

### Important Dates

<b>Issue Opens</b>	2 February 2009
<b>Close Date</b>	27 March 2009
<b>Maturity Date / Investment Term</b>	30 April 2019 / 10 years

### Key Information

<b>Product Type</b>	Capital guaranteed investment providing exposure to a managed futures program (AHL Diversified Program).
<b>Product Aim</b>	To generate medium term to long term capital growth*.
<b>Issuer</b>	Man OM-IP AHL Limited, a company incorporated in the Cook Islands on 10 October 2008.
<b>Investment Manager</b>	Man Investments Limited
<b>Guarantor</b>	National Australia Bank Limited (NAB)
<b>Investment Exposure</b>	The targeted investment exposure will be 100% for each \$1.00 invested.
<b>Issue Price</b>	Redeemable shares at a subscription price of AUD 1.00 each.
<b>Minimum Investment</b>	AUD 5,000 and then in multiples of AUD 1,000.
<b>Distributions</b>	The product is not expected to pay distributions or dividends through the term of the investment.
<b>Liquidity</b>	Shares can be redeemed monthly at 98% of the net asset value up to 30 April 2012, and at 100% of the net asset value thereafter.

### Fees & Commissions<sup>+</sup>

<b>Sales &amp; Establishment Fees:</b>	Approx 5% of shareholders' initial investment.
<b>Consultancy Fee:</b>	0.5% pa of the investment exposure.
<b>Management Fee:</b>	2% pa of the AHL investment exposure.
<b>Incentive Fee:</b>	20% for AHL.
<b>Brokerage:</b>	3.1% pa of the AHL investment exposure.
<b>NAB Guarantee Fee:</b>	0.25% pa of the guaranteed amount.
<b>Admin Fees:</b>	Approx 0.30% pa.
<b>Leverage Facility costs:</b>	USD LIBOR plus an indicative spread of approximately 2%
<b>Exit Fee:</b>	2% to 30 April 2012, nil thereafter.

\* Based on past performance of the AHL Diversified Program. Lonsec notes that past performance should not be relied upon as an indicator of future performance.

<sup>+</sup> Please refer to the 'Fees' section on page 6 of this report and pages 17-18 of the Prospectus for more information.

### What this Rating Means

➤ The Highly Recommended rating indicates that Lonsec has high conviction that the fund or product can achieve its objectives and, if applicable, outperform peers over an appropriate investment timeframe. The manager or product has strong competitive advantages in people, process and product design and has no areas of material weakness. The investment is a preferred entry point to access this asset class or strategy.

### Using this Product

**This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page.**

➤ The Investment Manager has structured a product designed to generate medium to long term capital growth that has low correlation to traditional asset classes. Past performance suggests that this aim is achievable, although this should not be relied upon as an indicator of future performance. Lonsec views this product as an alternative asset (aggressive) and as such suited to investors with balanced, growth and high growth risk profiles. Lonsec recommends an allocation of up to 5% for balanced investors, up to 10% for growth investors and up to 15% for high growth investors for these types of products.

### Product Risk Characteristics

	Low	Moderate	High
Leverage			High
Liquidity		Moderate	
Counterparty	Low		
Concentration	Low		
Volatility			High

*Risk categories are based on Lonsec's qualitative opinion of the risks inherent in the product's asset class and the risks relative to other products in the relevant Lonsec sector universe.*

### Lonsec Opinion of this Fund

➤ An investment in Man OM-IP AHL Limited provides shareholders with access to a managed futures hedge fund owned by the Man Group plc. The product aims to generate medium to long term capital growth, with low correlation to traditional asset classes. The Investment Manager, Man Investments Limited, has a long track record of delivering strong absolute returns in the structured product space. This product is the 34th OM-IP Fund to be launched by Man Investments Australia which has sponsored funds that have more than AUD \$7 billion under management as at December 2008.

➤ A hallmark of the OM-IP products since inception in Australia in 1997 has been the stable nature of the product design, which has typically included a managed futures component blended with a complementary fund of hedge funds program. Lonsec notes that due to prevailing market conditions, the structure of the product has changed compared to previous Man OM-IP offerings, with Man OM-IP AHL Limited comprising of one underlying strategy - the AHL Diversified Program (AHLDP). AHLDP is a managed futures program that is research driven, and uses quantitative based systematic trading strategies that identify trends and exploit market inefficiencies. The AHLDP invests in over 150 markets worldwide using futures and other derivatives. Lonsec considers that AHL has an impressive research focus, significant levels of experience, and a well defined investment process.

➤ Lonsec notes the continuous investment into research required for Managed Futures managers to identify and capture the fluid relationships inherent in financial markets. In this regard, Lonsec is impressed with the commitment of AHL on two fronts. Firstly, the establishment of a researching relationship with a highly regarded university, providing collaboration opportunities with research leaders and excellent recruitment sources. Secondly, AHL has significantly boosted their resources, with the investment research team growing from 18 in 2006 to 62 as at the end of 2008. However, Lonsec notes that it is likely that the additional resources will take some time to become accustomed to the AHL investment and research methods and become fully accretive to the process.

➤ The returns of previous Man OM-IP products have, in general, been very impressive. These products in the main have incorporated a fund of hedge fund program to smooth the volatility of AHLDP. As Man OM-IP AHL Ltd only provides exposure to AHLDP there is the potential for product returns to be more volatile. Lonsec notes that unlike the previous Man OM-IP offerings which incorporated leveraged exposure of between 150% and 160%, Man OM-IP AHL Limited has a targeted exposure of only 100%. All other things being equal, lower leverage will result in lower volatility. Overall, AHL has been the main return driver of the OM-IP Funds, which is evidenced by the high historical correlation between Man OM-IP 220 Ltd (first OM-IP Fund) and the AHLDP from Aug 97 to Nov 08. Furthermore, the volatility of Man OM-IP 220 Ltd has been very similar to AHLDP (17.5% versus 17.3%, respectively<sup>1</sup>). Lonsec notes that Man OM-IP AHL Ltd should exhibit similar volatility characteristics compared to previous OM-IP 220 offerings.

➤ The performance of AHLDP is highly reliant on the existence of strong and persistent trends in the financial markets it trades. Performance is likely to be

adversely affected in non directional or range trading markets. There is no guarantee that markets that have previously exhibited trending characteristics will do so in the future.

➤ Due to the effects of inflation the capital guarantee does not provide full capital protection in real terms. The rising guarantee is therefore a positive feature.

➤ Fees associated with this product at the high end of structured products reviewed by Lonsec. If underlying strategy / manager performance falls short of expected returns then fees have the potential to be a significant drag on net performance.

### Investor Suitability

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- Investors looking for exposure to international absolute return / hedge fund strategies.
- Investors looking for medium to long term capital growth who do not require income distributions during the term of the investment.
- Individuals, trusts and SMSF's fitting the risk profiles outlined above.
- Due to the nature of the underlying investments, investors should consider the product a medium to long term investment, despite the fact that monthly redemption is available.

### Investment Manager

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Man Investments Limited (MIL) is a member of the Man Group plc. Man Group plc was established in 1783, has a market capitalisation of approximately USD5 billion and more than USD 53 billion under management (as at 31 December 2008). Man Group plc is listed on the London Stock Exchange, employs more than 1800 people in 14 countries (as at 31 December 2008) including London, Switzerland, New York, Chicago, Tokyo, Hong Kong and Sydney.

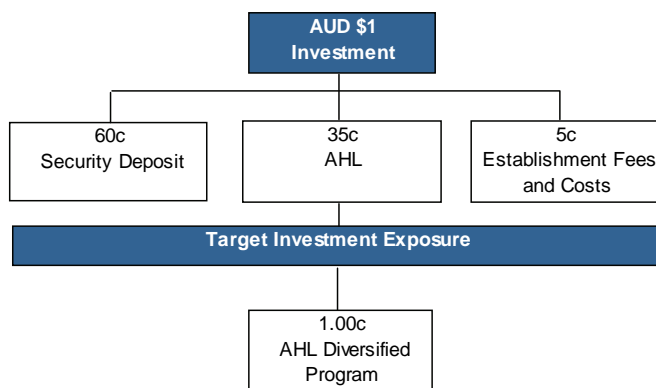
MIL was established in 1983 and acts as the Man Group's alternative asset division. MIL has launched more than 500 alternative investment products for private and institutional clients.

OM-IP AHL Limited Ltd is the 34th OM-IP fund to be launched by Man Investments Australia which has sponsored funds that have more than A\$7.0 billion under management as at December 2008.

<sup>1</sup>Man OM-IP 220 Limited Series One compared to AHL Athena Program, July 1997 to Nov 2008

## How Does the Product Work?

Investors buy shares issued by a company called Man OM-IP AHL Limited. Approximately 60% of the AUD 1.00 share proceeds is placed with the National Australia Bank Limited (NAB) in the form of a zero coupon bond. This provides the basis of the capital guarantee as the funds invested with NAB will accrue to the AUD 1.00 face value of the shares by the Maturity Date. Approximately 5% of the share issue proceeds pay for sales and establishment costs and the balance of approximately 35% is allocated to the AHL Diversified Program. The allocation is made on the advice of MIL. The initial allocations and flow of investment funds is depicted in the following diagram:



Source: Lonsec, Man Investments

\$1.00 exposure to the AHL Diversified Program per \$1.00 invested is achieved via international futures, options, derivatives and currency markets which require only a small percentage of the underlying contract value.

## Capital Guarantee

NAB provides shareholders with a capital guarantee on the Maturity Date of 30 April 2019. The capital guarantee protects the initial investment of \$1.00 per share. Investors need to be aware that \$1.00 received at maturity does not have the same real value as \$1.00 today and that the guarantee does not apply if the shares are redeemed prior to maturity.

Investors also benefit from a rising guarantee, where a portion of any net new trading profits for a financial year will be locked in by paying it into the security deposit held by NAB. This can occur each financial year (Jan – Dec) in which the trading capital of Man OM-IP AHL, equals or exceeds 50% of the net asset value of Man OM IP AHL as at the end of that financial year. For example, AHL begins with approximately 35c trading capital compared to a net asset value of \$0.95. Therefore the value of the trading capital will have to rise to equal or exceed 50% of the aggregate net asset value of the Man OM IP AHL before the rising guarantee can potentially be activated.

The amount to be locked in for each financial year will equate to the amount that allows the guaranteed amount to increase by 50% of the net new trading profits (after making good prior years' losses).

## Underlying Investments

The AHL Diversified Program is a high risk / return program which has been structured to provide exposure to the world's futures, option and foreign exchange markets. Man OM-IP AHL Limited aims to generate medium-term capital growth.

## AHL

### Manager Overview

AHL is a London based managed futures or CTA ('Commodity Trading Advisor') manager with approximately USD 24 billion funds under management (FUM) as at 30 September 2008. AHL's track record dates back to 1983. AHL was acquired by Man Group plc in 1990.

The AHL investment team currently consists of 96 professionals. This is made up of 62 investment management, 17 trade execution and 17 trade operations. The investment team is involved in ongoing research and development as well as running the AHL program. Over the past 2 years there have been 46 new additions to the team, with 9 departures, and only 2 of those from the research department. Importantly, 35 of the new resources have been added to the AHL research team, giving a strong indication of the commitment AHL has to continuing development of their investment process and strategies.

The AHL investment team is headed up by Tim Wong, CEO of AHL, who has worked at AHL since 1991, working his way from research analyst to now running the research and investment management operations. Lonsec believes Wong to be an experienced and impressive investment professional.

The AHL Investment Management and Research team is divided between trading model development, systems development, Man Research laboratory and portfolio management. Each team is led by a highly experienced investment professional, with excellent academic credentials. Lonsec notes the low turnover amongst all AHL teams.

### Investment Strategy

AHL utilises a quantitatively based, computer driven trading programme to exploit price movements in more than 150 international markets across stocks, bonds, currencies, short term interest rates, and commodities markets. AHL's program is totally systematic (program driven with no human overlay), directional in nature (trend following) and continuous (trading takes place 24 hours a day). Investment decisions are rule-based and the program is underpinned by sophisticated risk management techniques. The instruments traded are primarily futures contracts, foreign exchange and metal forwards.

The allocation to various securities and markets is dynamic, however, as a guide the following allocations were in place as at 30 November 2008:

Market Sector	% Allocation
Currencies	22.7%
Bonds	19.2%
Stock Indices	18.9%
Energies	16.3%
Metals	8.6%
Interest Rates	8.1%
Agriculturals	5.2%
Credit	1.0%

Source: Man OM-IP AHL Limited prospectus

The ability to identify directional trends in a broad range of global markets is AHL's primary source of alpha. AHL's aim is to maintain a comparatively small exposure to all positions so that the overall risk of the portfolio is reduced. All strategies and systems are designed to target defined volatility levels rather than returns, which has the important implication of reducing position sizings as volatilities in individual markets increase, an important part of AHL's overall risk management practise. The investment process is underpinned by computer-supported analytical instruments and real time risk and management information systems.

Lonsec considers AHL to be a manager with very well developed and sound risk management systems, supported by significant infrastructure.

Lonsec considers AHL's research effort is well resourced and thorough, with a vast range of research continuously being undertaken. The research process, from the original idea to modelling, testing and then finally being implemented into the portfolio can take years, which Lonsec believes is an indication of the testing and peer review process to ensure value add to the portfolio. Lonsec notes that relative to peers, AHL is more focused on transactional cost efficiencies (which is an integral part of the performance generation for managed futures programs) as opposed to new return driving factors. In Lonsec's opinion this is in response to AHL's size of FUM, which has grown significantly in recent years. AHL manage a significant amount of funds (at approximately USD24 billion) and Lonsec notes that this amount does not seem to have been burdensome during the very challenging trading conditions of 2008. This can be attributed to the fact that many of the futures contracts in which AHL trades are amongst the largest and most liquid contracts globally.

## Performance

The performance of the AHL Diversified Program (net of fees) to November 2008 is detailed in the following table:

AHL Diversified Program (USD)					
Periods Ending November 2008					
	1 Yr	2 Yrs	3 Yrs	5 Yrs	7 Yrs
Performance (%pa)	17.1	17.6	12.0	11.9	12.0
Excess Return over cash	9.3	10.4	5.2	5.6	6.1
Sharpe Ratio	0.6	0.7	0.4	0.4	0.4
Standard Deviation (%pa)	16.2	15.5	14.3	14.2	16.5
Correlation vs bonds	0.15	-0.10	-0.12	0.02	0.27
Correlation vs equities	-0.57	-0.40	-0.30	-0.19	-0.34

All performance figures shown are net of all fees.

Source: Lonsec, Man Investments Limited

The above table references the AHL Athena Guaranteed Futures Limited which is the longest running and most representative AHLDP track record.

Lonsec notes that performance of the AHLDP since inception in December 1990 to November 2008 has been very strong at 17.3%pa. Given the manager actually targets specified volatility levels (and return is an outcome of targeting those levels) it is interesting to note that over all periods out to 5 years, volatility is at or below the targeted range of 16% - 19%pa. Recent performance has been particularly pleasing, given the tumultuous debt and equity markets of 2008 and the disappointing returns of many hedge fund strategies.

AHLDP has outperformed the Managed Futures sector, represented by the HFRI Systematic Diversified Index over seven years to November 2008 by 1.1%pa, returning 12.0%pa compared to 10.9%pa. However, the AHLDP performance has come with significantly more volatility of 16.5%pa compared to 7.8%pa over the seven years.

In comparison to the broader hedge fund sector as represented by the HFRI Composite Index (one of the most widely used indices in this sector), AHLDP has significantly outperformed over all periods assessed, from one year outperformance of 35.4%pa (17.1%pa to -18.3%pa) to seven year outperformance of 6.6%pa (12%pa to 5.4%pa) to November 2008. Again it should be noted the higher volatility experienced in the AHLDP returns, with 16.5% pa volatility compared to 6.4%pa for the HFRI Composite Index.

Also worth noting are the low and in some cases negative correlations this fund has with traditional asset classes such as bonds and equities. In particular to note is the large negative correlation to equities over the past 12 months.

## Risks

**An investment in Man OM-IP AHL Limited carries a number of standard investment risks associated with international investment markets. These include economic, political, legal, tax and regulatory risks. These and other risks are outlined under the Key Risks section of the Prospectus and should be read in full and understood by investors. Below are what Lonsec considers to be the major risks.**

**Investment Strategy** – In the event that market conditions change, the Investment Manager may revise the target investment exposure of 100% of the Net Asset Value per Share.

**Use of leverage** – Leveraged trading has the effect of exacerbating the risk of substantial losses as well as the possibility of gains. This risk is partially mitigated by AHL spreading the risk over more than 150 financial markets.

**Foreign currency exposure** – The AHLDP trades predominantly in non-Australian dollar assets and returns are therefore exposed to exchange rate fluctuations. A reduction, but not elimination, of this risk is undertaken using a discretionary hedging on a regular basis.

**Volatility** – The underlying fund, the AHLDP has historically experienced rolling annual volatility of approximately 17%pa, and drawdowns of up to 21.1%. Investors should expect continuing volatility in returns.

## Liquidity

The investment term of this product is approximately 10 years, with the Maturity Date being 30 April 2019. The directors of Man OM-IP AHL Limited intend to declare a dividend immediately prior to the maturity date equal to the amount by which the net asset value per share exceeds AUD 1.00. The NAB Guarantee ensures that shareholders will receive a minimum amount of A\$1.00 per share plus any amount payable pursuant to the rising guarantee. Investors are able to redeem their shares on a monthly basis prior to maturity. There is a fee of up to 2% of the net asset value per share prior to 30 April 2012. There is no early redemption fee after this date. Investors should note that the guarantee does not apply when shares are redeemed prior to the maturity date.

## Taxation

Subject to Foreign Investment Fund (FIF) rules, Australian natural person shareholders (who are not share traders) who sell their Shares at a price in excess of A\$1.00 will generally be subject to capital gains tax. If the Shares are held for 12 months or more, the individual should be entitled to a discount of 50% of the prima facie capital gain.

Australian shareholders should not be assessed on any part of the return of the A\$1.00. To the extent that the net asset value per Share exceeds A\$1.00 it is the

intention of the directors of Man OM-IP AHL Limited to declare a dividend equal to that excess. If the shareholder has previously been taxed under the foreign investment fund (FIF) rules on an amount equal to the dividend, the shareholder should be exempt from any further Australian tax. Shares held by Australian residents will generally be subject to FIF rules where the aggregate value of all FIFs exceeds AUD 50,000. In this case shareholder will be taxed on an accruals basis and will generally include in their assessable income the increase in the net asset value of shares during the year of income.

**These comments constitute 'General Advice' only and Lonsec advises potential investors to consult a taxation specialist before making a decision to invest (or not to invest) based upon these taxation considerations. Investors should refer to the Taxation section of the prospectus for more information regarding the taxation of shareholders.**

## Fees

### Sales & Establishment Fee:

Approximately 5.00% of the shareholders initial investment will be charged as a sales and establishment fee (based on issuance size of approximately AUD 100 million). This will be amortised over the first three years.

### Management Fee:

2.00% pa of the investment exposure to the AHL Diversified Program.

### Incentive Fee:

20.00% of any net appreciation and increase in value attributable to the AHL Diversified Program.

### Brokerage:

3.10% pa of the investment exposure to the AHL Diversified Program.

### Consultancy Fee:

0.50% pa of the investment exposure (100% of the net asset value of the shares). Payable for advice and risk management services provided by Man Investments and Man Investments AG.

### NAB Guarantee Fee:

0.25% pa of the guaranteed amount payable to NAB.

### Leverage Facility costs:

Expected to be USD LIBOR plus approximately 2.0% pa on the amount of the Leverage Facility.

### Admin Fees:

Approximately 0.30% pa which includes a Valuation fee, Registrar fee, Service Provider fee, Directors' fees and a Dealing Facility fee (based on issue size of AUD 100 million).

## Contact Information

For further information or to obtain a prospectus visit [www.maninvestments.com.au](http://www.maninvestments.com.au) or phone 1800 222 355.

### Glossary

<b>Absolute Return</b>	'Top line' actual return, after fees
<b>Excess Return</b>	Return in excess of the benchmark return
<b>Standard Deviation</b>	Volatility of monthly Absolute Returns
<b>Tracking Error</b>	Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns)
<b>Sharpe Ratio</b>	Absolute reward for absolute risk taken (outperformance of the risk free return (Bank Bills) / Standard Deviation)
<b>Information Ratio</b>	Relative reward for relative risk taken (Excess Returns / Tracking Error)
<b>Worst Drawdown</b>	The worst cumulative loss ('peak to trough') experienced over the period assessed
<b>Time to Recovery</b>	The number of months taken to recover the Worst Drawdown

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**Date Prepared: January 2009**

**Analyst: Matthew Sloan**

**Release Authorised by: Michael Elsworth**

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