

Man Diversified Alternatives



Monthly Report as at 31 March 2021

MTD: 0.25 % **YTD:** 0.33 % **Annualised return since inception:** 3.00 % **Annualised volatility since inception:** 3.05 %

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) 1,508,518
Portfolio manager	David Kingsley
Currencies	AUD
Minimum investment	A\$5,000
APIR	MAN0004AU

Net Performance Statistics*²

	Fund
Last month	0.25 %
Last 3 months	0.33 %
Year to date	0.33 %
Last 1 year	5.19 %
Last 3 years annualised	2.33 %
Last 5 years annualised	3.01 %
Since inception	25.30 %
Annualised volatility since inception	3.05 %
Annualised return since inception	3.00 %
Sharpe ratio	0.41

Net track record*

13 August 2013 to 31 March 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 %										0.33 %
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

The Fund reported a small positive return in March with mixed results across its strategy groups. Equity Long-Short struggled with losses in European Equity and Alpha Select, but gains in European Mid-Cap. Risk Seeking booked gains in TargetRisk, Event Driven and Global Convertibles, and AHL Trend in the Diversifying bucket posted the strongest gain. Global equity markets rose in March on growing optimism about the re-opening of the economy. Bond yields continued to rise as did the factor rotation out of growth/momentum stocks into value/cyclical stocks. Investors, spurred by a combination of increased fiscal stimulus and vaccine distribution, sold off expensive technology stocks in favour of stocks in sectors poised to benefit from the return to normal environment.

Within Equity Long-Short, largest detractor from returns this month was Style risk, despite the risk factor representing only a limited amount of the strategy's overall risk budget. The losses in Style risk were mainly attributable to the fund's overall tilt against value in Europe, though long exposure to European momentum also played a role. Offsetting gains from idiosyncratic risk, which has been a strongly positive contributor YTD, were weak in March. The majority of the Strategy's losses this month were mainly concentrated in two underlying books: Long Term Growth and Passive Flow Arbitrage of which were negatively impacted by the rotation from growth/momentum stocks to value/cyclical stocks early in the month. Long Term Growth saw a long position in German remote working software company TeamViewer AG (one of the top positive contributors in 2020) suffer a sharp performance reversal this month after management announced a sponsorship deal that is dilutive to earnings, but which the portfolio management team expects to be supportive of high long-term revenue growth rates. Technology stocks also drove losses in Passive Flow Arbitrage this month. The book lost money on long positions in Blue Moon Holdings and the Hut Group during the tech sell off towards the end of the month. Conversely, Europe Mid-Cap, Risk Arbitrage, and Sustainable Energy found this month's market conditions more favourable. Europe Mid-Cap's positive returns this month were overwhelmingly driven by idiosyncratic returns, discussed in more detail below. Meanwhile Risk Arbitrage benefited from MKS Instruments and II-VI Inc proposed separate deals to acquire Coherent Inc. Finally, Sustainable Energy saw a long position in Vestas Wind Systems perform well following the announcement of President Biden's green energy plans.

Within Risk Seeking, TargetRisk posted positive returns over the month, with gains in equities and FX outweighing losses in commodities. Event Driven's continued run of profits was driven by the supportive backdrop of Global M&A activity which had its strongest first quarter since 1980 with over USD 1.3 trillion of deals. The strategy's strong performance for the month was primarily driven by positions in GL Limited, Coherent and Link Administration. Global Convertibles bucked the trend of its benchmark to post a small gain, helped by its stock selection, sector and regional attribution. Specifically it benefitted from a large underweight positioning in the US Communications and Technology sectors as well as positive stock selection in the EMEA Financials sector. It also saw positive sector attribution from the overweight positioning in the Asia ex Japan Financials sector. In contrast, stock selection in the EMEA Basic Materials sector weighed on performance.

And finally, within the Diversifying bucket AHL Trend posted positive returns over the month, with gains in all asset classes. Rallying equity markets, propelled by the governments and central banks, were beneficial to the its dominant long equity positions. The value factor made a comeback too, benefitting European indices relative to US ones. This is reflected in the performance on the month, with Sweden's OM index being a top performer in the asset class and longs in US pharma and software and services trailing. A short VIX volatility position also gained as volatility fell, as were long credit positions particularly in Europe. FX trading also provided strong opportunities, with Swiss franc and Japanese yen against the US dollar being top performers. Both were positioned short and sold off as the greenback rallied alongside rising US bond yields. Also against the US dollar, however, a long Euro position generated a loss, as did a modest long in the Turkish lira which slid 15% after the country's central bank governor was sacked after only four months in office. Fixed income trading generated a small positive return as yields broadly rose. Top performers were shorts in 10y and 30y US treasuries while a long position in Italian bonds detracted.

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	8.6 %	0.2 %
Man GLG European Mid-Cap Equity Alternative	14.8 %	0.2 %
Man AHL TargetRisk	7.9 %	0.1 %
GLG Event Driven Alt	8.9 %	0.1 %
Man GLG Global Convertibles	16.9 %	0.0 %
Overlay, cash and other	7.1 %	0.0 %
Man GLG Alpha Select	18.2 %	-0.1 %
Man GLG European Equity Alternative	17.7 %	-0.3 %

Month to date allocation and attribution by strategy

Holding	Allocation	Contribution
Diversifying	8.6 %	0.2 %
Risk	33.7 %	0.2 %
Overlay, cash and Other	7.1 %	0.0 %
Long / short	50.7 %	-0.1 %

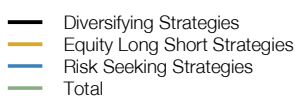
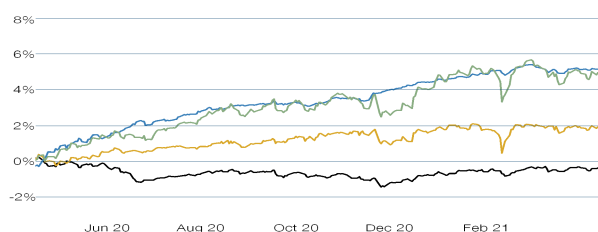
Year to date attribution by holding

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

Year to date attribution by strategy

Holding	Contribution
Risk	0.5 %
Diversifying	0.2 %
Long / short	-0.1 %
Overlay, cash and other	-0.2 %

Strategy contributions and Fund returns



Strategy and Risk Factor Stand Alone VaR (97.7%)

Total Fund	Equity	Spread	FX	Interest Rate	Commodity	Vega
0.59 %	0.51 %	0.04 %	0.04 %	0.01 %	0.02 %	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)
29.08 %	-12.48	-0.27	5.57	0.21	0.26

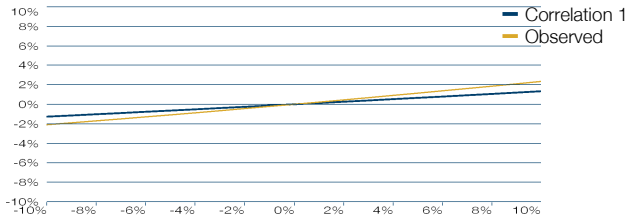
Historical replays

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)
-3.83 %	-5.60 %	-1.65 %	-3.78 %	6.79 %

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%
1.34 %	-1.27 %	-0.16 %	-0.05 %	-0.09 %	0.09 %	0.34 %	-0.32 %	0.34 %	-0.36 %

Equity market slide



NAVs^{1,5}

Class	NAV	ISIN	Bloomberg	2018 Return	2019 Return	2020 Return
INW H AUD Acc	1.0944	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 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

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. GSFM ABN 14 125 715 004 AFSL 317587 is the distributor of the Fund. Offers of Units will be made in the Product Disclosure Statement dated 23 October 2019 ('PDS'), as amended from time to time, which is available on 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.

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