

Man Diversified Alternatives



Monthly Report as at 30 April 2019

MTD: 0.91 % **YTD:** 2.40 % **Annualised return since inception:** 3.10 % **Annualised volatility since inception:** 3.09 %

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

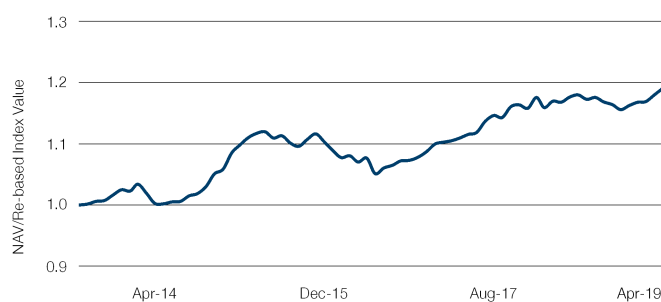
Launch date	13 August 2013
Fund AUM ¹	(AUD) 4,713,106
Portfolio manager	David Kingsley
Currencies	AUD
Minimum investment	A\$5,000
APIR	MAN0004AU

Net Performance Statistics²

	Fund
Last month	0.91 %
Last 3 months	1.93 %
Year to date	2.40 %
Last 1 year	1.94 %
Last 3 years annualised	3.62 %
Last 5 years annualised	3.50 %
Since inception	19.05 %
Annualised return since inception	3.10 %
Annualised volatility since inception	3.09 %
Sharpe ratio	0.30

Net track record*

13 August 2013 to 30 April 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 %	0.91 %									2.40 %
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 April up +0.91% with positive contributions driven by the continued strong performance in Diversifying, followed by Equity Long-Short whilst Risk Seeking was more mixed.

April saw many credit and equity indices reach new all-time highs, and volatility across asset classes at multi-year lows, the market's answer to that question seems to be a resounding "no": MSCI ACWI increased by almost 4% in USD, Nasdaq by over 5%, and IBOX IG and High Yield by c. 1.1% and 1.7% respectively, closing out 4 successive months of strong performance.

Incoming macro data have been mixed: US durable goods orders and retail sales have begun to show signs of improving momentum, Chinese credit and accelerating retail sales and industrial production suggest that stimulus is working, and while Europe remains in the doldrums, the prevailing narrative is of a 'Goldilocks' economy globally, with policy support and abundant liquidity in the background.

Abundant liquidity was at its most obvious in the issuance of \$12 billion of Saudi Aramco bonds, reportedly 8x oversubscribed, and a slew of heavily loss-making US tech companies announcing their intention to come to market, culminating with Uber filing for an IPO towards the end of the month, at a desired market cap of \$80 - 90 billion. While one of these IPOs will no doubt mark the top for tech, just as Glencore did for acquisitive miners in 2011, we have little conviction as to whether that will be next week or next year. What is clear is that there continued signs of euphoria in markets awash with liquidity.

There is one area out in the cold however: EMs problem children, Turkey and Argentina. The former is facing considerable scrutiny over reserve adequacy after the publication of data showing net FX reserves of c. \$15 billion, approximately 13% of short-term external debt. The latter has seen recently-minted dollar bonds fall to new lows as opinion polls have shown a meaningful lead for Cristina Fernandez de Kirchner over incumbent Mauricio Macri ahead of an autumn election. In both cases a rally in the USD since mid-April has piled pressure on. It is just two years ago that Argentina was in the limelight, returning to capital markets with a splashy 100-year maturity bond, a point worth remembering now that it trades in the mid-60s and as other headline-grabbing but fundamentally questionable assets are brought to market.

The Equity Long-Short strategies ended the month in positive territory, with most sector books delivering gains and overall returns primarily driven by stock specific risk. The top performing books were the Global Healthcare, Centre Book, and UK Core books. Global Healthcare benefitted from a short name in LivaNova which fell dramatically after the company preannounced weak revenue in the first quarter. On the long side, Aclaris Therapeutics Inc performed well in the latter end of the month after it received additional patents in the US. Both Centre Book and UK Core benefitted from short positions in Bunzl plc after the company announced weak 1st quarter 2019 revenue growth. Meanwhile, Mining and Europe Materials found the market conditions in April challenging. Mining lost money on a long position in South32 Ltd after it received an analyst downgrade and reported a sharp drop in its third-quarter coking coal production. Finally, Europe Materials lost money on a long in Dutch paint maker Akzo Nobel which fell in value after its first quarter results came in below expectations on higher costs. Within Risk Seeking the Global Emerging Market Debt strategy again incurred losses due to its bearish, short positioning in currencies and fixed income. Finally in Diversifying, AHL Trend captured the strong momentum across global markets with gains coming from long equity indices in the US and Japan, long fixed income in the US, Europe and Australia, and long the US dollar versus the euro, Japanese yen and Swiss franc.

In terms of portfolio risk, the Fund remained more constructively positioned, with risk increasing in equities and FX.

Equity Attribution Analysis

Month to date allocation and attribution by holding

Holding	Allocation	Contribution
Man AHL Trend Alternative	11.0 %	0.3 %
Man GLG Alpha Select	18.1 %	0.2 %
Man GLG European Equity Alternative	18.1 %	0.2 %
Man AHL Multi Strategy Alternative	8.9 %	0.1 %
Man GLG Global Convertibles	14.7 %	0.1 %
Man GLG Global EM Debt Total Return	10.0 %	0.0 %
Man GLG European Mid-Cap Equity Alternative	14.6 %	0.0 %
Overlay, cash and other	4.6 %	0.0 %

Month to date allocation and attribution by strategy

Holding	Allocation	Contribution
Diversifying	20.0 %	0.4 %
Long / short	50.8 %	0.4 %
Risk	24.6 %	0.1 %
Overlay, cash and Other	4.6 %	0.0 %

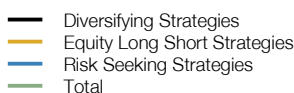
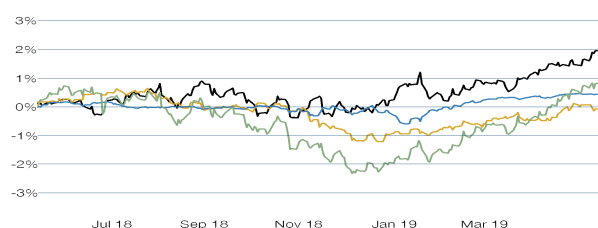
Year to date attribution by holding

Holding	Contribution
Man AHL Trend Alternative	0.9 %
Man GLG Global Convertibles	0.9 %
Man GLG Alpha Select	0.6 %
Man AHL Multi Strategy Alternative	0.3 %
Man GLG European Mid-Cap Equity Alternative	0.2 %
Man Numeric Market Neutral Alternative	0.0 %
Man GLG European Equity Alternative	0.0 %
Overlay, cash and other	-0.1 %
Man GLG Global EM Debt Total Return	-0.2 %

Year to date attribution by strategy

Holding	Contribution
Diversifying	1.2 %
Long / short	0.8 %
Risk	0.7 %
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
0.42 %	0.43 %	0.02 %	0.22 %	0.19 %	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)
28.03 %	-17.60	-3.94	0.36	0.13	0.22

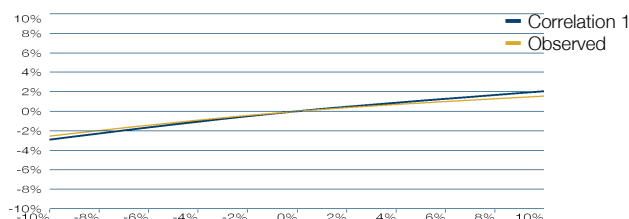
Historical replays

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)
-5.16 %	-1.97 %	-1.77 %	-2.38 %	0.89 %

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%
2.06 %	-2.91 %	-2.15 %	1.53 %	-0.04 %	0.04 %	0.19 %	-0.22 %	-2.42 %	1.69 %

Equity market slide



NAVs^{1,5}

Class	NAV	ISIN	Bloomberg	2016 Return	2017 Return	2018 Return
D H AUD Acc	1.1756	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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The offer of Units in New Zealand is made pursuant to and in accordance with subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014. Investors receiving the PDS in New Zealand should read the 'New Zealand Unitholders: Warning Statement' in Section 11 of the PDS.

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