

Important information

Notice in relation to Man AHL Alpha (AUD)

21 December 2017

Man Investments Australia Limited (ABN 47 002 747 480 and AFSL 240581) (**Man Investments Australia**) as responsible entity of Man AHL Alpha (AUD) ARSN 138 643 768 (**Fund**) issued a product disclosure statement dated 29 September 2017 (**PDS**) in relation to the offer of units in the Fund (**Units**).

In accordance with *ASIC Corporations (Updated Product Disclosure Statements) Instrument 2016/1055*, Man Investments Australia seeks to update the disclosure in the PDS through this notice following recent changes to laws and associated regulatory rules in Europe relating to financial market regulation under the Markets in Financial Instruments Directive 2014/65/EU (**MiFID 2 Directive**), delegated and implementing EU regulations made thereunder, laws and regulations introduced by Member States of the EU to implement the MiFID 2 Directive, and the EU's Markets in Financial Instruments Regulation (600/2014) (together with the MiFID 2 Directive, **MiFID 2**).

There are a number of investor protection measures being introduced under MiFID 2 which includes, amongst other things, stricter requirements in relation to a firm's management of conflicts of interests and, in that respect, tighter controls over a firm's receipt of certain monetary and non-monetary inducements from third parties.

As disclosed in the PDS, the Fund invests in Class D1 Sub-Class A AHL Alpha AUD Shares of AHL Strategies PCC Limited (**Underlying Fund**), a company incorporated in Guernsey.

MiFID 2 has the potential to impact on, and constrain the implementation of the Underlying Fund's investment strategy and may lead to increased compliance obligations and accrued expenses for the Underlying Fund including in relation to:

- increased pre-trade and post-trade transparency which, together with the restrictions on the use of "dark pools" and other non-regulated trading venues, may lead to enhanced price discovery which may disadvantage the Underlying Fund;
- mandated on-exchange trading requirements which may introduce a substantial limit on the possibility of trading off-exchange or over the counter (**OTC**) in EU listed equities with EU counterparties;
- mandated execution of certain standardised OTC derivatives on regulated trading venues, which will provide greater pricing transparency and competition for bilateral trades;
- position limits and reporting requirements in relation to certain commodity derivatives, which may impose restrictions on the Underlying Fund's positions;
- changes to the use of direct market access software and conduct rules to prohibit IPO and secondary allocations by sell side firms, which may restrict the implementation of the Underlying Fund's investment strategy; and
- changes to policies and procedures including with respect to best execution, payment for and access to research, algorithmic trading and conflicts of interest, which will increase the compliance costs of the manager to the Underlying Fund.

In addition, on and from 3 January 2018, on a "look-through basis" (taking into account the activities of the Underlying Fund and the Underlying Vehicles), the Underlying Fund will bear, directly or indirectly, the costs of market, consumer and industry data and information and other alternative data (e.g. news and quotation equipment and services (including fees due to data and software providers, exchanges and other third party data and information vendors)) and other non-traditional data and information sources and all fees for academic research. As a result, the third paragraph under the heading 'Related party transactions' section on page 49 of the PDS, extracted below, is amended with effect on and from 3 January 2018 by inserting the underlined text and by deleting the struck through text as indicated below:

"The Investment Manager utilises various brokers and dealers to execute securities transactions. Portfolio transactions for the Underlying Vehicles are allocated to brokers and dealers on the basis of best execution (in accordance with the rules of the FCA, SEC and MiFID 2) based on a number of factors, including commissions/price, the ability of brokers and dealers to effect the transactions, the brokers and dealers facilities, reliability and financial responsibility. The Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. All such transactions will be undertaken in compliance with the rules of the FCA on inducements ~~and the use of dealing commission.~~ ~~Accordingly dealing commissions will be used only for the provision of execution or research services."~~

While MiFID 2 may result in increased costs for the Underlying Fund and for the manager to the Underlying Fund going forwards, Man Investments Australia does not currently expect MiFID 2 to result in any increase in any fees, indirect costs or expenses of the Fund.

The PDS noted (on page 36, under the heading 'Recoverable expenses') that Man Investments Australia is entitled to be reimbursed for fees and expenses associated with operating the Fund (subject to a cap of 0.2% of NAV (inclusive of the net impact of GST)) and disclosed that recoverable expenses would be deducted from the Fund's assets as incurred and reflected in the Unit Price. On and from the date of this notice, that PDS disclosure is updated to identify that recoverable expenses will be deducted from the Fund's assets by way of regular monthly deductions of the estimated monthly proportion of the estimated annual recoverable expenses, subject to any adjustment, if necessary, in the final month of the financial year.

This update to the PDS will take effect on and from 3 January 2018 when the Underlying Fund becomes regulated by MiFID 2.

Holders should always consider the PDS in its entirety when making any decision regarding their investment in the Fund. The PDS can be obtained at <https://www.man.com/investor-centre>. Capitalised terms not defined in this notice have the same meaning given to them in the PDS.

The information provided in this notice is not financial product advice and has been prepared without taking into account your personal investment objectives or financial situation. Accordingly, nothing in this notice is a recommendation by Man Investments Australia, its associates or any other person to invest in the Fund or the Underlying Fund. For further information, please contact your financial adviser or Man Investments Australia.