

# Man GLG European Mid-Cap Equity Alternative



## Monthly Report as at 31 July 2017

**MTD:** 1.93 % **YTD:** 6.20 % **Annualised return since inception:** 7.76 % **Annualised volatility since inception:** 3.55 %

### Fund Aims

Man GLG European Mid-Cap Equity Alternative (the 'Fund') aims to generate absolute returns through long and short investments in European mid-cap equities.

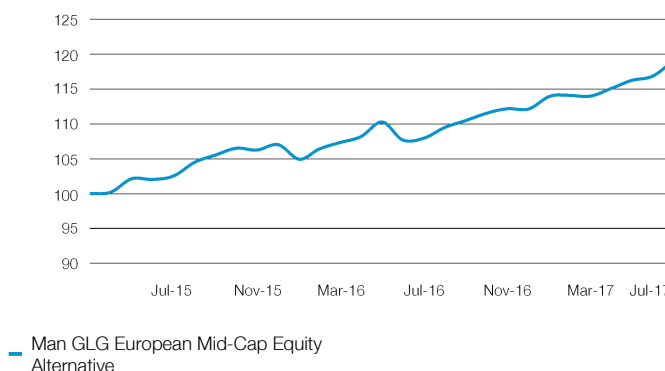
### Fund Details

Launch date	1 April 2015
Fund AUM <sup>1</sup>	(USD) 597,659,060
Portfolio manager	Moni Sternbach
Currencies	EUR, GBP, USD, CHF, SEK
Fund domicile	Ireland
Listing	Not listed
Minimum investment	EUR 100,000 (Institutional Classes). EUR 1,000 (Retail Classes)
Performance fee <sup>2</sup>	Up to 20% per annum
Management fee	Up to 2% per annum

### Net Performance Statistics<sup>3</sup>

	Fund
Last month	1.93 %
Last 3 months	3.50 %
Last 6 months	4.49 %
Year to date	6.20 %
Last 1 year	10.31 %
Since inception	19.08 %
Annualised return since inception	7.76 %
Annualised volatility since inception	3.55 %
Sharpe ratio <sup>4</sup>	1.99
Worst drawdown	-2.34 %
Worst drawdown length <sup>5</sup>	1 month

### Net track record\*



### Historical performance<sup>6</sup>

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD <sup>7</sup>
2017	1.63 %	0.11 %	-0.11 %	0.95 %	1.03 %	0.51 %	1.93 %						6.20 %
2016	-1.95 %	1.40 %	0.88 %	0.77 %	1.94 %	-2.34 %	0.24 %	1.45 %	0.88 %	0.97 %	0.56 %	-0.04 %	4.77 %
2015				0.19 %	1.95 %	-0.11 %	0.48 %	1.93 %	0.98 %	0.94 %	-0.25 %	0.73 %	7.02 %

\*Unless otherwise indicated, the performance data is based on the reporting share class of the Fund (shown in blue in the NAV table) and may be closed to new subscriptions. The performance data does not take account of the commissions and/or costs incurred on the issue and/or redemption of units. Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. Please refer to important information.

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## Commentary

Equity markets rose in July against the backdrop of better global growth data, softer inflation and the start of the earnings season. In the US the dollar declined alongside Treasury yields as Janet Yellen, Chair of the Federal Reserve, assumed a more dovish tone in her report to congress and the Federal Reserve left rates unchanged. In Europe, the ECB assumed a less hawkish tone, opting to keep both interest rates and monetary stimulus unchanged and deferring the decision about QE tapering to the Autumn. The UK saw softer than expected manufacturing PMI and a drop in the headline inflation number both of which resulted in sterling weakness as doubts rose around the likelihood of the Bank of England raising rates. By month end we were about half way through the earnings season in Europe and, although about 50% of companies have beaten estimates, earnings upgrades have been capped by the recent rally in the Euro broadly impacting European companies negatively. From a Fund perspective we are more than half way through reporting and so far have seen a positive season.

During July the Fund increased by 1.93% (net of fees). The Stoxx Europe Mid 200 Index (MCXP) increased by 0.54% in euros (increased by 4.1% in US dollars).

The primary positive contributors to stock specific performance came on the long side from holdings in German listed alternative telecoms company United Internet (overwhelming shareholder approval of the deal with Drillisch) and UK packaging manufacturer RPC (buyback announced). On the short side the top contributor was our position in a Swedish medical equipment manufacturer (rights issue announced).

The primary negative contributors to stock specific performance were our long position in the French Contract Catering company Eilor (news of the CEO departure) and short positions in a German airport operator (positive traffic data) and a Spanish supermarket operator (strategic shareholder announced).

Activity on the Fund during the month was healthy. On the long side we added on weakness to positions in UK listed distribution business DCC, Italian listed Credit Information Company Cerved, French housebuilder Nexity and Irish listed hotel operator Dalata. We took profits in German listed telecom operator United Internet, French listed distributor Rubis and closed positions in both Allied Irish Bank and Bank of Ireland. We also reduced long holdings with significant dollar exposure such as German listed chemical distributor Brenntag and French listed chemicals manufacturer Arkema. On the short side we exercised our sell discipline following positive data points by reducing our position in a Swedish listed outdoor equipment manufacturer, a French listed real estate company and a Spanish supermarket operator. We took profits in a UK listed retailer, a Swiss freight forwarder, a German auto supplier and a UK listed publisher. We closed our short position in a UK listed Pizza Franchisor after our price target was achieved.

Post the demerger of a German listed Cash and Carry Company into its constituent parts, we closed our short holding in the electronic segment and initiated a short position in the Cash and Carry segment.

Looking ahead, August is an important month in terms of companies' earnings reporting and management teams meeting with investors. We shall continue to focus on managing our diary to ensure a good balance of navigating the reporting season while taking forward a strong ideas pipeline.

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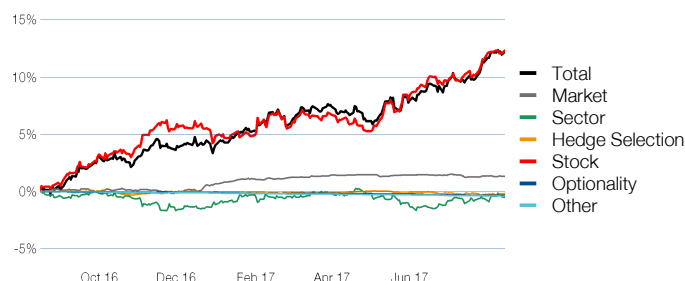


## Equity Attribution Analysis<sup>8,9</sup>

### Fund Attribution (Gross)

	Monthly return	Year to date
Market Attribution	0.07 %	0.40 %
Country Attribution	0.07 %	0.00 %
Stock Selection	2.22 %	7.39 %
Hedge Selection	-0.03 %	-0.07 %
Optionality	-0.02 %	-0.23 %
Other	-0.06 %	-0.30 %

### Rolling 1 year Fund attribution



### Stock selection analysis (last month)

Best		Worst	
UNITED INTERNET AG	0.39 %	FRAPORT AG	-0.37 %
GETINGE INDUSTRIER AB	0.36 %	ELIOR GROUP	-0.26 %
RPC GROUP PLC	0.31 %	DISTRIBUIDORA INTERNACIONAL DE	-0.24 %
TELEPERFORMANCE	0.31 %	NORMA GROUP SE	-0.15 %
RUBIS	0.29 %	BRENNTAG AG	-0.15 %

### Active return attribution by country (last month)

	Total
Country & Stock Selection	2.29 %
France/Benelux	0.01 %
Denmark	0.09 %
Nordics	0.35 %
Germany	0.51 %
Ireland	-0.15 %
Italy	0.14 %
Netherlands	0.15 %
Spain	-0.17 %
Switzerland	0.24 %
United Kingdom	1.13 %
Other	0.00 %

### Active return attribution by country (YTD)

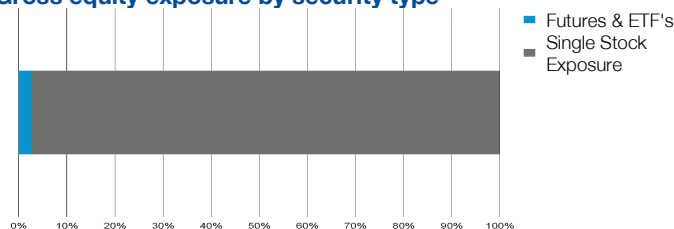
	Total
Country & Stock Selection	7.39 %
France/Benelux	2.00 %
Denmark	-0.08 %
Nordics	-0.19 %
Germany	1.63 %
Ireland	0.50 %
Italy	0.86 %
Netherlands	0.65 %
Spain	-0.32 %
Switzerland	0.16 %
United Kingdom	2.19 %
Other	0.00 %

## Equity Exposure Analysis<sup>8,10</sup>

### Headline equity exposure

	Close	Change	Average	Positions	Change
Gross	153.70 %	-7.65 %	156.57 %	78	-37
Net	7.44 %	2.37 %	6.89 %	78	-37
Long	80.57 %	-2.64 %	81.73 %	41	-36
Short	73.13 %	-5.01 %	74.84 %	37	-1

### Gross equity exposure by security type<sup>11</sup>



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## VaR

	VaR
1 day VaR (98%)	0.46 %
- Commodity	0.00 %
- Equity	0.46 %
- FX	0.00 %
- Inflation	0.00 %
- Interest rate	0.00 %
- Spread	0.00 %
- Volatility	0.00 %
Expected shortfall	0.54 %

## Breakdown by asset class

	Market value	Gross exposure
Commodity	0.00 %	0.00 %
Convertible	0.00 %	0.00 %
Equities	75.22 %	153.70 %
Fixed income	0.00 %	0.00 %
Currency	24.78 %	2.79 %
Money markets	0.00 %	0.00 %
Other	0.00 %	0.00 %
Total	100.00 %	156.49 %

## Equity exposure by region and sector

	Core EU		Peripheral EU		Scandi and Other EU		UK & Other		Total Gross		Total Net	
	Long	Short	Long	Short	Long	Short	Long	Short	Gross	Change	Net	Change
Consumer Discretionary	5.41 %	6.02 %	2.27 %	1.19 %	1.70 %	1.20 %	9.54 %	10.51 %	37.85 %	-5.27 %	0.00 %	5.34 %
Consumer Staples	0.16 %	2.37 %	0.41 %	2.30 %	0.04 %	9.07 %	0.11 %	0.91 %	15.37 %	0.85 %	-13.93 %	-1.15 %
Energy	0.07 %	0.07 %	0.05 %	0.45 %	0.01 %	0.05 %	0.04 %	0.95 %	1.69 %	0.13 %	-1.34 %	-0.19 %
Financials	0.34 %	0.74 %	1.47 %	1.44 %	0.30 %	0.43 %	0.71 %	1.10 %	6.51 %	-0.13 %	-0.90 %	-1.73 %
Health Care	0.04 %	0.65 %	0.99 %	0.17 %	0.13 %	2.07 %	0.06 %	0.43 %	4.54 %	-0.50 %	-2.09 %	0.18 %
Industrials	14.61 %	12.34 %	6.63 %	0.40 %	8.81 %	3.10 %	2.27 %	1.31 %	49.47 %	-0.15 %	15.17 %	-0.44 %
Information Technology	8.41 %	3.26 %	0.00 %	0.01 %	0.11 %	0.24 %	0.91 %	0.01 %	12.94 %	-0.63 %	5.91 %	-1.04 %
Materials	3.05 %	0.24 %	1.48 %	0.04 %	0.21 %	0.27 %	2.53 %	2.58 %	10.41 %	-0.90 %	4.16 %	-0.77 %
Real Estate	1.67 %	2.87 %	0.00 %	0.08 %	0.01 %	0.05 %	0.37 %	0.05 %	5.09 %	-0.63 %	-1.00 %	0.69 %
Telecommunication Services	2.46 %	2.69 %	0.01 %	0.36 %	0.02 %	0.06 %	0.08 %	0.13 %	5.81 %	-0.03 %	-0.68 %	2.13 %
Utilities	2.85 %	0.29 %	0.01 %	0.52 %	0.02 %	0.01 %	0.19 %	0.11 %	4.02 %	-0.39 %	2.14 %	-0.64 %
<b>Total Gross</b>	<b>70.60 %</b>		<b>20.28 %</b>		<b>27.92 %</b>		<b>34.90 %</b>		<b>153.70 %</b>			
<b>Change</b>	<b>-0.54 %</b>		<b>0.58 %</b>		<b>-3.49 %</b>		<b>-4.20 %</b>			<b>-7.65 %</b>		
<b>Total Net</b>	<b>7.54 %</b>		<b>6.37 %</b>		<b>-5.21 %</b>		<b>-1.26 %</b>				<b>7.44 %</b>	
<b>Change</b>	<b>1.98 %</b>		<b>0.01 %</b>		<b>-0.74 %</b>		<b>1.12 %</b>					<b>2.37 %</b>

## Equity exposure by market cap

	Long	Short	Net	Gross
\$10Bn +	7.65 %	14.44 %	-6.79 %	22.10 %
\$1Bn - \$10Bn	72.37 %	56.57 %	15.80 %	128.94 %
\$0.2Bn - \$1Bn	0.48 %	1.98 %	-1.50 %	2.45 %
\$0 - \$0.2Bn	0.07 %	0.15 %	-0.07 %	0.22 %

## Top 10 long/short positions

Long	Fund Exposure	Short	Fund Exposure
TELEPERFORMANCE	4.69 %	Industrials	-3.70 %
UNITED INTERNET AG	4.50 %	Consumer Staples	-3.15 %
AALBERTS INDUSTRIES NV	4.30 %	Consumer Staples	-3.01 %
PRYSMIAN SPA	4.24 %	Industrials	-2.95 %
ISS HOLDINGS AS	4.00 %	Industrials	-2.77 %
RUBIS	2.93 %	Real Estate	-2.51 %
ARKEMA	2.70 %	Telecommunication Services	-2.35 %
BRENTAG AG	2.67 %	Consumer Discretionary	-2.34 %
INFORMA PLC	2.64 %	Materials	-2.28 %
DRILLISCH AG	2.45 %	Consumer Staples	-2.19 %

## Position concentration as % of total portfolio

	Current month
Top 10	37.08 %
Top 20	62.32 %
Top 30	83.19 %

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## Option Greeks (Equity Only)

	Fund
Gamma +1%	0.00 %
Gamma -1%	0.00 %
Theta (1 month)	0.00 %
Vega	0.00 %

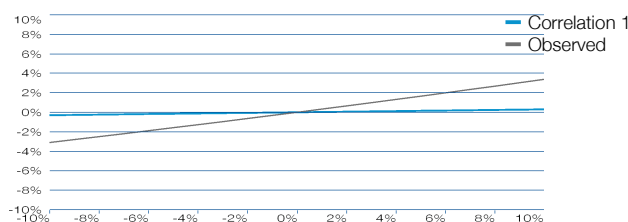
## Historical replays<sup>12</sup>

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)
-2.02 %	-4.71 %	-0.04 %	-3.07 %	1.65 %

## Scenarios analysis (uncorrelated)

Equity +10%	Equity -10%	Rate +50bps	Rate -50bps	Credit spread +10%	Credit spread -10%	Volatility +25%	Volatility -25%	All currencies +5%	All currencies -5%
0.30 %	-0.30 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.02 %	-0.02 %

## Equity market slide



## NAVs<sup>13</sup>

### NAVs Unrestricted Classes<sup>13</sup>

Class	NAV	ISIN	Bloomberg	2014 Return	2015 Return	2016 Return
IN H USD	119.08	IE00BWBSFV20	GLGDINH ID	N/A	N/A	4.77 %
IN H GBP	118.10	IE00BWBSFM39	GLGDIHG ID	N/A	N/A	4.32 %
DN H USD	117.11	IE00BWBSFF61	GLGDNHU ID	N/A	N/A	3.90 %
INF H USD	116.14	IE00BYXWT473	GLGEMEH ID	N/A	N/A	5.43 %
INF EUR	114.52	IE00BYXWT366	GLGINFE ID	N/A	N/A	4.27 %
IN EUR	113.37	IE00BWBSFJ00	GLGINEU ID	N/A	N/A	N/A
INF H GBP	113.22	IE00BYXWT580	GLGINFG ID	N/A	N/A	4.72 %
DN EUR	108.09	IE00BWBSF561	MAEMDNE ID	N/A	N/A	N/A
DNY EUR	106.67	IE00BWBSFG78	GLGDNYE ID	N/A	N/A	N/A
DN H SEK	106.30	IE00BWBSFD48		N/A	N/A	N/A
IN H SEK	106.27	IE00BWBSFQ76		N/A	N/A	N/A

<sup>1</sup> Represents the combined AUM of all share-classes in the Portfolio<sup>2</sup> See prospectus for details. <sup>3</sup> Performance Disclosures: The inception date of the fund is 1st of April. The net returns are calculated net of management fees of 1% per annum and performance fees of 20% per annum of the amount by which the fund exceeds its relevant hurdle. Please note some share classes will charge higher management fees. <sup>4</sup> Sharpe ratio is a measure of risk-adjusted performance that indicates the level of excess return per unit of risk. It is calculated using the risk-free rate in the appropriate currency over the period analysed. Where an investment has underperformed the risk-free rate, the Sharpe ratio will be negative. As the Sharpe ratio is an absolute measure of risk-adjusted return, negative Sharpe ratios can be misleading and are therefore shown as n/a. <sup>5</sup> The length is the peak-to-trough decline.

<sup>6</sup> Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. <sup>7</sup> When 12 months of performance data is unavailable for a calendar year, partial year to date is shown. <sup>8</sup> The organisations and/or financial instruments mentioned are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale. <sup>9</sup> This attribution refers to the core holdings of the Fund and therefore will not exactly correspond to individual share class returns as performance fees and other class specific fees are not included. <sup>10</sup> Higher level equity exposures are calculated using M&A adjustments. <sup>11</sup> As a percent of the gross exposure. <sup>12</sup> Historical simulated replay taking current positioning and applying it to the specified 10 business day period. The periods selected are exceptional and results do not reflect typical performance. <sup>13</sup> The share class in blue in the table above is the reporting share class for the Fund and may be closed to new subscriptions. Performance of other share classes shown may vary. Performance data is shown with income reinvested and does not take into account sales and redemption charges where such costs are applicable.

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In order to fulfil the fund's objectives the Prospectus allows the manager the ability to invest principally in units of other collective investment schemes, bank deposits, derivatives contracts designed with the aim of gaining short term exposure to an underlying stock or index at a lower cost than owning the asset, or assets aiming to replicate a stock or debt securities index.

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