU	D	3.47 %	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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