

# Press Release



28 September 2011

## PRE-CLOSE TRADING UPDATE for the six months ending 30 September 2011

**Important note:** this document contains estimates compiled at the close of business on Monday 26 September. Given current market volatility, funds under management and financial results at period end could vary from these estimates.

### Key points – operating

- **Alternatives performance:** uncorrelated returns from Man's wide range of investment strategies generated positive investment movement of \$0.4 billion in hedge fund styles in Q2 (negative \$0.8 billion for H1)
  - AHL generated \$1.5 billion of positive investment movement in Q2 (\$0.9 billion in H1)
  - GLG alternatives delivered a mix of positive and negative performance across styles, but were \$1.1 billion negative for Q2 (\$1.4 billion for H1)
  - Institutional fund of fund performance was flat for Q2 (\$0.3 billion negative for H1)
- **Long only performance:** GLG long only strategies registered a negative market movement of \$1.9 billion in Q2 (\$1.8 billion for H1)
- **Flows:** inflows from AHL and institutional fund of funds and outflows from guaranteed products and GLG styles gave a Q2 outflow of \$2.6 billion (H1 inflow of \$1.1 billion driven by positive flows from GLG in Q1 and from AHL across both quarters)
  - After record sales in Q1 of \$9.0 billion, Q2 sales reduced to \$4.5 billion, reflecting an anticipated deterioration in investor sentiment over the summer
  - Redemptions increased from \$5.3 billion in Q1 to \$7.1 billion in Q2
- **Other:** significant negative FX translation effects of \$1.9 billion in Q2 (\$1.1 billion for H1); other movements were flat in Q2 (negative \$1.8 billion for H1)
- **Total FUM:** \$65.0 billion at 30 September (30 June 2011: \$71.0 billion; 31 March 2011: \$69.1 billion).

### Key points - financial

- Statutory profit before tax on continuing operations for the six months ending 30 September 2011 of \$145 million (H1 2011: \$180 million)
- Diluted statutory EPS of 5.7 cents per share (H1 2011: 7.6 cents per share)
- Adjusted profit before tax of \$185 million (H1 2011: \$227 million)
  - Net management fees (excluding net finance expense) of \$200 million (H1 2011: \$234 million) reflect the inclusion of GLG, reduced associate income following the sale of Man's interest in BlueCrest and previously indicated increases to property costs and depreciation
  - Net performance fees of \$30 million (H1 2011: \$17 million)
  - Net finance expense of \$45 million (H1 2011: \$24m), including a one off cost of \$19 million related to the recent debt buy back; annualised interest expense following the buy back will reduce by c. \$20 million
- Adjusted diluted EPS of 7.5 cents per share (H1 2011: 10.2 cents per share)
- Regulatory capital surplus of \$1 billion, net cash of \$700 million and total available liquidity resources of \$3.4 billion.

## **Dividend**

Given business performance for the six months ending 30 September 2011, Man's strong market position and continued capital strength, the Board intends to maintain an interim dividend for the period of 9.5 cents per share, to be paid in December 2011.

The company's subsequent dividend payment will be for the three months to 31 December 2011, to align dividend payments with Man's new December year end. The Board expects to propose a final dividend for this three month period of 7.0 cents per share, to give a maintained total dividend, pro-rated for the nine month period, of 16.5 cents per share. Subject to shareholder approval, the final dividend will be paid in May 2012.

## **Peter Clarke, Chief Executive of Man, said:**

"The extreme volatility of markets in recent months has created challenging performance conditions across asset classes. This has tested investor appetite for risk but also reinforced the need for diversifying, non-correlated investment returns. The benefits of Man's strategy to build out a range of investment styles to suit differing market conditions have been strongly evident in this period. AHL is up 7.7% in the five months to end August and is around 5% from high water mark, and GLG macro and European long/short strategies were also positive. Other hedge fund styles saw mixed performance across the period as concerns around global growth prospects and sovereign debt levels, especially in the Euro zone, precipitated violent swings in equity, currency and bond markets. However, our overall hedge fund performance in the quarter to 30 September was encouragingly positive.

"As anticipated, investor sentiment continued to weaken across the summer with lower sales in our second quarter and some increase in redemption rates, notably in September. The first half overall saw net inflows, and although the second quarter saw a net outflow it was encouraging to see positive flows in our institutional multi-manager business, as managed account mandates from BVK and USS continued to fund. We have continued to benefit from our strong regional distribution franchise. Our \$2.5 billion Japan AHL product, launched in April 2011, is performing well; we have new products launching in Canada and the United States and have added investment management strength into the important Asian markets.

"In terms of financial performance, although assets under management reduced in the second quarter, primarily as a result of market movements in long only and the impact of foreign exchange translation from the weakening Euro, management fees for the half have been broadly stable on a like-for-like basis. Our capital and liquidity position remains very robust and the dividend is being maintained pro rata across our new financial year end.

"Looking ahead, we are assuming that investor appetite will be generally suppressed for the remainder of the year. However, we remain confident that our broad range of liquid, diversifying return streams, strong geographic base and robust financial position will continue to differentiate Man's investment capabilities, even in turbulent markets."

## **Conference call**

A conference call for investors and analysts will be held at 08:00 UK time this morning.

UK Access Number	+44 20 3140 0722
UK Toll Free* Number	0800 368 1916

Playback	
UK Toll Access Number	+44 (0)20 3140 0698
UK Toll Free* Access Number	0800 368 1890
US Toll Free* Access Number	1 877 846 3918
Conference Reference	378910#

\*If you are calling from a mobile phone your provider may charge you when connected to our toll free number.

## **Interim results**

Man Group will announce its interim results for the six months to 30 September 2011 on Thursday 3 November 2011.

### **“Meet the Managers” – shareholder event**

The Man executive team will be holding a shareholder event to give the corporate investment community more insight into the Company’s strategy, investment management capabilities and distribution strength on Friday 30 September from 10am-2pm at Riverbank House, London.

To register, please contact [emma.stevens@man.com](mailto:emma.stevens@man.com)

## **Q2 FUNDS UNDER MANAGEMENT REVIEW**

### **Investment performance**

In the quarter to 30 September 2011, investment performance was \$0.4 billion positive for alternative styles, but \$1.5 billion negative overall.

AHL contributed positive investment performance of \$1.5 billion, reflecting a period of strong outperformance for managed futures. AHL Diversified profited from defensive positioning in July and August to gain 6.5% over the two month period, with strong returns in bonds, interest rates and metals. AHL was broadly flat to Monday 26 September.

Performance for GLG's range of alternative investment styles was generally negative in the quarter resulting in negative investment performance of \$1.1 billion. Focused strategies such as emerging markets and Alpha Select and trading strategies such as European Opportunities saw negative performance, while macro and the conservatively positioned European long/short strategy delivered positive performance.

Long only strategies had a challenging quarter due to sharp falls in equity markets, which resulted in a negative market movement of \$1.9 billion in the quarter.

### **Asset flows**

In the quarter to 30 September 2011, Man expects to record a net outflow of \$2.6 billion (predominantly in GLG alternatives and long only), reflecting \$4.5 billion sales and redemptions of \$7.1 billion.

Guaranteed product redemptions held steady in the quarter but sales were muted at around \$0.1 billion, giving a net outflow of \$0.4 billion.

Open ended alternatives registered a net outflow of \$1.3 billion, with net inflows of \$0.2 billion into AHL and net outflows of \$1.5 billion from GLG. Outflows from GLG alternatives were primarily from a small number of investors in equity hedge and emerging markets strategies.

Institutional fund of funds recorded a net inflow of \$0.1 billion, reflecting \$0.9 billion of funding from the previously announced BVK and USS mandates, largely offset by a series of small redemptions across a range of products. Quarterly institutional redemptions to be paid on 1 October 2011 are expected to be around \$200 million.

Long only funds registered a net outflow of \$1.0 billion, mainly from the GLG global convertibles and Japan long only strategies.

### **FX and other movements**

FX translation effects are expected to reduce FUM by \$1.9 billion in the quarter to 30 September, driven by the strengthening of the US dollar against the Euro and the Australian dollar.

Other movements were flat for the quarter to 30 September. A de-gear of around \$0.8 billion is expected on 1 October.

## FINANCIAL SUMMARY

	Estimates for six months ending 30 Sept 2011 \$	Six months ended 31 March 2011 \$	Six months ended 30 Sept 2010 \$
Funds under management (end of period)	65.0bn	69.1bn	40.5bn
Net management fee income	200m	242m	234m
Net performance fee income	30m	152m	17m
Net finance (expense)/income	(45m)	(22m)	(24m)
Profit before tax and adjusting items	185m	372m	227m
Adjusting items	(40m)	(228m)	(47m)
Discontinued operations	-	(29m)	(33m)
Total profit before tax	145m	115m	147m

### Income statement

Pre-tax profit before adjusting items for the six months ending 30 September 2011 is expected to be around \$185 million (H1 2011: \$227 million).

Gross management fee income is estimated to be around \$820 million (H1 2011: \$627 million), reflecting the inclusion of fees from GLG.

Net management fee income (excluding net finance expense) is estimated to be around \$200 million (H1 2011: \$234 million). This reflects the inclusion of GLG, previously indicated increases in property costs and depreciation, as well as reduced associate income following the sale of Man's interest in BlueCrest in March 2011, which generated a gain on sale of \$257 million.

Gross performance fee income is estimated to be around \$70 million (H1 2011: \$24 million) and net performance fee income is estimated to be around \$30 million (H1 2011: \$17 million).

Net finance expense is expected to be around \$45 million (H1 2011: \$24 million), including a one-off cost of approximately \$19 million from the repurchase of debt at a premium to the carrying book value. The Company's annualised interest expense following the buy back of the debt will reduce by approximately \$20 million.

Two adjusting items have been reflected in the first half profit before tax: approximately \$30 million relating to the amortisation of GLG acquisition intangibles and approximately \$10 million of restructuring costs, primarily related to the consolidation of office space in New York.

Diluted earnings per share before adjusting items on continuing operations is expected to be around 7.5 cents per share (H1 2011: 10.2 cents per share); 5.7 cents per share after adjusting items (H1 2011: 7.6 cents per share). Underlying EPS, which excludes performance fee income and adjusting items, is expected to be around 6.2 cents per share (H1 2011: 9.4 cents per share).

### Financial position

Man's financial position remains strong, with a regulatory capital surplus of around \$1 billion, net cash of around \$700 million and total available liquidity resources of around \$3.4 billion.

## FUNDS UNDER MANAGEMENT ANALYSIS

### 3 months to 30 September 2011

	Guaranteed \$bn	Open ended		Institutional FoF and other <sup>1</sup> \$bn	Total Hedge Funds \$bn	Long only \$bn	Total \$bn
		Man \$bn	GLG \$bn				
<b>FUM at 30 June 2011</b>	<b>12.9</b>	<b>16.0</b>	<b>15.3</b>	<b>13.1</b>	<b>57.3</b>	<b>13.7</b>	<b>71.0</b>
Sales	0.1	1.0	1.5	1.2	3.8	0.7	4.5
Redemptions	(0.5)	(0.8)	(3.0)	(1.1)	(5.4)	(1.7)	(7.1)
<b>Net inflows/(outflows)</b>	<b>(0.4)</b>	<b>0.2</b>	<b>(1.5)</b>	<b>0.1</b>	<b>(1.6)</b>	<b>(1.0)</b>	<b>(2.6)</b>
Investment movement	0.5	1.0	(1.1)	-	0.4	(1.9)	(1.5)
FX	(0.4)	(0.3)	(0.6)	(0.6)	(1.9)	-	(1.9)
Other	-	-	-	-	-	-	-
<b>Closing FUM</b>	<b>12.6</b>	<b>16.9</b>	<b>12.1</b>	<b>12.6</b>	<b>54.2</b>	<b>10.8</b>	<b>65.0</b>

### 6 months to 30 September 2011

	Guaranteed \$bn	Open ended		Institutional FoF and other <sup>1</sup> \$bn	Total Hedge Funds \$bn	Long only \$bn	Total \$bn
		Man \$bn	GLG \$bn				
<b>FUM at 31 March 2011</b>	<b>15.1</b>	<b>13.7</b>	<b>13.6</b>	<b>12.7</b>	<b>55.1</b>	<b>14.0</b>	<b>69.1</b>
Manager Acquisitions (Ore Hill)	-	-	-	0.3	0.3	-	0.3
Sales	0.6	3.9	4.8	2.0	11.3	2.2	13.5
Redemptions	(1.1)	(1.4)	(4.4)	(1.9)	(8.8)	(3.6)	(12.4)
<b>Net inflows/(outflows)</b>	<b>(0.5)</b>	<b>2.5</b>	<b>0.4</b>	<b>0.1</b>	<b>2.5</b>	<b>(1.4)</b>	<b>1.1</b>
Investment movement	0.1	0.8	(1.4)	(0.3)	(0.8)	(1.8)	(2.6)
FX	(0.3)	(0.2)	(0.4)	(0.3)	(1.2)	0.1	(1.1)
Other	(1.8)	0.1	(0.1)	0.1	(1.7)	(0.1)	(1.8)
<b>Closing FUM</b>	<b>12.6</b>	<b>16.9</b>	<b>12.1</b>	<b>12.6</b>	<b>54.2</b>	<b>10.8</b>	<b>65.0</b>

## FUNDS BY MANAGER

	30 September 2011 \$bn	30 June 2011 \$bn	31 March 2011 \$bn
<b>AHL</b>	<b>24.9</b>	<b>23.9</b>	22.7
<b>GLG</b>			
Long only	10.8	13.7	14.0
Alternatives	16.6	20.2	18.0
- Equity	6.8	9.0	8.3
- Credit and Convertibles <sup>1</sup>	6.3	6.9	6.5
- Emerging markets	2.8	3.6	2.6
- Macro and special situations	0.7	0.7	0.6
<b>Multi-Manager</b>	<b>12.7</b>	<b>13.2</b>	14.4
<b>Total</b>	<b>65.0</b>	<b>71.0</b>	<b>69.1</b>

1) Includes Pemba/Ore Hill and Man Convertibles (\$4.4 billion at 30/09/2011; \$4.8 billion at 30/6/2011; \$4.5 billion at 31/3/2011)

## INVESTMENT PERFORMANCE

	Total return			Annualised return	
	2 months to 31 Aug 2011	5 months to 31 Aug 2011	Calendar year to 31 Aug 2011	3 years to 31 Aug 2011	5 years to 31 Aug 2011
<b>Fund of funds</b>					
Man Absolute Return Strategies <sup>1</sup>	-0.3%	-1.8%	-1.5%	0.8%	2.5%
Man Dynamic Selection <sup>2</sup>	1.0%	-1.1%	-1.6%	2.2%	4.7%
<b>Structured - principal protected</b>					
Man-IP 220 <sup>3</sup>	8.0%	6.4%	-1.7%	3.4%	6.6%
<b>AHL</b>					
Man AHL Diversified plc <sup>4</sup>	6.5%	7.7%	0.2%	5.6%	10.0%
AHL Alpha plc <sup>5</sup>	5.0%	6.2%	0.8%	5.3%	8.4%
<b>GLG Ore Hill Fund<sup>6</sup></b>	-3.6%	-3.6%	1.9%	4.9%	2.5%
<b>GLG Alternative</b>					
GLG Alpha Select Fund <sup>7</sup>	-7.3%	-13.7%	-12.6%	3.7%	7.7%
GLG Atlas Macro Fund <sup>8</sup>	6.7%	1.2%	-3.8%	n/a	n/a
GLG Emerging Markets Fund <sup>9</sup>	-13.3%	-14.7%	-14.3%	3.0%	8.0%
GLG European Distressed Fund <sup>10</sup>	-2.9%	-2.1%	7.1%	n/a	n/a
GLG European Long Short Fund <sup>11</sup>	0.5%	2.3%	5.9%	8.0%	7.4%
GLG European Opportunity Fund <sup>12</sup>	-13.5%	-12.4%	-12.5%	1.0%	6.8%
GLG Global Convertible Fund <sup>13</sup>	-5.4%	-7.2%	-5.0%	4.5%	2.9%
GLG Global Opportunity Fund <sup>14</sup>	-5.6%	-7.4%	-6.5%	0.6%	3.5%
GLG Market Neutral Fund <sup>15</sup>	-2.2%	-2.2%	5.6%	12.7%	8.3%
GLG North American Opportunity Fund <sup>16</sup>	-4.5%	-6.3%	-3.5%	6.2%	4.7%
<b>Alternative UCITS III</b>					
GLG Alpha Select UCITS Fund <sup>17</sup>	-7.3%	-13.9%	-13.0%	n/a	n/a
GLG Atlas Macro Alternative UCITS Fund <sup>18</sup>	6.5%	0.7%	-5.4%	n/a	n/a
GLG Emerging Markets UCITS Fund <sup>19</sup>	-11.3%	-12.6%	-12.0%	n/a	n/a
GLG European Alpha Alternative UCITS Fund <sup>20</sup>	-2.3%	-2.0%	1.7%	n/a	n/a
Man AHL Diversity <sup>21</sup>	4.8%	4.5%	-1.0%	n/a	n/a
Man AHL Trend <sup>22</sup>	6.7%	5.8%	-1.6%	n/a	n/a
<b>Long only UCITS III</b>					
GLG Global Corporate Bond Fund <sup>23</sup>	-4.8%	-3.0%	-1.4%	16.4%	12.2%
GLG Global Convertible UCITS Fund <sup>24</sup>	-5.6%	-7.0%	-4.6%	3.0%	2.2%
GLG Japan CoreAlpha Equity Fund <sup>25</sup>	-10.9%	-13.4%	-16.2%	-8.9%	-8.1%
GLG Performance Fund <sup>26</sup>	-10.7%	-12.3%	-8.7%	-6.5%	-2.2%
GLG UK Select Fund <sup>27</sup>	-15.1%	-16.0%	-15.7%	n/a	n/a

## Investment performance cont'd

	Total return			Annualised return	
	2 months to 31 Aug 2011	5 months to 31 Aug 2011	Calendar year to 31 Aug 2011	3 years to 31 Aug 2011	5 years to 31 Aug 2011
<b>Indices</b>					
World stocks <sup>28</sup>	-9.4%	-10.0%	-6.8%	-2.4%	-1.6%
World bonds <sup>29</sup>	2.8%	4.4%	3.7%	4.9%	4.8%
Corporate bonds <sup>30</sup>	7.2%	10.3%	9.0%	12.5%	7.8%
<b>Hedge fund indices</b>					
HFRI Fund Weighted Composite Index <sup>31</sup>	-2.2%	-3.1%	-1.5%	3.6%	4.2%
HFRI Fund of Funds Composite Index <sup>31</sup>	-2.3%	-3.4%	-2.6%	-1.2%	1.0%
<b>Style indices</b>					
Barclay BTOP 50 Index	1.5%*	0.0%*	-2.0%*	2.7%*	5.0%*
HFRI Equity Hedge (Total) Index <sup>31</sup>	-4.5%	-5.7%	-3.5%	2.1%	2.6%
HFRI Event-Driven (Total) Index <sup>31</sup>	-3.7%	-4.0%	-0.7%	4.4%	4.2%
HFRI Macro (Total) Index <sup>31</sup>	2.0%	0.3%	-0.2%	4.8%	6.4%
HFRI Relative Value (Total) Index <sup>31</sup>	-1.8%	-1.1%	1.3%	6.0%	5.8%

Source: Man database and Bloomberg. 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

1) Represented by Man Absolute Return Strategies II USD I

2) Represented by Man Dynamic Selection USD I

3) Represented by Man-IP 220 Ltd from 18 December 1996 to 31 December 2005 and Man-IP 220 Ltd - USD class bonds from 1 January 2006

4) Man AHL Diversified plc is valued weekly, but for comparative purposes the last weekly valuation of the month has been used.

5) AHL Alpha plc is valued weekly, but for comparative purposes the last weekly valuation of the month has been used.

6) Represented by Ore Hill International Fund II Ltd.

7) Represented by GLG Alpha Select Fund - Class C - EUR

8) Represented by GLG Atlas Macro Fund - Class A - USD

9) Represented by GLG Emerging Markets Fund - Class A Restricted to Unrestricted (31/08/2007) - USD

10) Represented by GLG European Distressed Fund - Class A - USD

11) Represented by GLG European Long Short Fund - Class D Restricted to Unrestricted (29/06/2007) - EUR

12) Represented by GLG European Opportunity Fund - Class D Restricted to Unrestricted (31/08/2007) - EUR

13) Represented by GLG Global Convertible Fund - Class A - USD

14) Represented by GLG Global Opportunity Fund - Class Z - USD

15) Represented by GLG Market Neutral Fund - Class Z Restricted to Unrestricted (31/08/2007) - USD

16) Represented by GLG North American Opportunity Fund - Class A Restricted to Unrestricted (29/06/2007) - USD

17) Represented by GLG Alpha Select Alternative IN H EUR

18) Represented by GLG Atlas Macro Alternative IN H GBP

19) Represented by GLG EM Diversified Alternative IL H USD

20) Represented by GLG European Alpha Alternative IN EUR

21) Represented by Man AHL Diversity GBP DB. Please note that Man AHL Diversity GBP DB was valued weekly until 2 May 2011. Prior to this date, the last weekly valuation of the month has been used.

22) Represented by Man AHL Trend EUR I. Please note that Man AHL Trend EUR I was valued weekly until 2 May 2011. Prior to this date, the last weekly valuation of the month has been used.

23) Represented by GLG Global Corporate Bond Fund Professional C Accumulation Shares - GBP

24) Represented by GLG Global Convertible UCITS Fund - Class A - USD

25) Represented by GLG Japan CoreAlpha Equity Fund - Class C to Class AAX (28/01/2010) - JPY

26) Represented by GLG Performance Fund Class A - USD

27) Represented by GLG UK Select Fund - Class AX - GBP

28) Represented by MSCI World (USD, NDTR) Hedged Index

29) Represented by Citigroup World Government Bond Index hedged to USD (total return)

30) Represented by Citigroup High Grade Corp Bond TR

31) HFRI index performance over the past 4 months is subject to change.

\*Please note that the August 2011 data is estimated.



## **Enquiries**

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## **About Man**

Man is a world-leading alternative investment management business. It has expertise in a wide range of liquid investment styles including managed futures, equity, credit and convertibles, emerging markets, global macro and multi-manager, combined with powerful product structuring, distribution and client service capabilities. Man manages \$65.0 billion.

The original business was founded in 1783. Today, Man Group plc is listed on the London Stock Exchange and is a member of the FTSE 100 Index with a market capitalisation of around £4.5 billion.

Man is a member of the Dow Jones Sustainability World Index and the FTSE4Good Index. Man also supports many awards, charities and initiatives around the world, including sponsorship of the Man Booker literary prizes. Further information can be found at [www.mangroupplc.com](http://www.mangroupplc.com).

## **Forward looking statements and other important information**

This document contains forward-looking statements with respect to the financial condition, results and business of Man Group plc. By their nature, forward looking statements involve risk and uncertainty and there may be subsequent variations to estimates. Man Group plc's actual future results may differ materially from the results expressed or implied in these forward-looking statements.

The content of the websites referred to in this announcement is not incorporated into and does not form part of this announcement.

Nothing in this announcement should be construed as or is intended to be a solicitation for or an offer to provide investment advisory services.