

# MAN GLG UNDERVALUED ASSETS FUND



MONTHLY SUMMARY REPORT AS AT 28 APRIL 2017

## FUND OBJECTIVE

The objective of the Fund is to achieve long-term capital growth. To achieve the objective the Fund will invest predominantly in securities of UK listed companies, either directly or indirectly (through permitted derivatives), which are considered to be undervalued relative to their asset base and to the returns on capital the companies are generating. The Fund may also invest in other transferable securities, units or shares in collective investment schemes, money market instruments, deposits, cash, near cash and derivatives and forward transactions.

## FUND RISKS

Performance shown on the below two pages is based on Net Asset Values (NAV) pricing at noon. The performance attribution shown on the more detailed last two pages is based on NAVs pricing at COB.

For detailed information on the specific Fund risks please refer to the last page.

### Top Ten Holdings<sup>a,b</sup>

Company Name	%
Lloyds Banking Group Plc	4.31
John Laing Group Plc	2.98
Bank Of Georgia Holdings Plc	2.68
Cranswick Plc	2.53
Ibstock Plc	2.51
OMV AG	2.46
Aviva Plc	2.46
Hastings Group Holdings Plc	2.34
Hansteen Holdings Plc	2.31
Tesco Plc	2.15

### Top Active Equity Positions<sup>a,b</sup>

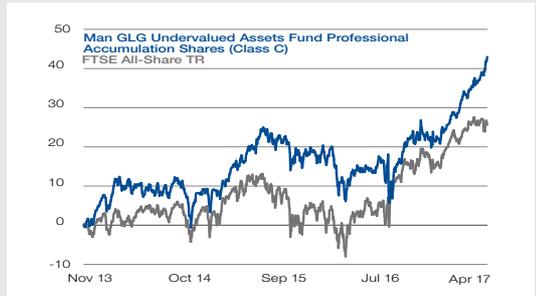
Top 5 Overweight <sup>c</sup>	
Company Name	%
John Laing Group Plc	2.94
Bank Of Georgia Holdings Plc	2.62
Ibstock Plc	2.48
Cranswick Plc	2.47
OMV AG	2.46
Top 5 Underweight <sup>c</sup>	
Company Name	%
Royal Dutch Shell Plc	-7.19
HSBC Holdings Plc	-3.91
BP Plc	-3.67
Astrazeneca Plc	-2.54
Diageo Plc	-2.46

### Industry Equity Overweight/Underweights<sup>c</sup>

Overweight	%	Underweight	%
Real Estate	8.16	Energy	-7.64
Insurance	5.63	Pharma, Biotech & Life Sciences	-6.03
Capital Goods	4.32	Food, Beverage & Tobacco	-4.66
Consumer Durables & Apparel	4.05	Telecommunication Services	-3.63
Food & Staples Retailing	3.86	Utilities	-3.54

### Discrete Performance<sup>e,f</sup>

	Fund %	Index % <sup>g</sup>
29/04/16 - 28/04/17	24.89	20.14
30/04/15 - 29/04/16	-4.02	-5.69
30/04/14 - 30/04/15	8.26	7.48



## FUND DETAILS

### Fund manager

Henry Dixon and Jack Barrat

### Launch date

18.11.2013

### Fund size

£649.1 million

### Investment type

Accumulation and Income

### Ex dividend dates

Interim: 31 August  
Annual: 28 February

### Distribution dates

Interim: 31 October  
Annual: 30 April

### Sector

UK All Companies

### Currency

GBP

### Benchmark

FTSE All Share TR

	Prof. C Share Class (%)
Initial	0.00
AMC	0.75
Yield <sup>d</sup>	2.56
Ongoing Charge	0.90

### Awards and ratings<sup>g,h,i</sup>

Out of 304 UK Flex-Cap Equity funds, as of 31 March 2017

Awards 2016  
Outstanding Rising Talent Award  
Henry Dixon

<sup>a</sup>Whilst material contributions to Issuer risk through holdings in index derivatives are reflected in the above exposures, such contributions may be excluded under UCITS "risk spreading rules" <sup>b</sup>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. <sup>c</sup>vs FTSE All-Share Index. <sup>d</sup>Distribution Yield. <sup>e</sup>Source: Lipper for Investment Management, percentage growth, NAV to NAV, gross income reinvested professional share class. <sup>f</sup>Past performance is not indicative of future results. <sup>g</sup>Morningstar Rating is for the Professional Accumulation class only; other classes may have different performance characteristics. ©2017 Morningstar UK Ltd. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. Awards and/or ratings are referred to for information purposes only and should not be construed as an endorsement of Man, its affiliates or its products. Please refer to the websites of the sponsors/issuers for information regarding the criteria on which the awards/ratings are determined. <sup>h</sup>Morningstar Awards 2017(c). Morningstar, Inc. All Rights Reserved. Awarded to Henry Dixon for Outstanding Rising Talent Award, United Kingdom. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to: <https://www.man.com/marf>. For disclosure and detailed information about this fund please refer to full Morningstar Global Fund Report: <https://www.man.com/morningstar-uva>. <sup>i</sup>The Elite Rating TM system is proprietary to FundCalibre Ltd, but should not be taken as a recommendation.

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Top 15 Equity Industry Weightings			
Sector	%	Sector	%
Banks	13.62	Energy	3.89
Insurance	11.48	Diversified Financials	2.89
Real Estate	10.72	Commercial & Professional Services	2.51
Capital Goods	9.84	Consumer Services	2.28
Materials	7.78	Retailing	2.12
Consumer Durables & Apparel	5.89	Pharma, Biotech & Life Sciences	2.10
Food & Staples Retailing	5.08	Transportation	1.88
Food, Beverage & Tobacco	4.66	Cash	7.83

Portfolio Breakdown	
	%
FTSE 100	27.18
FTSE Mid Cap 250	37.86
Small Cap and Other	21.05
Europe (ex UK)	4.59
Credit	1.49
Cash	7.83

Cumulative Performance (as at 28/04/17) <sup>e</sup>					
	Fund %	Index % <sup>n</sup>	Sector % <sup>n</sup>	Sector Rank	Quartile
1 month	4.61	-0.37	1.52	29/261	1
3 months	10.85	3.99	5.51	17/261	1
6 months	17.02	7.06	9.68	18/258	1
1 year	24.89	20.14	19.12	21/256	1
3 year	29.76	21.78	23.69	68/245	2
5 year	N/A	N/A	N/A	N/A	N/A
Since Launch	43.00	25.60	27.66	28/242	1

Performance Statistics <sup>f</sup>	
Annualised Return	10.92%
Annualised Volatility	10.43%
Sharpe Ratio <sup>h</sup>	1.00
Sortino Ratio <sup>i</sup>	1.65
Beta <sup>j</sup>	0.72
Tracking Error <sup>k</sup>	8.45%
Information Ratio <sup>l</sup>	0.48

<sup>e</sup>Source: Lipper for Investment Management, percentage growth, NAV to NAV, gross income reinvested professional share class. <sup>f</sup>Past performance is not indicative of future results. <sup>h</sup>Sharpe ratio is a measure of risk-adjusted performance that indicates the level of excess return per unit of risk. It is calculated using the 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. As the Sharpe ratio is an absolute measure of risk-adjusted return, negative Sharpe ratios can be misleading and are therefore shown as n/a. <sup>i</sup>A measure of risk-adjusted performance that indicates the level of excess return per unit of downside risk. <sup>j</sup>A measure of how sensitive an investment portfolio is to market movements. <sup>k</sup>A measure of how closely a portfolio follows the index to which it is benchmarked. <sup>l</sup>A ratio of portfolio returns above the returns of a benchmark (usually an index) to the volatility of those returns. <sup>m</sup>FTSE All-Share Index. <sup>n</sup>The Investment Association UK All Companies.

## COMMENTARY

The Fund rose by 4.6% in the month compared to the fall of 0.4% for the FTSE All-Share Total Return. Year to date the Fund has risen by 13.4% compared to the rise of 3.6% for the FTSE All-Share Total Return.

The notable macro news on the domestic front was the move by Theresa May to call a General Election. Much can be said about this from a political standpoint but judged economically the most telling reaction was that sterling awoke from its 6 month sideways slumber and strengthened by 3%. The prospect of greater political clarity could of course be at work but we would prefer to retreat to fundamentals and based on purchasing power parity sterling was as cheap as it had been for almost 30 years. Given the preponderance of overseas earnings in the market it was therefore not surprising that the market in aggregate struggled to make progress. However the mid cap arena fared better and is now starting to recapture its marked underperformance in the wake of Brexit. History would relate that this still has some way to go.

The change in narrative surrounding sterling was a helpful tailwind for the Fund as we are overweight the domestic portion of the market with valuation being the key motivating factor. Some of our notable domestic holdings that performed well would include both our brick manufacturers Ibstock and Forterra as well as the challenger bank Aldermore. However good performance also came from one of European holdings in the form of the Austrian listed integrated oil company, OMV which rose by 15% in response to a trading statement. Our threshold to invest in Europe is where we see materially better value than UK peers. In OMV we found a share at a meaningful sector discount while displaying strong cash generation and delivering strong estimates momentum despite the subdued oil price environment. Elsewhere within the oil sector SDX Energy rose by 30% in response to a gas find. The company has been profitable, cash generative and enjoys a material net cash balance sheet but remains a small position in the Fund owing to its size.

On the downside Just Retirement Partnership continued to weaken and is our worst performing share this year. However further to the good company specific news in April pleasing trends came to light during the month with both mortality assumptions, as well as sales rates of their key product, moving in the right direction. With the shares having fallen in the face of an improving narrative, we view them and their future prospects favourably.

With trading activity in mind we reduced our exposure to two of our housebuilders (Bellway and Berkeley) as they neared price targets and a new position was initiated in Laird. Last year was a tough one for the company, involving a series of profit warnings due to an underperforming acquisition and disappointing volumes from a major customer. All of which put undue strain on a stretched balance sheet and culminated in a rights issue. However, with a repaired balance sheet and a new management team in place, the potential for self-help together with evidence of a significant improvement in the underlying trading momentum within the business gives us confidence that we should see positive earnings estimates revisions as this year unfolds with the shares starting at half their mid 2016 levels.

We continue to thank investors for their support.

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as at 28 April 2017



## Equity Attribution Analysis<sup>1,2</sup>

Fund Attribution (Gross)		
	Monthly return	Year to date
Relative Return	4.25 %	9.57 %
Market Attribution	0.01 %	-0.22 %
Stock + Sector Attribution	4.31 %	9.77 %
Other	-0.06 %	0.02 %

## Rolling 1 year Fund attribution



## Active return attribution by sector (last month)

	Total
Total	4.31 %
Energy	0.89 %
Materials	0.53 %
Industrials	0.63 %
Consumer Discretionary	0.37 %
Consumer Staples	0.31 %
Health Care	0.10 %
Financials	0.78 %
Information Technology	-0.07 %
Real Estate	0.51 %
Telecommunication Services	0.14 %
Utilities	0.10 %
Unclassified	0.00 %

## Stock selection analysis (last month)<sup>1</sup>

Best		Worst	
ROYAL DUTCH SHELL PLC	0.36 %	JRP GROUP PLC	-0.09 %
OMV AG	0.28 %	PRUDENTIAL PLC	-0.05 %
HASTINGS GROUP HOLDINGS PLC	0.28 %	ROLLS-ROYCE HOLDINGS PLC	-0.05 %
BANK OF GEORGIA HOLDINGS PLC	0.27 %	COMPASS GROUP PLC	-0.04 %
IBSTOCK PLC	0.23 %	TESCO PLC	-0.04 %

## Equity Exposure Analysis<sup>1,3</sup>

### Headline equity exposure

	Close	Change
Number of positions	64	4
Active share	82.64 %	-1.00 %

### Equity exposure by region and sector

	Dev Eur Ex UK		ROW		United Kingdom		Total absolute	Change	Total relative	Change
	Absolute	Relative	Absolute	Relative	Absolute	Relative				
Consumer Discretionary	1.59 %	0.97 %	0.00 %	-0.04 %	8.72 %	-0.96 %	10.32 %	-1.78 %	-0.03 %	-2.04 %
Consumer Staples	0.00 %	-0.25 %	0.00 %	0.00 %	11.22 %	-3.13 %	11.22 %	1.44 %	-3.39 %	1.49 %
Energy	2.46 %	2.46 %	1.43 %	1.40 %	0.00 %	-11.50 %	3.89 %	0.65 %	-7.64 %	1.08 %
Financials	0.00 %	0.00 %	0.00 %	-0.07 %	27.99 %	5.20 %	27.99 %	4.30 %	5.13 %	4.09 %
Health Care	0.00 %	-0.08 %	0.00 %	-0.22 %	2.10 %	-6.73 %	2.10 %	-1.33 %	-7.03 %	-1.09 %
Industrials	0.98 %	0.60 %	0.00 %	-0.02 %	13.25 %	3.58 %	14.23 %	-1.13 %	4.16 %	-1.49 %
Information Technology	0.00 %	0.00 %	0.00 %	0.00 %	2.33 %	-0.15 %	2.33 %	0.96 %	-0.15 %	0.84 %
Materials	0.00 %	-2.77 %	0.87 %	0.34 %	6.91 %	1.67 %	7.78 %	-0.42 %	-0.76 %	-0.26 %
Real Estate	1.15 %	1.15 %	0.00 %	-0.01 %	9.57 %	7.01 %	10.72 %	0.46 %	8.16 %	0.33 %
Telecommunication Services	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	-3.63 %	0.00 %	0.00 %	-3.63 %	0.14 %
Utilities	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	-3.54 %	0.00 %	0.00 %	-3.54 %	0.09 %
Total	6.19 %	2.07 %	2.30 %	1.39 %	82.09 %	-12.17 %				
Change	0.50 %	0.50 %	0.07 %	0.04 %	2.58 %	2.63 %				

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	Equity exposure by market cap <sup>4</sup>			
	Absolute	Change	Relative	Change
Mega	23.96 %	1.25 %	-41.76 %	2.15 %
Large	9.28 %	1.37 %	-6.47 %	0.11 %
Mid	8.45 %	-0.57 %	0.79 %	-0.63 %
Small	38.27 %	4.06 %	29.75 %	4.42 %
Micro	10.62 %	-2.96 %	8.98 %	-2.89 %

Top 10 overweight positions <sup>1</sup>		Relative weight
JOHN LAING GROUP PLC		2.94 %
BANK OF GEORGIA HOLDINGS PLC		2.62 %
IBSTOCK PLC		2.48 %
CRANSWICK PLC		2.47 %
OMV AG		2.46 %
HASTINGS GROUP HOLDINGS PLC		2.30 %
LLOYDS BANKING GROUP PLC		2.28 %
HANSTEEN HOLDINGS PLC		2.27 %
JRP GROUP PLC		1.95 %
UNITE GROUP PLC		1.95 %

Position concentration as % of total portfolio		Current month
Top 10		26.74 %
Top 20		46.06 %
Top 30		61.58 %

Average daily liquidity		
	% NAV	Number of positions
<33% ADV	32.32 %	21
>150% ADV	48.80 %	36
33-150% ADV	9.46 %	7

## Historical performance

Historical performance <sup>5</sup>															
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD <sup>6</sup>	RI YTD	Relative
2013											1.70 %	3.24 %	5.00 %	1.59 %	3.41 %
2014	-0.67 %	7.19 %	-1.52 %	0.09 %	-0.64 %	-1.00 %	0.92 %	1.74 %	-2.96 %	-0.09 %	0.93 %	0.00 %	3.71 %	1.18 %	2.54 %
2015	1.38 %	4.53 %	0.43 %	2.93 %	4.78 %	-3.44 %	0.33 %	-3.47 %	-1.71 %	3.39 %	-0.17 %	1.01 %	10.01 %	0.98 %	9.03 %
2016	-6.84 %	0.63 %	1.96 %	0.00 %	2.27 %	-7.00 %	6.52 %	5.17 %	-0.16 %	0.33 %	-0.08 %	3.28 %	5.26 %	16.75 %	-11.49 %
2017	2.30 %	2.95 %	2.94 %	4.61 %									13.40 %	3.64 %	9.76 %

<sup>1</sup> 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. <sup>2</sup> This attribution refers to the core holdings of the Fund and therefore will not exactly correspond to individual share class returns as performance fees and other class specific fees are not included. <sup>3</sup> Higher level equity exposures are calculated using M&A adjustments. <sup>4</sup> The micro dollar market capitalisation is from 0 to \$500,000,000.00, the small dollar market capitalisation is from \$500,000,000.00 to \$2,500,000,000.00, the mid dollar market capitalisation is from \$2,500,000,000.00 to \$5,000,000,000.00, the large dollar market capitalisation is from \$5,000,000,000.00 to \$12,500,000,000.00 and the mega dollar market capitalisation is \$12,500,000,000 and above. <sup>5</sup> Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. <sup>6</sup> When 12 months of performance data is unavailable for a calendar year, partial year to date is shown.

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Name	ISIN Code	Sedol Code	Management fee	Minimum initial subscription
Man GLG Undervalued Assets Fund Professional Accumulation Shares (Class C)	GB00BFH3NC99	BFH3NC9	0.75%	£500,000
Man GLG Undervalued Assets Fund Professional Income Shares (Class D)	GB00BFH3NB82	BFH3NB8	0.75%	£500,000

The performance data is based on the reporting share class of the Fund (shown in blue in the NAV table) and may be closed to new subscriptions. The performance data does not take account of the commissions and/or costs incurred on the issue and/or redemption of units. Annual returns presented are based on an investor being invested from the beginning of the fiscal year of the Fund. Please refer to important information.

## Risk Warnings

The Fund is subject to normal market fluctuations and the risks associated with investing in international securities markets and therefore the value of your investment and the income from it may rise as well as fall and you may not get back the amount originally invested.

The Fund will be exposed to credit risk on counterparties with which it trades in relation to on-exchange traded instruments such as futures and options and where applicable, 'over-the-counter' ("OTC", "non-exchange") transactions. OTC instruments may also be less liquid and are not afforded the same protections that may apply to participants trading instruments on an organised exchange.

The value of investments designated in another currency may rise and fall due to exchange rate fluctuations. Adverse movements in currency exchange rates may result in a decrease in return and a loss of capital. It may not be possible or practicable to successfully hedge against the currency risk exposure in all circumstances.

The fund may make investments or hold trading positions in markets that are volatile and which may become illiquid. Timely and cost efficient sale of trading positions can be impaired by decreased trading volume and/or increased price volatility.

The Fund may invest in financial derivative instruments ("FDI") (instruments whose prices are dependent on one or more underlying asset) typically for hedging purposes. The use of FDI involves additional risks such as high sensitivity to price movements of the asset on which it is based. The use of FDI may multiply the gains or losses.

The fund is a specialist country-specific or geographic regional fund, the investment carries greater risk than a more internationally diversified portfolio.

## Important Information

The Fund is a sub-fund of Man UK ICVC, domiciled in the United Kingdom and registered with the Financial Conduct Authority. Full details of the Fund objectives, investment policy and risks are located in the Prospectus which is available with the Key Investor Information Document in English and in an official language of the jurisdictions in which the Fund is registered for public sale, together with the Report and Accounts of the UCITS. The Fund's documentation are available free of charge from the local information/paying agent, from authorised distributors and from [www.man.com](http://www.man.com).

In order to fulfil the fund's objectives the Prospectus allows the manager the ability to invest principally in units of other collective investment schemes, bank deposits, derivatives contracts designed with the aim of gaining short term exposure to an underlying stock or index at a lower cost than owning the asset, or assets aiming to replicate a stock or debt securities index.

The Fund typically carries a risk of high volatility.

The value of an investment and any income derived from it can go down as well as up and investors may not get back their original amount invested. Alternative investments can involve significant additional risks.

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