

Strategic Investment Review

Quarterly report for the Man OM-IP funds | June 2010



PERFORMANCE UPDATE

Most Man OM-IP funds posted gains for the second quarter of 2010, with an average gain of 1.2%[^]. This performance was achieved as concerns beset many local and global markets.

Investor confidence hit

General investor anxiety rose during the quarter as many markets failed to cope with uncertainty provoked by a wave of negative news, including:

- Moody's downgrading of Greece's debt to junk status,
- fears of a contagion of sovereign debt problems spreading among Mediterranean countries in the Eurozone,
- the calamitous oil spill in the Gulf of Mexico,
- subdued economic data released in June,
- uncertainty over the US financial reform bill, and
- concerns about military conflict in Korea.

"Safe-havens"

Against this sombre backdrop, the rush to "safe-haven" assets proved particularly profitable for the bond and short term interest rates sectors. In particular, long positions in US, European and Japanese bonds secured notable gains as prices surged in the wake of the Greek debt crisis. European bond prices were further boosted on news that the European Central Bank had started to buy government bonds in an attempt to stabilise nervous markets.

In the interest rate sector, long positions in Eurodollar, Euribor and short sterling contracts made gains as investors speculated that interest rates would be kept low. Long US Treasuries made advances as prices were further boosted after the Federal Reserve issued a cautious outlook for the US economy while domestic economic data was below expectation.

The aversion to risk also assisted the precious metals sector, with long positions in gold and silver accruing notable gains. Significant losses in the metals sector were long trades in nickel and copper as investors grew increasingly concerned over the outlook for demand.

Volatility affects currency, equity and energy trading

In currency trading, returns were mixed. For example, long positions in AUD against USD generated profits when the Reserve Bank of Australia raised rates early in April. However, the currency sector suffered as the general fall in commodity prices hit long positions in commodity-linked currencies such as AUD and BRL.

At the start of the quarter, rising equity markets proved beneficial to long positions, especially in US indices such as the S&P 500 and NASDAQ 100. By the end of the quarter, performance lagged in the stock sector, particularly from long positions in US and Asian indices, as equities fell on rising concerns that the global recovery theme would be slowed by European sovereign debt troubles. Profits were trimmed in the stocks sector as the uncertain trading environment led to increased volatility, causing positions to whipsaw.

In energy trading, losses were mainly attributable to short positions in natural gas trading as gas prices recovered slightly. Prices were further supported as investors continued to speculate over the intensity of the approaching hurricane season in the US.

[^] Past performance is not a reliable indicator of future performance. The average performance figure for the Man OM-IP funds is an average quarterly return figure for all the Man OM-IP funds.

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This is an extract from the quarterly Strategic Investment Review. To view the full Strategic Investment Review, please visit www.maninvestments.com.au/sir

Fund prices

Man OM-IP funds (capital guaranteed)



To view the latest fund prices please go to www.maninvestments.com.au

Fund	Ccy	Inception	Valuation date	Rising Guarantee ⁺	Net Asset Value*
Man OM-IP 220					
	AUD	Aug 97	30 Jun 10	\$4.5987	\$5.2649
Man Series 2 OM-IP 220					
	AUD	Jan 98	30 Jun 10	\$4.3027	\$4.5537
Man Series 3 OM-IP 220					
	AUD	Jul 98	30 Jun 10	\$3.6965	\$3.7778
Man Series 4 OM-IP 220					
	AUD	Jun 00	30 Jun 10	\$3.1606	\$2.8909
Man Series 5 OM-IP 220					
	Matured				
Man Series 6 OM-IP 220					
	AUD	Jun 01	30 Jun 10	\$1.5605	\$2.1399
Man Series 7 OM-IP 220					
	AUD	Jun 02	30 Jun 10	\$1.3901	\$1.9645
Man Series 8 OM-IP 220					
	AUD	Nov 02	30 Jun 10	\$1.4330	\$1.8001
Man Series 9 OM-IP 220					
	AUD	Oct 03	30 Jun 10	\$1.1810	\$1.4601
Man Series 10 OM-IP 220					
	AUD	May 05	30 Jun 10	\$1.2155	\$1.4769
Man Series 11 OM-IP 220					
	AUD	Apr 06	30 Jun 10	\$1.0105	\$1.1092
Man Series 12 OM-IP 220					
	AUD	Dec 07	30 Jun 10	\$1.0000	\$0.9530
Man OM-IP 220 2008					
	AUD	Dec 08	30 Jun 10	\$1.0000	\$0.9123
Man OM-IP 320 Diversified					
	AUD	Dec 98	30 Jun 10	\$2.0824	\$1.6081
Man OM-IP Strategic					
	AUD	Aug 99	30 Jun 10	\$2.6834	\$2.0934
Man OM-IP Strategic Series 2					
	AUD	Dec 99	30 Jun 10	\$2.0970	\$1.9188

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Man OM-IP Hedge Plus					
AUD	Jan 02	30 Jun 10	\$1.2221	\$1.3356	
Man OM-IP 130 Plus					
AUD	Jul 03	30 Jun 10	\$1.5028	\$1.4213	
Man OM-IP 140 Plus					
NZD	Aug 03	30 Jun 10	\$1.6060	\$1.5303	
Man OM-IP 140 Plus (AUD)					
AUD	Jun 04	30 Jun 10	\$1.5879	\$1.4448	
Man OM-IP 150 Plus (NZD)					
NZD	Jun 04	30 Jun 10	\$1.7016	\$1.5486	
Man Series 2 OM-IP 150 Plus (NZD)					
NZD	Aug 05	30 Jun 10	\$1.5000	\$1.2796	
Man Series 2 OM-IP 140 Plus (AUD)					
AUD	Aug 05	30 Jun 10	\$1.4000	\$1.1471	
Man OM-IP MultiStrategy					
AUD	Jan 04	30 Jun 10	\$1.0661	\$1.0034	
Man OM-IP 15seven					
AUD	Oct 04	30 Jun 10	\$1.1030	\$1.5930	
Man Series 2 OM-IP 15seven					
AUD	Dec 06	30 Jun 10	\$1.0181	\$1.1667	
Man OM-IP Stratum					
AUD	Dec 04	30 Jun 10	\$1.0358	\$1.1869	
Man OM-IP 16eight					
AUD	Dec 05	30 Jun 10	\$1.0216	\$1.2889	
Man OM-IP Eclipse					
AUD	Aug 06	30 Jun 10	\$1.1210	\$1.3011	
Man OM-IP 2Eclipse					
AUD	Apr 07	30 Jun 10	\$1.0771	\$1.1714	
Man OM-IP 3Eclipse					
AUD	Apr 08	30 Jun 10	\$1.0000	\$0.9552	
Man OM-IP Eclipse 2010					
AUD	Apr 10	30 Jun 10	\$1.0000	\$0.9986	
Man OM-IP Vision					
AUD	Aug 07	30 Jun 10	\$1.0000	\$0.9377	
Man OM-IP Essential					
AUD	Aug 08	30 Jun 10	\$1.0290	\$1.0570	
Man OM-IP AHL					
AUD	Apr 09	30 Jun 10	\$1.0000	\$0.9956	
Man OM-IP 2AHL					
AUD	Jul 09	30 Jun 10	\$1.0000	\$0.9935	
Man OM-IP 3AHL					
AUD	Dec 09	30 Jun 10	\$1.0000	\$1.0439	

* **Past performance is not a reliable indicator of future performance.** Performance figures are calculated net of all fees as at the valuation dates shown for each fund.

+ The Capital Guarantee and Rising Guarantee applies to shares held on the maturity date and are subject to the terms of the guarantee for each fund.