

# Man AHL Diversified plc

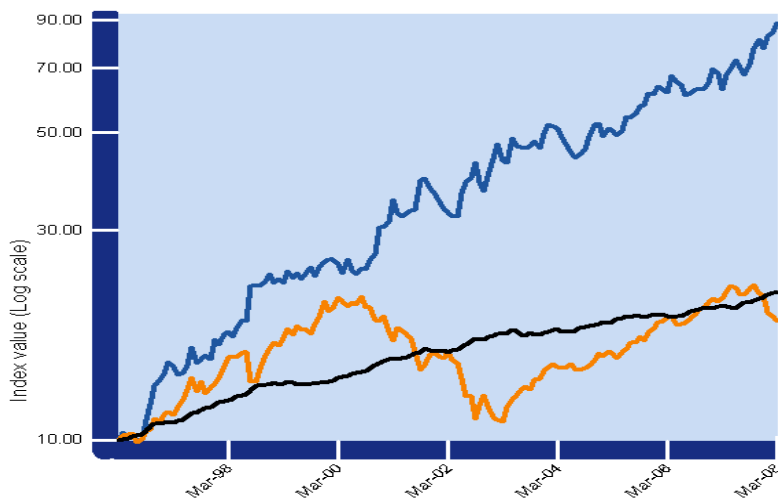
## Quarterly report

1 January 2008 to 31 March 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 31 March 2008



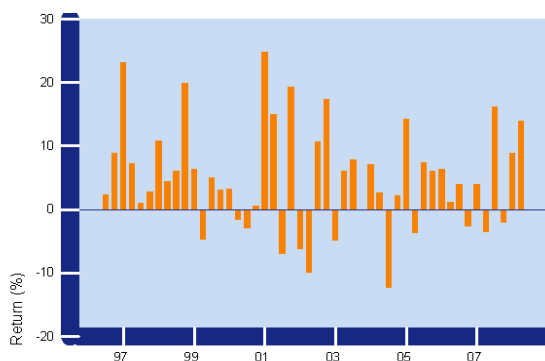
	Man AHL	World stocks	World bonds
<b>Total return</b>	<b>785.8%</b>	<b>86.8%</b>	<b>116.0%</b>
Last month	4.5%	-2.5%	0.1%
Last quarter	<b>14.0%</b>	<b>-12.5%</b>	<b>2.6%</b>
YTD	14.0%	-12.5%	2.6%
Last 12 months	41.3%	-10.9%	7.3%
Last calendar year	19.6%	3.7%	5.7%
CARR*	19.9%	5.3%	6.6%
Annualised volatility	17.9%	13.9%	2.8%
Downside deviation	8.9%	10.4%	1.6%
Sharpe ratio§	0.87	0.14	0.83
Sortino ratio§	1.75	0.19	1.39
Worst drawdown	-17.9%	-47.9%	-2.7%
<b>NAV per share USD</b>	<b>88.58</b>		
<b>No. of shares</b>	<b>39,888,457</b>		
<b>Total NAV USD</b>	<b>3,533,442,434</b>		

### Quarterly overview

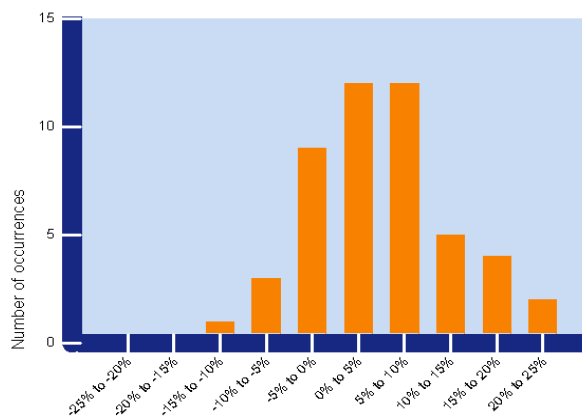
Equity markets suffered heavy losses during the quarter as concerns over the health of the financial system intensified and the outlook for the US economy deteriorated. January saw the largest declines with a number of European and Asian indices registering double-digit monthly losses. Conditions improved in February and March but equities continued to trend lower and markets remained highly volatile. The sharp sell-off in equity markets came despite the Federal Reserve slashing its target funds rate from 4.25% to 2.25% and central banks throughout the world injecting additional funds into money markets to increase liquidity. The Fed's decision to cut rates aggressively put further downward pressure on the dollar. The US currency slumped to lifetime lows against the euro and Swiss franc and sunk to a multi-year low against the Japanese yen. The weakness of the US dollar sent commodity prices sharply higher. Oil rose to a series of lifetime highs, spending most of the second half of the quarter above US\$100 per barrel, while gold, base metal and agricultural prices also climbed to record highs.

### Quarterly return analysis†: 26 March 1996 to 31 March 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	4.9	0.08	2.38
Bonds	19.8	0.41	1.96
Currencies	24.3	0.44	6.72
Energies	19.2	0.37	1.34
Interest rates	8.5	0.09	1.91
Metals	8.2	0.21	1.54
Stock indices	15.1	0.21	0.99
<b>Total VaR(%)</b>		<b>1.07</b>	

#### Agriculturals

Trading within agricultural markets made gains across the majority of contracts, with corn trading providing the largest contribution. Soya-based products rose to record highs during February on speculation that increased Chinese demand would cut into US inventories, although March saw a retraction in prices, paring earlier gains from long positions. Prices in soyabean oil declined as Chinese importers surprisingly cancelled an order and US farmers stated that a greater proportion of land would be allocated to soya products in the near-term.

#### Bonds

Bond trading accrued profits as Japanese bonds and US Treasuries led the way. Disappointing US economic data saw investors switching out of riskier asset classes and into government paper; sending the 2-year US Treasury yield fell from 3.05% on 31 December to 1.34% by mid-March. Our long positions in Japanese bonds also proved beneficial on increased speculation that the Bank of Japan would cut interest rates to boost economic growth. However, gains were slightly offset by short positions in Australian bonds as investors became concerned over the impact of the credit crunch on economic growth.

#### Currencies

Currency trading contributed excellently during the period. The quarter saw the US dollar continue to weaken against most major currencies due to ongoing concerns regarding the credit crisis and the US housing market. As a result long positions in various currencies, in particular the Swiss franc, against the US dollar proved highly beneficial. March witnessed the euro hitting a record high of US\$1.5846, as the European Central Bank showed no indication of cutting interest rates in the near future.

Market	Position§§	Degree of
Euro: US dollar	LLL	+++
Eurodollar	LLL	++
Japanese bonds	LL	++
Swiss franc: US dollar	LLL	++
Euro: British pound	LL	++

Market	Position§§	Degree of
Australian bonds	SS	--
Canadian dollar: US dollar	LL	--
RBOB Gasoline	LL	-
British pound: US dollar	L	-
Aluminium	L	-

#### Energies

Energy delivered a solid profit for the quarter as a weakening US dollar and increased demand supported price rises. Long positions in crude oil were beneficial despite the commodity sliding below US\$90 at the beginning of the period. However, concerns that OPEC may cut production levels and a disruption to oil production in Nigeria sent prices towards US\$110 and in doing so, closed at a record high of US\$110.33 per barrel on 13 March. Distillate products such as gas oil and heating oil followed the upward trend of crude, accruing strong profits via our long positions.

#### Metals

Precious metals trading made a solid profit as long positions in gold, silver and platinum made gains. Gold rocketed upwards during the start of the period, eventually climbing above the US\$1000 mark in mid-March. Elevated global inflation, a deteriorating US economy and a weak US dollar all supported the rise in gold, silver and platinum. In the base metals component, positive trading in copper offset losses from aluminium.

#### Short-term interest rates

Trading in short-term interest rates posted a firm gain over the first quarter despite market volatility. Long positions in Eurodollar and Euribor contracts posted the largest part of gains as investors bet on rate reductions in the US and Europe as turmoil swept through global markets. However, these earlier gains were reduced as hawkish rhetoric from the European Central Bank (ECB) indicated that interest rates for the eurozone would remain stable in the near-term.

#### Stocks

Stock market trading posted a gain over the quarter, with short positions in the Nikkei, TOPIX and S&P 500 proving particularly fruitful. Serious concerns over the US economy prompted a large scale investor switch out of equities, with rapidly falling Asian markets reversing some of the gains accrued in 2007. Short exposure to European markets such as the Euro Stoxx, CAC40 and Dax also contributed to gains. However, some profits were reversed as the Federal Reserve intervened to calm markets with a 75bps federal funds rate cut, sending indices higher to the end of March.

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

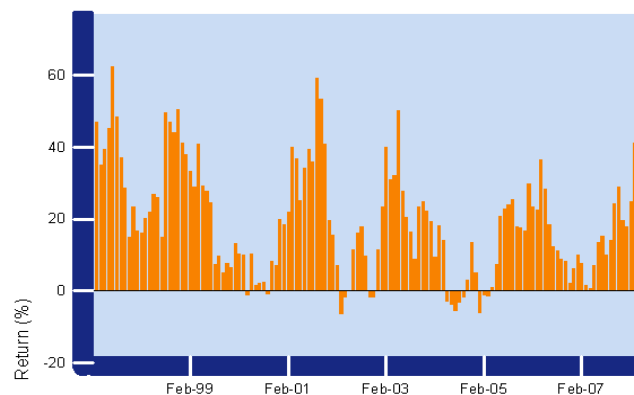
# Man AHL Diversified plc

## Quarterly report

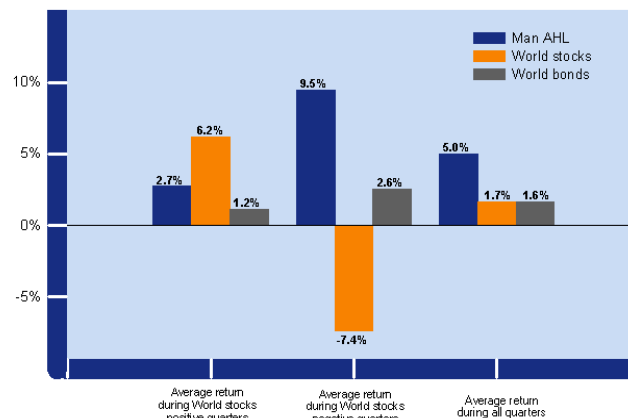
1 January 2008 to 31 March 2008

### Statistical Analysis 26 March 1996 to 31 March 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	16
Percentage of positive Man AHL quarters during negative quarters for World stocks	87.5%

### Correlation analysis 26 March 1996 to 31 March 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	0.36	-0.17	0.18	

### Drawdown analysis 26 March 1996 to 31 March 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).

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1 January 2008 to 31 March 2008

**Track record** 26 March 1996 to 31 March 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%										<b>14.0%<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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