

Man Diversified Alternatives



Monthly Report as at 28 February 2020

MTD: -1.36 % **YTD:** -0.85 % **Annualised return since inception:** 2.99 % **Annualised volatility since inception:** 3.06 %

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) 5,655,791
Portfolio manager	David Kingsley
Currencies	AUD
Minimum investment	A\$5,000
APIR	MAN0004AU

Net Performance Statistics²

	Fund
Last month	-1.36 %
Last 3 months	-0.74 %
Year to date	-0.85 %
Last 1 year	3.73 %
Last 3 years annualised	3.22 %
Last 5 years annualised	2.01 %
Since inception	21.24 %
Annualised volatility since inception	3.06 %
Annualised return since inception	2.99 %
Sharpe ratio	0.31

Net track record*

13 August 2013 to 28 February 2020



Historical performance²

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ³
2020	0.51 %	-1.36 %											-0.85 %
2019	0.46 %	0.08 %	0.94 %	0.91 %	0.07 %	0.94 %	1.63 %	0.45 %	-0.73 %	-0.28 %	0.52 %	0.12 %	5.19 %
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.

This material is of a promotional nature

Commentary

Global equity markets fell dramatically since the middle of February as the spread of the coronavirus beyond China sparked a dramatic spike in volatility. The emergence and acceleration of new cases of coronavirus in South Korea, Iran and Italy led to renewed fears that the virus would disrupt global supply chains and negatively impacted global growth outlook. The S&P 500 Index and the FTSE 100 Index were both down significantly over the month. The Fund held up relatively well amidst the sell-off, was down for the month despite all three strategy groups ended in slightly negative territory. It is running a low net equity exposure with low directional sensitivity to both fixed income and credit.

All strategy sleeves within the Equity Long Short group experienced similar levels of losses this month. European Equity spent most of the month in positive territory, however, the heightened volatility triggered by concerns over the spread of coronavirus led to losses later on in the month - mainly through exposure to Style and Industry risk. Style was driven by equity beta, value and momentum, while exposure to UK airlines was responsible for Industry losses. For Alpha Select, the losses were concentrated in airlines and WPP, whilst Burberry was also a headwind to performance. Lastly, losses in European Mid-Cap Equity this month was mainly from a long position in Rubis.

Within Risk Seeking, Target Risk was the biggest detractor over the month. The losses in stocks and credits over the month were not sufficiently offset by gains in bonds. The volatility switching overlay was activated in both equities and at the portfolio level, which led to position reductions whilst the momentum overlay remained active in commodities, which took off around a quarter of the risk there. Global Convertibles also lost slightly over the month - stock selections in Asia ex-Japan non-cyclical consumer sector weighed on performance despite positive gains from US non-cyclical consumer, EMEA and US communication sectors. Lastly, the performance of Event Driven was flat over the month. The primary detractor to performance came from Premier Foods and Genworth deal as the spread widened as coronavirus fears escalated. These losses were later on covered by shorting two situations which were more disproportionately affected by the decline in the economic activities.

Finally within the Diversifying group, AHL Multi-Strategy led the loss followed by AHL Trend. At the beginning of the month, AHL Multi-strategy gained from three of its trading styles, driven by volatility, fundamental factor models and its allocation to AHL Evolution markets. The gains were however eroded by losses later on as the market sold off. AHL Trend, with an overweight in equities and bonds, lost primarily through the equity sell-off with the impact mainly felt through Italian and other European stocks.

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
Overlay, cash and other	10.1 %	0.1 %
GLG Event Driven Alt	7.0 %	0.0 %
Man GLG Alpha Select	17.6 %	-0.1 %
Man GLG European Mid-Cap Equity Alternative	14.0 %	-0.1 %
Man GLG Global Convertibles	13.8 %	-0.1 %
Man GLG European Equity Alternative	16.9 %	-0.1 %
Man AHL Trend Alternative	7.5 %	-0.2 %
Man AHL TargetRisk	6.6 %	-0.3 %
Man AHL Multi Strategy Alternative	6.6 %	-0.4 %

Month to date allocation and attribution by strategy

Holding	Allocation	Contribution
Overlay, cash and Other	10.1 %	0.1 %
Long / short	48.4 %	-0.3 %
Risk	27.4 %	-0.5 %
Diversifying	14.1 %	-0.5 %

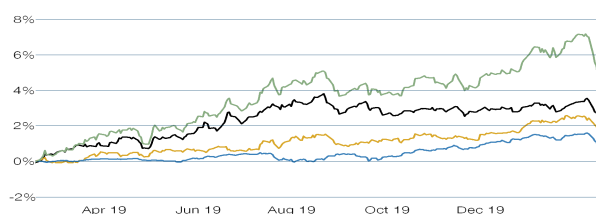
Year to date attribution by holding

Holding	Contribution
Overlay, cash and other	0.4 %
Man GLG Alpha Select	0.2 %
Man GLG European Equity Alternative	0.1 %
Man GLG Global EM Debt Total Return	0.0 %
GLG Event Driven Alt	0.0 %
Man GLG European Mid-Cap Equity Alternative	0.0 %
Man GLG Global Convertibles	-0.1 %
Man AHL TargetRisk	-0.2 %
Man AHL Trend Alternative	-0.3 %
Man AHL Multi Strategy Alternative	-0.4 %

Year to date attribution by strategy

Holding	Contribution
Overlay, cash and other	0.4 %
Long / short	0.2 %
Risk	-0.3 %
Diversifying	-0.7 %

Strategy contributions and Fund returns



- Diversifying Strategies
- Equity Long Short Strategies
- Risk Seeking Strategies
- Total

Strategy and Risk Factor Stand Alone VaR (97.7%)

Total Fund	Equity	Spread	FX	Interest Rate	Commodity	Vega
0.42 %	0.29 %	0.03 %	0.10 %	0.23 %	0.01 %	0.03 %

Risk and Beta Exposures

Equity Exposure	CS10% adj (bps)	Dv01 (bps)	Vega (bps)	S&P Beta (Total portfolio)	MSCI World Beta (Equity Only)
18.05 %	-21.95	-3.45	1.91	0.08	0.14

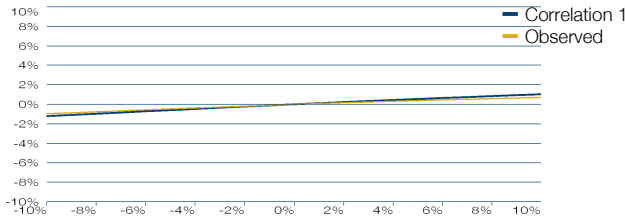
Historical replays

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)
-1.80 %	-0.45 %	0.09 %	0.13 %	0.90 %

Scenarios analysis (uncorrelated)

Equity +10%	Equity -10%	Rate +100bps	Rate -100bps	Credit spread +10%	Credit spread -10%	Volatility +500bps	Volatility -500bps	FX +10%	FX -10%
1.03 %	-1.21 %	-1.79 %	1.21 %	-0.09 %	0.09 %	0.18 %	-0.19 %	-0.93 %	0.63 %

Equity market slide



NAVs^{1,5}

Class	NAV	ISIN	Bloomberg	2017 Return	2018 Return	2019 Return
INW H AUD Acc	1.1182	AU60MAN00047		6.55 %	0.39 %	5.19 %

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 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. ⁵ 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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