

Man GLG Global Sustain Equity



Monthly Report as at 31 December 2015

Fund:MTD: -2.40 % **YTD:** 1.61 % **Relative to RI:MTD:** -0.35 % **Relative to RI: YTD:** 0.35 %

Fund Aims

Man GLG Global Sustain Equity (the "Fund") focuses on identifying and investing in stocks that benefit from global sustainability themes addressing demographic and environmental change. We use fundamental analysis matched by ESG (Environmental, Social, Governance) factor consideration to identify sustainability driven innovation and mitigate risks, offering investors substantial upside through a high-conviction portfolio. The Fund is managed as being unconstrained to an index, with a stock-oriented approach naturally avoiding sectors inconsistent with sustainability themes (weapons, gaming, alcohol).

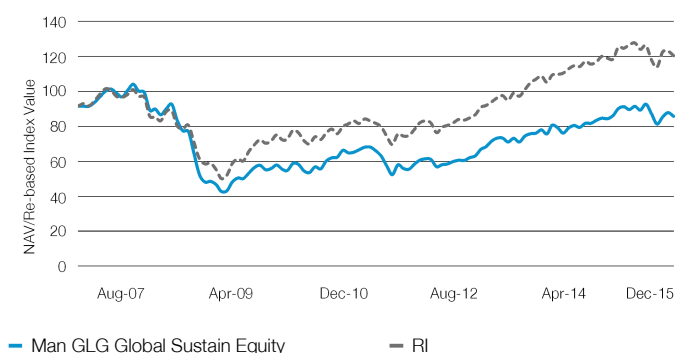
Fund Details

Launch date ¹	29 December 2006
Fund AUM ²	(USD) 42,006,070
Portfolio manager	Jason Mitchell
Currencies	EUR / GBP
Dividend policy	Non-distributing
Fund domicile	Ireland
Listing	Irish Stock Exchange
Minimum investment	EUR 1,000 (Retail Classes) GBP 100,000 (Institutional Classes)
Management fee	up to 1.50 % per annum (Retail share classes), 0.75 % per annum (Institutional share classes)
Reference Index (RI) ^{3,4}	MSCI Europe (EUR,NDTR) Hedged -> MSCI AC World ND Local

Net Performance Statistics* ⁵

	Fund	RI	Relative
Last month	-2.40 %	-2.05 %	-0.35 %
Last 3 months	5.39 %	5.76 %	-0.37 %
Last 6 months	-4.00 %	-2.91 %	-1.09 %
Year to date	1.61 %	1.27 %	0.35 %
Last 1 year	1.61 %	1.27 %	0.35 %
Last 3 years	35.79 %	38.95 %	-3.16 %
Last 5 years	29.39 %	50.74 %	-21.34 %
Since inception	-6.38 %	31.53 %	-37.91 %
Since May 2010 ¹	57.39 %	67.74 %	-10.35 %
Annualised return since inception	-0.73 %	3.09 %	N/A
Annualised volatility since inception	16.87 %	15.19 %	1.68 %
Sharpe ratio ⁶	N/A	0.11	N/A
Sortino ratio ⁷	N/A	0.14	N/A
Information Ratio ⁸	N/A	-0.59	N/A

Net track record*



Discrete yearly performance (%)*

	Dec 14 - Dec 15	Dec 13 - Dec 14	Dec 12 - Dec 13	Dec 11 - Dec 12	Dec 10 - Dec 11
Fund	1.61 %	8.17 %	23.54 %	13.80 %	-16.27 %
RI	1.27 %	9.32 %	25.52 %	15.87 %	-6.38 %

*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.

Commentary

Market Review and Outlook

The major market development was the first interest rate hike (to 0.5%) from the US Federal Reserve in this cycle, seven years to the day since the last interest rate cut in 2008 that took rates to 0.25%. This does not, in the market's current view, presage a major new rate cycle, with futures markets pricing just 2 or maybe 3 rate hikes in for 2016. And that was not the cause of market weakness into year end, which we think is much better explained by two other developments, namely 1) the ECB's underwhelming delivery on hugely raised expectations for further policy easing at their 3 December meeting and 2) the further weakness in the Chinese capital account and associated FX weakness. On the ECB, we think it was more a policy miscommunication than an actual change of policy and that the ECB understands that it made a mistake in allowing market expectations for further easing to run away with themselves. What has not happened though, in our opinion, is a change of policy with hawks (read: Germans) taking control of the committee. Draghi, in our view, really means it when he says that the ECB stands ready to do what it takes to deliver on its inflation mandate. On China, and contrary to our earlier expectation, FX reserves continued their fall, losing another \$108bn in December which set a new monthly record. Given this, the currency was allowed / forced to weaken further against the USD, down 1.4% on the month and bringing the overall fall since the initial move lower in mid-August to 6%. This is starting to look ever more like the beginning of a larger move lower for the CNY.

What is also undeniable is that US growth indicators are slowing down, with the one important exception that the US labour market continues to look very robust. But the global industrial production slump has taken its toll on US manufacturing and the energy sector continues to deteriorate, as do general credit conditions.

Portfolio Positioning

So why do we continue to see value in equities? The main reason to continue with this policy is that until and unless inflation starts to reaccelerate, i.e. the medicine starts to work, the risk-free rate will remain suppressed and we will continue to have the goldilocks-light situation we have had for the last several years - meaning that growth is neither strong enough to entail a serious tightening of monetary policy nor so weak that earnings actually fall and a new recession starts. In this environment, excess savings have to go somewhere and the equity market (with modest earnings growth and 3-5% dividend yield) is an obvious candidate.

On a style bias basis, we have retained a small positive tilt to 1) a stronger USD, 2) 12 month price momentum and 3) sustainable competitive advantage stocks, but we reiterate that these tilts are small given just how crowded growth and momentum are today.

At the single stock level, we have added one new name to the portfolio since year end, being Nokia. We expect an inflection in earnings growth & a reacceleration of FCF generation, as margins expand on better-than-anticipated synergies from the Alcatel-Lucent deal, alongside improved monetisation of their intellectual property portfolio.

Performance and Attribution

The Fund underperformed the MSCI AC World in December by 35bps net, on the back of 94bps gross positive sector attribution (largely in North American Energy and Healthcare), offset by negatives in stock selection (-76bps, particularly from North American Industrials and Consumer Discretionary) and regional attribution (-34bps, notably in Japan). Year to date, the fund has outperformed the MSCI AC World by 182bps on a gross basis.

Positive contributors to performance were:

Anicom Holdings: was supported into month-end by the announcement of a JV in veterinary services with Fujifilm, as well as optimism about expansion opportunities through pet shop agents and increased penetration

TechnoPro Holdings: was underpinned by positivity around domestic Japanese demand for 2016, potential for corporate tax cuts and "kakusei" (governance reform) progress

Buwog: bounced in the second half of the month on optimism around the German residential property backdrop, and improving FFO from developments in Q2

Primary detractors to performance were:

Valeant Pharmaceuticals: after a bounce on an announced deal with Walgreens and an update to FY and 2016 outlooks, Valeant underperformed on the announcement that Chairman & CEO, J Michael Pearson, has taken medical leave with pneumonia

Bayer: suffered in the first half of the month on the EMA's investigation of Xarelto, focused on a potentially defective device used during testing to measure the coagulation of blood

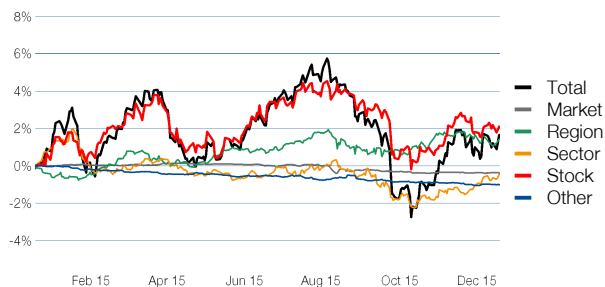
Whirlpool: was impacted by negative read-across from the termination of GE's deal to sell their Appliances business to Electrolux

Equity Attribution Analysis^{9 10}

Fund Attribution (Gross)

	Monthly return	Year to date
Relative Return	-0.20 %	1.82 %
Market Attribution	0.01 %	-0.39 %
Regional Attribution	-0.34 %	1.59 %
Sector Attribution	0.94 %	-0.48 %
Stock Selection	-0.76 %	2.09 %
Other	-0.05 %	-0.99 %

Rolling 1 year Fund attribution



Active return attribution by region and sector (last month)

		Europe	US	Asia	ROW
Sector & Stock Selection	0.19 %	-0.04 %	-0.21 %	0.37 %	0.06 %
Energy	0.36 %	0.07 %	0.27 %	0.01 %	0.00 %
Materials	-0.13 %	0.02 %	-0.14 %	-0.01 %	0.01 %
Industrials	-0.14 %	-0.08 %	-0.28 %	0.22 %	0.00 %
Consumer Discretionary	-0.33 %	-0.09 %	-0.27 %	0.02 %	0.00 %
Consumer Staples	-0.16 %	0.10 %	-0.26 %	0.00 %	0.01 %
Health Care	0.02 %	-0.15 %	0.27 %	-0.11 %	0.01 %
Financials	0.63 %	0.18 %	0.17 %	0.25 %	0.02 %
Information Technology	0.03 %	-0.07 %	0.08 %	0.02 %	0.00 %
Telecommunication Services	-0.04 %	0.01 %	-0.04 %	-0.01 %	0.01 %
Utilities	-0.05 %	-0.04 %	0.00 %	-0.01 %	0.00 %
Unclassified	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

Stock selection analysis (last month)⁹

Best		Worst	
ANICOM HOLDINGS INC	0.32 %	VALEANT PHARMACEUTICALS INTERNATIONAL INC	-0.29 %
TECHNOPRO HOLDINGS INC	0.23 %	BAYER AG	-0.22 %
BUWOG - BAUEN UND WOHNEN GMBH	0.18 %	WHIRLPOOL CORP	-0.21 %
CIGNA CORP	0.12 %	TSURUHA HOLDINGS INC	-0.19 %
MCKESSON HBOC INC	0.08 %	MACQUARIE INFRASTRUCTURE CORP	-0.16 %

Equity Exposure Analysis^{9 11}

Headline equity exposure

	Close	Change
Number of positions	45	-2
Active share	96.79 %	0.93 %

Equity exposure by region and sector

	Dev Eur Ex UK		NA		ROW		United Kingdom		Total		Total	
	Absolute	Relative	Absolute	Relative	Absolute	Relative	Absolute	Relative	absolute	Change	relative	Change
Consumer Discretionary	0.00 %	-1.99 %	8.49 %	1.16 %	0.00 %	-2.87 %	1.15 %	0.38 %	9.64 %	-0.95 %	-3.32 %	-0.88 %
Consumer Staples	4.88 %	2.85 %	1.92 %	-3.40 %	10.32 %	8.70 %	0.00 %	-1.25 %	17.12 %	1.03 %	6.90 %	0.85 %
Energy	0.00 %	-0.54 %	0.00 %	-3.93 %	0.00 %	-0.88 %	0.00 %	-0.83 %	0.00 %	-0.81 %	-6.19 %	-0.27 %
Financials	5.91 %	2.27 %	4.38 %	-5.32 %	2.25 %	-4.23 %	0.00 %	-1.71 %	12.54 %	1.71 %	-8.98 %	1.69 %
Health Care	7.70 %	5.23 %	19.01 %	10.91 %	6.68 %	5.41 %	2.55 %	1.87 %	35.93 %	6.77 %	23.41 %	6.38 %
Industrials	3.42 %	1.40 %	2.99 %	-2.29 %	4.22 %	1.67 %	0.00 %	-0.47 %	10.62 %	-6.90 %	0.32 %	-6.77 %
Information Technology	0.00 %	-1.10 %	0.00 %	-10.66 %	0.00 %	-3.02 %	1.09 %	0.99 %	1.09 %	-1.54 %	-13.78 %	-1.66 %
Materials	2.96 %	1.79 %	4.33 %	2.57 %	0.00 %	-1.28 %	0.00 %	-0.33 %	7.29 %	-1.16 %	2.76 %	-1.06 %
Telecommunication Services	0.00 %	-0.68 %	0.00 %	-1.36 %	0.00 %	-1.25 %	0.00 %	-0.43 %	0.00 %	0.00 %	-3.72 %	-0.03 %
Utilities	2.39 %	1.82 %	1.77 %	0.21 %	0.00 %	-0.72 %	0.00 %	-0.30 %	4.17 %	-0.03 %	1.00 %	-0.14 %
Total	27.27 %	11.05 %	42.88 %	-12.12 %	23.47 %	1.55 %	4.79 %	-2.08 %				
Change	3.80 %	3.77 %	-4.65 %	-4.09 %	2.01 %	1.34 %	-3.05 %	-2.91 %				

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Equity exposure by market cap¹²

	Absolute	Change	Relative	Change
Mega	63.47 %	-3.20 %	-18.11 %	-2.85 %
Large	16.78 %	-0.11 %	2.39 %	-0.44 %
Mid	6.02 %	-0.84 %	2.64 %	-0.99 %
Small	9.89 %	1.14 %	9.23 %	1.22 %
Micro	4.09 %	2.96 %	4.08 %	3.00 %

Top 10 holdings⁹

	Weight
KAO CORPORATION	4.93 %
MCKESSON HBOC INC	4.68 %
TECHNOPRO HOLDINGS INC	4.22 %
TSURUHA HOLDINGS INC	4.10 %
BAYER AG	4.03 %
ZOETIS INC	3.69 %
PPG INDUSTRIES INC	3.52 %
WHIRLPOOL CORP	3.48 %
NIKE INC	2.96 %
TEVA PHARMACEUTICALS INDUS	2.88 %

Position concentration as % of total portfolio

	Current month
Top 10	38.50 %
Top 20	63.85 %
Top 30	83.50 %

Average daily liquidity

	% NAV	Number of positions
<33% ADV	100.24 %	45

Historical Performance^{13 14}

Historical performance^{13 14}

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ¹⁵	RI YTD	Relative
2007	-0.07 %	-0.05 %	2.37 %	3.43 %	3.33 %	1.32 %	-2.36 %	-2.19 %	3.83 %	3.55 %	-3.75 %	-0.77 %	8.59 %	5.61 %	2.98 %
2008	-10.29 %	0.84 %	-3.68 %	3.85 %	2.94 %	-9.97 %	-7.12 %	-0.53 %	-16.00 %	-19.19 %	-7.89 %	0.77 %	-51.19 %	-39.08 %	-12.11 %
2009	-3.84 %	-8.28 %	0.77 %	11.64 %	4.72 %	-0.58 %	6.41 %	5.93 %	2.16 %	-4.40 %	1.18 %	3.62 %	19.24 %	27.56 %	-8.32 %
2010	-4.17 %	-1.21 %	7.31 %	-0.90 %	-6.51 %	-1.62 %	6.13 %	-2.13 %	8.00 %	3.13 %	0.60 %	6.24 %	14.49 %	6.32 %	8.17 %
2011	-2.13 %	0.49 %	2.24 %	2.15 %	0.12 %	-3.01 %	-4.68 %	-9.20 %	-8.43 %	10.72 %	-3.54 %	-0.82 %	-16.27 %	-6.38 %	-9.89 %
2012	5.38 %	3.78 %	1.24 %	-0.52 %	-6.81 %	1.95 %	0.79 %	2.33 %	1.20 %	-0.13 %	2.63 %	1.66 %	13.80 %	15.87 %	-2.07 %
2013	5.91 %	2.21 %	4.66 %	2.41 %	0.07 %	-3.04 %	2.94 %	-2.90 %	4.66 %	1.91 %	0.40 %	2.53 %	23.54 %	25.52 %	-1.98 %
2014	-2.96 %	6.57 %	-1.86 %	-3.79 %	3.92 %	1.73 %	-1.31 %	2.93 %	-0.04 %	2.11 %	1.43 %	-0.35 %	8.17 %	9.32 %	-1.15 %
2015	2.23 %	4.46 %	1.31 %	-1.83 %	2.08 %	-2.36 %	3.81 %	-6.08 %	-6.57 %	4.91 %	2.93 %	-2.40 %	1.61 %	1.27 %	0.35 %

NAVs¹⁶

NAVs Unrestricted Classes¹⁶

Class	NAV	ISIN	Bloomberg	2012 Return	2013 Return	2014 Return
D EUR	85.67	IE00B1KKKK60	GLGENVN ID	13.80 %	23.54 %	8.17 %
I H GBP	131.70	IE00B3ZS9W47	GLSUIHG ID	15.06 %	25.03 %	8.74 %
I C EUR	94.87	IE00BYVDZF50		N/A	N/A	N/A

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¹ The current portfolio management team assumed responsibility for the GLG Environment Fund on 1 May 2010. The GLG Environment Fund was restructured on the 26 April 2011 and therefore the investment strategy, and fee structures may differ. As such the presented track record does not indicate that Man GLG Global Sustainability Equity and the GLG Environment Fund will have similar risk-return profiles in the future.² Represents the combined AUM of all share-classes in the Portfolio.³ The reference index is selected by the Investment Manager for performance illustration and comparison purposes only. It is not a formal benchmark and does not form part of the Fund's investment objectives or investment policy.⁴ The benchmark changed from MSCI Europe (EUR) Hedged to MSCI AC World Local on 26 April 2011.⁵ Performance data provided herein is for the D T EUR share class to 30/05/2007. This share class has now closed. From 31/05/2007, (inception date) performance shown is for the D EUR share class.⁶ 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.⁷ Sortino ratio is a modification of the Sharpe ratio that differentiates harmful volatility from general volatility by taking into account the standard deviation of negative asset returns, called downside deviation. A large Sortino ratio indicates there is a low probability of a large loss.⁸ Information ratio (IR) is a ratio of portfolio returns above the returns of the benchmark to the volatility of those returns. The higher the IR the greater the consistency of the returns achieved.⁹ 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.¹⁰ This attribution refers to the core holding 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.¹¹ Higher level equity exposures are calculated using M&A adjustments.¹² The micro dollar market capitalisation is from 0 to \$500,000,000.00, the small dollar market capitalisation is from \$500,000,000.00 to \$2,500,000,000.00, the mid dollar market capitalisation is from \$2,500,000,000.00 to \$5,000,000,000.00, the large dollar market capitalisation is from \$5,000,000,000.00 to \$12,500,000,000.00 and the mega dollar market capitalisation is \$12,500,000,000 and above.¹³ Performance Disclosures: The Fund's inception date is 29 December 2006. The track record of GLG Environment Fund is shown here for illustrative purposes only. The returns for the GLG Environment Fund Share Class M are calculated net of management fees of 1.50% per annum. Please refer to the prospectus of GLG Global Sustainability Equity for pertinent information. Please note that some share classes might charge higher fees. From 31st May 2007, performance for share class D EUR of Global Sustain Equity is shown net of management fees of 1.5%.¹⁴ Source: GLG Partners LP. Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations.¹⁵ When 12 months of performance data is unavailable for a calendar year, partial year to date is shown.¹⁶ 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.

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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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