



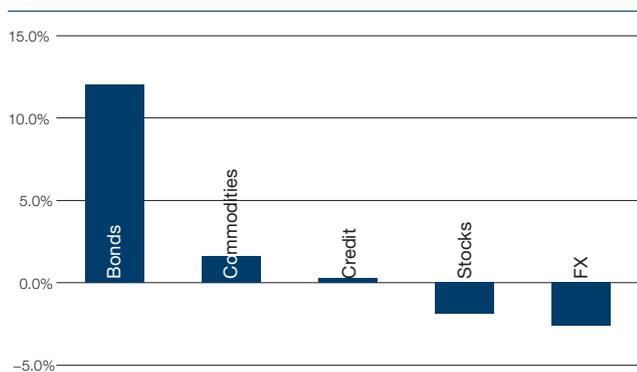
Man AHL Alpha (AUD) 2019 FINANCIAL YEAR REVIEW

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The 12-months to 30 June 2019 saw a wide range of market conditions over which to test Man AHL Alpha (AUD) ('Fund'). In particular, MSCI World equities lost 13% in Q4 2018, the second worst post Financial Crisis, only to recover the same amount in Q1 2019. Underlying the weakness in Q4 was mounting trade tensions between the US and China, an inverting US yield curve - a well-recognised portent of doom, and the omnipresent Brexit. What changed Q4's pessimism to optimism in Q1 2019 was a reversal in stance of the US Federal Reserve towards a more accommodative monetary policy, with the ECB following suit in March. Against this backdrop, the Fund returned 8.5%¹ over the 12-month period, with profits originating from fixed income and commodities trading, and small losses from FX and equities (Figure 1).

Figure 1: Attribution to the Fund by asset class in FY2018/19 (gross). Profits were focused around bonds with small losses from stocks and currencies.²

1 July 2018 – 30 June 2019

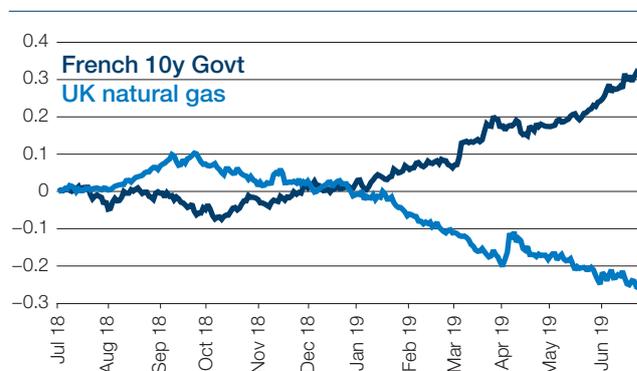


Source: Man Group database.

The potent combination of a weak end to 2018 with subsequent flight to safety, and accommodative monetary policy, drove yields to low levels across fixed income instruments with ever more developed markets trading sub-zero in 10-year yield. French government bonds fell into this category, with prices trending steadily upwards (Figure 2) and hence the Fund staying long over the period, and it proved to be the top performing bond.

Figure 2: Accommodative monetary policy and a flight to safety saw French bonds trend upwards for most of FY2018/19 while unseasonably warm weather in the UK saw demand for natural gas fall by more than 50%.

1 July 2018 – 30 June 2019



Note: Prices are rebased and at 15% volatility equivalent.
Source: Man Group database.

Commodities trading was also profitable in aggregate, with natural gas on both sides of the pond contributing positively despite contrasting positioning. UK gas saw its price fall by more than 50% on unseasonably warm weather (Figure 2), in stark contrast to the US where a cold snap in the Midwest region saw temperatures as low as -50C. On the debit side, agricultural commodities proved unfavourable hunting ground, notably sugar where numerous stories such as the election of Jair Bolsonaro as the new President of Brazil upset trends.

Equity and credit trading was more muted, as gyrating market conditions drove changes in positioning. Credit finished marginally in the black, with US CDS positions narrowly edging out European ones. Equities, however, ended the period marginally in the red. In terms of indices, trading in the Australian SPI 200 proved more lucrative than trading in the Nikkei (Figure 3). In equity sectors, positive news from the technology sector, such as Apple's market capitalisation soaring through the \$1trn mark, helped make it the top contributor, but sectors such as capital goods and retail proved a more challenging environment for the Fund's algorithms.

Unless otherwise indicated, the performance data in this report is based on Class A Units of the Fund. 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.

Figure 3: Gyrating market conditions made trading Japanese equities difficult while the Australian SPI 200 presented more consistent trends.

1 July 2018 – 30 June 2019



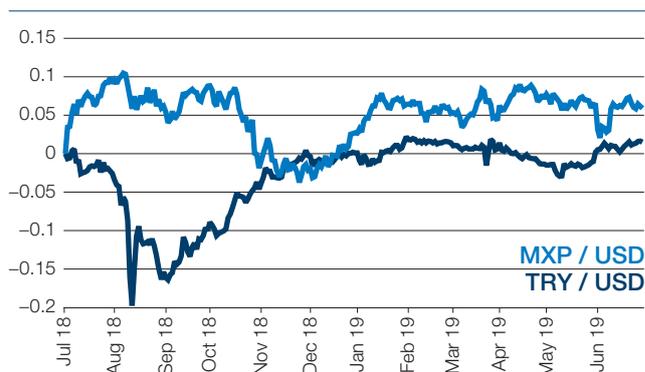
Note: Prices are rebased and at 15% volatility equivalent.
Source: Man Group database.

Trading in currencies also contributed a small loss in aggregate. President Donald Trump's war of words with Mexico over its border wall saw an oscillating peso versus the US dollar and therefore difficult trading conditions (Figure 4). A short in the Turkish lira, on the other hand, benefitted as the lira fell by one third in August 2018 alone on a seemingly continuous stream of negative news from the country.

The Fund's performance by quarter proved noteworthy, generating positive returns over both Q4 2018 and Q1 2019 which were characterised by vastly different equity environments (Figure 5). December's return of +4% was particularly welcome for equity investors whose losses were 8% that month.

Figure 4: A war of words over the US/Mexico border wall saw oscillating conditions for USD/MXP while the fund benefitted from short Turkish Lira positions early in the period.

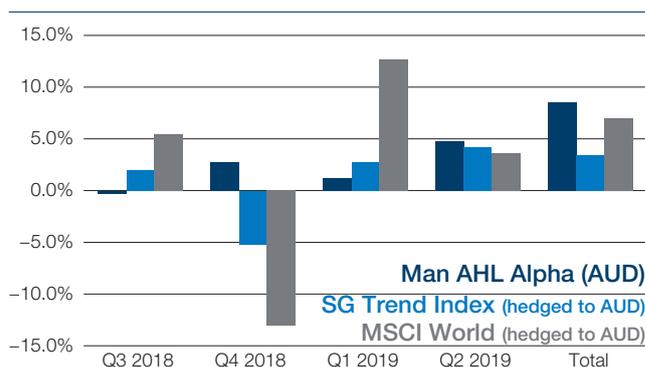
1 July 2018 – 30 June 2019



Note: Prices are rebased and at 15% volatility equivalent.
Source: Man Group database.

Figure 5: Quarterly Fund performance (net) measured against broader trend following index and global equities.¹

1 July 2018 – 30 June 2019



Note: SG Trend Index and MSCI World are not a benchmark and are not representative of the Fund's investment strategy. The information is shown for comparison purposes only.
Source: Man Group database.

Past performance is not a reliable indicator of future performance.

1. Past performance is not a reliable indicator of future performance. Performance figures are calculated net of all fees as at 30 June 2019 and assumes all distributions are reinvested. Performance figures shown are for Man AHL Alpha (AUD) Class A Units.
2. 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.

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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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