



Half year results 2021

Announced 28 July 2021

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LSE:EMG



Introduction

Luke Ellis
Chief Executive Officer





The first half was an excellent period of growth

\$135.3bn

FUM

- Record funds under management of \$135.3bn with strong investment performance and net inflows
- Net inflows of \$1.2bn driven by continued demand for alternative strategies

+51%

Core MF EPS growth

- Core management fee EPS of 7.4¢ driven by strong revenues and operating leverage
- Run rate core net management fees of \$886m at Jun-21 provides continued momentum into H2

+246%

Core EPS growth

- Core EPS of 18.7¢ following strong performance fee outcome in H1
- Strong H2 performance fee optionality with a diverse range of strategies above high-water mark

\$179m

Shareholder returns¹

- Intention to repurchase an additional \$100m of shares
- H1 2021 progressive dividend of 5.6¢ per share, 14% increase vs. H1 2020

Technology and talent drive our business

**We are a
technology-driven
investment firm**

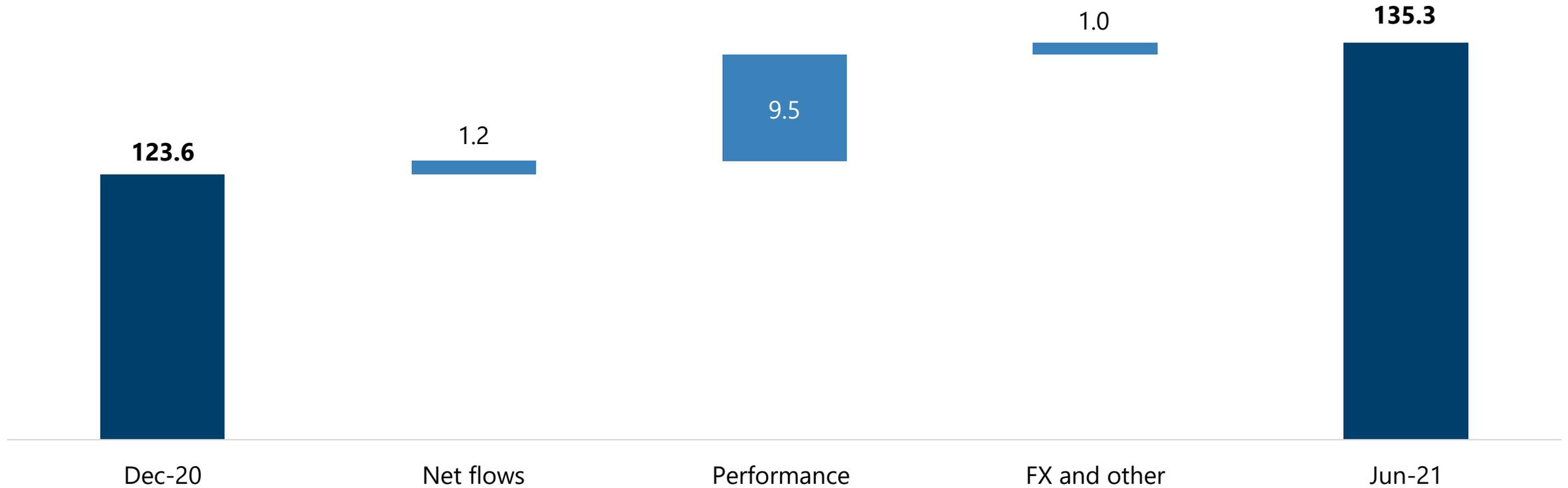
**Connecting talent
and technology
powers our growth
and performance**

**Our model makes us
well placed to thrive
in the future**



Strong performance from both alternatives and long-only drove growth

Funds under management (FUM), \$bn



Positive performance across strategies, meaningful outperformance

Investment performance

	Absolute \$bn	Relative \$bn	
Alternative	+3.8	+0.3	<ul style="list-style-type: none"> Strong absolute performance across our alternative strategies AHL Evolution made a significant contribution to our H1 performance fees Alternative strategies outperformed peers by 0.4%
Long-only	+5.7	+1.1	<ul style="list-style-type: none"> Strong performance across our long-only strategies, with all systematic long-only equity strategies delivering double digit returns Overall outperformance of 2.5% driven by our valuation focused strategies, with GLG Japan CoreAlpha and Numeric Emerging Markets particularly strong
Total	+9.5	+1.4	<ul style="list-style-type: none"> Absolute investment performance across the firm was 8.6% Strong asset weighted outperformance of 1.3% versus peers¹

1. Relative performance versus peers is calculated using an asset weighted average performance relative to peers for all strategies where we have identified and can access an appropriate peer composite. As at 30 June 2021 it covers 88% of the FUM of the firm and excludes infrastructure managed account mandates, Global Private Markets and collateralised loan obligations. Past performance is not an indication of future performance



Net inflows driven by alternatives, strong H2 pipeline

Net flows

	H1 2020 \$bn	H1 2021 \$bn	
Alternative	+1.0	+1.7	<ul style="list-style-type: none">Continued inflows into our alternative strategies, driven by AHL TargetRisk and Man Institutional Solutions
Long-only	-2.2	-0.5	<ul style="list-style-type: none">Inflows in discretionary long-onlyOutflows moderating in systematic long-only as performance improved significantly
Total	-1.2	+1.2	<ul style="list-style-type: none">Net inflows, strong sales pipeline including some larger mandates



Financial Highlights

Mark Jones
Chief Financial Officer





Excellent revenue and profit growth

H1 2021 P&L, \$m

		H1 2020	H1 2021	Change
Net revenues	Core net management fees	358	417	16%
	Performance fees ¹	32	301	841%
	Sub-lease income ²	7	10	43%
	Total	397	728	83%
Costs	Fixed cash costs ³	(145)	(158)	9%
	Asset servicing	(27)	(29)	7%
	D&A	(23)	(23)	-
	Variable compensation	(103)	(189)	83%
	Net finance expense	(5)	(6)	20%
	Total	(303)	(405)	34%
Core PBT	Management fees	86	126	47%
	Performance fees	8	197	n.m.
	Total	94	323	244%
Core EPS, ¢	Management fees	4.9	7.4	51%
	Total	5.4	18.7	246%

+83%

Net revenue growth

\$301m

Performance fees and gains on investments

+51%

Core management fee EPS

1. Includes gains on FX and investments of \$17m in H1 2021 and \$3m in H1 2020

2. Relates to sub-lease rental and lease surrender income

3. Includes fixed compensation and other cash costs



Positive growth and continued momentum for the second half

Net management fees (NMF) and other income, \$m

	H1 2020 ¹	H1 2021	Jun-21 run rate
Absolute return	176	211	449
Total return	79	92	197
Multi-manager	18	17	34
Alternative	273	320	680
Systematic	35	40	86
Discretionary	50	57	120
Long-only	85	97	206
Core net management fees	358	417	886
<i>Margin, bps</i>	66	66	66
Sub-lease income ²	7	10	
Total	365	427	

+16%
Management fee growth

\$886m
Jun-21 run rate NMF
(Dec-20: \$815m)

66 bps
Stable run rate NMF
margin

1. H1 2020 figures for core net management fee revenue by product category reflect updated categorisation

2. Relates to sub-lease rental and lease surrender income

Excellent operating leverage in H1, investing to support future growth

Costs, \$m

	H1 2020	H1 2021	Change	
Costs	Fixed compensation	96	104	8%
	Variable compensation	103	189	83%
	Other cash costs	49	54	10%
	Asset servicing	27	29	7%
	D&A	23	23	-
	Net finance expense	5	6	20%
	Total	303	405	34%
Key metrics	<i>Fixed cash costs¹</i>	145	158	9%
	<i>Compensation ratio</i>	50%	40%	
	<i>MF operating margin²</i>	25%	31%	
	<i>Total operating margin³</i>	25%	45%	

\$158m

Fixed cash costs

40%

Compensation ratio

45%

Total operating margin³

1. Includes fixed compensation and other cash costs

2. Defined as: core management fee earnings before interest and tax / core management fee revenues

3. Defined as: core earnings before interest and tax / core revenues



Record FUM with strong performance and continuing net inflows

Funds under management, \$bn

	FUM at 31 Dec 2020	Net inflows/ (outflows)	Investment performance	FX & other	FUM at 30 Jun 2021
Absolute return	34.0	1.1	2.3	0.9	38.3
Total return	29.0	1.7	1.1	0.7	32.5
Multi-manager	14.2	(1.1)	0.4	(0.1)	13.4
Alternative	77.2	1.7	3.8	1.5	84.2
Systematic	27.8	(1.1)	4.2	(0.2)	30.7
Discretionary	18.6	0.6	1.5	(0.3)	20.4
Long-only	46.4	(0.5)	5.7	(0.5)	51.1
Total	123.6	1.2	9.5	1.0	135.3

\$9.5bn

Investment performance
for clients

0.8%

Net inflows relative to
the industry in H1 2021¹

1.3%

Asset weighted
performance versus
peers²

1. Based on asset-weighted industry net flows. Source: HFR, Morningstar, Man Group analysis

2. Relative performance versus peers is calculated using an asset weighted average performance relative to peers for all strategies where we have identified and can access an appropriate peer composite. As at 30 June 2021 it covers 88% of the FUM of the firm and excludes infrastructure managed account mandates, Global Private Markets and collateralised loan obligations. Past performance is not an indication of future performance



Excellent first half, with multiple contributing strategies

Performance fees¹, \$m

	2017	2018	2019	2020	H1 2021
AHL Alpha	17	10	48	76	30
AHL Dimension	42	30	88	-	-
AHL Evolution	69	44	97	10	129
GLG absolute return	76	31	33	48	4
Other alternatives	31	9	57	41	121
Long-only	54	3	2	4	-
Gains on investments and FX	44	(5)	20	20	17
Total	333	122	345	199	301

Diverse sources

Multiple categories that have contributed >\$25m

\$57.1bn

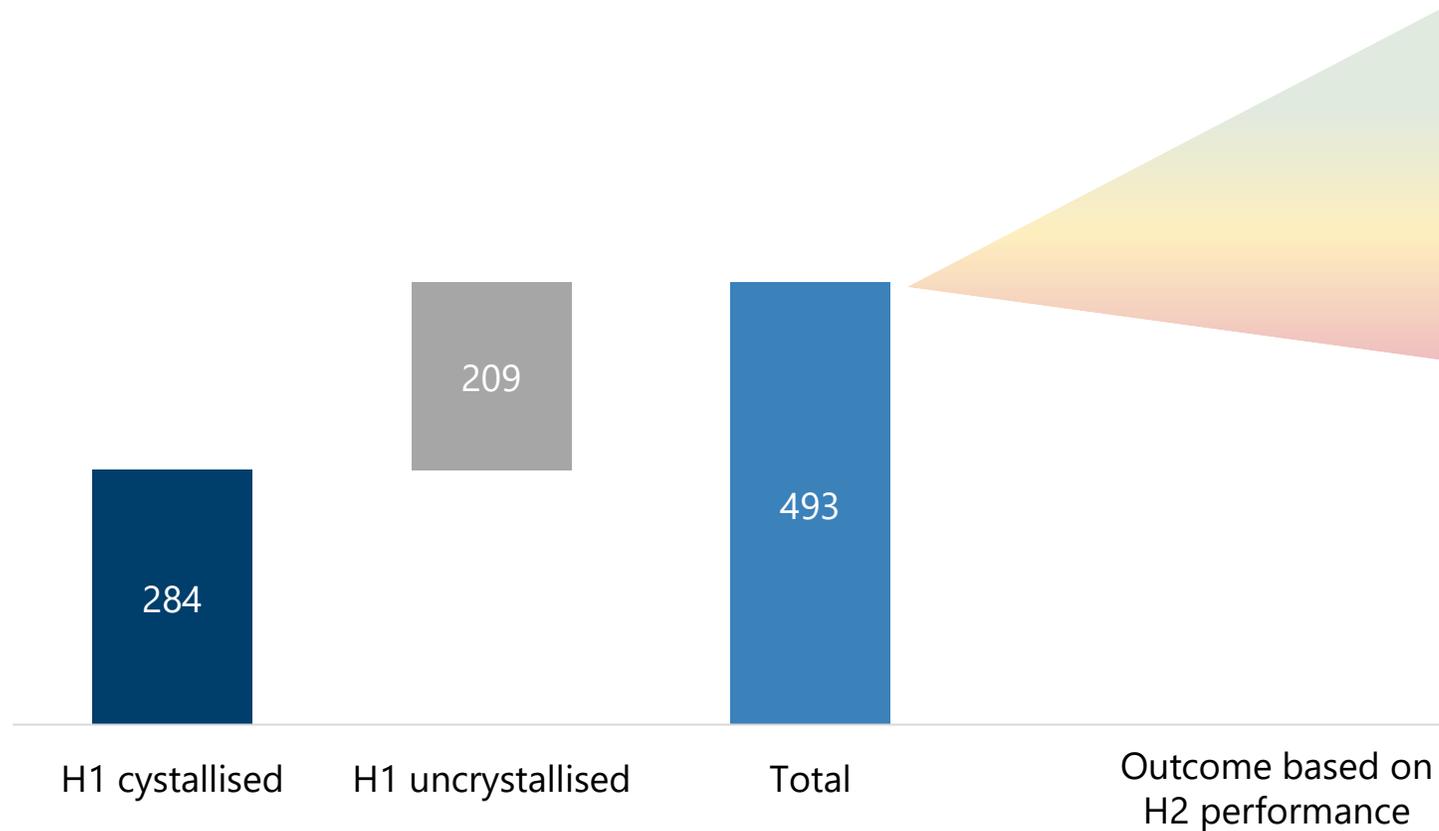
Performance fee eligible FUM

1. Includes gains on investments and FX



H1 performance leaves us very well placed for full year

Illustrative outcomes at 30 June for full year 2021 performance fees, \$m



Excellent first half,
stronger than some full
years

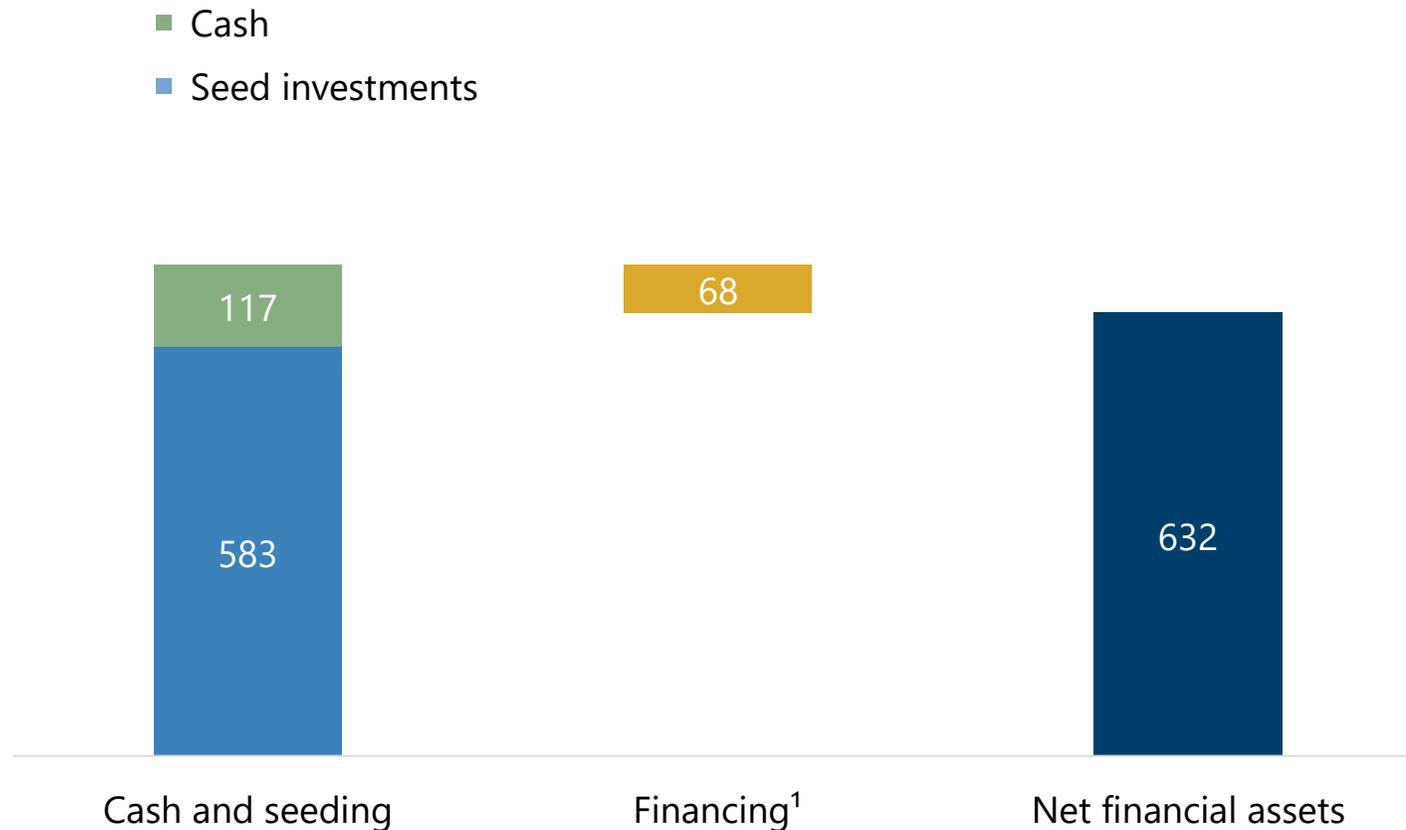
Strong accrued fees
that would crystallise
even with flat H2
performance

Material optionality
for full year



Strong, liquid balance sheet and continued capital returns

Net financial assets, \$m



Additional \$100 million share buyback

Interim dividend of 5.6¢ per share, +14% vs. H1 2020

Expect interim to be <50% of FY dividend in line with market

1. Financing comprises \$66m of payables under repo arrangements and \$2m of contingent consideration payable



Positioning

Luke Ellis
Chief Executive Officer



Technology permeates our culture

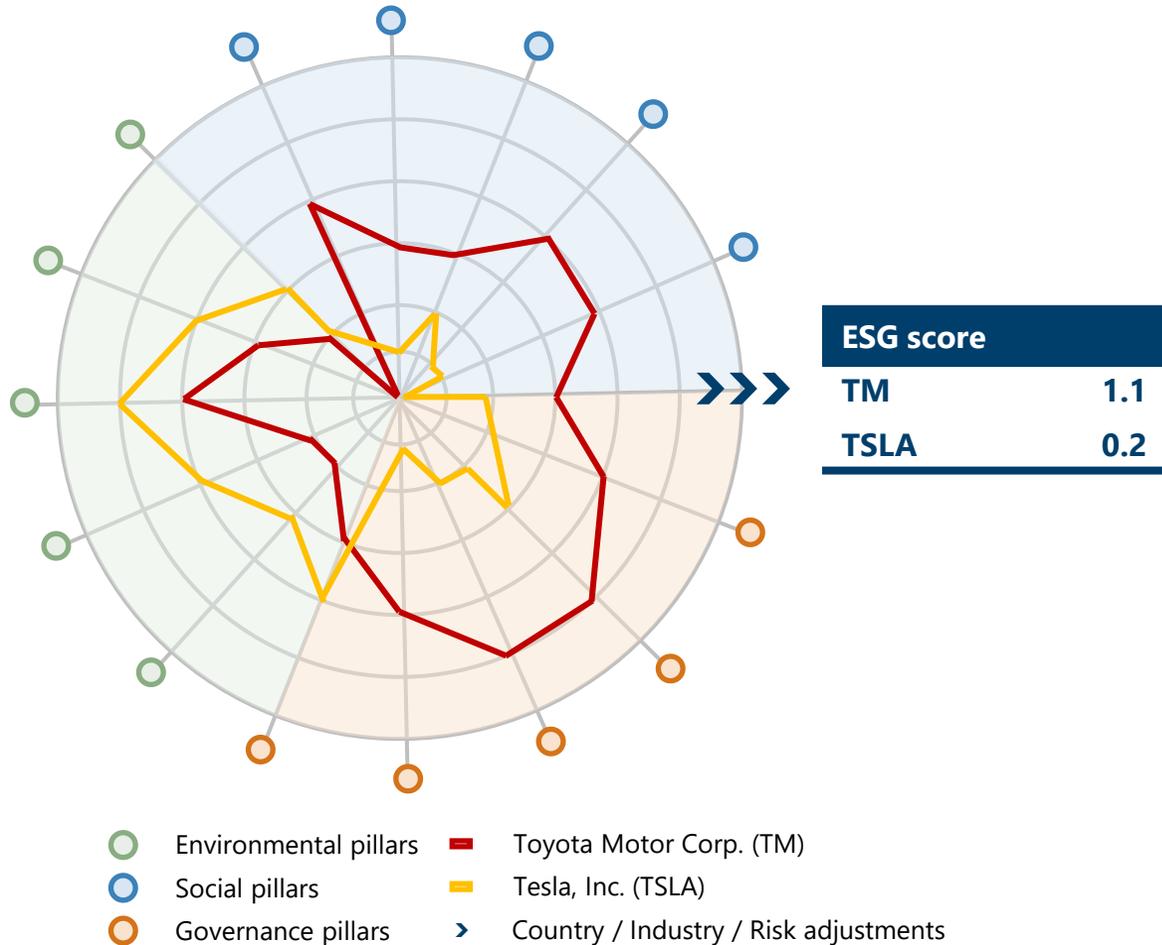


1. Source: HFM FY2020 Global Billion Dollar Club, ranked by assets managed in hedge fund strategies globally

2. GitHub, Inc. is a provider of internet hosting for software development. As at June 2021

Technology and data drive our ESG investment process

Illustration of proprietary ESG scoring process¹



\$46.1bn
ESG-integrated FUM²

Proprietary scoring framework
centred around 15 key pillars to
include ESG in our model mix

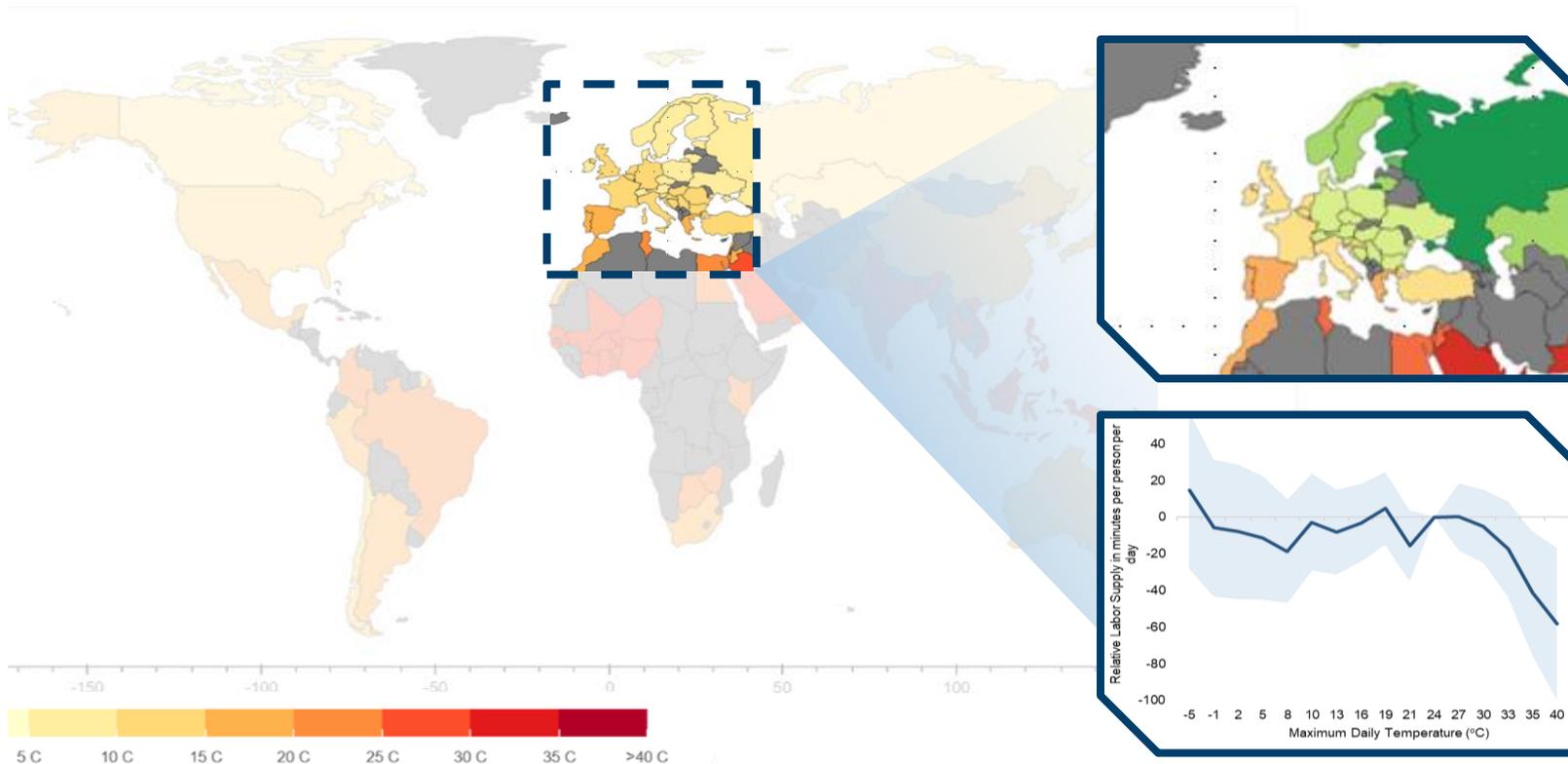
Ability to **fully customise**
thematic exposure and risk level
based on clients' ESG objectives

1. Schematic illustration only. The organisations mentioned are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale

2. Man Group calculation, based on Global Sustainable Investment Alliance definitions, where ESG integration is defined as the systematic and explicit inclusion by investment managers of environmental, social and governance factors into financial analysis. The ESG FUM figure aggregates all relevant portions of portfolios (funds or mandates) which routinely and explicitly include ESG factors into the investment decision making process as at 30 June 2021

Modelling the impact of climate change to support investment decisions

Projected temperature in 2100+



Impact on GDP/capita growth rates

Labour supply risk

Growing capabilities in fixed income

Systematic

- Opportunity to use the growing amount of data generated by the fixed income and credit markets
- Bond strategies launched at both Man AHL and Man Numeric
- Applies alpha techniques from our systematic models to fixed income markets

Discretionary

- High yield strategy launched and PM with 16+ years hired in Dec-18
- Long-only strategy has grown to ~\$1.4 billion in FUM at Jun-21
- Ranked top of its peer group; 7.0% above benchmark since inception^{1,2}

1. Past performance is not an indication of future performance. All performance is shown net of fees

2. Represented by Man GLG High Yield Opportunities I EUR. Relative return is shown vs ICE BofA Global High Yield Index (EUR, TR) Hedged. Peer group ranking per Lipper Global Bond Global High Yield EUR

Growing range of Asia long-only and alternative strategies

Systematic

- Foreign investors access to Chinese market has been steadily increasing
- Both Man AHL and Man Numeric offer China-focused strategies
- Implementation of quantitative methods to identify pockets of inefficiency in markets
- Strong H1 performance¹ – AHL China: 6.0% after 60%+ in 2020²; Numeric China: 8.9% above benchmark³

Discretionary

- GLG Asia ex Japan equity strategy launched in Oct-20, PM with 25+ years experience hired in Aug-20
- Long-only strategy has grown to ~\$1.0 billion in FUM at Jun-21
- In H1, GLG Japan CoreAlpha returned to inflows and delivered strong outperformance^{1,4} of 17.8%

1. Past performance is not an indication of future performance. All performance is shown net of fees

2. Represented by Man AHL No. 1 Private Fund Class F

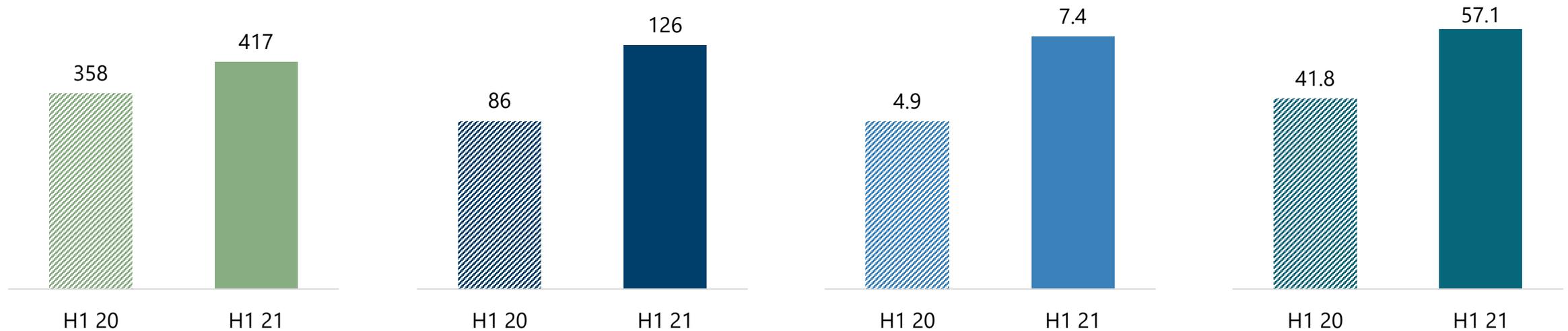
3. Represented by Numeric China Composite. Relative return shown vs MSCI China A Net Return USD Index

4. Represented by Man GLG Japan CoreAlpha Fund - Class C converted to JPY until 28 January 2010. From 1 February 2010 Man GLG Japan CoreAlpha Equity Fund - Class I JPY is displayed. Relative return shown vs TOPIX (JPY, GDTR)



Rapid growth over past year after resilient 2020 results...

1 year growth



16% growth

Core net management fees
vs. H1 2020, \$m

47% growth

Core management fee PBT
vs. H1 2020, \$m

51% growth

Core management fee EPS
vs. H1 2020, ¢

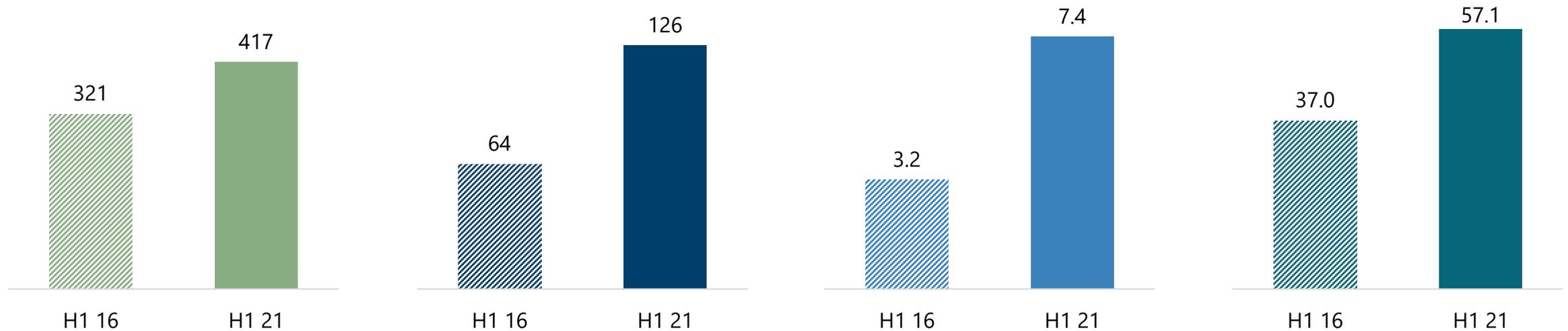
37% growth

Performance fee eligible
FUM vs. H1 2020, \$bn



...strong long-term growth shows underlying quality of the business

5 year growth



30% growth

Core net management fees
vs. H1 2016, \$m

97% growth

Core management fee PBT
vs. H1 2016, \$m

131% growth

Core management fee EPS
vs. H1 2016, ¢

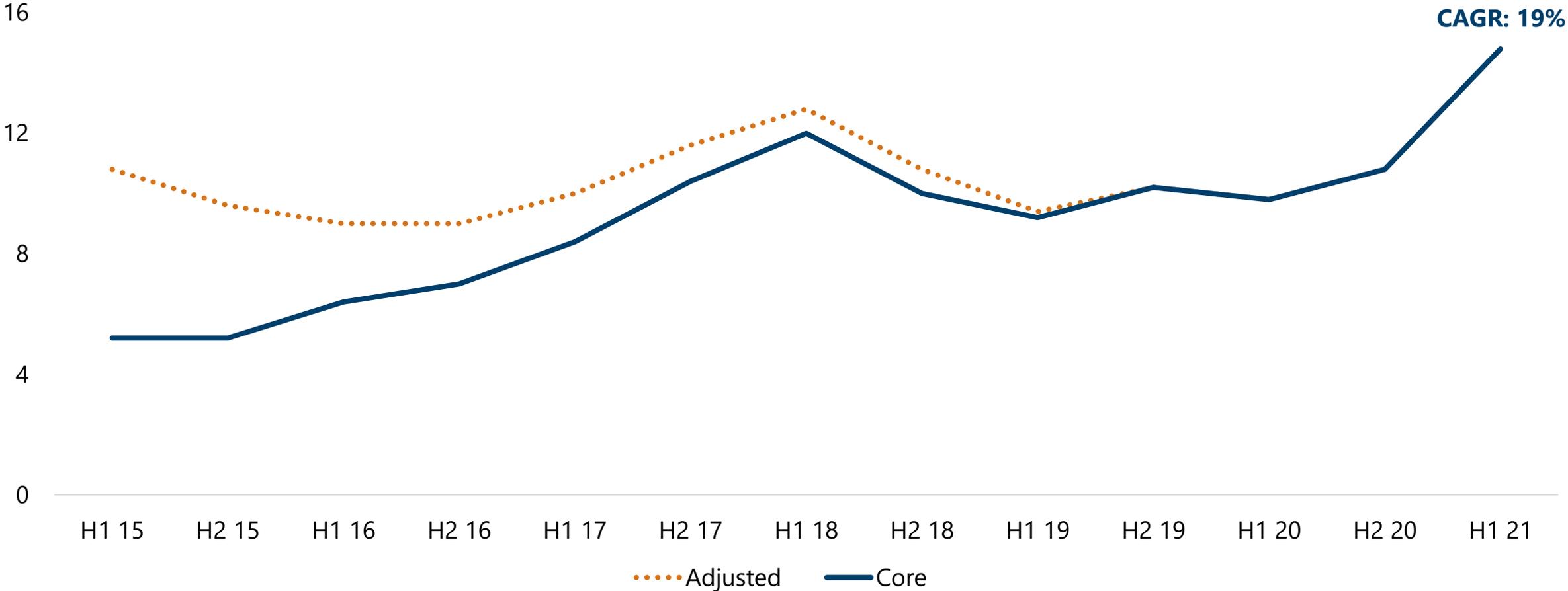
54% growth

Performance fee eligible
FUM vs. H1 2016, \$bn



Growth in core earnings now driving overall profit growth for the firm

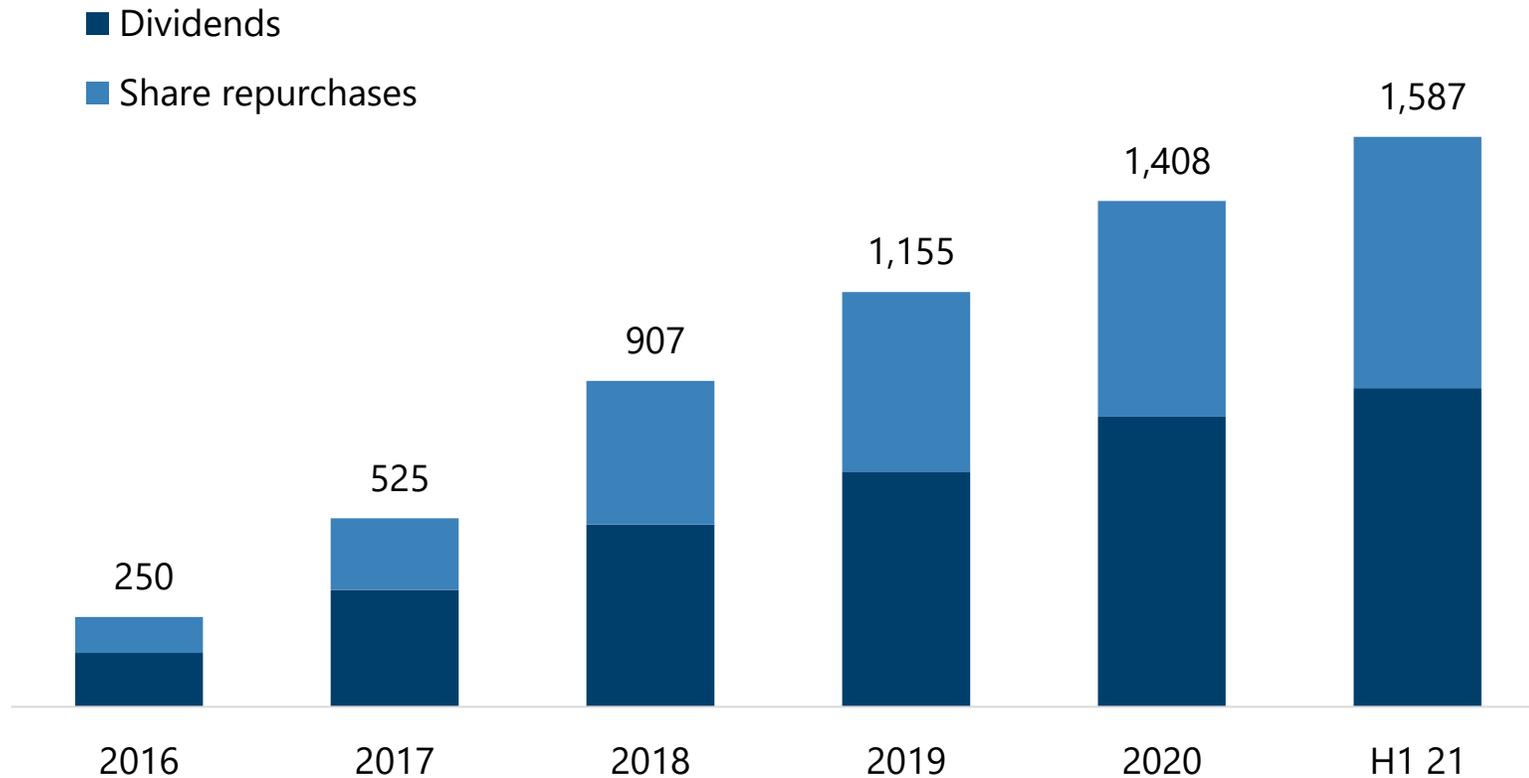
Annualised adjusted and core management fee earnings per share, ¢





Material and consistent capital returns, growing dividend

Cumulative dividends and share repurchases, \$m¹



\$887m
Dividends

\$700m
Share repurchases

3%
Annual share count reduction

1. Dividends are shown for the related financial year. Share repurchases are shown in the year of announcement; H1 21 includes announced share repurchase

Excellent first half illustrates what we can deliver, strong momentum for H2

Excellent performance and growth, confident we will continue to deliver

Strong client relationships with positive net flows and record FUM

Continued investment in our talent and technology to set us apart

Long-term demand for alternatives and alpha drive future growth

Q&A

A data pack with additional financial information can be found on our website www.man.com/investor-relations



▪ Alex Dee, Head of Investor Relations



▪ +44 (0)20 7144 1370



▪ alex.dee@man.com

Appendix: modelling guidance

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Asset servicing	<p>2021 guidance: asset servicing expense of 6-7bps of FUM excluding systematic long-only and Man GPM</p>
Fixed cash costs (fixed compensation and other cash costs)	<p>~60% of fixed cash costs in GBP, which are no longer hedged 2021 guidance: \$335m assuming GBPUSD of 1.40</p>
Total compensation (fixed and variable compensation)	<p>Overall compensation to net revenue ratio expected to be in the range of 40% to 50% depending on the mix and level of revenue:</p> <ul style="list-style-type: none"> ▪ At the lower end of the range when performance fees are higher and AHL revenues are a larger proportion of the total ▪ At the higher end of the range when performance fees are lower and GLG and Numeric revenues are a larger proportion of the total
Tax	<p>Tax rate on full year 2021 core PBT expected to be in the range of 15% to 18%, higher when performance fees are a greater portion of net revenues and lower then they are a lower portion. Our expectation is based on prevailing UK corporate tax rates at the time of our HY 2021 results announcement</p>
IFRS16	<p>Our sub-lease rental and lease surrender income and our net financing expense attributable to management fees are substantially driven by the lease accounting standards under IFRS16. Both line items are denominated primarily in GBP</p> <p>2021 guidance:</p> <ul style="list-style-type: none"> ▪ \$13-14m for sub-lease rental and lease surrender income, which includes \$7m of lease surrender income that will not recur in 2022 ▪ \$12-15m for net financing expense attributable to management fees assuming no material change in our capital structure and current interest rates ▪ Both based on GBPUSD of 1.40

Disclosures and other important information



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