

# Mariner Investment Diversifying Alternative UCITS Fund

A Sub-fund of Fundlogic Alternatives plc, an Irish UCITS Fund

## Fund Objective and Investment Strategy

The Sub-Fund's investment objective is to achieve consistent positive return by employing a long /short fixed income strategy that will aim to exhibit low correlations to traditional markets by investing in the instruments described in the investment policy.

Mariner Investment Diversifying Alternative UCITS Fund ("MIDAS") is a liquid alternative strategy that seeks to capture investment opportunities across multiple fixed income focused strategies. The strategy aims to extract excess return from careful credit selection, understanding the complexity premium that is present in the MBS market and trading relative value relationships therein. The strategy seeks to hedge interest rate and credit risk exposure in order to minimize correlation to long only fixed income indices and provide drawdown protection.

## Fund Characteristics

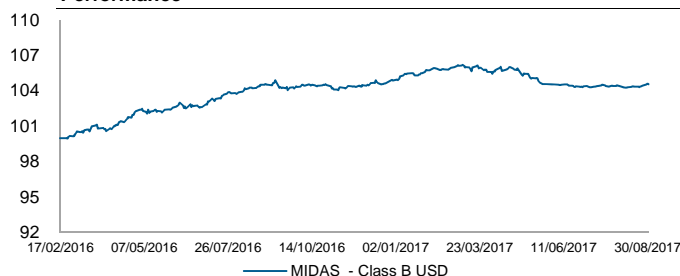
<b>Inception Date</b>	16-Feb-16
<b>Total Assets (USD)</b>	\$30m
<b>Base Currency</b>	USD
<b>Domicile</b>	Ireland
<b>Passporting Status (registered in)</b>	Italy, France, Germany, Spain, Switzerland and United Kingdom
<b>Legal Structure</b>	An Open-Ended Investment Company (OEIC)
<b>Dealing Day</b>	Daily. Every Business Day (except legal public holidays in the United Kingdom, United States of America or Ireland or days on which the stock markets in London or New York are closed)
<b>Subscription/ Redemption notice</b>	12 midday Irish time 4 business days (Subscriptions) / 5 business days (Redemptions) prior to the relevant Dealing Day
<b>Settlement</b>	Subscription: Dealing Day +3 Redemption: Dealing Day +5
<b>Currency Classes</b>	EUR / USD / GBP/ CHF
<b>Investment Manager</b>	Mariner Investment Group, LLC ("Mariner")
<b>Promoter &amp; Distributor</b>	Morgan Stanley & Co International plc ("Morgan Stanley")
<b>Depository</b>	Northern Trust Fiduciary Services (Ireland) Ltd
<b>Administrator</b>	Northern Trust International Fund Administration Services (Ireland) Ltd
<b>Auditor</b>	Ernst & Young

## Investment Manager

The Fund has appointed Mariner Investment Group, LLC, a Delaware limited liability company (the "Investment Manager"), as the investment manager of the Sub-Fund. The Investment Manager is registered as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC") and is registered with the U.S. Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator and is a member of the U.S. National Futures Association ("NFA") in such capacity. The Investment Manager has its principal offices at 500 Mamaroneck Avenue, Suite 405, Harrison, New York 10528 and manages approximately \$6.1bn of assets as on 31-July-17.

Source: Mariner Investment Group, LLC. AUM figures are estimated and unaudited.

## Performance<sup>(1)</sup>



Source: Morgan Stanley IED Sales & Trading, Northern Trust, Bloomberg.  
The above figures refer to the past. Past performance is not a reliable indicator of future results.

## Historical Monthly Returns<sup>(1)</sup>

Share B (USD)	Jan	Feb <sup>(2)</sup>	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD <sup>(2)</sup>
2016	-	0.14%	0.64%	1.48%	0.15%	0.20%	1.12%	0.76%	-0.22%	0.16%	-0.13%	0.49%	<b>4.86%</b>
2017	0.85%	0.30%	-0.45%	0.28%	-1.27%	-0.16%	0.02%	0.14%					<b>-0.30%</b>

Source: Morgan Stanley IED Sales & Trading / Northern Trust. The above figures refer to the past. Performance is quoted net of fees and based on unaudited figures.

Past performance is not a reliable indicator of future results. The value of the investments and the income from them can go down as well as up and an investor may not get back the amount invested.

## Investment Manager Commentary<sup>(3)</sup>

Global markets continued to rally in August. The S&P was up 0.30%, investment grade debt gained 0.85% and high yield was flat, according to Merrill Lynch corporate debt indices.

The Fund's opportunistic trading strategy added to performance during the month driven by an investment in a closed-end fund which trades gold and silver bullion. Additionally, the Fund's credit arbitrage positions added to performance during the month on the heels of two BDCs being taken over by Oaktree. The Fund spent some profits hedging with S&P futures.

The Mariner Investment Diversifying Alternative UCITS Fund gained 0.14% for the month of August with gains derived from Opportunistic Trading and Credit Arbitrage positions and spent 6bps hedging.

1. Please note that the Fund's inception date was 16 February 2016 and Noel Meller served as lead portfolio manager for the MIDAS strategy from February 2016 to May 2017 prior to Mr. Fahey taking over as lead portfolio manager for the MIDAS strategy on June 1, 2017. The performance data is shown for illustrative purposes only and should not be regarded as relevant for the purpose of the decision to invest.

2. Performance since inception date 16-Feb-16.

3. Information provided by Mariner Investment Group and mirrors the opinion and expectations Mariner Investment Group only. It is not agreed with Morgan Stanley and may not mirror Morgan Stanley's views.

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# Mariner Investment Diversifying Alternative UCITS Fund

## Top Holdings

Top 5 Longs	
Issuer	% of NAV
TREASURY BILL	63.64%
PowerShares Senior Loan Portfo	6.19%
Central Fund of Canada Ltd	3.66%
Fifth Street Finance Corp	2.82%
iShares US Preferred Stock ETF	2.62%
	63.64%

Source: Morgan Stanley IED Sales &amp; Trading

## Summary Characteristics

MIDAS	MIDAS
YIELD TO MATURITY	0.86%
PORTFOLIO DURATION	3.24
AVERAGE MATURITY	07/13/2020

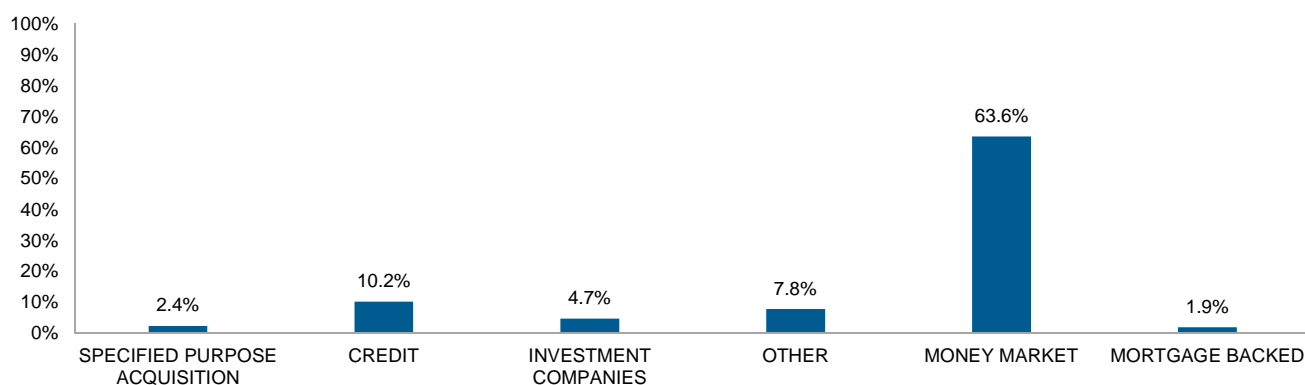
Source: Mariner Investment Group.

## Risk Metrics <sup>(4)</sup>

Exposure and Risk Summary	
	% of NAV
Exposure	91%
Annualised Volatility <sup>(6)</sup>	1.68%
Number of Positions	25

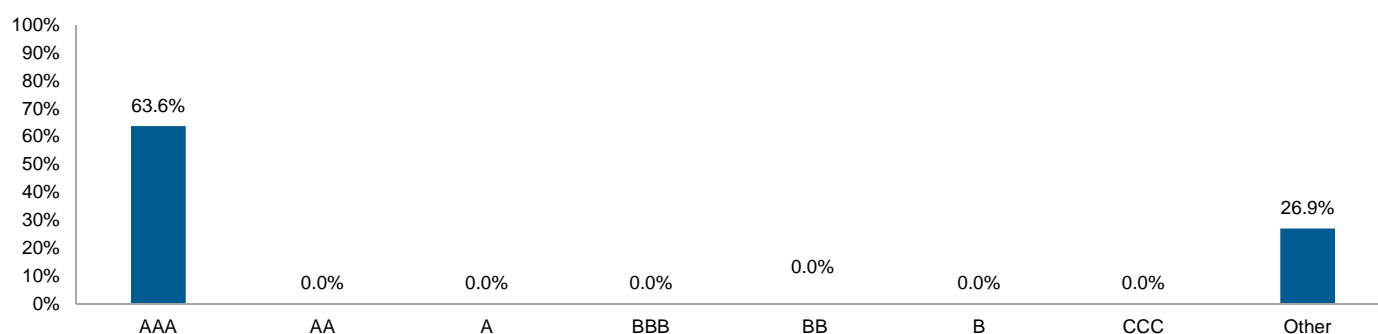
Source: Morgan Stanley IED Sales &amp; Trading

## Sector Analysis



Source: Mariner Investment Group

## Quality Analysis <sup>(5)</sup>



Source: Mariner Investment Group

4. Exposure is as of month end, equals Total Market Value divided by AUM. Please note, certain detailed portfolio exposure information is available upon request.

5. Other includes Close ended funds, CDS / CDX etc.

6. Indicative values as insufficient data points for statistical calculations. The volatility is computed as the standard deviation of the daily returns.

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# Mariner Investment Diversifying Alternative UCITS Fund

## Return Attribution <sup>(7)</sup>

	Jun-17	Jul-17	Aug-17	YTD
HIGH YIELD	0.00%	-0.10%	0.01%	0.54%
CREDIT ARBITRAGE	-0.16%	0.13%	0.08%	2.53%
MBS ARBITRAGE	0.00%	0.00%	0.00%	-0.86%
OPPORTUNISTIC TRADING	0.00%	-0.01%	0.11%	0.09%
HEDGES	0.00%	0.00%	-0.06%	-2.54%
<b>Fund Return</b>	<b>-0.16%</b>	<b>0.02%</b>	<b>0.14%</b>	<b>-0.30%</b>

Source: Mariner Investment Group

## Portfolio Turnover as of 31-August-17 <sup>(8)</sup>

CREDIT ARBITRAGE	9.81X
HIGH YIELD	12.42X

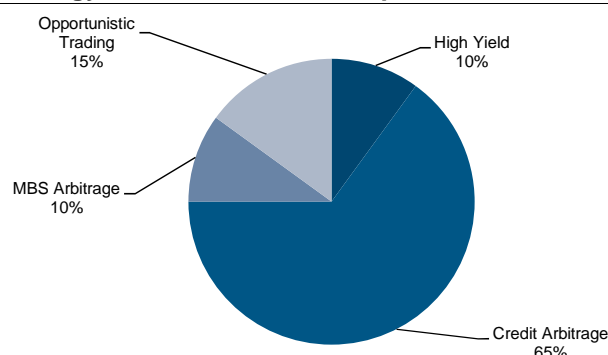
Source: Mariner Investment Group

## Number of Positions

	Jun-17	Jul-17	Aug-17
CREDIT ARBITRAGE	12	12	14
HIGH YIELD	0	5	5
MBS ARBITRAGE	0	0	1
OPPORTUNISTIC TRADING	0	5	7
HEDGES	0	0	1
<b>Total</b>	<b>12</b>	<b>22</b>	<b>28</b>

Source: Mariner Investment Group

## Strategy Allocation as of 01-September-17



Source: Mariner Investment Group

7. The Return Attribution provided above is being offered simply as an illustration of the estimated attribution of each strategy to the overall performance of the Fund and actual percentages may vary substantially from time-to-time. This represents the estimated return attribution to the gross profits and losses for a strategy, multiplied by the net return of the Fund for the period. The sum of the return attributions should equal the total net return for the period (may vary slightly due to rounding).

8. Turnover is defined as the sum of gross market value traded by strategy divided by the average capital allocated by strategy for the period.

Please note that the Fund has only been in existence since 16-Feb-16. The performance data is shown for illustrative purposes only and should not be regarded as relevant for the purpose of the decision to invest.

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# Mariner Investment Diversifying Alternative UCITS Fund

## Fund Share Class Details

Share Class	Performance							Identifiers		Fees <sup>(9)</sup>		
	Ccy	Min Inv	Launch Date	NAV	MTD	YTD	LTD	ISIN	BBG	SEDOL	Mgmt	Perf. TER <sup>(10)</sup>
<b>Class B</b>	USD	1,000,000	16-Feb-16	1045.45	0.14%	-0.30%	4.55%	IE00BD35DY75	FLMIBUS ID	BD35DY7	1.00%	- 1.40%

Source: Mariner Investment Group. NAVs are computed by Northern Trust

9. The Fund may impose an anti-dilution levy or adjustment on large subscriptions or redemptions.  
 10. Total Expense Ratio includes Management Fees and Promoter Fees. This figure may vary from year to year.

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Investments in derivative instruments carry certain inherent risks such as the risk of counter party default and before investing you should ensure you fully understand these risks. Use of leverage may also magnify losses as well as gains to the extent that leverage is employed. These investments are designed for investors who understand and are willing to accept these risks. Performance may be volatile, and an investor could lose all or a substantial portion of his or her investment.

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# Mariner Investment Diversifying Alternative UCITS Fund

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- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:
  - (1) to an institutional investor or to a relevant person as defined in Section 305(5) of the SFA, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or which arises from an offer that is made on terms that such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets (in the case of that trust);
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