

Man Diversified Alternatives



Monthly Report as at 31 August 2021

MTD: 0.58 % **YTD:** 4.12 % **Annualised return since inception:** 3.31 % **Annualised volatility since inception:** 3.01 %

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

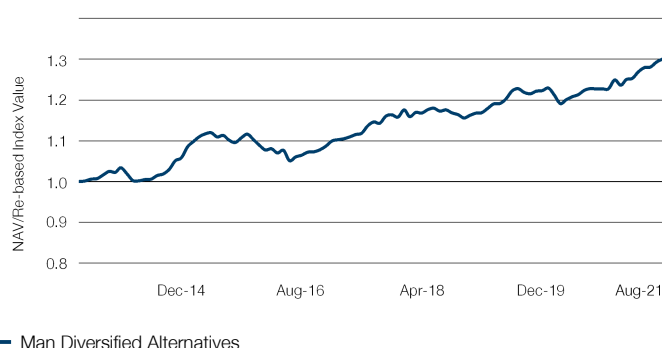
Launch date	13 August 2013
Fund AUM ¹	(AUD) 897,008
Portfolio manager	David Kingsley
Currencies	AUD
Minimum investment	A\$5,000
APIR	MAN0004AU

Net Performance Statistics*²

	Fund
Last month	0.58 %
Last 3 months	1.64 %
Year to date	4.12 %
Last 1 year	5.91 %
Last 3 years annualised	3.42 %
Last 5 years annualised	4.08 %
Since inception	30.04 %
Annualised volatility since inception	3.01 %
Annualised return since inception	3.31 %
Sharpe ratio	0.55

Net track record*

13 August 2013 to 31 August 2021



Historical performance²

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ³
2021	-1.03 %	1.12 %	0.25 %	1.27 %	0.82 %	0.10 %	0.96 %	0.58 %					4.12 %
2020	0.51 %	-1.36 %	-1.75 %	0.78 %	0.62 %	0.41 %	0.88 %	0.35 %	-0.08 %	0.02 %	0.03 %	1.75 %	2.13 %
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 rose in August supported by strong quarterly season and continuing optimism over economic recovery. The S&P 500 Index recorded its seventh consecutive month of gains with a 2.9% advance. Stocks were boosted by the Federal Reserve's dovish policy message, and in particular Jay Powell highlighting the dangers of reducing the Fed's \$120bn bond purchase too quickly. Bond markets were broadly quiet, and the taper talk did not seem to spook investors too much. The yield on the 10-year US Treasury note recouped some of the mid-month losses, finishing the month higher.

Equity Long Short was the Fund's best performing strategy group, driven by idiosyncratic risk exposure in line with our investment philosophy. Among the strategy's other risk attributes, style risk and country risk also drove positive returns this month. Gains in style risk were largely due to the strategy's exposure to European liquidity and Asian Pacific momentum factors, while long exposure to stocks in Ireland was the largest contributor to country risk. Industry risk was the sole detractor among risk attributes this month. A combination of short positioning in US financial names and long positioning in both US and European retail names made up of the bulk of Industry risk losses this month. Of the 13 developed underlying sector books, the majority were either flat or positive. The largest contributions this month came from Europe Mid-Cap and Asia Equity. Europe Mid-Cap benefitted from a long position in German pharmaceutical company Dermapharm which rose this month on the back of positive sell side analyst sentiment and robust earnings. Lastly Asia Equity made money on Baosteel which is discussed in more detail below. On the flip side, the Europe Consumer, Quant and Long Term Growth strategies detracted from returns this month. Europe Consumer lost money on D-Market Elektronik Hizmetler, discussed in more detail below. Meanwhile the Quant strategy struggled with its short positioning this month. Lastly, Long-Term Growth was negatively impacted by its exposure to luxury stocks this month.

Within Risk Seeking, Event Driven returned to profit in a healthy fashion. In what is normally a quiet month for M&A activity, August saw over USD 500 billion of deals announced. YTD 2021 has continued to be a record year for M&A with over USD 3.9 trillion of deals agreed. M&A activity is on track to overtake the volumes seen in 2007, when USD 4.3 trillion worth of deals were announced. From a deal perspective, the strategy benefitted from the proposed merger of Canadian National Railway and Kansas City Southern after Canadian Pacific increased its offer to acquire Kansas City Southern. And during the month, Carlyle announced a revised offer of 155 pence per Share for Vectura, which was quickly countered by Phillip Morris who announced an increased cash offer of 165 pence per share. Against the supportive market backdrop, AHL TargetRisk posted positive returns with gains from equity and credit positions offset by losses in bonds and inflation sensitive assets. In equities, global stocks rallied throughout August, with US equity indices reaching fresh all-time highs. The strategy saw gains in most indices, led by the NASDAQ 100 Index and S&P 500 Index, and losses in Asian equity indices. Credit spreads tightened during the month on both sides of the Atlantic, with the largest gains in US and European high yield credit indices. Within the inflation-sensitive assets, commodities gained, and the Fund particularly benefitted from gains in natural gas prices on both sides of the Atlantic. In the US, one reason cited for the gas price surge was a low inventory forecast for the beginning of the winter heating season by the Energy Information Administration, while in Europe there was news that Russia was pumping less gas to the continent. Inflation-linked bonds finished in the red. Positions in government bonds struggled most in August as global yields rose over the month, with losses concentrated in US and German 10-year bonds. The correlation and volatility overlays remained inactive in August, while the momentum overlay on equities led to a de-gearing.

Finally, in the Diversifying strategy group AHL Trend posted negative returns with gains from equity and credit positions offset by losses in fixed income and FX. The warm glow of macro-economic news was felt most in equities with several key benchmarks such as the S&P500 hitting fresh all-time highs. This benefitted dominantly long positions in the Fund, with top performer the Australian SPI 200 Index. A long in the Korean Kospi, on the other hand, lost out on Covid-19 Delta variant concerns and supply issues for semiconductor stocks. Credit spreads also tightened over the month, benefitting long credit positions, most notably the US investment grade CDS index. Fixed income positions detracted in August amidst overall subdued price moves. European bonds fared worst, with German, French, and Italian bonds all selling-off to the detriment of the Fund's long positions, while a long in Korean 3-year bonds generated a small gain. Like fixed income, FX trading also finished the month in the red and there were few significant gains or losses to report. A long position in the Mexican peso against the US dollar lost out mid-month despite the Banco de Mexico raising rates. A long position in the Indian rupee against the greenback, on the other hand, gained on Chairman Powell's dovish comments towards the end of the month.

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 GLG Alpha Select	17.6 %	0.2 %
Man GLG European Mid-Cap Equity Alternative	14.2 %	0.2 %
Man AHL TargetRisk	8.4 %	0.1 %
GLG Event Driven Alt	8.5 %	0.1 %
Man GLG European Equity Alternative	16.8 %	0.1 %
Man GLG Global Convertibles	15.7 %	0.1 %
Overlay, cash and other	10.6 %	0.0 %
Man AHL Trend Alternative	8.2 %	-0.1 %

Month to date allocation and attribution by strategy

Holding	Allocation	Contribution
Long / short	48.6 %	0.5 %
Risk	32.6 %	0.3 %
Overlay, cash and Other	10.6 %	0.0 %
Diversifying	8.2 %	-0.1 %

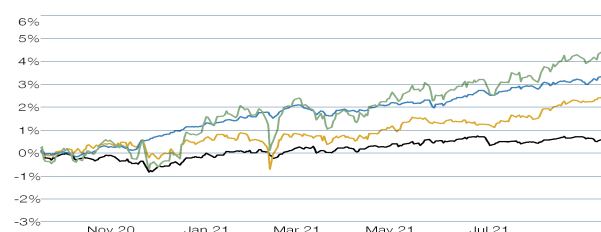
Year to date attribution by holding

Holding	Contribution
Man AHL TargetRisk	1.0 %
Man GLG Alpha Select	0.8 %
Man GLG European Mid-Cap Equity Alternative	0.8 %
GLG Event Driven Alt	0.5 %
Man AHL Trend Alternative	0.5 %
Man GLG Global Convertibles	0.3 %
Man GLG European Equity Alternative	0.3 %
Overlay, cash and other	-0.3 %

Year to date attribution by strategy

Holding	Contribution
Risk	1.9 %
Long / short	1.8 %
Diversifying	0.5 %
Overlay, cash and other	-0.3 %

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 %	0.36 %	0.02 %	0.03 %	0.14 %	0.04 %	0.02 %

Risk and Beta Exposures

Equity Exposure	CS10% adj (bps)	Dv01 (bps)	Vega (bps)	S&P Beta (Total portfolio)	MSCI World Beta (Equity Only)
29.14 %	-22.00	-3.54	3.47	0.28	0.29

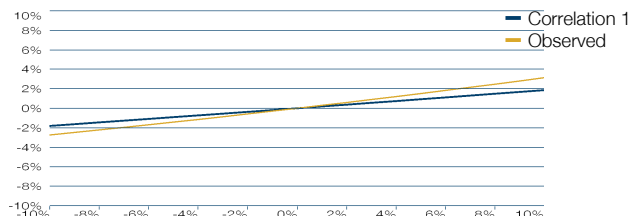
Historical replays

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)
-5.02 %	-4.46 %	-1.32 %	-4.03 %	6.43 %

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%
1.86 %	-1.81 %	-1.72 %	1.16 %	-0.10 %	0.10 %	0.26 %	-0.26 %	0.03 %	-0.09 %

Equity market slide



NAVs^{4,5}

Class	NAV	ISIN	Bloomberg	2018 Return	2019 Return	2020 Return
INW H AUD Acc	0.9663	AU60MAN00047		0.39 %	5.19 %	2.13 %

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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