

# Man Directional

## Series 2 Ltd

100% capital  
protected bonds

Non-capital protected  
income bonds



Man Directional Series 2 Ltd (the 'Fund') will offer investors access to a selection of industry-leading directional investment managers, combined in an actively managed and flexible portfolio. The Fund's return objective is double-digit returns with an annualised volatility objective of around 15%<sup>1</sup>.

### Investment strategy

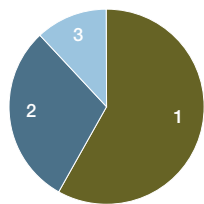
Undoubtedly economic conditions have improved considerably since January 2009 and markets have rallied significantly. Yet concerns persist that the drivers of this rally are more technical than fundamental, raising the question in most investors' minds as to whether the upward momentum is sustainable or if in fact we are just witnessing a reflexive rebound within a structural bear market.

Consequently, now, more than ever, it is important for investors to complement their equity exposure with investments in other asset classes to spread market risk and diversify event risk.

Directional investment strategies – strategies that look to capitalise on the direction, either up or down, of prices across global markets and asset classes – are not reliant on the upward direction of markets to generate returns and have a long record of producing positive returns throughout a variety of market conditions.

Man Directional Series 2 Ltd offers investors access to a selection of these strategies through a flexible and actively managed portfolio. At the start of the offer period, the proposed allocation of the Man Directional Series 2 Ltd portfolio will be to managed futures managers – a trading strategy within the directional space that trades across global futures markets.

### Man Directional Series 2 Ltd proposed portfolio allocation<sup>2</sup> At 25 January 2010



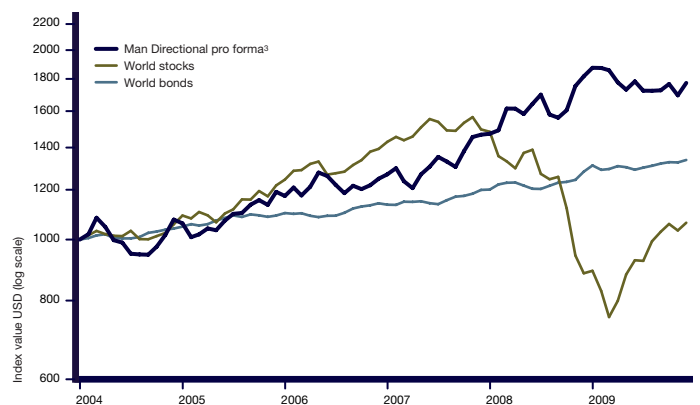
Trading style	Allocation %	Managers
1. Long-term trend following	58.0 %	5
2. Short-term traders	30.0 %	4
3. Multi-strategy	12.0 %	1
<b>Total portfolio allocation</b>	<b>100.0 %</b>	<b>10</b>

To reflect market conditions, the proposed portfolio will be specifically constructed to be as flexible and dynamic as possible. This will allow Man Investments to quickly re-allocate assets across the directional space as opportunities develop. This is likely to include broadening the manager set into other directional strategies such as global macro.

### Pro forma performance

The potential performance of Man Directional Series 2 Ltd in a variety of market conditions is demonstrated by the pro forma track record below.

#### Man Directional pro forma performance<sup>3</sup> 1 January 2004 to 30 November 2009\*



1 January 2004 to 30 November 2009\*

	Man Directional pro forma <sup>3</sup>	World stocks	World bonds
Total return	77.3 %	6.3 %	33.8 %
Annualised return	10.2 %	1.0 %	5.0 %
Annualised volatility	11.7 %	14.6 %	2.9 %
Worst drawdown <sup>4</sup>	-12.6 %	-51.9 %	-2.3 %
Date of worst drawdown	Feb 04 to Aug 04	Oct 07 to present	Mar 08 to Jun 08
Months to recovery	10	n/a	3
Sharpe ratio <sup>5</sup>	0.61	n/a	0.58
Correlation to Man Directional pro forma <sup>6</sup>	1.00	-0.07	0.02

Source: Man database and Bloomberg. World stocks: MSCI World Index hedged to USD (price return). World bonds: Citigroup World Government Bond Index hedged to USD (total return). There is no guarantee of trading performance and past or projected performance is not a reliable indicator for future performance. Latest data available at the time of production. Returns may increase or decrease as a result of currency fluctuations. \*It is a requirement of MiFID to include performance statistics on a 12 month rolling basis. From 30 November 2004 to 30 November 2009, Man Directional pro forma has yielded a total return of 64.8% and an annualised return of 10.5% for an annualised volatility of 11.5%. The Sharpe ratio for this period was 0.62 and the worst drawdown was -9.6% with a correlation to world stocks of -0.12, and to world bonds of -0.07. 1. The volatility figure quoted is a target and is based over the term of the bonds on the performance projections of the investment strategies with the targeted investment exposures and market interest rates at the time of modelling and therefore may change. 2. The asset allocation shown represents the portfolio allocations recommended at the time of production and is indicative only. As part of the investment management process, allocations are continually under review and are therefore subject to change based on current recommendation and market conditions from time to time. Actual allocations at the time of production and throughout the term of the portfolio may not necessarily reflect the allocations set out. 3. Please see additional important disclosures on the back page. The pro forma return is calculated net of a 1.5% management fee and a 10% performance fee, and there is a deduction of 2% per annum for biases. Both the management fee and the deduction for the biases are charged on investment exposure. The track record shows the hypothetical performance an investor might have obtained had they invested in the manner described above and does not represent the results that any investor actually attained. Actual performance results may differ, and may differ substantially from this hypothetical performance. The pro forma return of the Man Directional portfolio is calculated using weights and returns of the funds recommended by Man Investments for inclusion in the portfolio as of the start of the offer period. Weights of the underlying funds have been held constant, and where a fund does not have a return for a given month, its weight has been re-distributed pro rata across the portfolio. The composition of the portfolio and the trading level of the underlying funds are subject to change. The pro forma return is calculated for a product that is not principal protected and offers 120% investment exposure. The return therefore does not take into account any costs or fees associated with the product structure. Man Directional Series 2 Ltd will trade a similar portfolio to the Man Directional pro forma. 4. 10 drawdowns occurred within the stated time period. 5. The Sharpe ratio 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. Because the Sharpe ratio is an absolute measure of risk-adjusted return, negative Sharpe ratios are shown as n/a, as they can be misleading.

## Proposed key attributes of Man Directional Series 2 Ltd

### Performance

- Access to a selection of industry-leading directional managers with the potential to profit in a wide variety of market conditions
- A portfolio with the potential to enhance the risk/return profile of a traditional portfolio

### An actively managed portfolio

- The flexibility to adapt to evolving market conditions
- Active portfolio management and monitoring implemented by Man Investments' multi-manager business

### Choice of structure

- 100% capital protected bonds<sup>6</sup>
- Non-capital protected income bonds with a coupon of 7% p.a.<sup>7</sup>

Please refer to the 'Important considerations' for risks associated with making an investment.

## Man Investments contacts

### Dubai

Tel +9714 3604999  
Fax +9714 3604900

### London

Tel +44 (0) 20 7144 2000  
Fax +44 (0) 20 7144 2004

### Montevideo

Tel +598 2 902 2016  
Fax +598 2 903 2558

### Singapore

Tel +65 6740 6602

### Global Relationship Services

Tel +41 (0) 55 417 64 60  
Fax +41 (0) 55 417 64 01  
E-mail relationshipservices@maninvestments.com

### Hong Kong

Tel +852 2521 2933  
Fax +852 2537 1205

### Miami

Tel +1 305 914 8900  
Fax +1 305 914 8901

### Rotterdam

Tel +31 (0) 10 2051260  
Fax +31 (0) 10 2051265

### Switzerland

Tel +41 (0) 55 417 63 00  
Fax +41 (0) 55 417 63 01

For more information please visit [www.maninvestments.com](http://www.maninvestments.com)

## Proposed key facts<sup>8</sup>

<b>Offer period</b>	25 January 2010 to 22 March 2010 with the potential for extension
<b>Investment manager</b>	Man Investments (CH) AG, Guernsey branch
<b>Face value of the bonds</b>	USD 1 per bond
<b>Minimum subscription<sup>9</sup></b>	USD 50,000
<b>Minimum redemption</b>	20,000 bonds
<b>Minimum holding</b>	50,000 bonds
<b>Maturity date of the capital protected bonds</b>	31 October 2022
<b>Maturity date of the income bonds</b>	30 April 2015
<b>Sales charge</b>	None
<b>Dealing frequency</b>	Monthly
<b>Expected annualised volatility<sup>10</sup></b>	Around 15 %

### Monthly redemptions subject to the following fees:

#### Capital protected bonds

Redemption on or between	Redemption fee
the issue date and 30 April 2012	4 % of NAV per bond
1 May 2012 and 30 April 2014	3 % of NAV per bond
1 May 2014 and 30 April 2016	1 % of NAV per bond
on or after 1 May 2016	no redemption fee

#### Income bonds

Redemption on or between	Redemption fee
the issue date and 30 April 2012	4 % of NAV per bond
1 May 2012 and 30 April 2014	3 % of NAV per bond
1 May 2014 and 31 March 2015	1 % of NAV per bond

### Reporting

Investors can access prices through the following media:

- [www.maninvestments.com](http://www.maninvestments.com)
- Financial Times and International Herald Tribune
- Bloomberg, Reuters, SIX Telekurs and Standard & Poor's electronic data services

	Capital protected bonds	Income bonds
<b>Common code</b>	46665422	46665546
<b>ISIN code</b>	XS0466654224	XS0466655460
<b>Valoren number</b>	10746068	10746112

6. Subject to the terms and conditions of the security trust deed. As more fully described in the offering memorandum (the 'Offering Memorandum') dated 14 December 2009, the amount payable under the capital protection is subject to a number of terms and conditions. See the section 4 entitled 'The capital protection and the Coupon Collateral' for further details. 7. Man Directional Series 2 Ltd (the 'Company') will pay a coupon to the holders of income bonds amounting to 7% of the face value of the bonds per annum payable in two equal semi-annual instalments of 3.5% on two coupon dates. The first coupon date will be 31 October 2010 and the last coupon date will be 30 April 2015. 8. Key facts represent a summary of the key terms set out in the Offering Memorandum. Please refer to the Offering Memorandum for further information. 9. Subject to the selling restrictions in appendix 1 of the Offering Memorandum. As described in detail in the Offering Memorandum and as permitted by and subject to local selling restrictions and additional local regulations that may apply, the directors of Man Directional Series 2 Ltd may in their discretion reduce the minimum subscription amount. 10. The volatility figure quoted is a target and is based over the term of the bonds on the performance projections of the investment strategies with the targeted investment exposures and market interest rates at the time of modelling and therefore may change.

#### Important information regarding investing in Man Directional Series 2 Ltd

This material is communicated by the Company, which is not a member of the Man Group. Information contained herein is provided from the Man database except where otherwise stated. Potential investors should note that investments in financial securities can involve significant risks and may result in losses. There is no guarantee of trading performance and past or projected performance is not a reliable indicator of future performance. Returns may increase or decrease as a result of currency fluctuations. The value of investments may go down as well as up, and investors may not get back the present value of their original investment. Additionally, it is recommended that you contact your bank, investment adviser and/or tax adviser. This material is not an invitation to make an investment in the bonds nor does it constitute an offer for sale of bonds to be issued by the Company. Applications for the bonds will only be considered on the terms of the Offering Memorandum. This material is not comprehensive and is indicative only. The detailed terms and conditions of the issue of the bonds are described in the Offering Memorandum. This material must therefore be read in conjunction with the Offering Memorandum. Distribution of this material and the offer of the bonds may be restricted in certain jurisdictions and in other jurisdictions (for example, EEA member states, Hong Kong, Saudi Arabia and Singapore) the minimum subscription amount permitted may be higher than elsewhere. The attention of potential investors is specifically drawn to appendix 1 entitled 'Selling restrictions' in the Offering Memorandum which clarifies the persons to whom this material is intended to be communicated and section 6 entitled 'Key risks' which sets out some of the risks associated with acquiring and holding the bonds. Man Investments (CH) AG, Guernsey branch and/or any of its associates may invest from time to time in the Company. The investor services agent, marketing adviser, investment manager and/or the relevant local Man Investments office all retain the right to record any telephone calls made to them.

#### Important considerations

Investors should carefully consider the risks associated with investing in the bonds, whether the bonds are a suitable investment for them and whether they have sufficient resources to be able to bear any losses which may result from an investment in the bonds. Investors should only invest in the bonds if they understand the terms on which the bonds are offered and should, where appropriate, seek advice from their independent financial adviser before making an investment: (i) speculative investment; there can be no assurance that the company will achieve its investment objective in respect of the bonds. The investments which the trading subsidiaries propose to make are speculative; (ii) underlying funds; the underlying managers may employ complex trading systems/programmes or rely on analytical models to trade sophisticated financial instruments. Such trading systems/programmes and analytical models may be fallible which could result in losses; (iii) performance; there can be no assurance that information provided on past performance, will be indicative of how the bonds will perform (either in terms of profitability or low correlation with other investments) in the future; and (iv) the capital protection; the income bonds are not capital protected. While the capital protected bonds have the benefit of capital protection, the capital protected amount is unlikely to have the same value as the amount initially invested, due to likely effects of inflation and the time value of money. Please see the Offering Memorandum issued by the Company for a detailed description of the risks and fees in relation to the investment. A copy of the Offering Memorandum is available free of charge from Man Investments (CH) AG, Guernsey branch (First Floor, Suite 1, Albert House, South Esplanade, St Peter Port, Guernsey GY1 1AJ, Channel Islands) and can be downloaded at [www.maninvestments.com](http://www.maninvestments.com).

#### Important information regarding the product's pro forma performance

The performance results provided herein were not achieved from the actual management of the portfolio, but are instead simulated results. This approach has inherent limitations, including that results may not reflect the impact that material economic and market factors might have had on the investment manager's decision making if the investment manager actually had been managing client money.

This material is not suitable for US persons.

This material is distributed by Man Investments Inc. ('Man Investments'), which is registered as a broker-dealer with the U.S. Securities and Exchange Commission ('SEC') and is a member of the Financial Industry Regulatory Authority ('FINRA') and the Securities Investor Protection Corporation ('SIPC'). The registrations and memberships described in the preceding sentence in no way imply that the SEC, FINRA or SIPC have endorsed any of the referenced entities to provide any of the services discussed herein. Man Investments is a member of the Man Investments division of Man Group plc. 'Man Group' refers to the group of entities affiliated with Man Group plc.

This preliminary information provides an overview of a new investment vehicle (the "Fund") being proposed by Man Investments Limited ("MIL"), which will act as the investment manager of the Fund. All information contained herein is subject to revision and completion. This material is being provided for information and discussion purposes only. It is not intended to supplement or replace the confidential offering documents (collectively, the "Prospectus") to be prepared and furnished to prospective investors at a later date, which should be the sole basis for making an investment decision in the Fund.

This document contains highly confidential information consisting of internal work product and cannot be used for any purpose other than to analyze a potential investment.

Past performance is not an indication of future performance and there can be no assurance that the overall portfolio will meet its investment objectives or achieve results in line with those presented in these materials. Future performance may be materially worse than past performance, causing substantial or total loss of investment.

Any statements regarding market events, future events or other similar statements constitute only subjective views, are based upon expectations or beliefs, should not be relied on, are subject to change due to a variety of factors, including fluctuating market conditions, and involve inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond a Fund's control. Future evidence and actual results could differ materially from those set forth in, contemplated by, or underlying these statements. In light of these risks and uncertainties, there can be no assurance that these statements are now or will prove to be accurate or complete in any way. No representation is made that a Fund's investment process or investment objectives will or are likely to be successful or achieved.

**This material contains hypothetical performance and portfolio information and has been constructed as follows:**

The information presented represents a model portfolio being created by MIL with proposed allocations to each of the investment strategies. MIL anticipates using this model portfolio as the basis for creating and managing the Fund. The actual Fund portfolio may differ substantially in terms of allocations to the investment strategies, market conditions, and other factors which may materially alter the performance, yield, volatility and other information presented herein. Hypothetical backtested returns and model portfolios have many inherent limitations. Unlike actual performance, it does not represent actual trading or the actual allocations of the portfolio over time to the investment strategies. The hypothetical performance is adjusted to reflect the reinvestment of dividends and, except where indicated, the anticipated fees and expenses of the Fund, including brokerage, advisory and other fees.

**Past performance is no indication or guarantee of future performance.**

Portfolio or return targets or objectives are used for illustration, measurement or comparison purposes and only as an aid or guideline for prospective investors to evaluate a particular investment program's investment strategies and accompanying information. Such targets or objectives reflect subjective determinations by the Fund's investment manager based on a variety of factors and should not be relied upon as an indication of actual or future performance. A Fund's actual returns or volatility will depend on a variety of factors including overall market conditions and the ability of the investment adviser to implement the investment objectives and policies of the Fund. There can be no guarantee that the targets or projections set forth herein will be realized by the Fund or any product managed by the investment manager. Any descriptions or information involving investment process or strategies is provided for illustration purposes only, may not be fully indicative of any present or future investments, may be changed in the discretion of the investment manager and are not intended to reflect performance. Portfolio allocations are selected by, and will vary in the sole discretion of, the Fund's investment manager and are subject to availability and market conditions among other things.

No representation, warranty, or undertaking, express or implied is given to the accuracy or completeness of the information contained in this material or any other person; no reliance may be placed for any purpose on such information; and no liability is accepted by any person for the accuracy and completeness of any such information.

This material is intended only for institutional investors, investment professionals, market counterparties or intermediate customers and has been furnished upon request, solely for your information and may not be reproduced or otherwise disseminated in whole or in part without our prior written consent.

**Hedge fund risks and other disclosures**

**The types of transactions engaged in on behalf of Man Directional Series 2 Ltd, the 'Fund', involves significant risks. This is only a summary of certain risks of investing in the Fund.**

**The Fund's Confidential Private Prospectus ('Prospectus') contains a more exhaustive discussion of these issues and should be read in its entirety. Unless specified otherwise, the terms used herein have the same meaning as defined in the Fund's Prospectus.**

**Potential loss of investment** – No guarantee or representation is made that the investment program used by investment manager will be successful. A Fund represents a speculative investment and involves a high degree of risk. An investment in a Fund should be discretionary capital set aside strictly for speculative purposes. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment in a Fund. An investment in a Fund is not suitable for all investors. An investor could lose or a substantial portion of his/her/its investment. Only qualified eligible investors may invest in a Fund. Because of the nature of the trading activities, the results of the Fund's operations may be volatile from month to month and from period to period. Accordingly, investors should understand that past performance is not indicative of future results. Hedge funds typically represent that their returns have a low correlation to the major market indices. Investors should be aware that hedge funds may incur losses both when major indices are rising and falling.

**Use of leverage** – Futures trading normally requires low margin requirements which allows for an extremely high degree of leverage. A relatively small movement in the price of a futures contract may result in immediate and substantial loss or gain to the Fund holding a position in such contract. The Fund may also invest in forward contracts, options, swaps and over-the-counter derivative instruments, among others. Like other leveraged investments, trading in these securities may result in losses in excess of the amount invested.

**Regulatory risk** – The Fund is not registered under the Investment Company Act of 1940. As a result, investors will not receive the protections of the Investment Company Act afforded to investors in registered investment companies (i.e. 'mutual funds'). A Fund's offering documents are not reviewed or approved by federal or state regulators and its privately placed interests are not federally or state registered. In addition, the Fund may engage in trading on non- U. S. exchanges and markets. These markets and exchanges may exercise less regulatory oversight and supervision over transactions and participants in transactions.

**Valuations** – The net asset value of a Fund may be determined by its administrator in consultation with its manager or advisor, or based on information from the manager(s) of the underlying Fund(s). Certain portfolio assets may be illiquid and without a readily ascertainable market value and accuracy of valuations of other managers may be difficult to verify. Since the value assigned to portfolio securities affects a manager's or advisor's compensation, the manager's or advisor's involvement in the valuation process creates a potential conflict of interest. The value assigned to such securities may differ substantially from the value a Fund is able to realize. Instances of mispriced portfolios, due to fraud or negligence, have occurred in the industry.

**Fees and expenses** – The Fund may be subject to substantial charges for management, advisory and brokerage fees. It may be necessary for those pools that are subject to these charges to make substantial trading profits to avoid depletion or exhaustion of their assets. Please refer to the Fund's Prospectus for a more complete description of risks and a comprehensive description of each expense to be charged this pool.

**Limited operating history** – A Fund may have little or no operating history or performance and may use performance which may not reflect actual trading of the Fund and should be reviewed carefully. Investors should not place undue reliance on hypothetical, pro forma or predecessor performance. A Fund's actual performance may differ substantially and may be volatile.

**Reliance on key persons** – A Fund's manager or advisor has total trading authority over a Fund and may be subject to various conflicts of interest. The death, disability or departure of the manager or advisor may have a material effect on a Fund.

**Concentration** – A Fund may use a single advisor or employ a single strategy, which could mean a lack of diversification and higher risk. A Fund of Funds relies on the expertise of its underlying managers.

**Counterparty and bankruptcy risk** – Although the General Partner will attempt to limit its transactions to counterparties which are established, well-capitalized and creditworthy, the Fund will be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, which could subject the Fund to substantial losses. In addition, if any Futures Commission Merchant ('FCM') retained by the Trading Company were to become bankrupt, it is possible that the Fund would be able to recover none or only a portion of its assets held by such FCM.

**Limited liquidity** – Your ability to redeem (liquidate) your Units will be limited and subject to certain restrictions and conditions under the Fund Agreement. No secondary public market for the sale of the Units exists, nor is one likely to develop. In addition, a transferee of Units may become a substituted Limited Partner only with the consent of the General Partner. All or some of such Units may be redeemed as of the last business day of each calendar month on prior written notice to the General Partner, subject to certain restrictions. The Fund may suspend redemptions under certain circumstances, and will withhold a portion of your redemption proceeds if a reserve has been established. In addition, your Units will not be freely transferable.

**Tax risks** – Investors in hedge funds such as the Fund are subject to pass-through tax treatment of their investment. Since profits generally will be reinvested in the Fund rather than distributed to Limited Partners, investors may incur tax liabilities during a year in which they have not received a distribution of any cash from the fund. In addition, it is likely that the general partner will not be able to prepare its tax returns in time for investors to file their returns without requesting an extension of time to file.

**Volatile markets** – Trading in futures is a speculative activity. Futures prices may be highly volatile. Market prices are difficult to predict and are influenced by many factors, including: changes in interest rates, weather conditions, government intervention and changes in national and international political and economic events. Please refer to the Confidential Private Prospectus for a more comprehensive description of volatility factors.

**The above summary is not a complete list of the risks, tax considerations and other important disclosures involved in investing in a Fund and is subject to the more complete disclosures in such Fund's offering documents, which must be reviewed carefully prior to making an investment.**

**Man Investments Inc.**

One Rockefeller Plaza, 16th floor, New York, NY 10020 Tel: (646) 452-9580  
123 N. Wacker Drive, 28th floor, Chicago, IL 60606 Tel: (312) 881-6800  
Man Investments Inc., Member FINRA and SIPC