



# Half year results 2022

Announced 2 August 2022

[www.man.com](http://www.man.com)

LSE:EMG



# Introduction

**Luke Ellis**  
Chief Executive Officer



# Differentiated business model drives strong results

**\$142.3bn**

AUM

- Investment performance of \$3.4 billion from absolute return strategies in volatile markets
- Continued organic growth, with net inflows of \$3.2 billion, 2.7% ahead of the industry<sup>1</sup>

**+23%**

Core MF EPS growth

- Core management fee EPS of 9.1¢, driven by strong net management fee growth
- Resilient and growing core management fee EPS despite the market backdrop

**+28%**

Core EPS growth

- Core EPS of 24.0¢, driven by record performance fees in H1
- Strong H2 performance fee potential with a number of strategies above high-water mark

**\$197m**

Return of capital

- Interim dividend of 5.6¢ per share, in line with previous guidance<sup>2</sup>
- Completed \$250 million buyback announced last year; announced a further \$125 million in June

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

2. We intend to keep our interim dividend flat until such time as the ratio of interim to final dividend gets closer to 1:2, in line with the broader UK market

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# Technology and talent drive our business

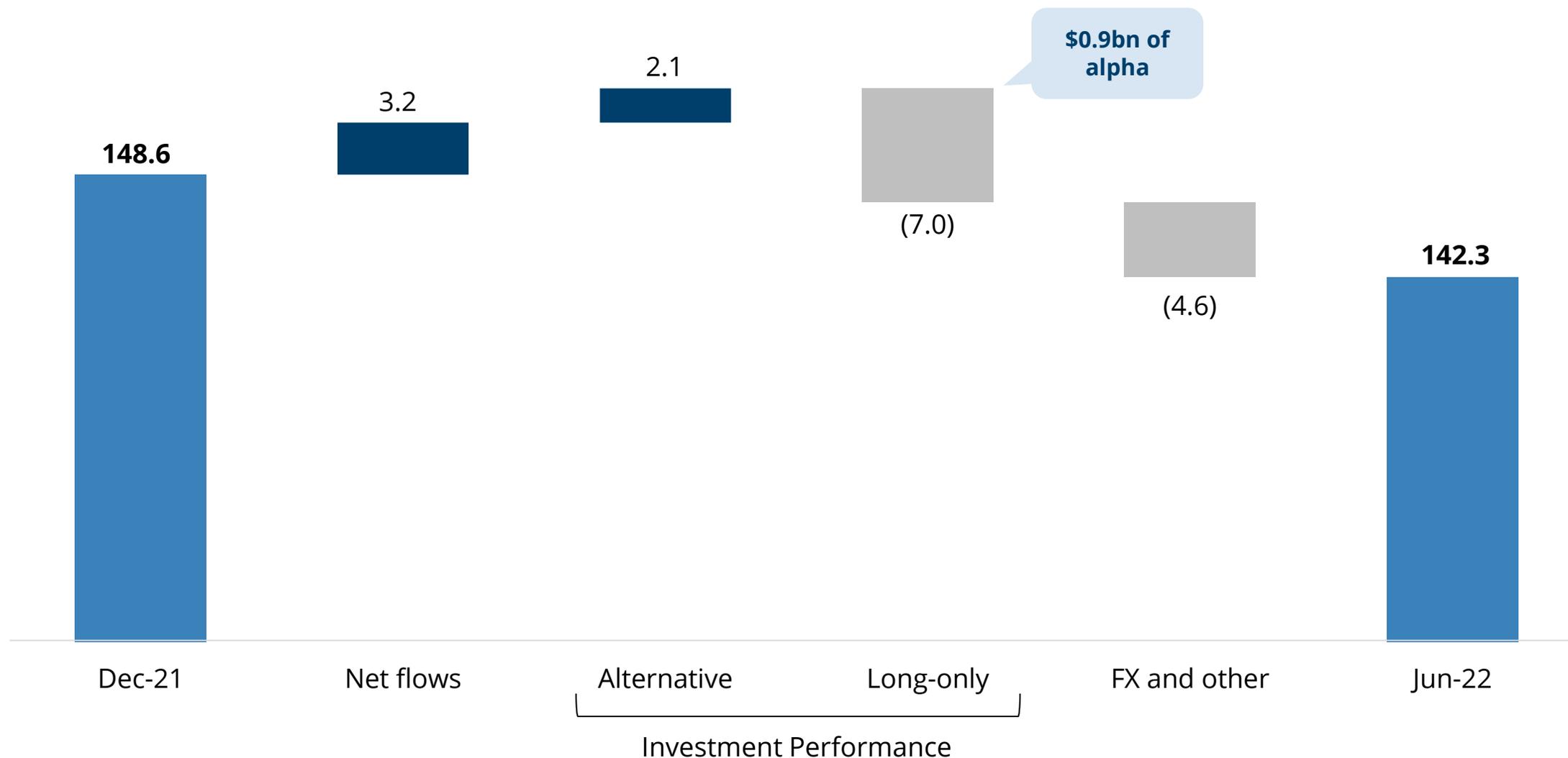
**We are a  
technology-driven  
investment firm**

**Connecting talent  
and technology  
powers our  
performance**

**Our model  
positions us well  
for future growth**

# Net inflows offset by market beta and FX headwinds

Assets under management (AUM), \$bn



# Continued client demand for alternative strategies

Net flows

	H1 2021 \$bn	H1 2022 \$bn	
<b>Alternative</b>	<b>+1.7</b>	<b>+4.8</b>	<ul style="list-style-type: none"> <li>8<sup>th</sup> consecutive quarter of net inflows into alternative strategies</li> <li>Recent uptick in redemptions as clients rebalance portfolios</li> </ul>
<b>Long-only</b>	<b>-0.5</b>	<b>-1.6</b>	<ul style="list-style-type: none"> <li>Inflows driven by GLG Japan CoreAlpha and GLG High Yield</li> <li>Outflows primarily from Numeric Global</li> </ul>
<b>Total</b>	<b>+1.2</b>	<b>+3.2</b>	<ul style="list-style-type: none"> <li>Net inflows of 2.1%, ahead of the industry by 2.7%<sup>1</sup></li> </ul>

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

# Significant value added to our clients' portfolios

Investment performance

	Absolute \$bn	Relative \$bn	
Alternative	+2.1	-1.2	<ul style="list-style-type: none"> <li>Very strong performance from absolute return strategies</li> <li>Notable gains from AHL Evolution (+10.9%) drive H1 performance fees</li> </ul>
Long-only	-7.0	+1.6	<ul style="list-style-type: none"> <li>Relative outperformance of 4.9% from discretionary long-only</li> <li>Relative outperformance of 1.7% from systematic long-only</li> </ul>
Total	-4.9	+0.4	<ul style="list-style-type: none"> <li>Overall asset-weighted outperformance of 0.3%<sup>1</sup></li> </ul>

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 2022 it covers 88% of the AUM of the firm and excludes infrastructure managed account mandates, Man Global Private Markets and collateralised loan obligations. Past performance is not an indication of future performance



## Financial Highlights

**Antoine Forterre**  
Chief Financial Officer



# Differentiated business model drives strong results

**\$855m**

Core net revenue

- \$469 million of core net management fees, 12% higher than H1 2021
- Core performance fees of \$404 million, the strongest H1 outcome on record

**54%**

Cost income ratio<sup>1</sup>

- Fixed cash costs of \$166 million, reflecting investment to support growth and a weaker sterling
- 40% compensation ratio, at the bottom of the guided range

**\$395m**

Core PBT

- Core management fee PBT increased by 18% to \$149 million
- Core performance fee PBT increased by 25% to \$246 million

**\$582m**

Core net financial assets

- Strong and liquid balance sheet supports long-term growth
- Seed investments of \$628 million across alternative and long-only strategies

# Assets under management of \$142.3 billion

AUM, \$bn

	AUM at 31 Dec 2021	Net flows	Investment performance	FX & other	AUM at 30 Jun 2022
Absolute return	41.2	4.0	3.4	0.7	49.3
Total return	35.4	0.5	(2.1)	(2.6)	31.2
Multi-manager	15.0	0.3	0.8	0.2	16.3
<b>Alternative</b>	<b>91.6</b>	<b>4.8</b>	<b>2.1</b>	<b>(1.7)</b>	<b>96.8</b>
Systematic	36.1	(1.4)	(5.4)	(1.1)	28.2
Discretionary	20.9	(0.2)	(1.6)	(1.8)	17.3
<b>Long-only</b>	<b>57.0</b>	<b>(1.6)</b>	<b>(7.0)</b>	<b>(2.9)</b>	<b>45.5</b>
<b>Total</b>	<b>148.6</b>	<b>3.2</b>	<b>(4.9)</b>	<b>(4.6)</b>	<b>142.3</b>

**\$2.1bn**

Alternative investment  
performance

**+2.7%**

Relative net flows<sup>1</sup>

**+0.3%**

Relative performance<sup>2</sup>

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 2022 it covers 88% of the AUM of the firm and excludes infrastructure managed account mandates, Man Global Private Markets and collateralised loan obligations. Past performance is not an indication of future performance

# Continued net management fee growth

Core net management fees (NMF), \$m

	Actuals		Run rate	
	H1 2021	H1 2022	Dec-21	Jun-22
Absolute return	211	251	474	539
Total return	92	106	220	192
Multi-manager	17	16	36	35
<b>Alternative</b>	<b>320</b>	<b>373</b>	<b>729</b>	<b>766</b>
Systematic	40	41	89	71
Discretionary	57	55	121	100
<b>Long-only</b>	<b>97</b>	<b>96</b>	<b>210</b>	<b>171</b>
<b>Core net management fees</b>	<b>417</b>	<b>469</b>	<b>939</b>	<b>937</b>
<i>Margin, bps</i>	66	64	63	66

**+12%**  
NMF growth

**\$937m**  
Run rate NMF at Jun-22

**66 bps**  
Run rate NMF margin

# Strong performance fee generation

Core performance fees (PF), gains on investments and FX, and PF eligible AUM

\$m	2018	2019	2020	2021	H1 2022
AHL Alpha	10	48	76	88	28
AHL Dimension	30	88	-	9	-
AHL Evolution	44	97	10	154	187
GLG absolute return	31	33	48	58	2
Other alternatives	9	57	41	224	183 <sup>1</sup>
Long-only	3	2	4	36	4
<b>Core performance fees</b>	<b>127</b>	<b>325</b>	<b>179</b>	<b>569</b>	<b>404</b>
Gains/(losses) on investments and FX	(5)	20	20	27	(21)
<b>Total</b>	<b>122</b>	<b>345</b>	<b>199</b>	<b>596</b>	<b>383</b>
<b>PF eligible AUM (\$bn)</b>	<b>39.5</b>	<b>44.2</b>	<b>49.0</b>	<b>60.2</b>	<b>62.2</b>

**\$62.2bn**

PF eligible AUM

**\$44.2bn**

AUM at high-water mark

**c.\$200m**

PF accrued at Jul-22<sup>2</sup>

1. Includes \$118m of performance fees from Man Institutional Solutions, \$33m from AHL Diversified and \$21m from Man Strategies 1783

2. Accrued and uncrystallised at July 2022, and due to crystallise in H2 2022

Past performance is not an indication of future performance

# Maintaining significant operating leverage

Costs, \$m

	H1 2021	H1 2022	Change	
<b>Costs</b>	Fixed compensation	104	110	6%
	Variable compensation	189	233	23%
	Other cash costs	54	56	4%
	Asset servicing	29	30	3%
	D&A	23	25	9%
	Net finance expense	6	6	-
	<b>Total</b>	<b>405</b>	<b>460</b>	<b>14%</b>
<b>Key metrics</b>	<i>Fixed cash costs<sup>1</sup></i>	158	166	5%
	<i>Compensation ratio</i>	40%	40%	
	<i>Cost income ratio<sup>2</sup></i>	56%	54%	
	<i>Core PBT margin<sup>3</sup></i>	44%	46%	

**40%**

Compensation ratio

**46%**

Core PBT margin<sup>3</sup>

**\$345m**

Fixed cash costs  
2022 revised target<sup>4</sup>

1. Includes fixed compensation and other cash costs

2. Defined as: total costs / core net revenue

3. Defined as: core profit before tax / core net revenue

4. Revised fixed cash cost target assuming GBPUSD of 1.25 for H2 2022

# Another period of earnings growth

P&L, \$m

		H1 2021	H1 2022	Change
<b>Core net revenue</b>	Core net management fees	417	469	12%
	Core performance fees	284	404	42%
	Core gains/(losses) on investments	17	(21)	(224%)
	Sub-lease income <sup>1</sup>	10	3	(70%)
	<b>Total</b>	<b>728</b>	<b>855</b>	<b>17%</b>
<b>Costs</b>	Compensation costs	(293)	(343)	17%
	Other costs <sup>2</sup>	(106)	(111)	5%
	Net finance expense	(6)	(6)	-
	<b>Total</b>	<b>(405)</b>	<b>(460)</b>	<b>14%</b>
<b>Core PBT</b>	Management fees	126	149	18%
	Performance fees	197	246	25%
	<b>Total</b>	<b>323</b>	<b>395</b>	<b>22%</b>
<b>Core EPS, ¢</b>	Management fees	7.4	9.1	23%
	<b>Total</b>	<b>18.7</b>	<b>24.0</b>	<b>28%</b>

**+17%**

Core net revenue growth

**+18%**

Core management fee PBT growth

**+28%**

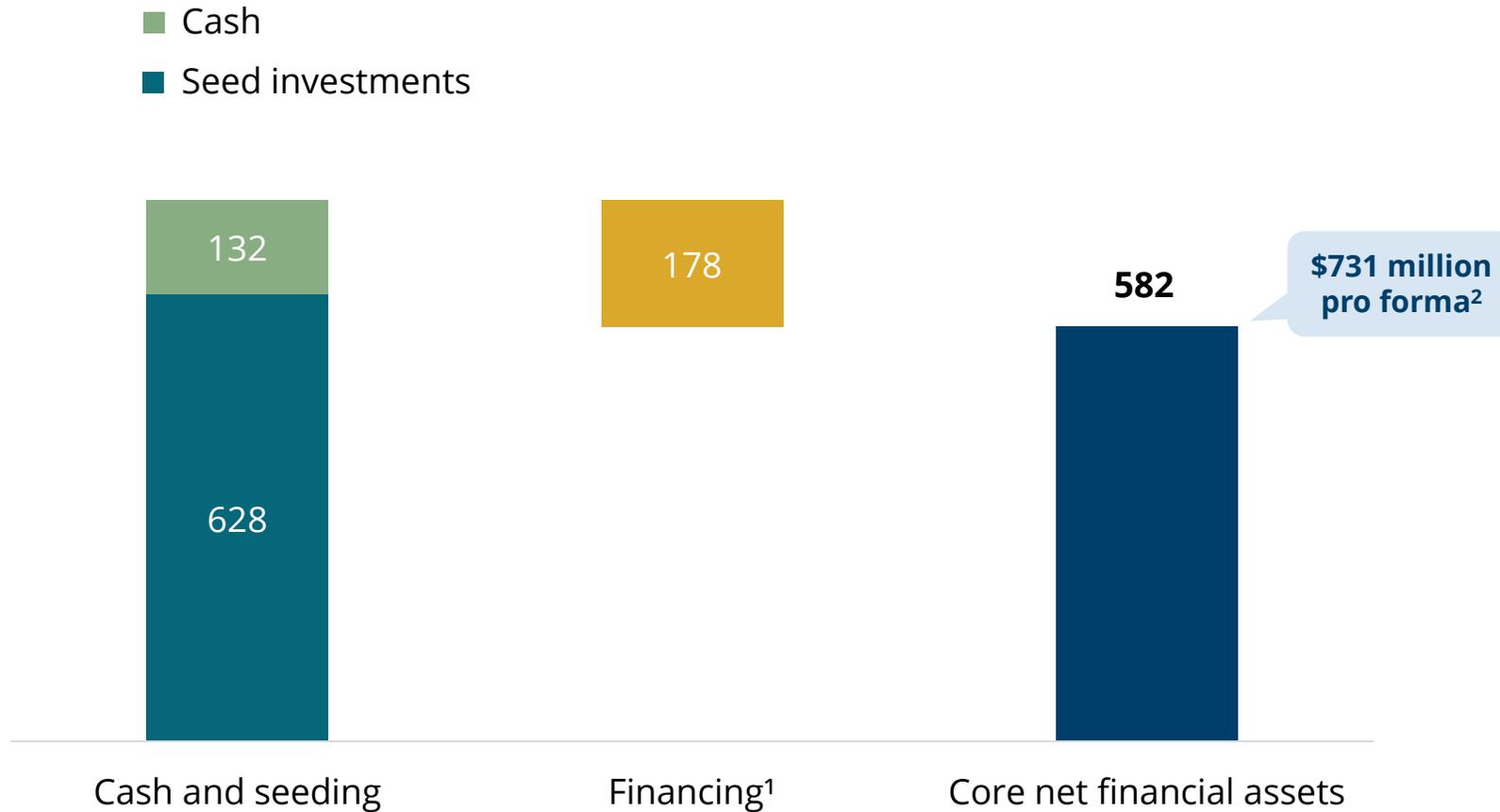
Core EPS growth

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

2. Includes D&A and asset servicing

# Robust and highly liquid balance sheet

Core net financial assets as at June 2022, \$m



**\$582m**  
Core net financial assets

**12**  
New strategies seeded in 2022

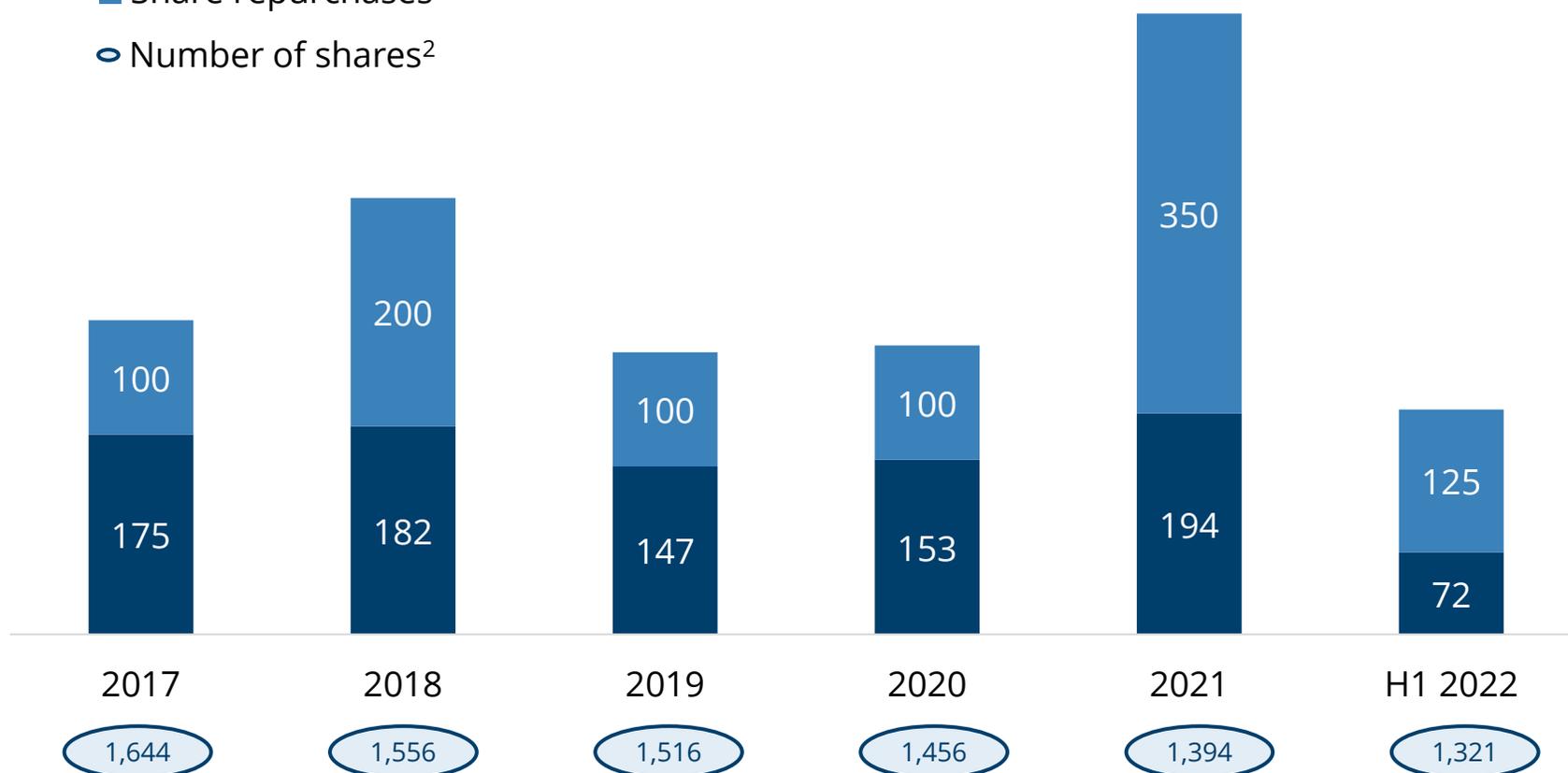
Continuing focus on M&A

1. Financing comprises \$58m of payables under repo arrangements and \$120m of borrowings under our revolving credit facility  
 2. Pro forma for H1 performance fee receipts, net of the proposed 2022 interim dividend and the \$125m share buyback announced in June 2022

# Growing, consistent capital returns

Dividends and share repurchases, \$m<sup>1</sup>

- Dividends
- Share repurchases
- Number of shares<sup>2</sup>



**\$197m**

Shareholder returns  
H1 2022

**\$1.9bn**

Shareholder returns  
2017 - H1 2022

**20%**

Reduction in share count<sup>2</sup>  
2017 - H1 2022

1. Dividends are shown for the financial year in which they were declared. Share repurchases are shown in the year of announcement

2. Basic number of shares at period end excluding treasury shares, in millions



## Positioning

**Luke Ellis**  
Chief Executive Officer



# Generating alpha at scale

We are a **global leader in liquid alternatives**

**\$96.8bn**

AUM in alternatives

A **clearly differentiated platform** vs. listed peers

**#2**

Global Billion Dollar Club ranking<sup>1</sup>

A track record of **delivering for our clients**

AHL Alpha	11.3%
AHL Evolution	10.9%
Numeric EM Core	5.0%
GLG Japan CoreAlpha	19.3%
GLG High Yield Opps	4.4%

selected high performing strategies in H1 2022<sup>2</sup>

We generate **alpha at scale**

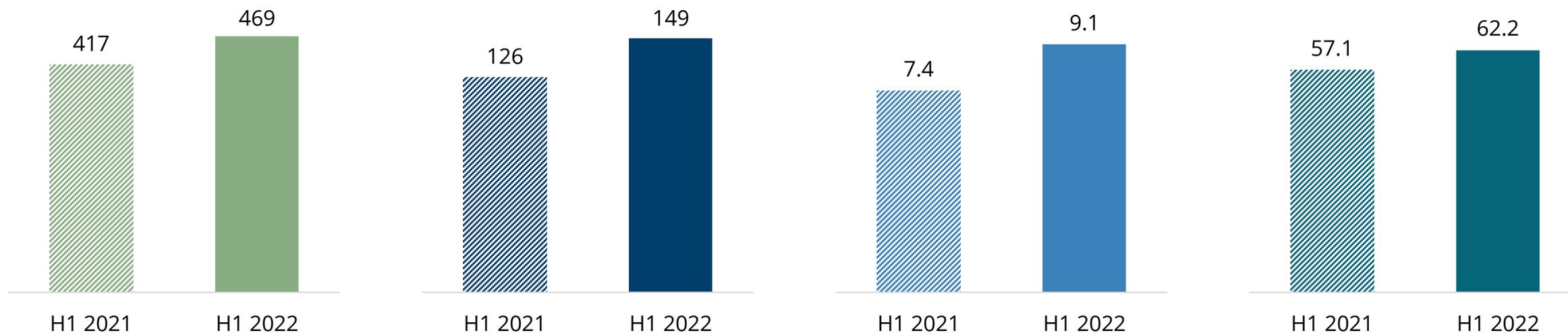
**\$2.6bn**

alpha generated in H1 2022<sup>3</sup>

1. With Intelligences' Global Billion Dollar Club ranking for 2021, which ranks firms by hedge fund assets managed in \$bn as at 31 December 2021  
 2. Performance is represented as absolute performance for alternatives strategies and benchmark-relative return for long-only strategies  
 3. Alpha generation calculated as absolute return for alternatives strategies and benchmark-relative return for long-only strategies  
 Past performance is not an indication of future performance

# Rapid growth over past year after record 2021 results

1 year growth



**12% growth**  
Core net management fees, \$m

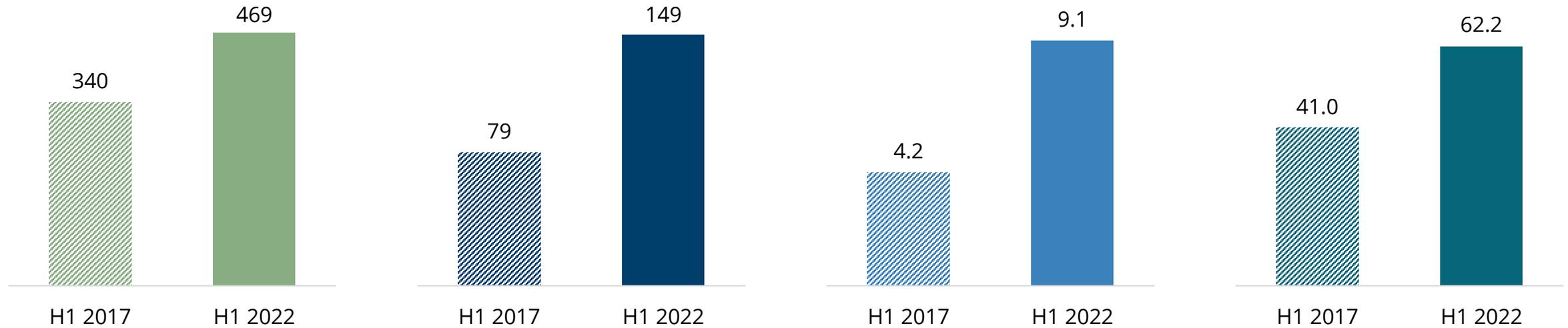
**18% growth**  
Core management fee PBT, \$m

**23% growth**  
Core management fee EPS, ¢

**9% growth**  
Performance fee eligible AUM, \$bn

# Strong long-term growth shows underlying quality of the business

5 year growth



**38% growth**

Core net management fees, \$m

**89% growth**

Core management fee PBT, \$m

**117% growth**

Core management fee EPS, ¢

**52% growth**

Performance fee eligible AUM, \$bn

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# H1 2022 results illustrate what we can deliver

**Differentiated business model drives strong earnings growth**

**Focus on alpha generation positions us well during volatile periods**

**Deep relationships with global institutions and distributors**

**Investment in our talent and technology to set us apart**

**Long-term demand for alternatives drives future growth**

# Q&A

**A data pack with additional financial information can be found on our website**  
**[www.man.com/investor-relations](http://www.man.com/investor-relations)**



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# Appendix: modelling guidance

A data pack with additional financial information can be found on our website [www.man.com/investor-relations](http://www.man.com/investor-relations)

<b>Asset servicing</b>	<p>2022 guidance: asset servicing expense of 6bps of AUM, excluding systematic long-only and Man GPM.</p>
<b>Fixed cash costs</b> (fixed compensation and other cash costs)	<p>~60% of fixed cash costs in GBP. 2022 updated guidance: \$345m assuming GBPUSD of 1.25 during H2.</p>
<b>Total compensation</b> (fixed and variable compensation)	<p>Overall compensation to core net revenue ratio expected to be in the range of 40% to 50% depending on the mix and level of revenue.</p>
<b>Tax</b>	<p>Tax rate on full year 2022 core PBT expected to be in the range of 15% to 18%, higher when performance fees are a greater portion of net revenue and lower when they are a lower portion. We expect to be at the upper end of the range in 2022. The increase in UK corporation tax rate from 2023 is expected to increase our core tax rate to a range of 19% to 22% in 2023; further ahead, depending on the rate of consumption of our tax losses in the US, our core tax rate could increase by up to 3% to between 22% and 25% from 2024. Our expectation is based on prevailing corporate tax rates at the time of our H1 2022 results announcement.</p>
<b>Sub-lease</b>	<p>Our sub-lease rental income and our net financing expense are attributable to management fees. Both line items are denominated primarily in GBP.</p> <p>2022 guidance:</p> <ul style="list-style-type: none"> <li>▪ \$5-6m for sub-lease rental income</li> <li>▪ \$10-13m for net financing expense, attributable to management fees (assuming no material change in our capital structure)</li> </ul>

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