

Man AHL Diversified plc

Flash report for the week 28 October – 03 November 2008

Extreme volatility across financial markets hampered the performance of Man AHL Diversified plc over the period. NAV per share fell 3.6%, although the Product remains up 19.8% YTD. The MSCI World TR USD Index rose 15.3% over the same period, but remained down -38.3% YTD.

Short trades in various major currencies against the US dollar proved detrimental to performance. The dollar weakened after the Federal Reserve cut interest rates by 50 bps to 1% in an attempt to boost the flagging US economy. The rate cut helped to increase risk appetite and halt the wave of deleveraging that had boosted the dollar in recent months. Short positions in the Canadian dollar against the US dollar proved particularly unfavourable. The Canadian currency rallied on speculation that demand for commodities would not weaken as much as previously expected. The Canadian dollar is closely tied to commodity demand due to Canada being a major exporter of oil and other minerals. Short positions in the Australian dollar against the US dollar also detracted from performance as the Australian dollar rallied on the same commodity-linked theme. Meanwhile, short positions in the euro versus the Japanese yen suffered as the Japanese currency fell after

the Bank of Japan cut interest rates by 20bps to 0.3%.

Bond trading also detracted from performance. The majority of losses came from long positions in Australian government bonds. Prices fell as fears over a sharp global recession moderated. In equities, losses were sustained from the majority of the Programme's short positions. Global indices rose after the release of better-than-expected US GDP figures, the prospect of another wave of global interest rate cuts, and the continued easing of strain in the credit markets. In the energy markets, negative returns were mainly attributed to short positions in natural gas. Prices rose on fears that the recent fall in prices may put some new gas production projects in doubt, thereby potentially limiting future supply.

On the positive side, profits were secured from trading in interest rates. Long positions in Euribor contracts provided gains after prices rose on expectations that the European Central Bank would cut interest rates substantially at its next policy meeting. This followed data indicating that European economic confidence experienced its largest ever fall in October as the global banking crisis weighed heavily on sentiment.

| Key markets | Position |
|----------------------------|----------|
| Profits | |
| Euribor | Long |
| Cotton | Short |
| RBOB Gasoline | Short |
| Losses | |
| Canadian dollar: US dollar | Short |
| Natural gas | Short |
| Euro: Japanese yen | Short |

| Sectors traded | Profit/loss |
|----------------|-------------|
| Agriculturals | -0.21% |
| Bonds | -0.52% |
| Currencies | -1.92% |
| Energies | -0.42% |
| Interest Rates | 0.08% |
| Metals | -0.03% |
| Stocks | -0.50% |
| Credit | -0.07% |
| Volatility | -0.01% |

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The market sector and key market attributions above are to be used as an indication 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 month in question.

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