

# Man AHL Diversified plc

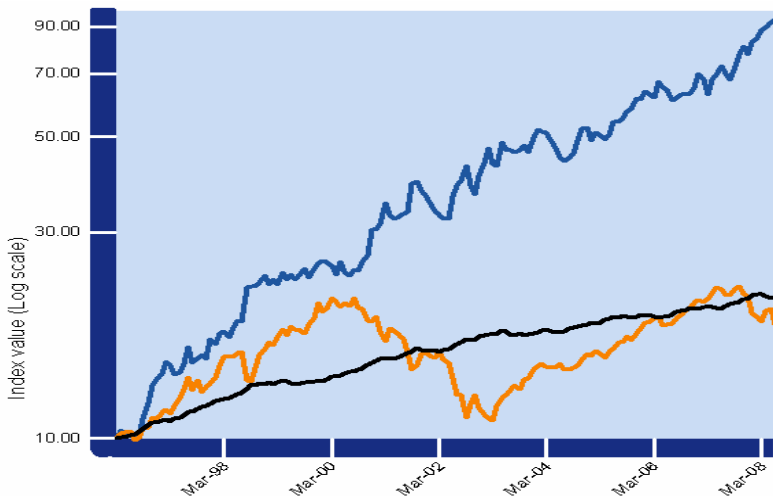
## Quarterly report

1 April 2008 to 30 June 2008

### Investment objective

The fund trades a diversified portfolio of the world's equity index, bond and commodity futures markets and interbank foreign exchange markets.

### Performance 26 March 1996 to 30 June 2008



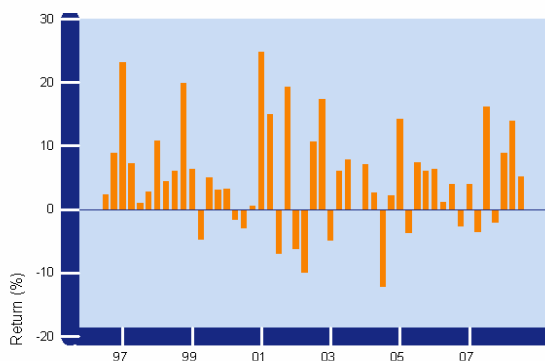
	Man AHL	World stocks	World bonds
<b>Total return</b>	<b>831.9%</b>	<b>83.0%</b>	<b>111.0%</b>
Last month	1.0%	-8.4%	-0.1%
Last quarter	<b>5.2%</b>	<b>-2.0%</b>	<b>-2.3%</b>
YTD	19.9%	-14.3%	0.2%
Last 12 months	27.9%	-17.3%	5.7%
Last calendar year	19.6%	3.7%	5.7%
CARR*	20.0%	5.1%	6.3%
Annualised volatility	17.8%	14.1%	2.8%
Downside deviation	8.8%	10.6%	1.7%
Sharpe ratio§	0.89	0.13	0.71
Sortino ratio§	1.78	0.17	1.16
Worst drawdown	-17.9%	-47.9%	-2.7%
<b>NAV per share USD</b>	93.19		
<b>No. of shares</b>	44,311,270		
<b>Total NAV USD</b>	4,129,543,499		

### Quarterly overview

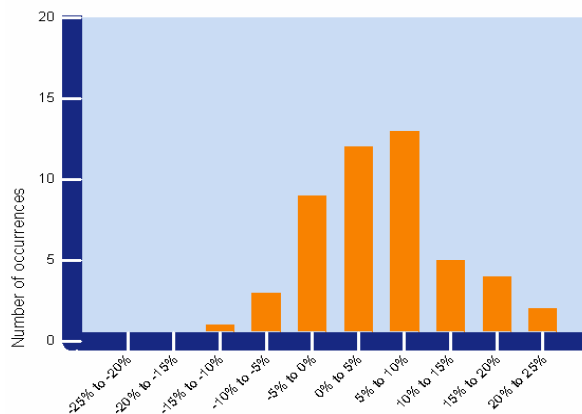
Equities rallied strongly in April and May before suffering sharp declines in June as rising oil prices, recession fears and concerns over the health of the US and European financial sectors caused a slump in investor sentiment. The MSCI European index lost 8.8% in June to close at a multi-year low, while the S&P 500 fell 3.2% over the quarter. Some emerging market indices suffered sharper falls. China's Shanghai Composite and India's Sensex were among the quarter's worst performers, falling 21.2% and 14%, respectively. Oil continued its meteoric rise, surging to a series of lifetime highs as demand from emerging economies remained strong and supply concerns persisted. West Texas Intermediate rose 38% over the quarter, reaching an all time high of US\$140 per barrel on the last day in June. With central banks weighing the risks of rising inflation and slowing growth, the European Central Bank maintained interest rates at 4%, while the Federal Reserve and Bank of England both lowered rates by a quarter-point to 2% and 5%, respectively.

### Quarterly return analysis†: 26 March 1996 to 30 June 2008

#### Quarterly returns



#### Distribution of quarterly returns



Source: Man database and Bloomberg. Past performance is not necessarily a guide to future results.  
 World stocks: MSCI World Stock Index (hedged to USD). World bonds: Citigroup World Government Bond Index hedged to USD (Total return).  
 Please note that Man AHL Diversified plc is a weekly valued fund. Figures used in the report are as of the valuation closest to quarter end. \*CARR: Compound annual rate of return. §Sharpe and Sortino ratios are 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 and Sortino ratios will be negative. Because the Sharpe and Sortino ratios are an absolute measure of risk-adjusted return, negative Sharpe and Sortino ratios are shown as N/A, as they can be misleading. †Quarterly analysis is based upon discrete quarters.

### Sector analysis

Sector	Allocation to portfolio(%)	Value at Risk (VaR)‡	Profit/Loss over quarter (%)**
Agriculturals	5.2	0.11	0.14
Bonds	19.5	0.18	-1.40
Currencies	23.1	0.51	0.05
Energies	16.3	0.51	7.41
Interest rates	8.3	0.09	0.62
Metals	8.7	0.13	0.01
Stock indices	17.2	0.06	-1.05
Volatility	0.5	N/A*	0.14
Credit	1.1	0.02	-0.05
		<b>Total VaR(%)</b>	<b>1.06</b>

#### Agriculturals

The agriculturals component returned a profit as long positions in corn led performance. Prices hit a series of all-time highs during the period, finishing the quarter up 30.3% as production was hit by unfavourable weather while biofuel demand remained strong. On the downside, short positions in wheat incurred losses for the Programme after the commodity rallied in June. Long positions in cocoa made gains, predominantly in June, as the soft hit a 28-year high on concerns regarding the crop yield from the Ivory Coast, the world's largest producer.

#### Metals

Metals trading posted a flat return. Base metals contributed profits with long positions in copper and aluminium paying off handsomely, while short positions in zinc supported well. However, precious metals offset gains after long gold trades suffered from a drop in prices to around US\$850 at the beginning of May. The price fall was due to the culmination of a stabilising US dollar, a degree of profit taking and a drop off in physical demand during April. Towards the end of the period, gold started to recover as rising inflation concerns and falling equity markets boosted the precious metal's appeal.

#### Energies

Trading within the energy sector secured the largest gains for AHL over the 2nd quarter of 2008 as all markets posted gains. The much publicised rise in crude oil provided the main theme for profits. WTI Crude rose 38% over the quarter, peaking at US\$140 on the last day of the period. Long natural gas positions also added strong profits over the quarter as prices rose 31%, peaking at US\$13.353. Long positions in other crude oil distillates such as RBOB gasoline, heating oil and gas oil also posted strong profits over the quarter.

#### Bonds

Bond trading posted a loss as gains in European bonds were offset by losses in Japanese government bonds and US Treasuries. Short positions in Euro-Bund, Euro-Schatz and Euro-BOBL profited as eurozone inflation accelerated and ECB president, Jean-Claude Trichet, outlined a hawkish stance on inflation. However, losses in April affected returns after long Japanese bonds experienced a large-scale sell-off as annual inflation hit a 10-year high. Later in the period, short positions in Japanese bonds suffered as yields fell. Trading in US Treasuries was also negative as a choppy environment led to losses in both long and short positions.

Market	Position§§	Degree of influence	Market	Position§§	Degree of influence
Crude Oil	LLL	+++	US Treasury Bonds	S	--
Natural Gas	LLL	+++	Japanese Bond	SS	--
RBOB Gasoline	L	++	British pound: US dollar	SS	--
Heating Oil	LL	++	Eurodollar	S	-
Brazilian real/US dollar	L	++	Swiss Franc: US Dollar	S	-

#### Stocks

Stock trading incurred a loss, with trades in the Nikkei 225 and Topix 100 indices proving to be the main detractors to performance. Short equity positions, particularly in the Japanese indices mentioned above, suffered in April and May as confidence returned and stock markets globally began to recover from the declines over Q1. However, in June, global equities plummeted on recession fears, inflation concerns and high oil prices. As a result long positions in a number of headline bourses, such as the Nasdaq 100, detracted from performance.

#### Interest Rates

Interest rates trading performed well, driven by short positions in Euribor and Short Sterling contracts. The slump in prices came from increased expectations of interest rate rises in an attempt to fight off inflation in the UK and eurozone. The scenario was similar in the US, although towards the end of the quarter the scale of the economic turmoil prompted traders to lower the chances of a rise in the federal funds rate. This negatively impacted the Programme's short positions in Eurodollar contracts.

#### Currencies

Currency trading finished the quarter flat as gains from long Brazilian *real* and Australian dollar trades against the US dollar were offset by losses realised from short Japanese yen and British pound positions against the US dollar. The Australian dollar hit a 24-year-high against the US dollar on the back of surging commodity prices and low US consumer confidence figures. The Brazilian *real* also rallied versus the US dollar after the Central Bank of Brazil increased interest rates by 50bps to 12.25%. However, profits from these trades were offset by short Japanese yen and British pound positions against the US dollar as well as unfavourable results from Swiss franc trading against the US dollar.

#### Volatility

Volatility trading performed well in the second quarter. Selling volatility across a number of markets proved fruitful and our timing model added value by identifying the period as a good time to increase our exposure. European cross rates contributed the largest gains during the period.

#### Credit

Credit trading posted a modest loss, after exposure to the European credit indices detracted from performance over the majority of the period.

Past performance is not indicative of future results. Please note that Man AHL Diversified plc is a weekly valued fund. Figures used in the report are as of the valuation closest to quarter end. ‡VaR is quoted as the expected daily return standard deviation, expressed as a percentage of Net Asset Value. The calculation is based on current positions held and the recently observed volatilities of, and correlations between, the returns of the instruments traded by the product. \*\*The sector profit and loss percentages above are to be used as indications only. The figures are estimated and generated from the underlying AHL Diversified Programme system and do not take into account the fees/interest/commission charges on any particular account. Differences may also occur due to slippage variation, portfolio changes, FX movements and post execution adjustments. Therefore the sum total of these sector indications will not necessarily equate to the reported performance for the quarter in question. §§ 'S' denotes a short position, 'L' denotes a long position. \*The volatility sector VaR figure is already accounted for within the currency and metal sectors, however total daily volatility VaR was 0.01.

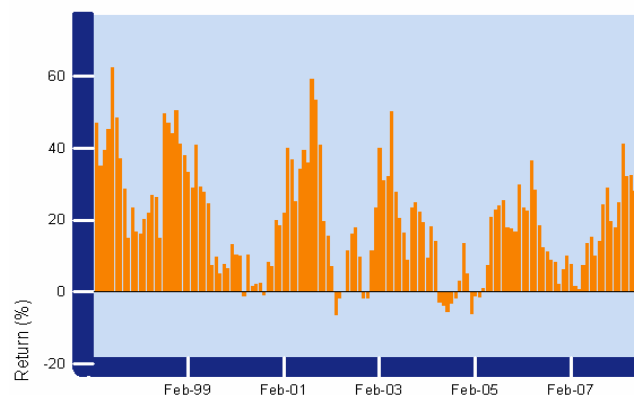
# Man AHL Diversified plc

## Quarterly report

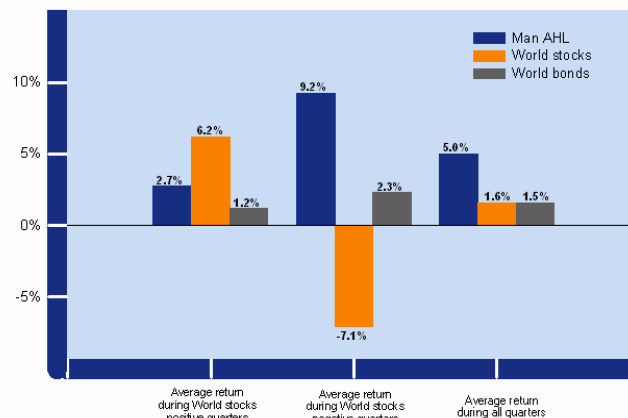
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### Statistical Analysis 26 March 1996 to 30 June 2008

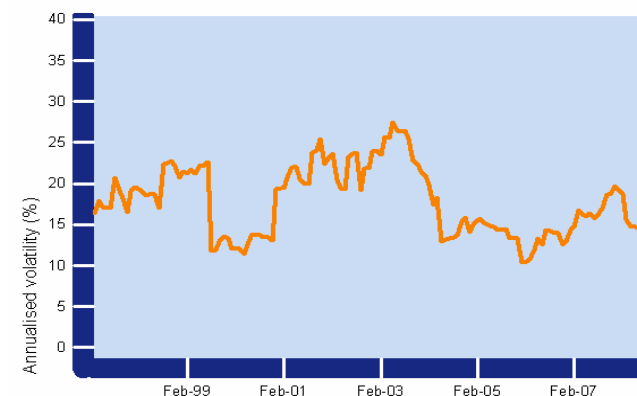
#### 12 month rolling returns



#### Man AHL and World bonds relative to World stocks - average return during World stocks positive and negative quarters†



#### 12 month rolling volatility



Number of World stocks positive quarters	32
Number of World stocks negative quarters	17
Percentage of positive Man AHL quarters during negative quarters for World stocks	88.2%

### Correlation analysis 26 March 1996 to 30 June 2008

<b>Man AHL</b>	<b>World stocks</b>	<b>World bonds</b>	<b>US stocks</b>	<b>US bonds</b>	<b>Man AHL</b>
1.00	-0.18	0.34	-0.16	0.18	

### Drawdown analysis 26 March 1996 to 30 June 2008

	<b>Worst drawdown (%)</b>	<b>Length</b>	<b>Recovery</b>	<b>Duration</b>
Man AHL	-17.9%	7 months	3 months	10 months
World stocks	-47.9%	31 months	49 months	80 months
World bonds	-2.7%	3 months	6 months	9 months
US stocks	-44.7%	25 months	49 months	74 months
US bonds	-10.1%	2 months	8 months	10 months

Source: Man database and Bloomberg. Past performance is not necessarily a guide to future results. World stocks: MSCI World Index (hedged to USD). World bonds: Citigroup World Government Bond Index hedged to USD (Total return). US stocks: S&P 500 Index. US bonds: Citigroup High Grade Corporate Bond Index (total return). Please note that Man AHL Diversified plc is a weekly valued fund. Figures used in the report are as of the valuation closest to quarter end.†Quarterly analysis is based upon discrete quarters.

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## Quarterly report

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**Track record** 26 March 1996 to 30 June 2008

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Return
<b>1996</b>				4.4%	-2.5%	0.5%	-2.1%	0.6%	10.6%	8.7%	9.8%	3.2%	<b>37.1%<sup>††</sup></b>
<b>1997</b>	3.1%	6.4%	-2.3%	-4.1%	0.8%	4.6%	9.4%	-8.0%	2.1%	2.1%	-2.0%	10.8%	<b>23.5%</b>
<b>1998</b>	-2.5%	5.8%	1.2%	-2.8%	4.9%	3.9%	-0.4%	19.9%	0.4%	0.0%	2.4%	3.8%	<b>41.1%</b>
<b>1999</b>	-4.7%	2.3%	-2.1%	6.4%	-3.8%	2.7%	-2.8%	3.3%	2.6%	-4.2%	4.8%	2.7%	<b>6.5%</b>
<b>2000</b>	1.1%	-0.2%	-2.5%	-4.2%	7.0%	-5.3%	-2.2%	3.4%	-0.6%	4.6%	3.8%	14.9%	<b>19.9%</b>
<b>2001</b>	-0.1%	2.9%	11.8%	-6.3%	-2.1%	1.5%	1.6%	0.8%	16.4%	0.9%	-4.7%	-2.5%	<b>19.7%</b>
<b>2002</b>	-3.5%	-4.7%	-2.0%	-1.9%	-0.2%	13.0%	5.7%	2.5%	8.3%	-9.6%	-4.6%	10.4%	<b>11.4%</b>
<b>2003</b>	6.9%	8.1%	-8.3%	-1.0%	13.5%	-4.0%	-0.2%	-0.9%	1.1%	2.5%	-3.4%	8.0%	<b>22.3%</b>
<b>2004</b>	4.5%	-1.0%	-0.9%	-4.4%	-3.4%	-4.9%	-2.0%	1.5%	2.8%	7.1%	6.4%	0.2%	<b>5.1%</b>
<b>2005</b>	-6.6%	4.3%	-1.2%	-2.3%	2.8%	7.0%	-0.3%	2.3%	4.0%	0.7%	6.3%	-0.6%	<b>16.8%</b>
<b>2006</b>	3.9%	-0.8%	-2.0%	8.8%	-3.3%	-1.1%	-5.4%	1.1%	1.8%	0.2%	0.3%	3.4%	<b>6.4%</b>
<b>2007</b>	7.5%	-2.9%	-7.5%	8.0%	2.9%	4.6%	-3.9%	-3.5%	5.6%	9.0%	4.3%	-4.2%	<b>19.6%</b>
<b>2008</b>	6.1%	2.8%	4.5%	1.0%	3.2%	1.0%							<b>19.9%<sup>††</sup></b>

The European Union Savings Directive 2003/48/EC (the "Directive") came into force with effect from 1 July 2005. The Directive requires a paying agent (as defined in the Directive), established in an EU member state, associated/dependent territories, or certain third countries, to either report or withhold tax from payments of "savings income" to an individual beneficial owner residing in another EU member state or covered territory. "Savings income" is defined in the Directive and can include coupon and dividend payments, distribution and redemption payments in respect of investments in bonds/shares and certain investment funds. It is the investment objective to generate capital gains rather than interest.

Investors should seek independent advice on the impact of the Directive on their investment. It is the investment objective to generate capital gains rather than interest.

Source: Man database and Bloomberg. Past performance is not necessarily a guide to future results.

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