

Man AHL Alpha (AUD)



Monthly Report as of 28 December 2018

Inception Date : 01 September 2009 Lead Class Total NAV : AUD 280,680,174 ISIN : AU60MAN00021

Monthly commentary

December marked a tumultuous end to a volatile year, which turned out to be the worst since the Credit Crisis in many financial markets. Bellwethers such as the S&P500 lost as much as 16% intra-month as investors grew increasingly worried about rising rates and the impact of trade wars. The 2-5 year part of the US yield curve inverted, often perceived as a portent of doom, and there was a flight to safe havens such as G7 fixed income. The Fund was fairly well positioned for this and gained 3.91% principally from fixed income and equity trading, while incurring small losses in energies trading. With equity markets so volatile, demand for the safety of fixed income was high and developed market bonds rallied. Long positions in Japan, Australia and America were top performers, while small losses were incurred by a short in Canadian bond futures where there was specific news from the Bank of Canada (BoC) noting concerns surrounding falling oil prices and ongoing trade wars, implying a reduced probability of future rate hikes. As equity markets sank, it was clearly helpful that AHL entered December net short. Positions in Russell 2000 Index futures, edged out a long VIX position as being the most significant to performance. They were somewhat offset by losses incurred on remaining longs in US food and healthcare company stocks. There was significant dispersion between base and precious metals which fell and rose respectively as investors flocked to safety while equities tumbled. Gains from long palladium and short aluminium positions were partly offset by losses in other metals and short

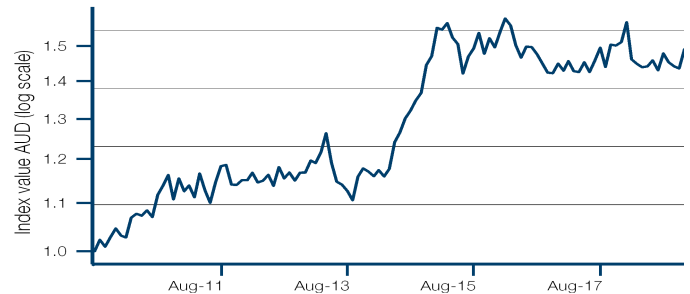
silver, which was switched at month end. Silver in particular saw a sharp reversal, gaining 9% in December, while palladium continued to appreciate on strong demand. Currency trading was also mixed but weakly positive; a short position in the Canadian dollar against USD profited from loonie weakness stemming from the BoC comments, while a short in the Japanese yen, which was switched later in the month, triggered losses as capital fled to the traditional safe haven. Energy trading was the only area where AHL finished in the red for the month. The US natural gas price's rollercoaster ride continued in December, collapsing around 30% from its November close, driving losses on AHL's long position. This was somewhat offset as crude oil continued its steady decline, which has led to short positioning and profits as prices fell another 10%.

There have been no material changes to AHL's risk profile and investment strategy since the last monthly report. There have also been no changes to the individuals who play a key role in the investment decisions of AHL since the last monthly report.

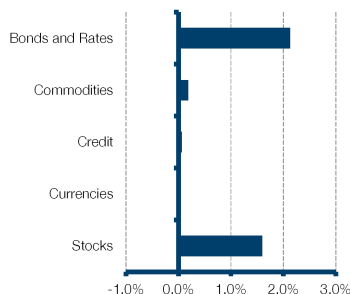
Net Performance and Risk*

	Product
Last month	3.91 %
Year to date	-1.39 %
Last 12 months	-1.39 %
Last 3 years annualised	-0.11 %
Last 5 years annualised	4.97 %
Since inception	49.20 %
Annualised return	4.38 %
Annualised volatility	9.10 %
Sharpe ratio	0.15

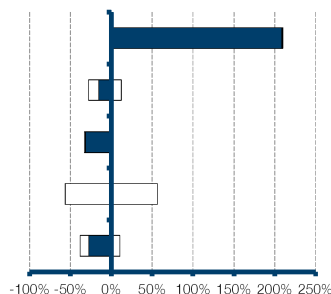
Performance chart 01 September 2009 to 28 December 2018*



Gross Performance Contribution¹



Sector Exposure²



Exposure and VaR (99%)²

	Short	Long	Net	Allocation
Bonds and Rates	-1.29	209.91	208.62	30.21
Commodities	-27.78	12.29	-15.49	15.96
Credit	-32.92	1.18	-31.74	4.19
Currencies	-56.28	56.28	N/A	15.85
Stocks	-38.10	10.57	-27.53	33.79

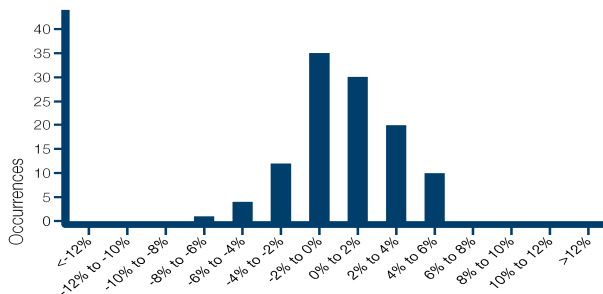
Short
 Net
 Long

***Unless otherwise indicated, the performance data in this report is based on the reporting unit class of the Fund (shown in blue in the NAV table). Past performance is not a reliable indicator of future performance. Returns may increase or decrease as a result of currency fluctuations. Performance data is shown net of all fees with income reinvested and does not take into account sales and redemption charges where such costs are applicable. The Performance Chart above is expressed in log scale to uniformly illustrate percentage changes each month. It shows the actual trading results of the Fund. It is not designed to predict or forecast the future performance of the Fund.**

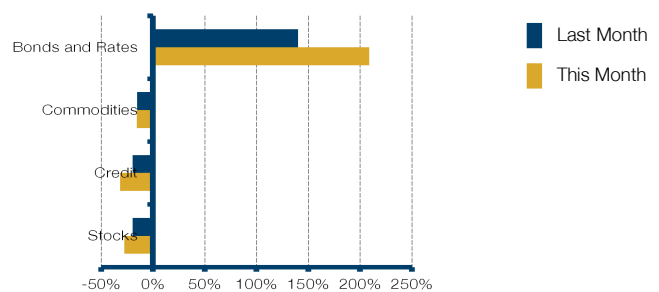
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Distribution of Monthly Returns 01 September 2009 to 28 December 2018



Net Exposure Monthly Comparison



Top 5 Markets

	MTD	EOM Position ³
Canadian Dollar/US Dollar	0.27 %	Short
Euribor	0.24 %	Long
Japanese Bonds - 10yr	0.24 %	Long
Aluminium	0.19 %	Short
Australian Bonds - 3yr	0.17 %	Long

Bottom 5 Markets

	MTD	EOM Position ³
Natural Gas - US	-0.41 %	Long
Silver	-0.14 %	Long
Nth America-Health Care Equip & Svcs	-0.12 %	Long
Japanese Yen/US Dollar	-0.12 %	Long
Cocoa	-0.12 %	Short

Commodities Net Exposure

Energies	-1.48 %
Agriculturals	-5.91 %
Metals	-8.10 %

Sector

	CS01 ⁵	DV01 ⁶
Credit	0.01 %	0.00 %
Bonds and Rates	0.00 %	-0.19 %

Sovereign Bond Net Exposure

G10	106.62 %
Non G10	27.07 %

Equity Sector Exposure

Broad Market Indices	-21.99 %
Consumer Discretionary	-2.05 %
Consumer Staples	1.49 %
Communication Services	0.72 %
Energy	-0.77 %
ETFs	-0.18 %
Financials	-2.68 %
Health Care	0.93 %
Industrials	-2.71 %
Information Technology	-0.73 %
Materials	-2.27 %
Real Estate	0.05 %
Utilities	2.65 %

Top 5 Currency Exposure

USD	26.48 %
EUR	-24.91 %
CAD	-13.35 %
JPY	12.26 %
PLN	9.56 %

Option Positioning by Asset Class

Asset Class	Position	Vega ⁴
Equity	Long vol	0.00 %
Commodities	Short vol	0.00 %
FX	Short vol	-0.01 %
Fixed Income	Short vol	-0.01 %

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Historical performance*

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ⁷
2018	3.99 %	-7.07 %	-0.91 %	-0.66 %	0.16 %	1.20 %	-1.94 %	3.39 %	-1.72 %	-0.79 %	-0.44 %	3.91 %	-1.39 %
2017	-1.38 %	1.90 %	-1.96 %	-0.20 %	1.96 %	-1.93 %	2.30 %	2.59 %	-3.73 %	4.50 %	-0.18 %	0.70 %	4.37 %
2016	3.17 %	2.62 %	-1.37 %	-3.84 %	-2.43 %	2.22 %	-0.10 %	-1.39 %	-1.77 %	-1.85 %	-0.11 %	1.91 %	-3.17 %
2015	5.78 %	-0.40 %	1.33 %	-2.80 %	-1.32 %	-5.64 %	3.41 %	1.66 %	3.07 %	-4.02 %	3.11 %	-1.79 %	1.76 %
2014	-0.89 %	1.21 %	-1.26 %	1.54 %	5.41 %	1.91 %	2.87 %	1.56 %	2.00 %	1.50 %	5.69 %	1.76 %	25.67 %
2013	2.39 %	-0.50 %	2.13 %	3.87 %	-5.72 %	-3.63 %	-0.59 %	-1.25 %	-1.79 %	4.78 %	1.64 %	-0.65 %	0.16 %
2012	0.00 %	1.46 %	-1.91 %	0.36 %	1.16 %	-2.14 %	3.75 %	-2.20 %	1.16 %	-1.58 %	1.57 %	0.04 %	1.51 %
2011	-2.51 %	1.16 %	-2.30 %	4.81 %	-3.26 %	-2.46 %	4.16 %	3.21 %	0.27 %	-3.83 %	-0.06 %	0.97 %	-0.32 %
2010	-1.40 %	-0.39 %	4.02 %	0.76 %	-0.37 %	1.05 %	-1.31 %	4.50 %	1.81 %	2.13 %	-4.69 %	4.23 %	10.41 %
2009									2.30 %	-1.36 %	1.86 %	1.78 %	4.62 %

NAV Table^{8,9}

Class	NAV	ISIN	Bloomberg	Institutional or Distribution	Last month %	2015 Return	2016 Return	2017 Return
Class A	1.3526	AU60MAN00021	MAALPAU AU	D	3.91 %	1.76 %	-3.17 %	4.37 %

Key Facts

Responsible Entity	Man Investments Australia Limited	APIR	MAN0002AU
Administrator	National Australia Bank Limited	Currencies	AUD

¹ 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. ² 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 Man 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. ³ End of month (EOM) position. ⁴ 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. ⁵ CS01 is the impact on the fund in response to a one basis point increase in credit spreads. ⁶ DV01 is the impact on the fund in response to a one basis point increase in interest rates. ⁷ When 12 months of performance data is unavailable for a calendar year, partial year to date is shown. ⁸ The performance data is based on the reporting unit class of the Fund (shown in blue in the NAV table). Information on the valuation of Units can be found at www.man.com/manahalpha. ⁹ This is the redemption price per unit in the Fund (Unit) as at the date of this monthly report

Important Information

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