

Man Diversified Alternatives



Monthly Report as at 29 March 2019

MTD: 0.94 % **YTD:** 1.48 % **Annualised return since inception:** 2.98 % **Annualised volatility since inception:** 3.10 %

Fund Aims

Man Diversified Alternatives (the 'Fund') is an Australian managed investment scheme designed to generate medium to long term investment returns by accessing a diversified portfolio using a range of alternative investment strategies, all managed by the Man Group (the 'Portfolio'). At any time, this Portfolio is expected to comprise between 6-15 investment strategies.

Fund Details

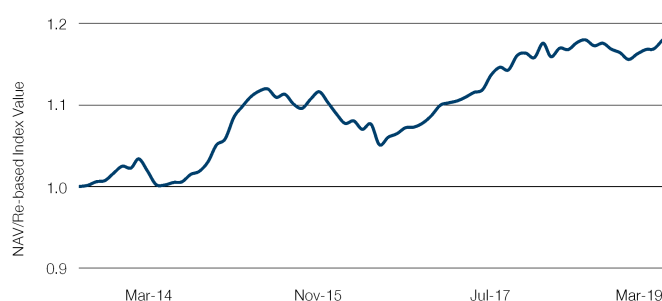
Launch date	13 August 2013
Fund AUM ¹	(AUD) 4,897,752
Portfolio manager	David Kingsley
Currencies	AUD
Minimum investment	A\$5,000
APIR	MAN0004AU

Net Performance Statistics²

	Fund
Last month	0.94 %
Last 3 months	1.48 %
Year to date	1.48 %
Last 1 year	0.87 %
Last 3 years annualised	2.98 %
Last 5 years annualised	2.97 %
Since inception	17.97 %
Annualised volatility since inception	3.10 %
Annualised return since inception	2.98 %
Sharpe ratio	0.26

Net track record*

13 August 2013 to 29 March 2019



— Man Diversified Alternatives

Historical performance²

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ³
2019	0.46 %	0.08 %	0.94 %										1.48 %
2018	1.52 %	-1.41 %	0.90 %	-0.15 %	0.73 %	0.29 %	-0.61 %	0.26 %	-0.62 %	-0.37 %	-0.70 %	0.59 %	0.39 %
2017	1.16 %	0.27 %	0.22 %	0.41 %	0.54 %	0.29 %	1.63 %	0.83 %	-0.29 %	1.54 %	0.26 %	-0.47 %	6.55 %
2016	-1.29 %	-1.01 %	0.28 %	-0.95 %	0.60 %	-2.35 %	0.88 %	0.41 %	0.68 %	0.08 %	0.45 %	0.84 %	-1.43 %
2015	2.50 %	1.14 %	1.13 %	0.64 %	0.25 %	-0.91 %	0.32 %	-1.09 %	-0.45 %	1.06 %	0.78 %	-1.21 %	4.18 %
2014	-0.21 %	1.10 %	-1.45 %	-1.61 %	-0.06 %	0.31 %	0.09 %	0.89 %	0.36 %	1.14 %	2.00 %	0.72 %	3.27 %
2013								0.15 %	0.44 %	0.15 %	0.87 %	0.86 %	2.49 %

*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.

Commentary

The Fund finished March up +0.9% with positive contributions across all of its strategy groups, but overall gains primarily driven by the strong performance in the Diversifying strategy. Concerns over economic growth increased in March, with a very dovish tone from the FOMC and deeply contractionary manufacturing PMI from Germany sending bond yields substantially lower, and inverting the US yield curve from 3-months onwards. Equity returns were positive in the US, but were mixed elsewhere - barely flat in Europe, and some Emerging Markets selling off aggressively, in spite of the much more dovish tone from the US Federal Reserve.

The Equity Long-Short strategies finished the month slightly up driven by stock specific risk but again with mixed performance across sector books. Where there were losses, these were from industry risk, marking the third successive month of negative returns from industry (-63bps year-to-date). Industry is normally within a range of 6-8% of risk allocation, and over longer periods has contributed positively. 2019's industry losses have principally been from short positions in UK retailers (structurally challenged, but lifted by the rally in GBP), and short positions in European pharma and healthcare (benefiting from the surprising outperformance of high quality in this year's rally). The top performers in March at the underlying book level were Global Healthcare, Global TMT, and UK Core. Global Healthcare saw a long position in Five Prime Therapeutics receive a boost from strong sentiment and fundamentals. Meanwhile Global TMT and Euro Breakout benefitted from a long position in Ocado. UK Core and several other books profited from a long position in Rio Tinto as a result of favourable commodity prices. Conversely Mining, Special Situations, and Centre Book had a challenging month. Special Situations sustained losses from a long position in Bayer AG after the firm lost two US lawsuits claiming that one of its weed killers is carcinogenic. Finally, Centre Book saw a long position in Pigeon Corp, a manufacturer of childcare products with a large exposure to China, underperform after China cut its growth targets. Within Risk Seeking the Global Emerging Market Debt strategy was flat due to its bearish, short positioning in currencies and fixed income. Finally in Diversifying, AHL Trend captured the strong momentum across global markets by adjusting from short to long equities to match its long bond positions, as well as short European currencies versus the US dollar, all of which benefitted from central bank's less hawkish stance.

In terms of portfolio risk, the Fund became more constructively positioned, with portfolio VAR (1d, 98% confidence) nearly doubling as at quarter end, and its net equity exposure moving from slightly short to modestly long.

There have been no material changes to the Fund'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 the Fund since the last monthly report.

Equity Attribution Analysis

Month to date allocation and attribution by holding

Holding	Allocation	Contribution
Man AHL Trend Alternative	9.9 %	0.8 %
Man GLG Alpha Select	18.8 %	0.1 %
Man AHL Multi Strategy Alternative	9.3 %	0.1 %
Overlay, cash and other	3.6 %	0.1 %
Man GLG Global Convertibles	15.4 %	0.0 %
Man GLG European Mid-Cap Equity Alternative	15.4 %	0.0 %
Man GLG Global EM Debt Total Return	9.2 %	0.0 %
Man GLG European Equity Alternative	18.3 %	-0.1 %

Month to date allocation and attribution by strategy

Holding	Allocation	Contribution
Diversifying	19.3 %	0.9 %
Overlay, cash and Other	3.6 %	0.1 %
Long / short	52.5 %	0.0 %
Risk	24.6 %	0.0 %

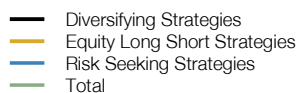
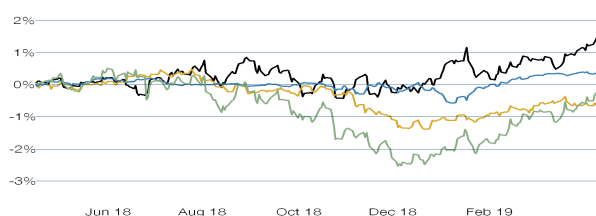
Year to date attribution by holding

Holding	Contribution
Man GLG Global Convertibles	0.7 %
Man AHL Trend Alternative	0.6 %
Man GLG Alpha Select	0.4 %
Man GLG European Mid-Cap Equity Alternative	0.2 %
Man AHL Multi Strategy Alternative	0.1 %
Overlay, cash and other	-0.1 %
Man GLG European Equity Alternative	-0.2 %
Man GLG Global EM Debt Total Return	-0.2 %

Year to date attribution by strategy

Holding	Contribution
Diversifying	0.7 %
Risk	0.6 %
Long / short	0.4 %
Overlay, cash and other	-0.1 %

Strategy contributions and Fund returns



Strategy and Risk Factor Stand Alone VaR (97.7%)

Total Fund	Equity	Spread	FX	Interest Rate	Commodity	Vega
0.41 %	0.36 %	0.02 %	0.12 %	0.22 %	0.01 %	0.04 %

Risk and Beta Exposures

Equity Exposure	CS10% adj (bps)	Dv01 (bps)	Vega (bps)	S&P Beta (Total portfolio)	MSCI World Beta (Equity Only)
16.55 %	-20.13	-4.98	1.32	0.09	0.14

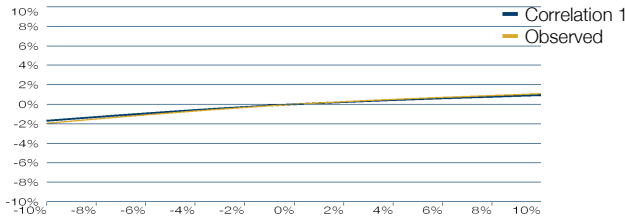
Historical replays

Sept 11 (7th - 21st Sept 2001)	Banking Crisis (6th - 20th Nov 2008)	Greek Crisis (23rd April - 7th May 2010)	Lehman Crisis (26th Sept - 10 Oct 2008)	Equity Mkt Rebound (9th -23rd March 2009)
-3.40 %	-1.43 %	-0.71 %	-1.63 %	-0.31 %

Scenarios analysis (uncorrelated)

Equity +10%	Equity -10%	Rate +50bps	Rate -50bps	Credit spread +10%	Credit spread -10%	Volatility +25%	Volatility -25%	All currencies +5%	All currencies -5%
0.94 %	-1.69 %	-2.67 %	1.79 %	-0.03 %	0.04 %	0.25 %	-0.27 %	-1.39 %	0.58 %

Equity market slide



NAVs^{1,5}

Class	NAV	ISIN	Bloomberg	2016 Return	2017 Return	2018 Return
D H AUD Acc	1.1650	AU60MAN00047		-1.43 %	6.55 %	0.39 %

¹ Funds under management are as at the date of this monthly report. Past performance is not a reliable indicator of future performance. ² Past performance is not a reliable indicator of future performance. Performance figures are calculated net of all fees and assumes all distributions are reinvested. ³ When 12 months of performance data is unavailable for a calendar year, partial year to date is shown. ⁴ This is the redemption price per unit in the Fund (Unit) as at the date of this monthly report. ⁵ 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/mandiversifiedalternatives.

Important Information

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