Man Diversified Alternatives

Monthly Report as at 30 July 2021

MTD: 0.96 % **YTD**: 3.52 % **Annualised return since inception**: 3.28 % **Annualised volatility since inception**: 3.02 %

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

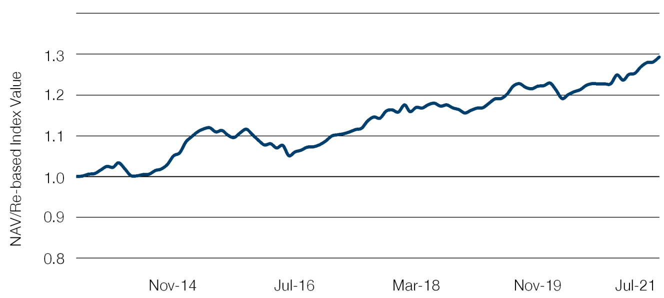
Launch date	13 August 2013
Fund AUM [1]	(AUD) 1,174,864
Portfolio manager	David Kingsley
Currencies	AUD
Minimum investment	A$5,000
APIR	MAN0004AU

Net Performance Statistics* [2]

	Fund
Last month	0.96 %
Last 3 months	1.89 %
Year to date	3.52 %
Last 1 year	5.66 %
Last 3 years annualised	3.31 %
Last 5 years annualised	4.04 %
Since inception	29.28 %
Annualised volatility since inception	3.02 %
Annualised return since inception	3.28 %
Sharpe ratio	0.53

Net track record*

13 August 2013 to 30 July 2021



Historical performance [2]

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 %						**3.52 %**
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

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Commentary

Global equity markets continued to rise in July as strong earnings, progressing vaccination programmes, and further easing of restrictions outweighed growing concerns of the spread of the Delta variant. The Fund again posted a positive return with gains coming from all three strategy groups.

Equity Long-Short led the way and its gains were largely broad-based this month, though positive Style and Idiosyncratic risk were the primary drivers of returns. Style risk returns were mainly attributable to the strategy's tilt towards European and Asia Pacific momentum stocks. The main drivers of Idiosyncratic returns are discussed in detail below. Elsewhere, the strategy's ECM activity continues to be strong, and there were only minor losses offsetting them from Industry risk, mainly attributable to long exposure to European retailers. The majority of underlying sector books were either flat or positive. Europe Mid-Cap, Long Term Growth and UK Core were among the top performing strategies on the platform this month. Europe Mid-Cap benefitted from long positions in French listed engineering consulting firm Alten and Dutch manufacturer Aalberts both of which rose on strong Q2 earnings. Long Term Growth made money on long positions in Delivery Hero (discussed in more detail below) and Vitrolife, which produced strong Q2 results and announced the acquisition of Igenomix. Lastly, UK Core saw a long position in Croda International jump after reporting "record" first half profit and increasing its payout to investors. On the flip side Europe Consumer lost money on a long position in Asos after the UK retailer warned the pandemic continues to create uncertainty.

Within Risk Seeking, Event Driven struggled after a stellar run of performance. Merger arbitrage spreads widened during the month as investors anticipated a more active regulatory environment. This came as Aon and Willis Towers Watson terminated their deal due to an impasse with the U.S. Department of Justice and the FTC promoted its new Chairwoman who may take a more aggressive stance on antitrust regulation. The strategy also lost money on the merger of Canadian National Railway and Kansas City Southern after reports that the Biden administration's anti-competition executive order could hinder the merger. However AHL TargetRisk, The Fund posted positive returns with gains in fixed income and inflation sensitive assets and small losses in stocks and credit. Fixed income assets contributed most. Recent gyrations and the spectre of a policy pivot from the Federal Reserve (Fed) have heaped significant doubt on whether the reflation trade is sustainable. This change in policy was signalled by the Fed noting that it may not be as tolerant of higher inflation as previously expected. Bond prices pushed higher and the US benchmark 10-year yield fell as low as 1.35 per cent in July, from highs of nearly 1.8 per cent in March. Within the inflation-sensitive assets, commodities gained and were led by natural gas prices on both sides of the Pond which extended their unbroken rise to four months, spurred by forecasts of temperatures 10-15 degrees above normal in central USA regions. Inflation-linked bond gained as well, benefitting from lower rates and higher inflation. Equities finished with a small negative as gains in US indices were offset by losses in Chinese and Asian stocks. Credit spreads were mixed, tightening in Europe and slightly widening in the US in particular within the HY space. The correlation and volatility overlays remained inactive in July, while the momentum overlay on equities had a minor de-gear.

Finally, in the Diversifying strategy group AHL Trend posted positive returns with gains in fixed income outweighing losses in FX. Dominant long fixed income positions were top performers for the Fund and clear beneficiaries of the continued recovery in government bond yields. Italian, German, and French 10-year bonds topped the list for the asset class while losses were incurred from positions in Korean bonds and swaps as coronavirus cases spiked. Although many equity indices ended the month in positive territory, their route was impeded mid-month by virus worries. Overall net long positioning led to positive performance for the asset class, led by European capital goods and diversified financials, although pockets of weakness included the Korean Kospi, for example, which suffered its worst week since February after a spike in coronavirus cases. Credit trading finished the month flat. Trading in currencies finished the month in the red, with losses predominantly from a long Brazilian real position against the US dollar not helped by corruption scandals involving President Bolsonaro. Offsetting this loss, however, were gains made through shorts in the Australian dollar against both the greenback and British pound as major cities such as Sydney and Melbourne went into lockdown.

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Equity Attribution Analysis

Month to date allocation and attribution by holding

Holding	Allocation	Contribution
Man AHL TargetRisk	8.3 %	0.4 %
Man GLG Alpha Select	17.4 %	0.3 %
Man GLG European Mid-Cap Equity Alternative	14.0 %	0.3 %
Man AHL Trend Alternative	8.2 %	0.1 %
Man GLG European Equity Alternative	16.7 %	0.1 %
Overlay, cash and other	11.4 %	0.0 %
GLG Event Driven Alt	8.3 %	0.0 %
Man GLG Global Convertibles	15.6 %	-0.1 %

Year to date attribution by holding

Holding	Contribution
Man AHL TargetRisk	0.9 %
Man GLG European Mid-Cap Equity Alternative	0.6 %
Man GLG Alpha Select	0.6 %
Man AHL Trend Alternative	0.5 %
GLG Event Driven Alt	0.4 %
Man GLG Global Convertibles	0.2 %
Man GLG European Equity Alternative	0.2 %
Overlay, cash and other	-0.3 %

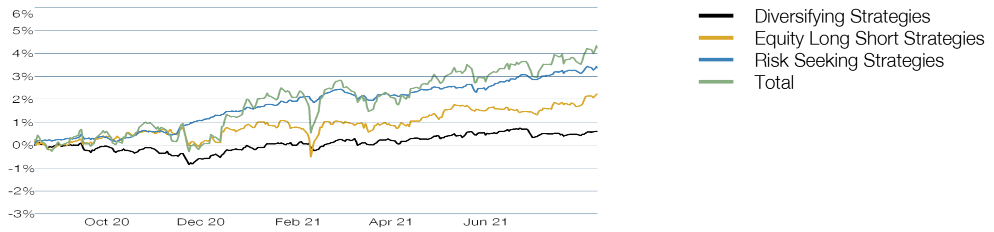
Month to date allocation and attribution by strategy

Holding	Allocation	Contribution
Long / short	48.1 %	0.6 %
Risk	32.2 %	0.3 %
Diversifying	8.2 %	0.1 %
Overlay, cash and Other	11.4 %	0.0 %

Year to date attribution by strategy

Holding	Contribution
Risk	1.5 %
Long / short	1.3 %
Diversifying	0.5 %
Overlay, cash and other	-0.3 %

Strategy contributions and Fund returns



Strategy and Risk Factor Stand Alone VaR (97.7%)

Total Fund	Equity	Spread	FX	Interest Rate	Commodity	Vega
0.53 %	0.42 %	0.02 %	0.03 %	0.18 %	0.03 %	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)
27.31 %	-22.47	-3.60	3.72	0.33	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)
-4.60 %	-3.85 %	-1.10 %	-3.37 %	5.18 %

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%
1.70 %	-1.61 %	-1.75 %	1.14 %	-0.10 %	0.10 %	0.28 %	-0.28 %	0.04 %	-0.07 %

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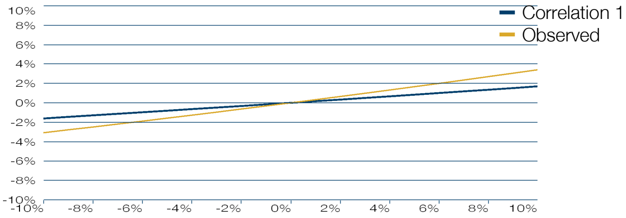
Equity market slide



NAVs[4 5]

Class	NAV	ISIN	Bloomberg	2018 Return	2019 Return	2020 Return
INW H AUD Acc	0.9607	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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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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