

# Man Diversified Alternatives



## Monthly Report as at 31 July 2019

**MTD:** 1.63 % **YTD:** 5.12 % **Annualised return since inception:** 3.42 % **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 <sup>1</sup>	(AUD) 2,896,007
Portfolio manager	David Kingsley
Currencies	AUD
Minimum investment	A\$5,000
APIR	MAN0004AU

### Net Performance Statistics<sup>2</sup>

	Fund
Last month	1.63 %
Last 3 months	2.65 %
Year to date	5.12 %
Last 1 year	4.22 %
Last 3 years annualised	4.84 %
Last 5 years annualised	3.97 %
Since inception	22.20 %
Annualised volatility since inception	3.09 %
Annualised return since inception	3.42 %
Sharpe ratio	0.41

### Net track record\*

13 August 2013 to 31 July 2019



— Man Diversified Alternatives

### Historical performance<sup>2</sup>

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD <sup>3</sup>
2019	0.46 %	0.08 %	0.94 %	0.91 %	0.07 %	0.94 %	1.63 %						5.12 %
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 July up +1.6% during which equity markets were dominated by central bank announcements. As was widely expected, the US Federal Reserve Chair delivered an insurance cut in policy rates, also bringing forward the end of balance sheet normalisation. Indications that the European Central Bank would follow suit and provide more stimulus also boosted sentiment.

The Equity Long-Short strategies performed well, with the majority of sector books recording high stock specific gains. The top performing books in July were US Japan, Europe Midcap, and Risk Arbitrage. US Japan saw a long position in Shin Etsu Chemical make money after its April-June consolidated operating profit exceeded expectations. Meanwhile, Europe Midcap found success with a short position in Software AG after the German tech company lowered its outlook, reporting a decline in operating profit. Risk Arb benefitted from a merger between Fiserv and First Data over the course of the month. Conversely, Special Situations and Global Healthcare found last month's market conditions challenging. Special Situations struggled with a short position in Cobham on news that it agreed to an acquisition offer from a private equity firm, while Global Healthcare lost money on a long position in Fresenius Medical Care after reporting smaller than expected cost savings in its dialysis unit, negatively impacting earning growth outlook. Within Risk Seeking, losses from the more defensively positioned Emerging Market Debt strategy were offset by Global Convertibles which gained amidst the rally in both equities and fixed income. And finally within Diversifying AHL Trend was able to generate strong profits from its long equity, bond and currency positions.

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	10.4 %	0.9 %
Man AHL Multi Strategy Alternative	9.8 %	0.3 %
Man GLG European Mid-Cap Equity Alternative	15.7 %	0.2 %
Man GLG Global Convertibles	15.7 %	0.1 %
Man GLG European Equity Alternative	18.4 %	0.1 %
Man GLG Alpha Select	19.4 %	0.1 %
Overlay, cash and other	3.1 %	0.0 %
Man GLG Global EM Debt Total Return	7.6 %	-0.1 %

### Month to date allocation and attribution by strategy

Holding	Allocation	Contribution
Diversifying	20.1 %	1.2 %
Long / short	53.5 %	0.4 %
Risk	23.3 %	0.1 %
Overlay, cash and Other	3.1 %	0.0 %

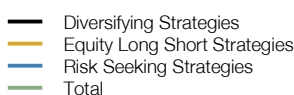
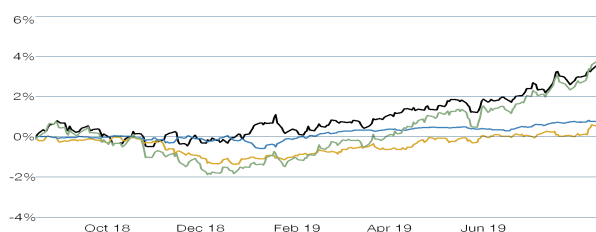
### Year to date attribution by holding

Holding	Contribution
Man AHL Trend Alternative	2.2 %
Man GLG Global Convertibles	1.2 %
Man GLG Alpha Select	1.0 %
Man AHL Multi Strategy Alternative	0.7 %
Man GLG European Mid-Cap Equity Alternative	0.6 %
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	-0.3 %

### Year to date attribution by strategy

Holding	Contribution
Diversifying	2.9 %
Long / short	1.6 %
Risk	0.9 %
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
0.43 %	0.30 %	0.02 %	0.25 %	0.16 %	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)
28.13 %	-17.09	-3.50	5.47	0.14	0.23

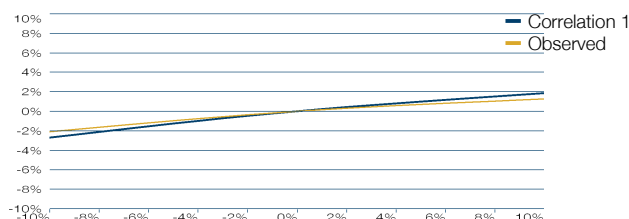
### Historical replays

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)
-4.82 %	-1.42 %	-0.70 %	-1.26 %	-0.20 %

### 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%
1.86 %	-2.70 %	-1.86 %	1.18 %	-0.07 %	0.08 %	0.42 %	-0.44 %	-2.06 %	1.36 %

## Equity market slide



## NAVs<sup>1,5</sup>

Class	NAV	ISIN	Bloomberg	2016 Return	2017 Return	2018 Return
D H AUD Acc	1.1271	AU60MAN00047		-1.43 %	6.55 %	0.39 %

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

## Important Information

Investment in Man Diversified Alternatives (the 'Fund') is offered by Man Investments Australia Limited ABN 47 002 747 480 AFSL 240581 ('MIA'). MIA is the Responsible Entity and issuer of Units in the Fund and publisher of this document. Offers of Units will be made in the Product Disclosure Statement dated 29 September 2017 ('PDS'), as amended from time to time, which is available on [www.man.com/mandiversifiedalternatives](http://www.man.com/mandiversifiedalternatives).

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.

The information contained and used in this document is general information only and it has been prepared without taking into account anyone's objectives, financial situation or needs so before acting on it, consider its appropriateness to your circumstances. Persons considering investing in the Units should carefully read all of the PDS and speak to their financial advisor before making an investment decision. Please also refer to the Identification Requirements document. US Persons are not eligible to subscribe for Units pursuant to the PDS. Terms capitalised and used in this document have the same meaning as in the PDS. The data contained in this report is provided from the Man database.

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