Press Release

01 March 2022

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

Performance and net inflows drive strong growth

Key points

- Assets under management (AUM) increased by 20% to $148.6 billion (31 December 2020: $123.6 billion)
  - Positive investment performance of $12.5 billion (2020: $3.3 billion)
  - Net inflows of $13.7 billion (2020: $1.8 billion)
  - Negative FX and other impacts of $1.2 billion (2020: positive $0.8 billion)
- Core earnings per share (EPS)[1] increased by 139% to 38.7¢ (2020: 16.2¢)
  - Core management fee EPS[1] increased by 52% to 15.7¢ (2020: 10.3¢)
  - Core performance fee EPS[1] increased by 290% to 23.0¢ (2020: 5.9¢)
- Statutory EPS (diluted) increased by 263% to 33.8¢ (2020: 9.3¢)
- Asset weighted investment performance versus peers across our strategies of +1.9% (2020: -1.0%)
- Run rate net management fee revenue of $939 million at 31 December 2021 (2020: $815 million)
- Balance sheet strength and liquidity position support long-term growth prospects
- Recommended final dividend of 8.4¢ per share, which implies a total dividend of 14.0¢ per share for 2021 (2020: 10.6¢ per share)
- At 25 February 2022 we had completed $88 million of the $250 million share buyback announced in December 2021

1. For definitions and explanations of our alternative performance measures, please refer to page 51 to 56.

Luke Ellis, Chief Executive Officer of Man Group, said:

“2021 was an exceptionally strong period of growth for the firm. We ended the year with record assets under management, having delivered $12.5 billion of positive investment performance for our clients and recorded net inflows of $13.7 billion into both alternative and long-only strategies. Core earnings per share increased by 139% from a solid outcome in 2020, driven by significant management fee growth, material performance fees, and the operating leverage in our business facilitated by our technology capabilities.

“These results demonstrate the potential of the firm we have built and its ability to deliver growth. Our diversified range of products and longstanding client relationships, combined with our diverse talent pool and cutting-edge technology, define Man Group, underpin our strategy and give me great confidence in our ability to continue to deliver value for our clients and shareholders.”

Summary Financials

$ millions, unless otherwise stated	Year ended **31 Dec 2021**	Year ended **31 Dec 2020**
Assets under management (end of period), $ billions	**148.6**	**123.6**
Core net management fee revenue[1]	877	730
Core performance fees[1]	569	179
Core gains on investments[1]	27	20
Core sub-lease rental and lease surrender income[1]	13	18
Core net revenue[1]	**1,486**	**947**
Asset servicing costs	(58)	(55)
Compensation costs	(596)	(451)
Core other costs[1]	(161)	(145)
Core net finance expense[1]	(13)	(12)
Core profit before tax[1]	**658**	**284**
Non-core items[1]	(68)	(105)
Statutory profit before tax	**590**	**179**

¢		
Statutory EPS (diluted)	33.8	9.3
Core EPS[1]	38.7	16.2
Core management fee EPS[1]	15.7	10.3
Dividend per share[2]	14.0	10.6

1. Our alternative performance measures, including reconciliations between statutory measures and their core equivalents, are outlined on pages 51 to 56.
2. Our dividend policy and availability of dividend resources are discussed further on page 19.

Dividend and share buyback

Man Group's ordinary dividend policy is progressive, taking into account the growth in the firm's overall earnings. Man Group's policy is to distribute available capital to shareholders over time by way of higher dividend payments and/or share buybacks, while maintaining a prudent balance sheet after taking into account required capital and potential strategic opportunities. Whilst the Board considers dividends as the primary method of returning capital to shareholders, it will continue to execute share buybacks when advantageous.

In line with our dividend policy, the Board confirms it will recommend a final dividend of 8.4¢ per share for the financial year ended 31 December 2021, resulting in a total dividend of 14.0¢ per share for the year. This is in addition to $350 million of share buyback programmes announced in 2021. We will fix and announce the US dollar to sterling dividend currency conversion rate on 6 May 2022, in advance of payment.

Dates for the 2021 final dividend

Ex-dividend date	7 April 2022
Record date	8 April 2022
Sterling conversion date	6 May 2022
Payment date	20 May 2022

Conference call and presentation for investors and analysts

A conference call with management including an opportunity to ask questions will commence at 10.30am (GMT) on 1 March 2022. A copy of the presentation will be available on the investor relations section of www.man.com from 10.25am.

The conference call can be accessed at:
https://mangroup.webex.com/mangroup/j.php?MTID=m0d6df0cb9a6a2b03fe40ab7c4f8d018f

Webinar number:
2364 671 6251

Webinar password:
pgB9n42hqdm (74296424 from phones)

Join by phone:
+44-203-478-5289 United Kingdom toll

Access code: 236 467 16251

Please note:

- We recommend connecting to the meeting 5-10 minutes prior to the start time
- To ask a question during the Q&A session you will need to access the meeting via the link above

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About Man Group

Man Group is a global, technology-empowered active investment management firm focused on delivering alpha and portfolio solutions for clients. Headquartered in London, we manage $148.6 billion[1] and operate across multiple offices globally.

We invest across a diverse range of strategies and asset classes, with a mix of long-only and alternative strategies run on a discretionary and quantitative basis, across liquid and private markets. Our investment teams work within Man Group's single operating platform, enabling them to invest with a high degree of empowerment while benefiting from the collaboration, strength and resources of the entire firm. Our platform is underpinned by advanced technology, supporting our investment teams at every stage of their process, including alpha generation, portfolio management, trade execution and risk management.

Our clients and the millions of retirees and savers they represent are at the heart of everything we do. We form deep and long-lasting relationships and create tailored solutions to help meet their unique needs. We recognise that responsible investing is intrinsically linked to our fiduciary duty to our clients, and we integrate this approach broadly across the firm.

We are committed to creating a diverse and inclusive workplace where difference is celebrated and everyone has an equal opportunity to thrive, as well as giving back and contributing positively to our communities. For more information about Man Group's global charitable efforts, and our diversity and inclusion initiatives, please visit: https://www.man.com/corporate-responsibility

Man Group plc is listed on the London Stock Exchange under the ticker EMG.LN and is a constituent of the FTSE 250 Index. Further information can be found at www.man.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 or to invest in any investment products mentioned herein.

1. As at 31 December 2021. All investment management and advisory services are offered through the investment engines of Man AHL, Man Numeric, Man GLG, Man FRM and Man Global Private Markets (GPM).

AUM movements for the year ended 31 December 2021

$bn	AUM at 31 Dec 2020	Net flows	Investment performance	FX & other	AUM at 31 Dec 2021
Absolute return	34.0	4.8	2.5	(0.1)	**41.2**
Total return	29.0	4.4	2.3	(0.3)	**35.4**
Multi-manager solutions	14.2	0.2	0.6	0.0	**15.0**
Alternative	**77.2**	**9.4**	**5.4**	**(0.4)**	**91.6**
Systematic long-only	27.8	3.3	5.3	(0.3)	**36.1**
Discretionary long-only	18.6	1.0	1.8	(0.5)	**20.9**
Long-only	**46.4**	**4.3**	**7.1**	**(0.8)**	**57.0**
Total	**123.6**	**13.7**	**12.5**	**(1.2)**	**148.6**

AUM movements for the three months ended 31 December 2021

$bn	AUM at 30 Sep 2021	Net flows	Investment performance	FX & other	AUM at 31 Dec 2021
Absolute return	39.9	1.6	0.1	(0.4)	**41.2**
Total return	34.6	0.1	0.9	(0.2)	**35.4**
Multi-manager solutions	14.1	0.9	0.1	(0.1)	**15.0**
Alternative	**88.6**	**2.6**	**1.1**	**(0.7)**	**91.6**
Systematic long-only	30.0	4.6	1.5	0.0	**36.1**
Discretionary long-only	20.9	0.0	0.0	0.0	**20.9**
Long-only	**50.9**	**4.6**	**1.5**	**0.0**	**57.0**
Total	**139.5**	**7.2**	**2.6**	**(0.7)**	**148.6**

AUM by product category

$bn	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21
Absolute return	**34.0**	**35.4**	**38.3**	**39.9**	**41.2**
Man Institutional Solutions[1]	7.3	8.3	9.5	11.1	11.0
AHL Alpha	7.6	7.8	8.3	7.9	8.6
AHL Dimension	5.3	4.9	5.5	5.4	5.5
GLG equity	4.6	5.1	4.9	5.1	5.5
AHL Evolution	4.4	4.2	4.6	4.5	4.7
AHL Diversified	1.5	1.5	1.4	1.4	1.3
Other[2]	3.3	3.6	4.1	4.5	4.6
Total return	**29.0**	**29.1**	**32.5**	**34.6**	**35.4**
AHL TargetRisk	11.2	11.8	14.3	16.6	18.7
Alternative Risk Premia	8.6	8.2	9.1	8.8	8.9
CLOs and other	5.0	4.8	4.7	4.8	3.7
Global Private Markets	2.4	2.5	2.7	2.8	3.0
Emerging markets fixed income	1.8	1.8	1.7	1.6	1.1
Multi-manager solutions	**14.2**	**13.9**	**13.4**	**14.1**	**15.0**
Infrastructure & direct access	7.1	7.2	7.5	8.1	9.1
Segregated	6.5	6.1	5.3	5.4	5.4
Diversified and thematic FoHF	0.6	0.6	0.6	0.6	0.5
Systematic long-only	**27.8**	**29.0**	**30.7**	**30.0**	**36.1**
Global equity	10.9	12.5	13.4	13.3	18.9
International equity	7.4	7.5	7.5	7.6	8.0
Emerging markets equity	7.2	7.1	8.0	7.4	7.4
US equity	2.3	1.9	1.8	1.7	1.8
Discretionary long-only	**18.6**	**19.6**	**20.4**	**20.9**	**20.9**
Credit and convertibles	3.7	3.7	4.1	5.0	5.5
UK equity	4.5	4.7	4.6	4.7	4.7
Japan equity	3.4	4.3	4.2	4.2	3.7
Europe ex-UK equity	4.0	3.8	3.5	3.0	3.2
Emerging markets fixed income	1.7	1.8	1.9	1.9	1.9
Other[3]	1.3	1.3	2.1	2.1	1.9
Total	**123.6**	**127.0**	**135.3**	**139.5**	**148.6**

1. Man Institutional Solutions includes AHL Institutional Solutions, which invests into a range of AHL strategies including AHL Alpha, AHL Dimension and AHL Evolution.
2. Includes AHL other, Numeric absolute return and GLG credit absolute return strategies.
3. Includes equity and multi-asset strategies.

Investment performance

		Return (net of fees)		Annualised return (net of fees)		
		3 months to 31 Dec 2021	12 months to 31 Dec 2021	3 years to 31 Dec 2021	5 years to 31 Dec 2021	Inception to 31 Dec 2021
Absolute return						
AHL Alpha	1	-0.8%	4.8%	6.8%	5.3%	10.4%
AHL Dimension	2	1.4%	8.3%	2.0%	2.6%	4.5%
AHL Evolution	3	4.7%	17.0%	12.0%	10.3%	12.8%
AHL Diversified	4	-2.5%	3.1%	8.0%	5.0%	10.7%
GLG Alpha Select Alternative	5	3.2%	8.9%	7.0%	8.3%	4.6%
GLG Event Driven Alternative	6	0.0%	6.3%	-	-	8.5%
GLG Global Credit Multi Strategy	7	-1.2%	2.8%	5.6%	6.4%	11.4%
Total return						
AHL TargetRisk	8	3.4%	14.4%	15.8%	12.5%	10.6%
Alternative Risk Premia	9	5.3%	12.8%	1.5%	2.2%	3.2%
GLG Global Emerging Markets Debt Total Return	10	0.2%	-0.2%	0.2%	0.7%	1.6%
Multi-manager solutions						
FRM Diversified II	11	1.0%	11.3%	5.9%	4.0%	4.1%
Systematic long-only						
Numeric Global Core	12	8.4%	24.3%	19.8%	13.0%	12.2%
Relative return		*0.6%*	*2.5%*	*-2.0%*	*-2.0%*	*0.4%*
Numeric Europe Core (EUR)	13	7.8%	29.4%	16.1%	9.4%	9.4%
Relative return		*0.1%*	*4.3%*	*1.0%*	*0.9%*	*2.4%*
Numeric Emerging Markets Core	14	-1.3%	3.0%	13.1%	11.3%	7.2%
Relative return		*0.0%*	*5.5%*	*2.2%*	*1.5%*	*2.4%*
Discretionary long-only						
GLG Continental European Growth Fund	15	6.9%	11.1%	21.9%	13.8%	10.2%
Relative return		*1.9%*	*-6.3%*	*6.5%*	*3.5%*	*3.9%*
GLG Japan CoreAlpha Equity Fund	16	-3.8%	28.2%	5.6%	2.7%	3.8%
Relative return		*-2.1%*	*15.5%*	*-7.1%*	*-5.3%*	*0.7%*
GLG Undervalued Assets Fund	17	1.2%	15.7%	5.1%	6.0%	6.6%
Relative return		*-3.0%*	*-2.6%*	*-3.3%*	*0.6%*	*0.9%*
GLG High Yield Opportunities Fund	18	0.1%	10.8%	-	-	11.9%
Relative return		*0.7%*	*8.7%*	-	-	*6.8%*
Indices						
HFRX Global Hedge Fund Index	19	0.1%	3.7%	6.3%	3.5%	
HFRI Fund of Funds Conservative Index	19	0.6%	7.5%	6.7%	4.7%	
HFRI Equity Hedge (Total) Index	19	0.7%	11.7%	14.4%	9.5%	
HFRX EH: Equity Market Neutral Index	19	-0.4%	1.0%	-1.6%	-1.3%	
Barclay BTOP 50 Index	20	1.8%	10.2%	7.3%	3.1%	

1. Represented by AHL Alpha plc from 17 October 1995 to 30 September 2012, and by AHL Strategies PCC Limited: Class Y AHL Alpha USD Shares from 1 October 2012 to 30 September 2013. The representative product was changed at the end of September 2012 due to the provisioning of fund liquidation costs in October 2012 for AHL Alpha plc, which resulted in tracking error compared with other Alpha Programme funds. Both funds are valued weekly; however, for comparative purposes, statistics have been calculated using the best quality price that is available at each calendar month end, using estimates where a final price is unavailable. Where a price, either estimate or final is unavailable on a calendar month end, the price on the closest date prior to the calendar month end has been used. Both of the track records have been adjusted to reflect the fee structure of AHL Alpha (Cayman) Limited - USD Shares. From 30 September 2013, the actual performance of AHL Alpha (Cayman) Limited - USD Shares is displayed.
2. Represented by AHL Strategies PCC Limited: Class B AHL Dimension USD Shares from 3 July 2006 to 31 May 2014, and by AHL Dimension (Cayman) Ltd - F USD Shares Class from 1 June 2014 until 28 February 2015 when AHL Dimension (Cayman) Ltd - A USD Shares Class is used. Representative fees of 1.5% Management Fee and 20% Performance Fee have been applied.
3. Represented by AHL Evolution Limited adjusted for the fee structure (2% p.a. management fee and 20% performance fee) from September 2005 to 31 October 2006; and by AHL Strategies PCC: Class G AHL Evolution USD from 1 November 2006 to 30 November 2011; and by the performance track record of AHL Investment Strategies SPC: Class E AHL Evolution USD Notes from 1 December 2011 to 30 November 2012. From 1 December 2012, the track record of AHL (Cayman) SPC: Class A1 Evolution USD Shares has been shown. All returns shown are net of fees.

4. Represented by Man AHL Diversified plc from 26 March 1996 to 29 October 2012, and by Man AHL Diversified (Guernsey) USD Shares – Class A from 30 October 2012 to date. The representative product was changed at the end of October 2012 due to legal and/or regulatory restrictions on Man AHL Diversified plc preventing the product from accessing the Programme's revised target allocations. Both funds are valued weekly; however, for comparative purposes, statistics have been calculated using the best quality price that is available at each calendar month end, using estimates where a final price is unavailable. Where a price, either estimate or final is unavailable on a calendar month end, the price on the closest date prior to the calendar month end has been used.
5. Represented by Man GLG Alpha Select Alternative IL GBP; AUM included within GLG equity under the absolute return product category.
6. Represented by Man GLG Event Driven Alternative IN USD; AUM included within GLG equity under the absolute return product category.
7. Represented by GLG Market Neutral Fund - Class Z Restricted – USD until 31 August 2007. From 1 September 2007, Man GLG Global Credit Multi Strategy CL IL XX USD unrestricted; AUM included within Other under the absolute return product category.
8. Represented by Man AHL TargetRisk class I USD.
9. Represented by Man Alternative Risk Premia Class A USD.
10. Represented by Man GLG Global Emerging Markets Debt Total Return Class I USD; AUM included within Emerging markets fixed income under the total return product category.
11. Represented by FRM Diversified II Fund SPC - Class A USD ('the fund') until April 2018 then Class A JPY hedged to USD thereafter. However, prior to Jan 2004, FRM has created the FRM Diversified II pro forma using the following methodology: i) for the period Jan 1998 to Dec 2003, by using the returns of Absolute Alpha Fund PCC Limited – Diversified Series Share Cell ('AA Diversified - USD') adjusted for fees and/or currency, where applicable. For the period Jan 2004 to Feb 2004, the returns of the fund's master portfolio have been used, adjusted for fees and/or currency, where applicable. Post Feb 2004, the fund's actual performance has been used, which may differ from the calculated performance of the track record. There have been occasions where the 12-months' performance to date of FRM Diversified II has differed materially from that of AA Diversified. Strategy and holdings data relates to the composition of the master portfolio; AUM included within Diversified and thematic FoHF under the multi-manager product category.
12. Performance relative to the MSCI World. This reference index is intended to best represent the strategy's universe. Investors may choose to compare returns for their accounts to different reference indices, resulting in differences in relative return information. Comparison to an index is for informational purposes only, as the holdings of an account managed by Numeric will differ from the securities which comprise the index and may have greater volatility than the holdings of an index.
13. Performance relative to the MSCI Europe (EUR). This reference index is intended to best represent the strategy's universe. Investors may choose to compare returns for their accounts to different reference indices, resulting in differences in relative return information. Comparison to an index is for informational purposes only, as the holdings of an account managed by Numeric will differ from the securities which comprise the index and may have greater volatility than the holdings of an index; AUM included within International equity under the systematic long-only product category.
14. Performance relative to MSCI Emerging Markets. This reference index is intended to best represent the strategy's universe. Investors may choose to compare returns for their accounts to different reference indices, resulting in differences in relative return information. Comparison to an index is for informational purposes only, as the holdings of an account managed by Numeric will differ from the securities which comprise the index and may have greater volatility than the holdings of an index.
15. Represented by Man GLG Continental European Growth Fund Class C Accumulation Shares. Relative return shown vs FTSE World Europe Ex UK (GBP, GDTR); AUM included within Europe ex-UK equity under the discretionary long-only product category.
16. 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); AUM included within Japan equity under the discretionary long-only product category.
17. Represented by Man GLG Undervalued Assets Fund - C Accumulation Shares. Relative return shown vs FTSE All Share (GBP, NDTR); AUM included within UK equity under the discretionary long-only product category.
18. Represented by Man GLG High Yield Opportunities I EUR. Relative return is shown vs against ICE BofA Global High Yield Index (EUR, TR) Hedged benchmark. AUM included within Credit and convertibles under the discretionary long-only product category.
19. HFRI and HFRX index performance over the past 4 months is subject to change.
20. The historical Barclay BTOP 50 Index data is subject to change.

Past or projected performance is no indication of future results. Financial indices are used for illustrative purposes only and are provided for the purpose of making a comparison to general market data as a point of reference and should not be construed as a true comparison to the strategy.
The information herein is being provided solely in connection with this press release and is not intended to be, nor should it be construed or used as, investment, tax or legal advice, any recommendation or opinion regarding the appropriateness or suitability of any investment or strategy, or an offer to sell, or a solicitation of an offer to buy, an interest in any security, including an interest in any fund or pool described herein.

Chief Executive Officer's review

Overview[1]

2021 was another unprecedented year shaped by the COVID-19 pandemic. It was a year of anticipation as many around the world looked ahead optimistically at a return to a degree of normality. Markets rose relatively steadily, driven by the distribution of vaccines, continued fiscal and monetary stimulus, strong corporate earnings and increased consumer demand as lockdowns eased. Most major equity indices ended the year at or near record highs, delivering double-digit returns despite periods of uncertainty and volatility at various times owing to issues ranging from surging inflation, new virus variants, supply chain disruptions and the emergence of speculative retail investors.

I am delighted by the exceptionally strong set of results we delivered for 2021. During the year we made significant progress on our key strategic objectives, which has laid firm foundations for the longer-term growth of the business.

Our technology-empowered active investment processes delivered strong overall investment performance for our clients of $12.5 billion, and 1.9% in asset weighted relative investment outperformance across our strategies. Our clients have recognised this performance with $13.7 billion of net inflows, including our strongest quarters ever in Q3 and Q4. More importantly, we continue to develop better and deeper relationships with the world's largest and most sophisticated asset owners. In addition, we continued to add to our range of investment strategies, with new strategies such as Man GPM RI Community Housing, and invest in our research and innovation, whether that be execution technology, machine learning, data science or our responsible investing capabilities.

The strong outperformance together with positive momentum in markets and net inflows resulted in our AUM increasing to $148.6 billion, a new high for Man Group. The growth was broad based, with both our alternative and long-only strategies growing their AUM during the year.

Core profit before tax[2] increased to $658 million, compared to $284 million in 2020, due to growth in management fee earnings and an exceptionally strong performance fee outcome. Our results highlight the benefit of the diversified set of performance fee earning strategies we offer. Core management fee profit before tax[2] was up 48%, reflecting the strong growth of AUM during the year. Statutory profit before tax was $590 million, compared to $179 million in 2020.

These results are a reflection of our performance, our growth, the demand for our products and the value of active investment management. Our ability to continue to deliver positive client outcomes during uncertain economic periods reinforces my belief that our range of strategies, dedicated talent, technological edge, collaborative culture and the depth of our client relationships, mean we are well positioned for the future.

Performance[1]

Absolute investment performance across our product categories was up 10.4%. Our alternative strategies were up 8.1%, driven by positive performance from AHL Evolution (+17.0%) and Alternative Risk Premia (+12.8%). On average, our long-only strategies were up 13.4%, having benefited from rallying equity markets and the rotation into value. Performance in Numeric Europe (+29.4%) and GLG Japan CoreAlpha (+28.2%) was particularly strong as a result of this.

Asset weighted relative outperformance of 0.5% in alternatives was driven by our quantitative strategies, with AHL TargetRisk continuing its relative outperformance since launch. Relative outperformance of 3.8% across our long-only strategies was exceptionally strong, largely due to their valuation focus. Our systematic long-only strategies at Man Numeric, as well as GLG Japan CoreAlpha, outperformed in the year.

Progress against strategic priorities

Strong client relationships

2021 saw excellent engagement with existing and new clients across the globe, reflected by record net inflows for the year of $13.7 billion. This is notably strong relative to the industry, which saw average inflows of 1.3% across comparable strategies in 2021. It is one of the best signs of the strength of our business today.

We continued to make good progress in building long-term relationships with clients and during the year we added a significant number of new relationships with strategically important asset allocators and distributors. One of the most notable wins was a large mandate into our Numeric Global Sustainable Climate strategy. This marks a very exciting milestone for us and is a strong endorsement of our ability to innovate and deliver a bespoke product that incorporates proprietary climate research to meet our clients' ESG goals.

The trend of clients investing across the firm continues, with a number of existing clients investing in new products in 2021. At the end of December, 78% of our AUM is from clients investing in two products or more and 48% from clients investing in four products or more. Our 50 largest clients are invested in an average of four of our strategies. This illustrates the strength and breadth of our offering, and the value of providing clients with a single point of contact who understands them and their unique requirements.

In September, we hosted the Man Alternative Investing Symposium in partnership with the Oxford Man Institute, a world-leading academic research institute at the University of Oxford that Man Group has worked in collaboration with since 2007. The Symposium included clients from the UK, Europe and the US, as well as a number of internal and guest speakers. The sessions covered a range of topics from modern monetary theory to climate change models under the overarching theme of 'forecasting'. The feedback we received from clients was overwhelmingly positive, and it was fantastic for us to host clients in person again.

1. Past performance is not indicative of future results. Returns may increase or decrease as a result of currency fluctuations. Performance figures are shown net of representative management and performance fees.
2. Man Group's alternative performance measures are outlined on pages 51 to 56.

Innovative investment strategies

Innovation strengthens our business by further diversifying our revenue streams, providing interesting development opportunities for our people and, most importantly, maintaining our performance edge and relevance with clients. We recognise that we need to keep innovating to meet their unique requirements, and we invest a huge amount of time and energy in research.

During 2021, we continued to see growth from strategies we have seeded and developed organically in the past. Once again, AHL TargetRisk saw material client demand during the year and was a significant contributor to the firm as a whole. We launched additional products within the AHL TargetRisk range, including TargetGrowth and TargetRisk Core, and now have a total of $18.7 billion of AUM in the strategy range.

We were also pleased to announce the first close of our Man GPM RI Community Housing Fund earlier in the year, which is focused on addressing the shortage of new, high-quality housing in the UK that is affordable to those earning the median income and below. The first residents moved in before Christmas and included young families and key workers whom we all relied upon during the pandemic.

We see an opportunity for further growth in credit and fixed income, whether systematic or discretionary, and strategies focused on Asia. Our fixed income quantitative investment strategies are using the growing amount of data available on the fixed income and credit markets to develop new strategies operating in those markets. We launched a new systematic fixed income strategy during the year and continue to see inflows into our discretionary and quantitative high yield strategies. We have also seen good traction with strategies focused on Asia ex-Japan and both onshore and offshore in China.

We see our pipeline of new ideas and products as very strong and have seeded 16 new strategies this year, increasing our seeding book to $648 million at the end of 2021.

Using the Global Sustainable Investment Alliance’s definitions and classification, $55.2 billion of Man Group’s assets under management across all our investment engines integrate ESG factors into their decision-making process. As ESG becomes better understood as something that can be quantitative as well as qualitative, we believe our 570+ quants and technologists and 35 years of experience in understanding data and quant investing puts us in a unique position to provide meaningful RI solutions for our clients across the range of strategies we offer.

We continue to build our firmwide centre of execution excellence in trading, trading technology and trading research. Efficient execution is key to our business’s success and the delivery of performance for clients. It enables them to capture more of the alpha that our portfolio managers generate. It is also a fast-evolving area that is ripe for innovation, for example, via the expanded use of machine learning or the development of systematic ways to trade single name credit.

Efficient and effective operations

Our technology and central infrastructure are the foundations on which the firm operates. This enables us to evolve and adapt as markets and clients’ needs do. With the firm’s knowledge, experience and talent, our single platform facilitates alpha generation, portfolio management, trade execution, operations, compliance, risk management and financial reporting.

During the year, we invested over $100 million in our technology capabilities, which will further support our ability to serve our clients globally. Continuous investment in our people, data and platform technology in order to enhance our capabilities is what maintains and increases our technological lead and our competitive edge. In January 2021, we also announced the HUB joint venture, in partnership with PIMCO, IHS Markit, State Street, Microsoft and McKinsey. HUB aims to, for the first time, make our intellectual property in technology available to third parties via the cloud.

This year we completed an extensive refurbishment of our offices and moved all our London teams to the same building in the City of London, a space designed to support our new agile working model. We already see the significant advantages this generates for employees, the firm and our clients.

We also continue to review a large number of acquisition opportunities, and while we haven’t seen any that meet our criteria in 2021, we think this capability will prove valuable to shareholders in the longer term, as it has in the past.

Climate change

The need for rapid action on climate change is beyond debate, and the world of climate science is moving at a commensurate pace. 2021 has marked an important milestone in our commitment to combat climate change as we signed up to the Net Zero Asset Managers initiative and committed to climate neutrality in line with the Paris Agreement. We are also pleased to report that Man Group has been listed in the top 300 of the FT’s Climate Leaders list for Europe for reducing our core greenhouse gas emission intensity.

While climate change is undoubtedly a threat to society, it also presents an opportunity for our firm. We are building and launching climate-oriented strategies across the business and established climate research capabilities in-house. Developing and researching innovative investment solutions compatible with supporting a transition to a low-carbon economy is a key area of strategic focus for us, both to stay relevant to our clients and achieve more sustainable growth over time.

People and culture

Our focus on attracting, supporting and retaining the best talent has remained a top priority throughout this unusual year. We are fundamentally a people business, and attracting the brightest at all levels is vital to our ability to deliver better outcomes for all our stakeholders. We place great importance on being an employer of choice and an organisation where all our employees can bring their authentic selves to work to learn, develop and achieve excellence. We are pleased to report that our 2021 staff survey recorded an engagement score of 81% with a response rate of 78%.

At Man Group, we believe in diversity. It is the right thing to do because it makes us a better place to work, and a stronger business. Our culture is based on mutual respect for others, and we believe that by celebrating diversity at all levels, we encourage original and collaborative thinking with multiple and differing perspectives.

Our initiatives to support diversity and inclusion are led by Drive, Man Group's close-knit and collaborative group of networks run by our employees and sponsored by members of the Senior Executive Committee. It seeks to inform, support and inspire our people, and we have run a number of successful events during the year to mark Global Inclusion Week, Mental Health Awareness Week and Earth Day, to name a few.

In recent years, we have been pleased to see a positive trajectory in relation to gender diversity. We have seen the proportion of women in senior management roles rising from 20% in 2017 to 27% in 2021.

I am also pleased to reconfirm Man Group's support for the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. As an active signatory, we are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our firm, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

I am proud of what we've achieved so far, but I know that fostering a truly diverse and inclusive business takes time. It is a team effort that requires commitment and collaboration, and there is still work to be done. However, I'm convinced that this firm and our industry will be better in the long term because of the steps we are taking today.

Growth

2021 was another strong year of growth for Man Group. Our intensely client-centric approach has proved key to improving flows, and our technology leadership has extended our competitive advantage and delivered strong returns for clients and shareholders. Since the beginning of 2017, we have seen $37.8 billion of net inflows from clients and the number of clients for whom we manage more than $1 billion has grown from 10 to 26. We have increased our core management fee profitability[1] by 102% to $266 million and have grown our core management fee EPS[1] by 134%, while returning on average 10% of our market cap in dividends and share buybacks every year during that period.

Outlook

2021 was an excellent period of growth and demonstrates the potential of the firm we have built over the past few years. We are confident in our growth trajectory, entering the year with good momentum and remain focused on investing in our talent and technology, which are the foundations of the firm and cement our sustainable competitive advantage.

Luke Ellis
Chief Executive Officer

1 Details of the calculation of our alternative performance measures are provided on pages 51 to 56.

Key performance indicators

Financial KPIs

Our financial KPIs illustrate and measure the relationship between the investment experience of our clients, our financial performance and the creation of shareholder value over time.

Relative investment performance

What we measure

The asset weighted performance of Man Group's strategies compared to peers gives an indication of the competitiveness of our investment performance against similar strategies offered by other investment managers.

How we performed

We had asset weighted relative investment outperformance of 1.9% in 2021, across both alternative and systematic long-only strategies, an improvement on 2019 and 2020. For further discussion on investment performance see page 9.

Relative net flows

What we measure

Relative net flows are a measure of our ability to attract and retain investor capital in comparison to our industry peers. AUM drives our financial performance in terms of our ability to earn management and performance fees.

How we performed

At 9.8%, relative net flows in 2021 have been particularly strong, indicating the strength of our diversified product offering and depth of our global client relationships.

Core EPS

What we measure

Core EPS[1] is a measure of core profitability and capital management. From 2021 we changed to this KPI from core profit before tax[1] in order to provide better comparability across our peers and to align management incentives and shareholder interests further.

How we performed

Core EPS of 38.7¢ for 2021 is an increase of 139% compared to 2020, reflecting exceptionally strong performance fee generation in the year and the operating leverage inherent in our business.

Core management fee EPS growth

What we measure

Core management fee EPS[1] growth in the year measures the overall effectiveness of our business model and reflects the value generation for shareholders from our more stable earnings stream. In 2021 we changed this KPI from adjusted to core management fee EPS growth, as these two measures became aligned in 2020.

How we performed

Core management fee EPS increased by 52% to 15.7¢. Investment performance and net inflows drove increased management fee profitability in the year, supplemented by $180 million of capital returned through our share buyback programmes which reduce total share count.

1 Details of the calculation of our alternative performance measures are provided on pages 51 to 56.

Non-financial KPIs

Our non-financial KPIs further demonstrate our commitment to our people, wider society and the environment, which reflect our core values.

Carbon footprint (tCO_2e)

What we measure

In order to monitor and decrease our direct carbon footprint, we measure total greenhouse gas emissions (tCO_2e), using the market-based approach[1].

How we performed

In 2021, total carbon emissions decreased by 7% compared to 2020, despite our offices reopening as lockdowns eased. We continued to reduce emissions by improving the energy efficiency of our offices.

Employee engagement

What we measure

Each year we conduct a staff survey to help us monitor and understand employee engagement and identify any areas for action.

How we performed

Our 2021 staff survey recorded an engagement score of 81%, with a slight decrease in the response rate in 2021 to 78% from 85% in 2020. The well-being of our employees remained a top priority as we transitioned from remote working to our new agile working model.

Women in senior management roles

What we measure

As we seek to encourage greater diversity across the investment management industry, we measure the number of women in senior management positions. This is defined as those who are or report directly to members of our Executive Committee.

How we performed

We made some progress in the number of women in senior management roles during the year, increasing the percentage to 27% in 2021. However, we recognise there remains a long way to go.

ESG-integrated AUM ($bn)

What we measure

The amount of our AUM invested responsibly is crucial to our business and our clients. We calculate ESG-integrated AUM in line with the Global Sustainable Investment Alliance definitions, which have emerged as the global standard of classification.

This is a new non-financial KPI from 2021.

How we performed

We first reported this metric in 2020. Since then, we have made significant progress and now manage $55.2 billion of ESG-integrated AUM for our clients.

1 Indirect emissions from non-renewable electricity sources (Scope 2) and upstream leased assets (Scope 3). We have refined our methodology in 2021 and have restated 2020 numbers to reflect this change. 2019 carbon footprint measures have not been updated.

Chief Financial Officer's review

Overview

Man Group delivered excellent results in 2021, with the continued strong growth in both core net management fee revenue[1] and core performance fees[1] leading to core profit[1] exceeding the previous ten-year peak achieved in 2021. As a result, statutory profit has increased to $487 million from $138 million in 2020. Record net inflows and strong investment performance increased our AUM to a new high of $148.6 billion, leading to a 57% increase in core net revenue[1] to $1,486 million. Coupled with a cost discipline that combines prudence with investment in selected growth areas, this resulted in core EPS[1] growing by 139% to reach new record levels of 38.7¢ in 2021, thanks to particularly strong performance fee earnings. Core management fee EPS[1] increased from 10.3¢ to 15.7¢ and core performance fee EPS[1] increased from 5.9¢ to 23.0¢. Statutory EPS increased from 9.3¢ to 33.8¢. We continue to deliver strong cash conversion of our profits and, driven by the growth in earnings, have increased our returns to shareholders significantly in 2021. Our total proposed dividend for 2021 of 14.0¢ per share represents an increase of 32% from 10.6¢ in 2020, reflecting the growth in the business and the implementation of our new progressive dividend policy. After completing the $100 million share buyback announced in September 2020, we announced a further $350 million in share buybacks over 2021, of which $116 million had been completed at 31 December 2021. Together with an estimated $194 million of dividend payments in relation to 2021, this brings the total announced returns to shareholders for 2021 alone to over $0.5 billion[2], and $1.7 billion[3] over the last five years.

Our assets under management increased by $25.0 billion to a new record of $148.6 billion at the end of 2021, due to positive investment performance of $12.5 billion across both alternative and long-only strategies and net inflows of $13.7 billion, partially offset by adverse FX and other movements of $1.2 billion. Our five AUM product categories all recorded positive net flows for the year, with 11.1% net flows overall compared with 1.3% for our peers. At 66 basis points, the average net management fee margin for the year remained largely in line with 2020. The run rate net management fee margin as of 31 December 2021 stood at 63 basis points, predominantly due to the large long-only systematic mandate in Q4 which attracts a lower margin due to both its investment style and the low tracking error of the mandate. As a result, run rate core net management fee revenue, which applies the run rate net management fee margin to closing AUM at the end of the year, has increased to $939 million at the end of 2021, up by 15% from $815 million at the end of 2020.

Management and other fees increased by 20% to $914 million for the year due to higher average AUM, which also drove the 20% increase in core net management fee revenue[1] to $877 million. Core performance fee[1] generation was strong, with $569 million earned in the year, a significant increase from $179 million in 2020 and our best in over ten years. Our asset weighted relative investment outperformance was 1.9% above our peers, largely due to particularly strong performance from our alternative and systematic long-only strategies. Although the majority of performance fees were earned from systematic macro strategies, all our investment engines contributed positively. We also made core gains on investments[1] of $27 million which predominantly relate to our seed book, a slight increase on the $20 million gain in 2020, reflecting continued effective risk management and strong performance from various strategies.

Core costs[1], which exclude the gross-up of costs relating to consolidated fund entities, were $815 million, up from $651 million in 2020, largely driven by higher performance fee related variable compensation. Other increases in core costs[1] primarily relate to higher fixed compensation and recruitment costs, reflecting a step up in hiring due to recent and expected future growth. The less favourable sterling to US dollar rates in 2021 also contributed to an increase in core costs[1] of around $14 million compared to 2020. We continued to benefit from savings related to travel and entertainment as a result of the ongoing pandemic, although we expect these will ultimately return to more normalised levels. Whilst climate change has not adversely impacted our financial performance and position to date, our financial planning and reporting process now incorporates the potential future impacts of climate change on our business. It is compiled with an emphasis on sustainability, looking to minimise the carbon emissions of our office premises in the near term, reduce internal travel, and plan for the future. This is an area of focus of the Audit and Risk Committee. As part of our ongoing commitment to reduce our carbon footprint we are introducing carbon emissions targets into our directors' long-term incentive plans from 2022, as set out in the Directors' Remuneration report. We have set targets to reduce our Scope 1, 2 and 3 carbon emissions as part of our commitment to reach net zero by 2030 and have also recently purchased carbon offsets which support a net zero emissions position through to this point.

Following the lease surrender by the principal sub-tenant of our London office in 2020 and the coinciding commercial property market uncertainty due to COVID-19, we recognised in 2020 a $25 million impairment of the associated right-of-use lease asset to reflect an expected period of future vacancy (a non-core[1] item). Following our exit from the remaining portion of the space available for sub-let during 2021 we recognised a further associated $3 million impairment. In late 2021, we began marketing the remaining vacant space in our London office for sub-let and, until such time as the sub-let space is fully occupied, we will incur increased occupancy costs as well as earn less sub-lease rental income. Finally, we completed a full future-of-work focused refit of our London office in 2021, and initiated one for our New York office.

1 Details of the calculation of our alternative performance measures are provided on pages 51 to 56.
2 Comprises the 2021 interim and final dividends plus the share buybacks announced during 2021.
3 Comprises the total dividends relating to the last five financial years and share buybacks announced in those years.

Core and statutory profits

$m	Year ended 31 December 2021	Year ended 31 December 2020
Core net management fee revenue[1]	**877**	730
Core performance fees[1]	**569**	179
Core gains on investments[1]	**27**	20
Core sub-lease rental and lease surrender income[1]	**13**	18
Core net revenue[1]	**1,486**	947
Asset servicing costs	**(58)**	(55)
Fixed compensation	**(208)**	(194)
Variable compensation	**(388)**	(257)
Core other costs[1]	**(161)**	(145)
Core costs[1]	**(815)**	(651)
Core net finance expense[1]	**(13)**	(12)
Core profit before tax[1]	**658**	284
Core management fee profit before tax[1]	**266**	180
Core performance fee profit before tax[1]	**392**	104
Core profit[1]	**557**	240
Non-core items[1]	**(68)**	(105)
Statutory profit	**487**	138
Statutory EPS (diluted)	**33.8¢**	9.3¢
Core EPS[1]	**38.7¢**	16.2¢
Core management fee EPS[1]	**15.7¢**	10.3¢
Dividend per share[2]	**14.0¢**	10.6¢

In June, we acquired a 23% stake in Hub Platform Technology Partners Limited (HUB), a start-up company whose objective is to deliver a cloud-based operating platform aimed at transforming the operations technology for asset managers. HUB will be loss-making in the early years due to investment in developing the platform, with our share of these losses of $2 million recognised as a non-core[1] item in 2021.

Statutory profit increased by $349 million in 2021 to $487 million. When analysing statutory profit we consider it most meaningful to split this into core profit[1] and non-core[1] items. Core profit[1] of $557 million easily surpassed the ten-year peak achieved in 2019 of $325 million, largely driven by the strong performance fee generation. Non-core[1] items (excluding tax) decreased from $105 million in 2020 to $68 million in 2021, reflecting the impact of the 2020 $55 million GPM goodwill impairment charge which was partially offset by a related $22 million decrease in the fair value of the contingent consideration creditor.

Our balance sheet remains strong and liquid and allows us successfully to navigate stressed periods whilst continuing to invest in the business and support our long-term growth prospects. This is evidenced by our continued return of capital to shareholders through dividends and share repurchases throughout the course of the pandemic, as well as increased seed capital allocations and capital expenditure to ensure we remain leaders in technology and provide the most attractive office environment for our employees.

We have net tangible assets of $928 million or 63¢ per share at 31 December 2021, and net financial assets[1] of $907 million. We have cash of $323 million (2020: $289 million), excluding amounts held by consolidated fund entities, and continue to be strongly cash generative, with core cash flows from operations excluding working capital movements[1] of $700 million (2020: $341 million).

1 Man Group's alternative performance measures, including reconciliations between statutory measures and their core equivalents, are outlined on pages 51 to 56.
2 Dividend per share includes the interim and final dividend relating to each financial year, which for 2021 includes the proposed final dividend.

Assets under management (AUM)

$bn		31 December 2020	Net inflows/ (outflows)	Investment performance	FX and other	**31 December 2021**	Change $bn	Change %
Alternative	Absolute return	34.0	4.8	2.5	(0.1)	**41.2**	**7.2**	**21%**
	Total return	29.0	4.4	2.3	(0.3)	**35.4**	**6.4**	**22%**
	Multi-manager solutions	14.2	0.2	0.6	0.0	**15.0**	**0.8**	**6%**
	Total	77.2	9.4	5.4	(0.4)	**91.6**	**14.4**	**19%**
Long-only	Systematic	27.8	3.3	5.3	(0.3)	**36.1**	**8.3**	**30%**
	Discretionary	18.6	1.0	1.8	(0.5)	**20.9**	**2.3**	**12%**
	Total	46.4	4.3	7.1	(0.8)	**57.0**	**10.6**	**23%**
Total		123.6	13.7	12.5	(1.2)	**148.6**	**25.0**	**20%**

Core net management fee revenue[1]

$m	**Year ended 31 December 2021**	Year ended 31 December 2020
Absolute return	**451**	355
Total return	**198**	171
Multi-manager solutions	**30**	32
Systematic long-only	**82**	73
Discretionary long-only	**116**	99
Core net management fee revenue[1]	**877**	730

Absolute return

The increase in absolute return AUM was driven by net inflows of $4.8 billion, primarily into Man Institutional Solutions, GLG Event Driven and AHL Alpha, partially offset by outflows from GLG European Long-Short. Performance of $2.5 billion was driven by a number of strategies in the product category.

Total return

Net inflows of $4.4 billion, primarily into AHL TargetRisk and Man Global Private Markets, partially offset by outflows from Alternative Risk Premia, drove the increase in total return AUM. Performance of $2.3 billion was driven by gains in AHL TargetRisk and Alternative Risk Premia.

Multi-manager solutions

The increase in multi-manager solutions AUM was primarily driven by performance of $0.6 billion across a number of strategies.

Systematic long-only

Net inflows of $3.3 billion were primarily into Numeric Global strategies. Performance of $5.3 billion was driven by a number of strategies in the product category.

Discretionary long-only

Net inflows of $1.0 billion and positive investment performance $1.8 billion were partially offset by negative FX and other movements of $0.5 billion. Net inflows were primarily into GLG High Yield and GLG Asia ex Japan, partially offset by outflows from GLG Continental Europe. Performance was driven by gains in GLG Japan CoreAlpha and GLG UK Undervalued Assets.

Revenue

Core net revenue[1] increased by $539 million from $947 million in 2020 to $1,486 million in 2021 as a result of net inflows and strong investment performance, which grew our AUM to a new peak and generated significant performance fees. Statutory net revenue increased from $953 million to $1,486 million.

Net management fee revenue and margins

Run rate net management fee revenue was $939 million at 31 December 2021 (2020: $815 million), largely as a result of the increase in absolute return AUM during the year. Although our total net management fee margin increased slightly by one basis point during the year to 66 basis points, the run rate net management fee margin at 31 December 2021 stood at 63 basis points as a result of the large systematic long-only mandate which funded in December 2021.

The absolute return net management fee margin increased by one basis point to 119 basis points as a result of higher closing AUM in Man Institutional Solutions and AHL Evolution in particular, which attract higher margins. The total return net management fee margin is broadly in line with 2020. The multi-manager net management fee margin decreased to 22 basis points in 2021, from 24 basis points in 2020, as a result of Man FRM's continued shift towards solutions from traditional fund of funds. The net management fee margin of long-only strategies continued its gradual decline due to margin pressure and mix effects in recent years, with systematic long-only margins decreasing from 30 basis points to 27 basis points and discretionary long-only margins decreasing from 62 basis points in 2020 to 58 basis points in 2021.

Core net management fee revenue[1], which excludes amounts relating to consolidated fund entities which are reclassified to core gains on investments[1] to better reflect these with other seed book activity, increased by 20% to $877 million in 2021, driven by higher average AUM.

1 Man Group's alternative performance measures are outlined on pages 51 to 56.

Performance fees

Core performance fees[1] for the year were $569 million (2020: $179 million), which included $533 million from alternative strategies (2020: $175 million) and $36 million from long-only strategies (2020: $4 million). We have strong performance fee optionality and diversity, with $60.2 billion of performance-fee-eligible AUM at year end, the majority being at high-water mark, and a broad range of strategies having contributed to our performance fee earnings over recent years.

Investment gains and losses

Core gains on investments[1] of $27 million (2020: $20 million) primarily relate to gains on seed investments. The seed book (see page 36) was $648 million at year-end, up from $485 million in 2020 as we deploy our capital to support new strategies, grow the business, and increase returns to shareholders. We had $108 million of additional seed investment exposure via total return swaps at year-end (2020: $50 million).

Sub-lease rental and lease surrender income

In 2020, the principal sub-tenant of our main London office paid us $26 million in order to terminate their lease early, which was offset by an associated non-cash deferred rent write-off of $8 million and resulted in a net accounting gain on lease surrender of $18 million. The surrender gain represented payment for sub-lease rental risk and other costs taken on by Man Group as a result of this agreement and accordingly the amount relating to future lost sub-lease rental income and additional costs ($7 million) was deferred through non-core[1] items and subsequently fully utilised in 2021. We recognised a $25 million impairment of the related right-of-use lease asset in 2020 and, following our exit from occupying the remaining portion of the space available for sub-let during 2021, we recognised a further associated $3 million impairment.

Costs

Asset servicing

Asset servicing costs vary depending on transaction volumes, the number and mix of funds, and fund NAVs. Asset servicing costs were $58 million (2020: $55 million), which equates to around 6 (2020: 7) basis points of average AUM excluding systematic long-only and Man GPM strategies.

Compensation costs

Total compensation costs were $596 million for the year, up by 32% from $451 million in 2020 primarily as a result of higher management and performance fee revenues increasing the associated variable compensation, as well as the less favourable sterling to US dollar exchange rates in 2021. Our compensation ratio is generally between 40% and 50% of core net revenue[1], depending on the mix and level of revenue. We expect to be at the higher end of the range in years when absolute investment performance fees are low or driven predominantly by discretionary strategies, and conversely we expect to be at the lower end of the range when absolute investment performance fees are high or driven by systematic strategies. The overall compensation ratio therefore decreased to 40% in 2021 from 48% in 2020, which reflects the overall increase in performance fee revenue generated in 2021 and illustrates the inherent operating leverage in our business.

Other costs

Core other costs[1], which exclude the gross-up of costs relating to consolidated fund entities, were $161 million for the year (2020: $145 million). Our recruitment and temporary staff costs increased due to hiring, as attrition levels normalised during the year compared to 2020 and as we increase headcount to support business growth which we expect to continue in 2022. The less favourable sterling to US dollar exchange rates also increased other costs compared with 2020.

Tax

The majority of our profits are earned in the UK, with significant profits also arising in the US, where our cash tax rate is effectively nil as a result of available tax assets, and in Switzerland, which has a lower rate than the UK.

The core tax rate[1] in 2021 was 15% (2020: 16%), a decrease largely due to the reduced weighting of profits in the UK where the applicable statutory tax rate is 19%.

Tax on statutory profit for the year was $103 million (2020: $41 million), which equates to a statutory effective tax rate of 17% (2020: 23%). The decrease in the tax rate is largely due to non-recurring items arising in 2020, including the impairment of the GPM goodwill which was partially offset by the revaluation of the associated contingent consideration creditor, as well as the derecognition of a portion of our US deferred tax assets.

In the US we have accumulated tax losses as well as tax deductible goodwill and intangibles of $85 million (2020: $95 million), which can be offset against future US profits and will therefore reduce taxable profits. We have recognised $74 million of these US deferred tax assets on the balance sheet at 31 December 2021 (2020: $81 million) as certain state and city tax losses are expected to expire before consumption. The US core tax rate[1] will remain at nil until cash taxes are payable in the US, with movements in the deferred tax asset classified as a non-core[1] item to reflect this. We currently expect these to be fully consumed by 2024.

The principal factors influencing our future underlying tax rate are the mix of profits by tax jurisdiction, the consumption of US deferred tax assets and changes to applicable statutory tax rates, in particular a rate increase in the UK and the potential introduction of a global minimum tax rate, both of which are expected to apply from April 2023. The underlying tax rate in 2022 is currently expected to remain consistent with 2021, dependent on the factors outlined above, and is expected to increase from 2023.

1 Man Group's alternative performance measures are outlined on pages 51 to 56.

Core profit[1]

The directors consider that Man Group's profit is most meaningful when considered together with an alternative 'core' basis which reflects the revenues and costs that drive our cash flows during the year. Core metrics, which represent our main alternative performance measures (APMs) and as such should be read in conjunction with IFRS or statutory metrics, are detailed on pages 51 to 56.

Core profit[1] was $557 million compared to $240 million in 2020. Our core profitability exceeded the ten-year peak reached in 2019, driven by our strong performance fee generation and continued growth in AUM.

The increase in core profit[1] and the $180 million of shares repurchased during the year drove the increase in core EPS[1] from 16.2¢ in 2020 to 38.7¢ in 2021.

Cash earnings

Given the strong cash conversion of our business, we believe our core profit[1] is a good measure of our cash flow generation, although the timing of cash conversion is impacted by the cyclical movements in our working capital position through the year and the size of our seed book over time. Core cash flows from operations excluding working capital movements[1] were $700 million during the year.

$m	**Year ended 31 December 2021**	Year ended 31 December 2020
Opening core cash and cash equivalents[1]	**289**	220
Core cash flows from operations excluding working capital movements[1]	**700**	341
Working capital movements (excluding seeding)	**(45)**	9
Working capital movements – seeding[2]	**(173)**	41
Dividends paid	**(160)**	(147)
Share repurchases (including costs)	**(180)**	(107)
Payment of acquisition-related contingent consideration	**–**	(2)
Investment in associate (HUB)	**(19)**	–
Other movements	**(89)**	(66)
Core cash and cash equivalents at year end[1]	**323**	289

Working capital movements in 2021 largely relate to the year-on-year increase in our seed book.

Balance sheet

As at 31 December 2021, our cash balance was $323 million, excluding amounts held by consolidated fund entities, and the undrawn committed revolving credit facility, which matures in 2026, was $500 million.

We have a strong and liquid balance sheet. Fees and other receivables have increased as a result of the higher level of performance fees earned in December compared to the prior year. Payables have similarly increased due to an increase in related compensation accruals. The increase in investments in funds is driven by seed investments, as outlined below.

$m	**31 December 2021**	31 December 2020
Core cash and cash equivalents[1]	**323**	289
Core fee and other receivables[1]	**480**	382
Core payables[1]	**(712)**	(568)
Core investments in fund products and other investments[1]	**770**	607
Pension asset	**27**	2
Investment in associate (HUB)	**18**	–
Right-of-use lease assets – investment property	**77**	78
Right-of-use lease assets – leasehold property	**61**	74
Leasehold improvements and equipment	**43**	30
Lease liability	**(250)**	(272)
Net deferred tax asset	**91**	94
Net tangible assets[3]	**928**	716
Goodwill and other intangibles	**723**	781
Shareholders' equity	**1,651**	1,497
Net financial assets[1]	**907**	716

Seed investments

We use our balance sheet to invest in new products and both assist in the growth of the business and generate returns to shareholders, aiming to redeem as client AUM grows in the funds. At 31 December 2021 our seed investments were $648 million, which have increased from $485 million at 31 December 2020 due to targeted deployment of capital to invest in new strategies and grow the business. In addition, we held $108 million of total return swap exposure at 31 December 2021 (2020: $50 million), allowing us to increase seed investments without utilising large cash balances.

1 Man Group's alternative performance measures are outlined on pages 51 to 56.
2 Excludes amounts related to consolidated fund entities.
3 Equates to net tangible assets per share of 63¢ (2020: 46¢).

Capital management and shareholder returns

Our robust balance sheet and liquidity position allows us to weather crises whilst continuing to invest in the business to support our long-term growth prospects and maximising shareholder value, returning capital to shareholders that we consider to be in excess of our medium-term requirements. In 2021, we completed both the end of the $100 million share repurchase announced in September 2020, and the subsequent $100 million repurchase announced in July 2021. In December 2021, we announced our intention to repurchase a further $250 million of shares ($16 million of the first tranche of $125 million had been repurchased at 31 December 2021).

In 2020 we moved to a progressive dividend policy, and our 2021 total dividend of 14.0¢ per share represents an increase of 32% on 2020. Our business is highly cash-generative, and these cash flows support a growing dividend over time. We actively manage our capital to seek to maximise value to shareholders and support our strategy by either investing that capital to improve shareholder returns in the future or returning it to shareholders through higher dividends or share buybacks, after taking into account required capital and potential strategic opportunities, to ensure we maintain a prudent balance sheet. Over the past five years we have returned $851 million through dividends and announced $850 million of share buybacks for shareholders.

We have a capital and liquidity framework which allows us to invest in the growth of our business. Our $500 million revolving credit facility provides additional liquidity (see page 34) and now matures in 2026 due to the exercise of our final one-year extension option in December 2021. We have maintained prudent capital and available liquidity throughout the year and deployed capital to support investment management operations and the launch of new investment products. We monitor our capital requirements through continuous review of our regulatory and economic capital, including regularly reporting to the Risk and Finance Committee and the Board.

The Board is proposing a final dividend for 2021 of 8.4¢ per share, which together with the interim dividend of 5.6¢ per share equates to a total dividend for 2021 of 14.0¢ per share. The proposed final dividend equates to around $115 million, which is more than covered by our available liquidity and capital resources. Key dates relating to the proposed final dividend are provided on page 2.

Antoine Forterre
Chief Financial Officer

Risk management – principal risks

Business risks

	Risk	Mitigants	Status and trend	Change
1. Investment performance	Fund underperformance, on an absolute basis, relative to a benchmark or relative to peer groups, could reduce AUM and may result in lower subscriptions and higher redemptions. This risk is heightened at times of volatile markets. This may also result in dissatisfied clients, negative press and reputational damage. Investment performance is exposed to market disruption or volatility triggered by severe weather events. Performance could also be impacted by fundamental moves in underlying asset prices or liquidity as the world transitions to a low-carbon economy. Lower AUM results in lower management fees and underperformance results in lower performance fees.	Man Group's investment businesses each have clearly defined investment processes designed to target and deliver on the investment mandate of each product. We focus on hiring and retaining highly-skilled professionals who are incentivised to perform within the parameters of their mandate. Man Group's diversified range of products and strategies limits the risk to the business from underperformance of any particular strategy or market. This includes a current focus on responsible investment products incorporating ESG analytics to meet current and future investor needs.	Despite periods of market volatility linked to COVID-19 developments, inflation concerns and Fed tapering, 2021 has seen good overall performance for Man Group's funds. Trend-following quantitative strategies performed well and valuation-focused strategies such as Japan CoreAlpha and those within Man Numeric and Alternative Risk Premia recovered from weaker performance in prior years. AUM increased largely due to absolute investment performance and net inflows over the year in roughly equal parts. The discussion of Man Group's investment performance is on page 9.	Increased
2. Key person risk	A key person to the business leaves or is unable to perform their role. This also includes team resilience to individuals being incapacitated by COVID-19. Retention risk may increase in years of poor performance and reduced compensation. In 2021 the sector has also seen individuals looking for fundamental lifestyle changes triggered by the pandemic.	Business and investment processes are designed to minimise the impact of losing any key individuals. Diversification of strategies and the emphasis on technology and systematic strategies reduce the overall risk to Man Group. The COVID-19 response sought to minimise resilience risks through physical separation of key persons. Succession plans and deferred compensation schemes are in place to support the retention of senior investment professionals and key management.	Man Group has continued to be able to attract and retain an array of talented individuals across the firm. Voluntary staff turnover has picked up, returning to pre-pandemic levels. We did not see any investor concerns or material outflows as a result of announced departures in 2021, including the retirement of the CIO and subsequent Senior ExCo reorganisation. We continue to operate a succession planning process to manage this risk.	Unchanged

Credit risks

	Risk	Mitigants	Status and trend	Change
3. Counterparty	A counterparty with which the funds or Man Group have financial transactions, directly or indirectly, becomes distressed or defaults. Shareholders and investors in Man Group funds and products are exposed to credit risk of prime brokers, custodians, sub-custodians, clearing houses and depository banks.	Man Group and its funds diversify exposures across a number of strong financial counterparties, each of which is approved and regularly reviewed for creditworthiness by the Counterparty Monitoring Committee (CMC). The CMC also oversees contingency planning ahead of significant market or political events. The risk teams monitor credit metrics on the approved counterparties daily. This includes CDS spreads and credit ratings.	Increased regulatory scrutiny, stress testing and capital requirements for investment banks and central clearing houses following the 2008 financial crisis supported the overall stability of Man Group's core counterparties. The main counterparty event for 2021 was names linked to the collapse of Archegos. This led to our decision to migrate risk away from one of our main prime brokers. Our diversification model allowed for a smooth transition to alternative providers without any issues.	Unchanged

Liquidity risks	Risk	Mitigants	Status and trend	Change
4. Corporate and fund	Volatile markets and reduced market liquidity can place additional, often short-term, demands on the balance sheet. Man Group is exposed to having insufficient liquidity resources to meet its obligations. Adverse market moves and volatility may sharply increase the demands on the liquid resources in Man Group's funds. Market stress and increased redemptions could result in the deterioration of fund liquidity and in the severest cases this could lead to the gating of funds.	A $500 million revolving credit facility (RCF) provides Man Group with a robust liquidity backstop. Liquidity forecasting for the Man Group and UK/EEA entities, including downside cases, facilitates planning and informs decision-making. The investment risk teams conduct regular liquidity tests on Man Group's funds. We endeavour to manage resources in such a way as to meet all demands for fund redemptions according to contractual terms.	The RCF was extended to mature in five years and now incorporates a carbon emissions target. The asset liquidity distribution across funds has remained broadly unchanged. A centralised liquidity analysis and reporting toolkit is fully embedded. Market liquidity has largely returned to pre-pandemic levels – the WallStreetBets short squeeze had a minimal impact on our funds but led to further developments of the liquidity analysis framework.	Unchanged
Market risks				
5. Investment book	Man Group uses capital to seed new funds to build our fund offering, expand product distribution and generate returns for shareholders. Man Group also holds Collateralised Loan Obligation (CLO) risk retention positions until the product maturity, and in 2021 participated in a US CLO Warehouse to facilitate a product launch. The firm is therefore exposed to a decline in value of the investment book.	A disciplined framework ensures that each request for seed capital is assessed on its risk and return on capital. Approvals are granted by a Seed Investment Committee (SIC), which is comprised of senior management, Risk and Treasury. Investments are subject to risk limits, an exit strategy and are hedged to a benchmark where appropriate. The positions and hedges are monitored regularly by Group Risk and reviewed by the SIC.	The investment book grew over 2021. The seeding book returns were positive, with the benchmark hedges performing as expected. Man Group continues to use repo and swap financing for some of the CLO and seed positions to release liquidity but retain the market risk. A framework for active balance sheet risk taking in Man Group funds is being developed, seeking uncorrelated returns to Man Group's dominant flagship funds.	Increased
6. Pension	Man Group underwrites the risks related to the UK defined benefit pension plan which closed to new members in 1999 and future accrual in 2011. The plan is fully funded but is exposed to changes in net asset versus liability values.	The UK pension plan has a low net exposure to UK interest rates and RPI inflation. The return-seeking assets are low volatility and have a low correlation to directional equity markets. Longevity is the largest remaining risk but is uncorrelated to Man Group's other risks.	A triennial valuation exercise as of year-end 2020 led to a small funding contribution from Man Group. As of 31 December 2021, the scheme has a surplus on both an accounting and actuarial basis which brings down the overall risk assessment. The impact of COVID-19 has not had a material impact on the longevity assumptions.	Decreased

Operational risks

	Risk	Mitigants	Status and trend	Change
7. Information technology and business continuity	Risk of losses incurred by IT software and hardware failures resulting in system downtime, severely degraded performance or limited system functionality. Business continuity risks may arise from incidents such as a denial of access to a key site or a data centre outage, which could lead to business disruptions.	Technology plays a fundamental role in delivering our objectives, so the IT functions work closely with each business unit to ensure work is correctly prioritised and financed. The prioritisation process considers the life cycle of both hardware and software to ensure both are adequately supported and sized. The firm's operational processes include mature risk, incident and problem management procedures to minimise the likelihood and impact of technology failures. Business continuity risk mitigation includes detailed planning and testing of remote access and contingency/recovery operations, and ongoing risk and threat assessments.	In 2021 we commenced our move to a long-term flexible working model which is being implemented globally. We continue to improve our technology offering, capability and security to support the new working model. Particular focus and investment has been on hardware and software enhancements to core technology and data centres, and the enrichment of the trading and operations platform. Progress in centralisation of order management technology for the firm also continues apace. Remote working and collaboration technologies facilitated a seamless move to mass working from home at the start of the pandemic and evolved in late 2021 into secure and efficient flexible working arrangements for the majority of staff.	Unchanged
8. Internal process failure	Risk of losses resulting from inadequate or failed processes within Man Group.	Man Group's risk management framework and internal control systems are based on a three lines of defence model. Heightened risks relating to the pandemic and remote working have continued to be an area of management focus in 2021.	Man Group remains focused on enhancing its systems and control processes where required and ensuring internal process failures are kept to a minimum. Man Group has not observed an increase in material internal events in 2021, nor any material operational events directly attributable to COVID-19.	Unchanged
9. External process failure	Man Group continues to outsource a number of functions as well as managing outsourcing arrangements on behalf of its funds. The risk is that the outsourced service providers do not perform as required, resulting in knock-on implications for our business and processes. External service providers continue to face heightened risks attributable to COVID-19.	Man Group's operations team has implemented a robust methodology (including ongoing third-party due diligence and KPI monitoring) to confirm that outsourced service providers are delivering as required.	The firm has concentrated its outsourcing into a smaller number of carefully selected and proven outsource providers with which it has established working relationships allowing for greater process consolidation and rationalisation. We observed a modest increase in issues faced by some of our third-party providers during 2020 and 2021. However, these have not had any material loss impacts.	Unchanged

	Risk	Mitigants	Status and trend	Change
10. Information and cybercrime security	The risk of loss resulting from cybercrime, malicious disruption to our networks or from the theft, misplacing, interception, corruption or deletion of information. Some of the risks and potential impacts are heightened while the majority of the firm is working from home.	Man Group has established information security and cyber security programmes that are aligned with industry expectations and best practices. They are continuously reviewed and adjusted to keep pace with the regulatory, legislative and cyber threat landscapes. Man Group practises defence in depth by layering security controls and using state-of-the-art technologies, enabling us to detect and prevent malicious activities and complex cyber-attacks.	The cyber landscape continued to evolve throughout 2021 with criminals seeking to exploit emerging supply chain vulnerabilities as well as COVID-19 and working from home. Key threats arise from social engineering (phishing), ransomware, denial of service and cloud data storage/processing attacks. Criminals continued to increase attacks against remote access infrastructures, aiming to disrupt workforces and breach poorly configured remote access gateways and services. Man Group did not experience any material client or operational impact from cyber events in 2021, nor did Man Group experience any material data breaches involving customers' personally identifiable information (PII). Our security operations and incident response functions remained fully operational.	Increased
11. Legal and regulatory	The global nature of Man Group's business, the expansion of its investment businesses and the acquisition of new investment businesses, with corporate and fund entities located in multiple jurisdictions and a diverse investor base, makes it subject to a wide range of laws and regulations. Failure to comply with these laws and regulations may put Man Group at risk of fines, lawsuits or reputational damage. Changes in laws and regulations can materially impact Man Group or the sectors or the market in which it operates.	Man Group operates a global legal and compliance framework which underpins all aspects of its business and is resourced by experienced teams. These teams are physically located in Man Group's key jurisdictions, helping them to understand the context and impact of any requirements. Emphasis is placed on proactively analysing new legal and regulatory developments to assess likely impacts and mitigate risks. Man Group continues to liaise directly and indirectly with competent authorities e.g. FCA, SEC, FINMA, CBI.	Man Group continues to experience new regulatory requirements. In 2021 this included implementation of the Investment Firms Prudential Regime (IFPR) regulatory capital and remuneration requirements. Man Group maintained an open dialogue with regulators throughout 2021 around the impact of COVID-19 on markets, fund performance and our resilience. Work continues on a number of regulatory initiatives including IBOR transition, IFPR/ICARA and climate change disclosures (TCFD).	Unchanged

Reputational risks

	Risk	Mitigants	Status and trend	Change
12. Negative publicity	The risk that an incident or negative publicity undermines our reputation as a leading investment manager and place to work. Reputational damage could result in significant redemptions from our funds, and could lead to issues with external financing, credit ratings and relations with core counterparties and outsourcing providers.	Our reputation is dependent on our operational and fund performance and the conduct of our employees. Our governance and control structure mitigate operational concerns, and our attention to people and investment processes are designed to comply with accepted standards of investment management practice. We encourage a culture of openness, inclusion and diversity.	Man Group enjoys a good reputation and work continues to build Man Group's profile and protect its reputation across stakeholder groups. We are alert to the increased risk of any suggestion of greenwashing if the ESG credentials of an investment strategy does not meet client, regulator or the wider public's expectations.	Increased
Climate change risks				
13. Physical and transition risks	Physical risks of business disruption, property damage or to employee well-being due to a severe weather event or longer-term shifts in climate patterns. The primary physical risk of the 1.5 to 2°C scenario is to Man Group's offices and data centres, principally the London headquarters which may be exposed to flooding of the River Thames. Transition risks as the world moves towards a low-carbon economy can be legal, regulatory, technological, market or reputational.	Man Group has a small number of employees and a relatively limited physical footprint. Man Group is sufficiently agile to be able to adjust to medium-term transition risks and capture any opportunities.	The firm continues to focus on providing investors with products that incorporate ESG analytics. This is augmented by active stewardship of fund assets to influence positive change. In 2021 the firm announced its commitment to net zero carbon investment portfolios by 2050, and has previously committed to being a net zero carbon workplace by 2030. The firm will continue to monitor and manage other medium/long-term risks through business as usual reporting and management processes for the relevant principal risk (see risks 1, 7, 11 and 12).	Increased
Emerging risks				
14. External risks	Primarily external in nature and complementary to the principal risks which are focused on current internal risk. The emerging risk categories include natural disasters, pandemics, disruption to financial markets and business infrastructure, geopolitical risk and changes in the competitive landscape.	The Board and Group Risk monitor emerging risks, trends and changes in the likelihood of impact. This assessment informs the universe of principal risks faced by the firm.	The principal and emerging risks were reviewed by the Board in 2021. No changes were made to Man Group's headline principal risks, but some likelihoods and impacts of the emerging risks were reassessed.	Unchanged

Directors' responsibility statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey, Channel Islands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face;
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's and Group's position, performance, business model and strategy; and
- there is no relevant audit information of which the Group's auditor is unaware, and that they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that Man Group's auditor is aware of that information.

Group income statement

For the year to 31 December

	Note	2021 $m	2020 $m
Management and other fees	4	**914**	762
Performance fees	4	**567**	177
Revenue		**1,481**	939
Income or gains on investments and other financial instruments	14	**42**	40
Third-party share of gains relating to interests in consolidated funds	14	**(3)**	(17)
Sub-lease rental and lease surrender income	18	**6**	25
Distribution costs	5	**(40)**	(34)
Net revenue		**1,486**	953
Asset servicing costs	6	**(58)**	(55)
Compensation costs	7	**(596)**	(451)
Other costs	8	**(165)**	(150)
Finance income	9	**1**	2
Finance expense	9	**(14)**	(16)
Revaluation of contingent consideration	15	**2**	22
Impairment of right-of-use lease assets – investment property	18	**(3)**	(25)
Amortisation of acquired intangible assets	19	**(61)**	(63)
Impairment of GPM goodwill	19	**–**	(55)
Recycling of FX revaluation to the Group income statement on liquidation of subsidiaries	16	**–**	17
Share of post-tax loss of associate	23	**(2)**	–
Statutory profit before tax		**590**	179
Tax expense	10	**(103)**	(41)
Statutory profit attributable to owners of the Company		**487**	138
Statutory earnings per share	26		
Basic		**34.7¢**	9.5¢
Diluted		**33.8¢**	9.3¢

Group statement of comprehensive income

For the year to 31 December

	Note	2021 $m	2020 $m
Statutory profit attributable to owners of the Company		**487**	138
Other comprehensive income/(expense):			
Remeasurements of post-employment benefit obligations		**22**	(15)
Current tax credited on pension plans		**4**	4
Deferred tax debited on pension plans		**(7)**	–
Items that will not be reclassified to profit or loss		**19**	(11)
Cash flow hedges:	16		
Valuation gains taken to equity		**9**	6
Realised gains transferred to Group income statement		**(8)**	(3)
Deferred tax credited on cash flow hedge movements		**–**	1
Net investment hedge	16	**3**	(4)
Recycling of FX revaluation to the Group income statement on liquidation of subsidiaries	16	**–**	(17)
Foreign currency translation		**(6)**	10
Items that may be reclassified to profit or loss		**(2)**	(7)
Other comprehensive income/(expense) (net of tax)		**17**	(18)
Total comprehensive income attributable to owners of the Company		**504**	120

Group balance sheet

At 31 December

	Note	2021 $m	2020 $m
Assets			
Cash and cash equivalents	11	**387**	351
Fee and other receivables	12	**485**	386
Investments in fund products and other investments	14	**974**	787
Leasehold improvements and equipment	17	**43**	30
Leasehold property – right-of-use lease assets	18	**61**	74
Investment property – right-of-use lease assets	18	**77**	78
Goodwill and acquired intangibles	19	**678**	742
Other intangibles	20	**45**	39
Deferred tax assets	21	**128**	119
Investment in associate	23	**18**	–
Pension asset		**27**	2
Total assets		**2,923**	2,608
Liabilities			
Trade and other payables	13	**702**	574
Provisions	22	**14**	9
Current tax liabilities	10	**15**	12
Third-party interest in consolidated funds	14	**254**	219
Lease liability	18	**250**	272
Deferred tax liabilities	21	**37**	25
Total liabilities		**1,272**	1,111
Net assets		**1,651**	1,497
Equity			
Capital and reserves attributable to owners of the Company		**1,651**	1,497

The financial statements were approved by the Board of Directors on 28 February 2022 and signed on its behalf by:

Luke Ellis
Chief Executive Officer

Antoine Forterre
Chief Financial Officer

Group cash flow statement

For the year to 31 December

	Note	2021 $m	2020 $m
Cash flows from operating activities			
Statutory profit		**487**	138
Adjustments for:			
Share-based payment charge	7	**39**	20
Fund product-based payment charge	7	**54**	54
Net finance expense	9	**13**	14
Tax expense	10	**103**	41
Revaluation of contingent consideration	15	**(2)**	(22)
Depreciation of leasehold improvements and equipment	17	**13**	12
Depreciation of right-of-use lease assets	18	**17**	22
Impairment of right-of-use lease assets – investment property	18	**3**	25
Amortisation of acquired intangible assets	19	**61**	63
Impairment of GPM goodwill	19	**–**	55
Amortisation of other intangibles	20	**16**	14
Share of loss from associate	23	**2**	–
Recycling of FX revaluation to the Group income statement on liquidation of subsidiaries	16	**–**	(17)
Foreign exchange movements		**9**	(16)
Realised gains on cash flow hedges		**(8)**	(3)
Funding of defined benefit pension plan		**(3)**	–
Other non-cash movements		**(7)**	(8)
		797	392
Changes in working capital[1]:			
(Increase)/decrease in fee and other receivables		**(102)**	50
(Increase)/decrease in other financial assets[2]		**(163)**	31
Increase/(decrease) in trade and other payables		**49**	(30)
Cash generated from operations		**581**	443
Interest paid	9	**(2)**	(2)
Unwind of lease liability discount	18	**(12)**	(12)
Tax paid		**(83)**	(37)
Cash flows from operating activities		**484**	392
Cash flows from investing activities			
Interest received	9	**1**	2
Purchase of leasehold improvements and equipment: leasehold property	17	**(26)**	(12)
Purchase of leasehold improvements and equipment: right-of-use lease asset – investment property	18	**(5)**	–
Purchase of other intangible assets		**(18)**	(18)
Payment of acquisition-related contingent consideration	15	**–**	(2)
Purchase of interest in associate	23	**(19)**	–
Cash flows used in investing activities		**(67)**	(30)
Cash flows from financing activities			
Repayments of principal lease liability	18	**(21)**	(22)
Purchase of own shares by the Employee Trust and Partnerships		**(18)**	(21)
Proceeds from sale of Treasury shares in respect of Sharesave		**2**	–
Share repurchase programmes (including costs)	26	**(180)**	(107)
Dividends paid to Company shareholders	27	**(160)**	(147)
Cash flows used in financing activities		**(377)**	(297)
Net increase in cash and cash equivalents		**40**	65
Cash and cash equivalents at the beginning of the year		**351**	281
Effect of foreign exchange movements		**(4)**	5
Cash and cash equivalents at year end[3]	11	**387**	351

Notes:

1 Changes in working capital differ from the movements in these balance sheet items due to non-cash movements which either relate to the gross-up of the third-party share of consolidated fund entities (Note 14.2) or are adjusted elsewhere in the Group cash flow statement, such as movements relating to the fund product-based payment charge (within operating activities) and the share repurchase liability (within financing activities).

2 Includes $2 million (2020: $1 million) of restricted net cash inflows relating to consolidated fund entities (Note 14.2).

3 Includes $64 million (2020: $62 million) of restricted cash relating to consolidated fund entities (Note 14.2).

Group statement of changes in equity

At 31 December	**2021 $m**	2020 $m
Share capital and capital reserves	**(1,633)**	(1,635)
Revaluation reserves and retained earnings	**3,284**	3,132
Capital and reserves attributable to owners of the Company	**1,651**	1,497

Share capital and capital reserves

$m	Share capital	Share premium account	Capital redemption reserve	Merger reserve	Reorganisation reserve	Total
At 1 January 2020	53	–	–	–	(1,688)	(1,635)
At 31 December 2020	53	–	–	–	(1,688)	(1,635)
At 1 January 2021	53	–	–	–	(1,688)	(1,635)
Transfer from Treasury shares: Partnership Plans and Sharesave	–	2	–	–	–	2
Cancellation of Treasury shares	(2)	–	2	–	–	–
At 31 December 2021	**51**	**2**	**2**	**–**	**(1,688)**	**(1,633)**

Revaluation reserves and retained earnings

$m	Profit and loss account	Own shares held by Employee Trust	Treasury shares	Cumulative translation adjustment	Cash flow hedge reserve	Total
At 1 January 2020	3,322	(66)	(52)	55	–	3,259
Statutory profit	138	–	–	–	–	138
Other comprehensive income/(expense)	(11)	–	–	(11)	4	(18)
Total comprehensive income attributable to owners of the Company	**127**	**–**	**–**	**(11)**	**4**	**120**
Share-based payment charge	20	–	–	–	–	20
Purchase of own shares by the Employee Trust	–	(21)	–	–	–	(21)
Disposal of own shares by the Employee Trust	(26)	27	–	–	–	1
Share repurchases	(100)	–	–	–	–	(100)
Transfer to Treasury shares	107	–	(107)	–	–	–
Transfer from Treasury shares	(11)	–	11	–	–	–
Dividends paid	(147)	–	–	–	–	(147)
At 31 December 2020	3,292	(60)	(148)	44	4	3,132
At 1 January 2021	**3,292**	**(60)**	**(148)**	**44**	**4**	**3,132**
Statutory profit	**487**	**–**	**–**	**–**	**–**	**487**
Other comprehensive income/(expense)	**19**	**–**	**–**	**(3)**	**1**	**17**
Total comprehensive income attributable to owners of the Company	**506**	**–**	**–**	**(3)**	**1**	**504**
Share-based payment charge	**39**	**–**	**–**	**–**	**–**	**39**
Current tax credited on share-based payments	**1**	**–**	**–**	**–**	**–**	**1**
Deferred tax credited on share-based payments	**10**	**–**	**–**	**–**	**–**	**10**
Purchase of own shares by the Employee Trust	**–**	**(18)**	**–**	**–**	**–**	**(18)**
Disposal of own shares by the Employee Trust	**(17)**	**17**	**–**	**–**	**–**	**–**
Share repurchases	**(225)**	**–**	**–**	**–**	**–**	**(225)**
Transfer to Treasury shares	**180**	**–**	**(180)**	**–**	**–**	**–**
Transfer from Treasury shares	**(6)**	**–**	**5**	**–**	**–**	**(1)**
Disposal of Treasury shares for Sharesave	**–**	**–**	**2**	**–**	**–**	**2**
Cancellation of Treasury shares	**(143)**	**–**	**143**	**–**	**–**	**–**
Dividends paid	**(160)**	**–**	**–**	**–**	**–**	**(160)**
At 31 December 2021	**3,477**	**(61)**	**(178)**	**41**	**5**	**3,284**

The proposed 2021 final dividend would reduce shareholders' equity by $115 million (2020: $81 million) subsequent to the balance sheet date (Note 27). Further details of Man Group's share capital and reserves are included in Note 26.

Notes to the Group financial statements

1. Basis of preparation

Accounting
While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom, this announcement does not itself contain sufficient information to comply with IFRSs. Details of our accounting policies can be found in Man Group's Annual Report for the year ended 31 December 2020. The financial information included in this statement does not constitute statutory accounts within the meaning of Article 105 of Companies (Jersey) Law 1991. Statutory accounts for the year ended 31 December 2021, upon which the auditors have issued an unqualified report, will shortly be delivered to the Jersey Registrar of Companies. The Annual Report and the Notice of the Company's 2022 Annual General Meeting (AGM) will be posted to shareholders and will be available to download from the Company's website on 11 March 2022. The Annual General Meeting will be held on 6 May 2022 at 10am at Riverbank House, 2 Swan Lane, London EC4R 3AD. For further details please refer to the Notice of our 2022 Annual General Meeting when available.

Consolidation
The consolidated group is Man Group plc (the Company) and its subsidiaries (together Man Group). The consolidated financial statements are presented in United States dollars (USD), the Company's functional currency, as the majority of our revenues, assets, liabilities and financing are denominated in USD.

For consolidated entities with a USD functional currency, monetary assets and liabilities denominated in foreign currencies are translated at each balance sheet date rate. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated. Transactions denominated in foreign currencies are converted at the spot rate at the date of the transaction or, if appropriate, the average rate for the month in which the transaction occurs. Resulting exchange differences are recognised in the Group income statement.

For consolidated entities that have a functional currency other than USD, the assets and liabilities are translated into USD at the balance sheet date rate. Income and expenses are translated at the average rate for the period in which the transactions occur. Resulting exchange differences are recorded in other comprehensive income.

The consolidated financial information contained within these financial statements incorporates our results, cash flows and financial position for the year to 31 December 2021 and includes our share of the results of any associates and joint ventures using the equity method of accounting. Subsidiaries are entities we control (including certain structured entities, as defined by IFRS 12 'Disclosure of Interests in Other Entities') and are consolidated from the date on which control is transferred to us until the date that control ceases. Control exists when we have the power to direct the relevant activities, exposure to significant variable returns and the ability to utilise power to affect those returns. All intercompany transactions and balances between our entities are eliminated on consolidation. Although the Employee Trust has independent trustees and its assets are held separately, it is consolidated into the Group financial statements given its nature as a structured entity which has the obligation to deliver deferred compensation awards to our employees (Note 24).

Business combinations are accounted for using the acquisition method from the date on which we effectively obtain control of the acquiree. The cost of an acquisition is measured as the fair value at the acquisition date of assets transferred, liabilities incurred and equity instruments issued by Man Group. The fair value of an acquisition is calculated at the acquisition date by recognising the acquiree's identifiable assets and liabilities at their fair values at that date, and costs relating to acquisitions are recognised in the Group income statement as incurred. Any contingent consideration is recognised at fair value at the acquisition date, with any subsequent changes to the fair value recognised in the Group income statement.

Impact of new accounting standards
A number of new or amendments to existing accounting standards and interpretations have been issued by the International Accounting Standards Board (IASB).

The following accounting standards relevant to our operations were effective for the first time in the year to 31 December 2021. Their adoption has not had a significant impact on these financial statements:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

The following standards are relevant to our operations and have been issued by the IASB but are not yet mandatory and have not been early adopted:

- Amendments to IAS 1 'Presentation of Financial Statements': classification of liabilities as current or non-current;
- Amendments to IAS 1 and IFRS Practice Statement 2: disclosure of accounting policies;
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': definition of accounting estimates;
- Amendments to IAS 12 'Income Taxes': deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IAS 16 'Property, Plant and Equipment': property, plant and equipment – proceeds before intended use; and
- Annual Improvements to IFRS Standards 2018-2021 Cycle: amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards', IFRS 9 'Financial Instruments', IFRS 16 'Leases' and IAS 41 'Agriculture'.

No other standards or interpretations issued and not yet effective are expected to have an impact on the Group financial statements.

2. Going concern

Despite the ongoing volatility seen across financial markets as a result of the COVID-19 pandemic, including inflationary pressures and monetary and fiscal policies, we have continued to operate substantially as normal. Management fee profitability has continued to grow and performance fee earnings for the year are strong. Although COVID-19 has not had a significant or ongoing adverse impact on us to date, its impact on our operating arrangements, including access to capital and liquidity, is subject to ongoing review by the directors and senior management. This includes assessment of our medium-term financial plan and capital and liquidity plan, which are built by aggregating expected business performance, including rigorous downside scenario testing. We continue to have a strong cash (Note 11) and capital position, and our business typically has good conversion of profits into cash flows, which helps protect the business in stressed scenarios.

The directors consider that we are well placed to manage business and financial risks in the current economic environment and have concluded that there is a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group financial statements have been prepared on a going concern basis.

3. Judgemental areas and accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. We continually evaluate our estimates and judgements based on historical experience and expectations of future events that are considered reasonable in the circumstances. These judgements and estimates are an area of focus for the Board and, in particular, the Audit and Risk Committee.

Critical judgements

Man Group acts as the investment manager/adviser to fund entities. The most significant area of judgement is whether we control certain of those fund entities to which we are exposed via either direct investment holdings, total return swaps, or sale and repurchase arrangements. We assess such relationships on an ongoing basis to determine whether we control each fund entity and therefore consolidate them into our results (Note 14).

Critical accounting estimates

The directors have considered the estimates and assumptions used in the preparation of the Group financial statements, which include estimates and assumptions used in the assessment for impairment of goodwill, right-of-use lease assets, pension and deferred tax assets, and in the valuation of certain tax liabilities and provisions. The directors have also considered the possible impact of climate change on such estimates and assumptions. Other than the valuation of the net pension asset, the directors have concluded there are no key assumptions concerning the future or other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of our assets and liabilities within the next financial year.

4. Revenue

Accounting policy

Fee income is our primary source of revenue, which is derived from the investment management agreements that we have in place with the fund entities or the accounts that we manage.

Management and other fees (net of rebates), which include all non-performance related fees, are recognised in the period in which contractual investment management services are provided and do not include any other performance obligations. Fees are generally based on an agreed percentage of NAV or AUM and are typically charged in arrears and receivable within one month.

Performance fees (net of rebates) relate to the performance of the funds or managed accounts managed during the year and are recognised when the performance obligation has been met, whereby the fee has crystallised and can be reliably estimated. This is generally at the end of the performance period or upon early redemption by an investor. Until the performance period ends, market movements could significantly move the NAV of the fund products. For alternative strategies, we will typically only earn performance fees on any positive investment returns in excess of the high-water mark, meaning we will not be able to earn performance fees with respect to positive investment performance in any year following negative performance until that loss is recouped, at which point an investor's investment surpasses the high-water mark. For long-only strategies, performance fees are earned only when performance is in excess of a predetermined strategy benchmark (positive alpha). Once crystallised, performance fees typically cannot be clawed back. There are no other performance obligations or services provided which suggest these have been earned either before or after the crystallisation date.

Rebates, which relate to repayments of management and performance fees charged, typically to institutional investors, are recognised in the period in which the associated fees for services are provided. Rebates are presented net within management and other fees and performance fees in the Group income statement.

Management and other fees for the period increased to $914 million from $762 million in 2020, driven by strong performance and positive net AUM flows. Performance fee revenue was $567 million compared to $177 million in 2020, driven by strong performance in the year across a range of strategies.

5. Distribution costs

Accounting policy

Distribution costs, which are paid to external intermediaries for marketing and investor servicing, largely in relation to retail investors, are variable with AUM and the associated management fee revenue. Distribution costs are expensed over the period in which the service is provided.

6. Asset servicing costs

Accounting policy
Asset servicing includes custodial, valuation, fund accounting, registrar, research and administration functions performed by third parties under contract to Man Group, on behalf of the funds or managed accounts, as well as market data required to perform those services. Asset servicing costs are recognised in the period in which the services are provided. The costs of these services vary based on transaction volumes, the number of funds or managed accounts and their NAVs, and the mix of client strategies.

7. Compensation costs

Accounting policy
Compensation is our largest cost and an important component of our ability to retain and attract talent. In the short term, the variable component of compensation adjusts with revenues and profitability.

Salaries, variable cash compensation and social security costs are charged to the Group income statement in the period in which the service is provided, and include partner drawings.

Compensation can be deferred by way of both equity-settled share-based payment schemes as well as fund product-based compensation arrangements. Details of share-based deferred compensation are set out in Note 25. Where deferred compensation is invested in fund products managed by us, the fair value of the employee services received in exchange for the fund investments is recognised as a straight-line expense of the mark to market value of the awards over the relevant grant to vest period, with a corresponding liability. We generally elect to separately purchase the equivalent fund investments at grant date to offset any associated change in the deferred compensation due (Note 14), and at vesting the value of the fund investment is delivered to the employee (subject to the terms of the plan rules, which include malus provisions). If an award is forfeited, the cumulative charge recognised in the Group income statement is reversed in full. Details of our hedge accounting arrangements relating to deferred fund product awards are provided in Note 16.

Pension costs relate to our defined contribution and defined benefit plans.

	2021 $m	2020 $m
Salaries	**169**	163
Variable cash compensation	**266**	167
Deferred compensation: share-based payment charge (Note 25)	**39**	20
Deferred compensation: fund product-based payment charge	**54**	54
Social security costs	**54**	34
Pension costs (Note 24)	**14**	13
Total compensation costs	**596**	451
Made up of:		
Fixed compensation: salaries and associated social security costs, and pension costs	**208**	194
Variable compensation: variable cash compensation, deferred compensation and associated social security costs	**388**	257

Total compensation costs have increased by 32% compared to 2020 due to the higher levels of management and performance fee revenues year on year, which drove increased variable cash compensation.

The increase in salaries was driven by the less favourable sterling (GBP) to USD achieved exchange rates, which averaged 1.38 compared with 1.29 in 2020 and increased these by around $9 million.

The share-based payment charge increased by $19 million in the year, predominantly due to accelerated vesting charges for certain performance-linked share awards.

The unamortised deferred compensation at year end is $52 million (2020: $66 million) and has a weighted average remaining vesting period of 1.4 years (2020: 1.8 years).

Average headcount
The table below provides average headcount by function, including directors, employees, partners and contractors.

	2021	2020
Investment management	**388**	379
Sales and marketing[1]	**218**	196
Technology and infrastructure[1,2]	**847**	881
Average headcount	**1,453**	1,456
Headcount at 31 December	**1,498**	1,444

Notes:
1 Staff performing client service and portfolio analysis functions have been included within sales and marketing in the year ended 31 December 2021. Previously these staff were included within technology and infrastructure headcount.
2 Includes all staff performing technology-based roles, including those supporting the investment management side of our business.

8. Other costs

	2021 $m	2020 $m
Technology and communications	**22**	25
Audit, tax, legal and other professional fees	**21**	20
Occupancy	**18**	14
Staff benefits	**14**	14
Temporary staff, recruitment, consultancy and managed services	**13**	9
Insurance	**7**	5
Marketing and sponsorship	**4**	2
Travel and entertainment	**2**	2
Other cash costs, including irrecoverable VAT	**18**	11
Total other costs before depreciation and amortisation	**119**	102
Depreciation of leasehold improvements and equipment, and amortisation of other intangibles	**29**	26
Depreciation of right-of-use lease assets (Note 18)	**17**	22
Total other costs	**165**	150

Other costs, before depreciation and amortisation, increased by $17 million in 2021. Higher levels of hiring, partly due to growth in the business, saw an increase in recruitment and temporary staff costs, and occupancy costs rose due to the additional costs incurred in relation to the vacant sub-let space in our London office (see further details in Note 18.2). Costs were further impacted by the less favourable GBP to USD achieved exchange rates (see Note 7), which increased 2021 other costs comparatively by around $5 million.

9. Finance expense and finance income

	2021 $m	2020 $m
Finance expense:		
Unwind of lease liability discount (Note 18)	**(12)**	(12)
Unwind of contingent consideration discount (non-core item per page 51)	**–**	(2)
Other finance expense	**(2)**	(2)
Total finance expense	**(14)**	(16)
Finance income:		
Interest on cash deposits	**1**	2
Total finance income	**1**	2
Net finance expense	**(13)**	(14)

10. Tax expense

Accounting policy

Current tax is based on our taxable profit for the year. Taxable profit differs from net profit as reported in the Group income statement because it excludes items of income or expense that are taxable or deductible in other years, in addition to items that are never taxable or deductible. Accounting for tax involves a level of estimation uncertainty given the application of tax law requires a degree of judgement, which tax authorities may dispute. Tax liabilities are recognised based on the best estimates of probable outcomes, with regard to external advice where appropriate.

We are a global business and therefore operate across many different tax jurisdictions. Income and expenses are allocated to these different jurisdictions based on transfer pricing methodologies set in accordance with the laws of the jurisdictions in which we operate and international guidelines as laid out by the Organisation for Economic Co-operation and Development (OECD). The effective tax rate results from the combination of taxes paid on earnings attributable to the tax jurisdictions in which they arise. Further details of our deferred tax expense, assets and liabilities are included in Note 21.

	2021 $m	2020 $m
Current tax		
UK corporation tax on profits	**86**	39
Foreign tax	**14**	2
Adjustments to tax charge in respect of previous years	**(1)**	1
Current tax expense	**99**	42
Deferred tax		
Origination and reversal of temporary differences	**5**	(1)
Adjustments to tax charge in respect of previous years	**(1)**	–
Deferred tax expense (Note 21)	**4**	(1)
Total tax expense	**103**	41

What factors affect the tax expense for the year?
The majority of our profits in the period were earned in the UK, Switzerland and the US. Our tax expense is lower (2020: higher) than the amount that would arise using the theoretical tax rate applicable to our profits as follows:

	2021 $m	2020 $m
Profit before tax	**590**	179
Theoretical tax expense at UK rate: 19% (2020: 19%)	**112**	34
Effect of:		
Overseas tax rates compared to UK	**1**	(1)
Adjustments to tax charge in respect of previous years	**(2)**	1
(Recognition)/derecognition of US deferred tax assets (Note 21)	**(2)**	8
Impact of change in UK tax rate	**(4)**	–
Other	**(2)**	(1)
Tax expense	**103**	41

Except for the above items, our current effective tax rate of 17% (2020: 23%) is broadly consistent with our earnings profile.

What factors affect our future tax charges?
The principal factors which may influence our future tax rate are changes in tax regulation in the territories in which we operate, the mix of income and expenses earned and incurred by jurisdiction, and the consumption of available deferred tax assets.

The OECD has published a draft Inclusive Framework to support the introduction of global minimum tax rates. Governments are consulting on how to implement the Framework with the expectation that legislation and regulations will take effect in 2023. Pending further guidance on the potential outcomes of the consultation, it is not currently practicable to assess the impact of the Framework on our future tax charges.

11. Cash and liquidity

Accounting policy
Cash and cash equivalents comprise cash and short-term investments in money market funds or bank deposits with an original maturity of three months or less. Cash and cash equivalents are measured at amortised cost, which is approximately equal to fair value. Cash is invested in accordance with strict limits consistent with the Board's risk appetite, which consider both the security and availability of liquidity. Accordingly, cash is held in on-demand and short-term bank deposits and money market funds, and at times invested in short-term US Treasury bills (which meet the definition of cash). Cash and cash equivalents include restricted balances held by consolidated fund entities to which we do not have access and which are subject to legal or contractual restrictions as to their use.

	2021 $m			2020 $m		
	Less than 1 year	**Greater than 1 year**	**Total**	Less than 1 year	Greater than 1 year	Total
Cash and cash equivalents	**387**	**–**	**387**	351	–	351
Cash held by consolidated fund entities (Note 14.2)	**(64)**	**–**	**(64)**	(62)	–	(62)
Available cash and cash equivalents	**323**	**–**	**323**	289	–	289
Undrawn committed revolving credit facility	**–**	**500**	**500**	–	500	500
Total liquidity	**323**	**500**	**823**	289	500	789

Liquidity risk management
Liquidity resources support ongoing operations and potential liquidity requirements under scenarios that assume stressed market and economic conditions. Our funding requirements relating to the investment management process are discretionary. Our liquidity profile is monitored on a daily basis and the stressed scenarios are updated regularly. The Board reviews our funding resources at each Board meeting and on an annual basis, as part of the strategic planning process. Our available liquidity is considered sufficient to cover current requirements and potential requirements under stressed scenarios.

Cash and cash equivalents
Available cash and cash equivalents of $323 million (2020: $289 million) at 31 December 2021 comprise cash at bank of $189 million (2020: $161 million), short-term deposits of $24 million (2020: $128 million) and investments in money market funds of $110 million (2020: nil), and include $29 million (2020: $32 million) of cash ring-fenced for regulated entities. At 31 December 2021, the $323 million available cash and cash equivalents balance is held with 14 banks (2020: $289 million with 15 banks). The single largest counterparty bank exposure of $85 million is held with an AA- rated bank (2020: $103 million with an A rated bank). At 31 December 2021, balances with counterparties in the AAA, AA and A ratings bands aggregate to $51 million (2020: nil), $154 million (2020: $7 million) and $118 million (2020: $282 million) respectively.

Committed revolving credit facility
Our $500 million committed revolving credit facility (RCF), which incorporates an ESG target-linked interest rate component and does not include financial covenants in order to maintain maximum flexibility, was undrawn at 31 December 2021 (2020: undrawn), having been drawn for a period of a month in May 2021. The RCF was put in place in December 2019 as a five-year facility but has since been extended and, due to the exercise of the final one-year extension option in 2021, is now scheduled to mature in December 2026.

Intra-day and overnight credit facilities

We guarantee the obligations under the $100 million intra-day (2020: $100 million) and $25 million overnight credit facilities (2020: $25 million) used to settle the majority of our banking arrangements. At 31 December 2021, the exposures under both the intra-day and overnight facilities are nil (2020: nil). The fair value of these commitments has been determined to be nil (2020: nil).

12. Fee and other receivables

Accounting policy

Fee and other receivables are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method, except for derivatives (measured at fair value through profit and loss) and prepayments. Fee receivables and accrued income relate to management and performance fees and are received in cash following finalisation of the NAVs of the underlying funds or managed accounts. The majority of fees are deducted from the NAVs of the respective funds by the independent administrators and therefore the credit risk of fee receivables is minimal.

	2021 $m	2020 $m
Fee receivables	**18**	16
Accrued income	**355**	238
Collateral posted with derivative counterparties	**29**	27
Receivables from Open Ended Investment Collective (OEIC) funds[1]	**25**	33
Prepayments	**16**	15
Other fund receivables	**11**	17
Derivative financial instruments (Note 16)	**5**	4
Sub-lease rental income receivable	**2**	5
Receivables relating to consolidated fund entities (Note 14.2)	**5**	4
Other receivables	**19**	27
	485	386

Note:

1 For the OEIC funds businesses we act as the intermediary for the collection of subscriptions due from customers and payable to the funds, and for redemptions receivable from funds and payable to customers. The unsettled fund payable is recorded in trade and other payables (Note 13).

The increase in accrued income in 2021 largely relates to the year-on-year increase in performance fee revenues which crystallised at 31 December, with the associated balance at year end of $241 million compared to $141 million in 2020.

No balances are overdue and, under the expected credit loss model of IFRS 9 'Financial Instruments', no impairment has been recognised at 31 December 2021 (2020: nil). Included in fee and other receivables at 31 December 2021 are balances of $3 million (2020: $4 million) which are expected to be settled after more than 12 months.

13. Trade and other payables

Accounting policy

Trade and other payables are initially recorded at fair value, which is usually the invoiced amount, and subsequently measured at amortised cost using the effective interest rate method, except for derivatives which are measured at fair value through profit and loss.

	2021 $m	2020 $m
Trade payables	**5**	7
Accruals	**453**	326
Share repurchase liability	**109**	64
Payables under repo arrangements	**64**	56
Payables to OEIC funds[1]	**25**	33
Derivative financial instruments (Note 16)	**5**	18
Tax and social security	**5**	13
Other fund payables	**–**	5
Contingent consideration	**–**	2
Payables relating to consolidated fund entities (Note 14.2)	**19**	27
Other payables	**17**	23
	702	574

Note:

1 For the OEIC funds businesses we act as the intermediary for the collection of subscriptions due from customers and payable to the funds, and for redemptions receivable from funds and payable to customers. The unsettled fund receivable is recorded in fee and other receivables (Note 12).

The increase in accruals in 2021 is driven by the higher levels of performance fee revenues which crystallised at 31 December, which drove an increase in associated variable compensation cost accruals at year end of $373 million compared to $253 million in 2020.

Payables under repo arrangements relate to obligations to repurchase seed investments as detailed in Note 14.1. The share repurchase liability is the remaining liability relating to the first tranche of the share repurchase announced in December 2021 (2020: announced in September 2020), as detailed in Note 26.

Included in trade and other payables at 31 December 2021 are balances of nil (2020: $3 million) which are expected to be settled after more than 12 months.

14. Investments in fund products and other investments

Accounting policy
Investments in fund products are classified at fair value through profit or loss, with net gains due to movements in fair value recognised through income or gains on investments and other financial instruments. The fair values of investments in fund products are typically derived from the reported NAVs of each of the fund products, which in turn are based upon the value of the underlying assets held within each of the fund products. The valuation of the underlying assets within each fund product is determined by external valuation service providers based on an agreed valuation policy and methodology. Whilst these valuations are performed independently of Man Group, we have established oversight procedures and due diligence processes to ensure that the NAVs reported by the external valuation service providers are reliable and appropriate. Purchases and sales of investments are recognised on trade date.

Our holdings in collateralised loan obligation (CLO) risk retention assets are priced using a bottom-up valuation method. We use third-party valuations to price the securities within the underlying portfolios and then apply these valuations in proportion to the percentage of the CLO notes we hold. Holdings in subordinated tranches of CLOs are valued using an average of third-party valuations.

The fair value hierarchy of financial assets is disclosed in Note 15.

Seed investments portfolio
We use capital to invest in fund products as part of our ongoing business, to build product breadth and to trial investment research developments before marketing the products broadly to investors. Seed capital is invested via direct holdings in fund products or sale and repurchase (repo) arrangements, which allow us to finance seed investments without consuming high levels of cash. Alternatively, we may obtain exposure to seed investments via total return swap (TRS) arrangements. Under a repo arrangement we are committed to repurchase the underlying seed investments at maturity and pay an interest charge over the period, with the obligation to repurchase the assets on maturity recorded as a liability within trade and other payables (Note 13). Under a TRS arrangement we are under no form of repayment obligation and have no ownership interest (or voting rights) in the underlying investment. In exchange for the returns on the underlying seed investments, we pay a floating rate of interest.

Consolidation
The control considerations under IFRS 10 'Consolidated Financial Statements' apply to fund product investments, including those underlying our repo and TRS instruments, and therefore we may similarly be required to consolidate them.

Having considered all significant aspects of our relationships with fund entities, although we manage the assets of certain fund entities, we only obtain more than limited exposure to the variable returns of those fund entities, and thus the characteristics of control are only met, where we either hold an investment in the fund entity or receive the returns on the fund entity via a TRS or repo arrangement. For most fund entities: the existence of independent boards of directors; rights which allow for the removal of the investment manager/adviser; the influence of investors; limited exposure to variable returns; and the arm's length nature of our contracts with the fund entities, indicate that we do not control them, and their associated assets, liabilities and results should not be consolidated into the Group financial statements.

Fund entities deemed to be controlled (Note 14.2) are consolidated on a line-by-line from the date control commences until it ceases. Where we are not deemed to control the fund, the investment in the fund is classified within investments in fund products (Note 14.1).

Fund investments held for deferred compensation arrangements
Fund product investments related to deferred compensation arrangements are held to offset any change in deferred compensation over the vesting period, and at vesting the value of the fund investment is delivered to the employee. Fund product investments are recorded at fair value. Any gains or losses during the vesting period are recognised as income or gains on investments and other financial instruments in the Group income statement, or alternatively these are accounted for as cash flow hedges as outlined in Note 16. These include balances held by the Employee Trust (Note 24).

Financial assets at fair value through profit or loss	Note	**2021 $m**	2020 $m
Investments in fund products	14.1	**422**	332
Investments in consolidated funds: transferrable securities	14.2	**549**	452
Other investments		**3**	3
Investments in fund products and other investments		**974**	787
Less:			
Fund investments held for deferred compensation arrangements		**(119)**	(119)
Investments in consolidated funds: exclude consolidation gross-up of net investment	14.2	**(204)**	(180)
Other investments		**(3)**	(3)
Seeding investments portfolio		**648**	485

14.1. Investments in fund products

At 31 December 2021, exposure to fund products via repo arrangements (included within investments in fund products above, with an offsetting repayment obligation included within trade and other payables in Note 13) was $64 million (2020: $56 million), and additional exposure via TRS was $108 million (2020: $50 million). The largest single investment in fund products at 31 December 2021 was $45 million (2020: $48 million). The exposure to market risk on these investments is outlined in Note 16.

Income or gains on investments and other financial instruments comprises the following:

	Note	2021 $m	2020 $m
Net gains on seeding investments portfolio		**24**	21
Consolidated fund entities: gross-up of net gains on investments (see core reclassification per page 54)	14.2	**12**	26
Unrealised foreign exchange gain/(loss) on lease liabilities, pension and associated deferred tax (non-core item per page 51)		**3**	(6)
Net gains/(losses) on fund investments held for deferred compensation and other investments		**3**	(1)
Income or gains on investments and other financial instruments		**42**	40

14.2. Consolidation of investments in funds

In 2021, 26 (2020: 19) funds in which we have an investment meet the control criteria and have therefore been consolidated on a line-by-line basis.

The investments relating to consolidated funds are included within the Group balance sheet and income statement as follows:

	2021 $m	2020 $m
Balance sheet		
Cash and cash equivalents	**64**	62
Transferable securities[1]	**549**	452
Fees and other receivables	**5**	4
Trade and other payables	**(19)**	(27)
Net assets of consolidated fund entities	**599**	491
Third-party interest in consolidated funds	**(254)**	(219)
Net investment held by Man Group	**345**	272
Income statement		
Net gains on investments[2]	**32**	53
Management fee expenses[3]	**(3)**	(2)
Performance fee expenses[3]	**(2)**	(2)
Other costs	**(4)**	(5)
Net gains of consolidated fund entities	**23**	44
Third-party share of gains relating to interests in consolidated funds	**(3)**	(17)
Gains attributable to net investment held by Man Group	**20**	27

Notes:
1 Included within investments in fund products and other investments.
2 Included within income or gains on investments and other financial instruments.
3 Relate to management and performance fees paid by the funds to Man Group during the year, which are eliminated within management and other fees and performance fees respectively in the Group income statement.

15. Fair value of financial assets and liabilities

Accounting policy

We disclose the fair value measurement of financial assets and liabilities using three levels, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

A transfer into Level 3 would be deemed to occur where the level of prolonged activity, as evidenced by subscriptions and redemptions, is deemed insufficient to support a Level 2 classification. This, as well as other factors such as a deterioration of liquidity in the underlying investments, would result in a Level 3 classification.

The fair value of our financial assets and liabilities which are held at fair value through profit and loss can be analysed as follows:

	2021 $m				2020 $m			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets held at fair value:								
Investments in fund products and other investments (Note 14)	**3**	**243**	**179**	**425**	3	170	162	335
Investments in consolidated funds (Note 14)	**–**	**538**	**11**	**549**	–	435	17	452
Derivative financial instruments (Note 12)	**–**	**5**	**–**	**5**	–	4	–	4
	3	**786**	**190**	**979**	3	609	179	791
Financial liabilities held at fair value:								
Derivative financial instruments (Note 13)	**–**	**5**	**–**	**5**	–	18	–	18
Contingent consideration (Note 13)	**–**	**–**	**–**	**–**	–	–	2	2
	–	**5**	**–**	**5**	–	18	2	20

During the year, there were no significant changes in the business or economic circumstances that affected the fair value of our financial assets and no significant transfers of financial assets or liabilities held at fair value between categories. For investments in fund products, Level 2 investments primarily comprise holdings in unlisted, open-ended, active and liquid funds, which are priced using daily or weekly observable market information derived from third-party sources, as described in Note 14. The material holdings within the Level 3 category relate to CLO risk retention assets and subordinated tranches of CLOs which are priced in accordance with the methodologies set out in Note 14 and rely, in part, on unobservable input valuations. The effect of using reasonably possible alternative input assumptions would not result in a significant change to the carrying value.

The movements in Level 3 financial assets and financial liabilities measured at fair value are as follows:

	2021 $m		2020 $m	
	Assets	**Liabilities**	Assets	Liabilities
Level 3 financial assets/(liabilities) held at fair value through profit or loss				
At beginning of the year	**179**	**(2)**	204	(24)
Transfers into Level 3	**9**	**–**	–	–
Purchases	**17**	**–**	–	–
(Charge)/credit to Group income statement	**(7)**	**2**	10	20
Sales or settlements	**(2)**	**–**	(17)	2
Change in consolidated fund entities held	**(6)**	**–**	(18)	–
At year end	**190**	**–**	179	(2)

The revaluation of contingent consideration in the Group income statement is an adjustment to the fair value of acquisition earn-out payments.

16. Market risks and derivatives

Accounting policy

Derivatives

We use derivative financial instruments in certain circumstances to manage market risk. These are measured at fair value through profit and loss and included in derivative financial instruments within fee and other receivables (Note 12) and trade and other payables (Note 13), including any unrealised gains and losses on these derivatives. These consist primarily of market risk hedges on some of our seeding positions (Note 14) and foreign exchange contracts.

Hedge accounting

We have elected to apply cash flow hedge accounting to fund investments held for deferred fund product awards (Note 14) granted from 1 January 2020, whereby the offsetting gains or losses on these fund products are matched against the corresponding fund product-based payment compensation charge in the Group income statement pro rata over the vesting period (Note 7). Unmatched gains or losses are recognised through other comprehensive income and held within the cash flow hedge reserve in equity until they are recycled over the vesting period into the Group income statement.

We apply net investment hedge accounting to hedge the net assets of material subsidiaries that have a functional currency other than USD, whereby gains or losses on derivative financial instruments are recycled from the Group income statement through other comprehensive income to the foreign currency translation reserve in equity to offset any currency translation of the net assets of these subsidiaries.

As in 2020, all derivatives are held with counterparties with ratings of A or higher and mature within one year.

How do we manage market risk arising from investments in funds?

Investments in fund products (Note 14) expose us to market risk and therefore this process is subject to limits consistent with the Board's risk appetite. In certain circumstances, we use derivative financial instruments, specifically equity or credit default swaps, to hedge the risk associated with mark to market movements.

The market risk from seeding investments, including those financed via repo and TRS arrangements, is modelled using a value at risk methodology using a 95% confidence interval and one-year time horizon. The value at risk is estimated to be $42 million at 31 December 2021 (2020: $24 million).

During the year, there were $9 million net realised and unrealised losses arising from market risk hedges (2020: $10 million), and the notional value of market risk derivative financial assets and liabilities held at 31 December 2021 is $148 million (2020: $33 million) and $112 million (2020: $131 million) respectively.

For deferred fund product-based compensation, we generally hold an investment in the associated fund product to hedge the market movement from grant to vest.

How do we manage foreign exchange rate risk?
We are subject to risk from changes in foreign exchange rates on monetary assets and liabilities. In certain circumstances, we use derivative financial instruments, specifically forward foreign exchange contracts, to hedge our risk associated with foreign exchange movements.

During the year, there were $3 million of net realised and unrealised foreign exchange gains (2020: $6 million net realised and unrealised losses) recognised in the Group income statement through income or gains on investments and other financial instruments, which include the netting effects of hedging outlined below. This primarily comprises a $2 million unrealised gain (2020: $7 million unrealised loss) relating to the revaluation of our $238 million (2020: $255 million) unhedged GBP lease liability (Note 18), in addition to those unrealised foreign exchange movements in the pension and associated deferred tax (a non-core item on page 51).

During the year there were $13 million net realised and unrealised gains arising from foreign exchange hedges (2020: $23 million losses) and the notional value of foreign exchange derivative financial assets and liabilities held at 31 December 2021 is $123 million (2020: $417 million) and $364 million (2020: $400 million) respectively.

In addition, in 2020 we recognised a non-cash gain of $17 million in relation to the liquidation of non-USD functional currency subsidiaries, whereby the related movements in the cumulative translation adjustment reserve within equity are recycled to the Group income statement upon disposal.

The table below reflects the currency profile of our significant foreign currency (non-USD) monetary assets and liabilities after the impact of hedging:

	2021 $m	2020 $m
Sterling	**(208)**	(257)

A 10% strengthening/weakening of the USD against all other currencies, with all other variables held constant, would have resulted in a foreign exchange loss/gain of $21 million (2020: $23 million), with a corresponding impact on equity. This exposure is based on our USD balances held by non-USD functional currency entities and non-USD balances held by USD functional currency entities at 31 December.

How do we manage interest rate risk?
We are subject to risk from changes in interest rates on monetary assets and liabilities. In respect of our monetary assets and liabilities which earn/incur interest indexed to floating rates, as at 31 December 2021 a 50 basis point increase/decrease in these rates, with all other variables held constant, would have resulted in a $1 million increase/decrease (2020: $1 million) in net interest income.

17. Leasehold improvements and equipment

Accounting policy

All leasehold improvements and equipment are recorded at cost less depreciation and impairment. Cost includes the original purchase price of the asset and costs directly attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated using the straight-line method over the asset's estimated useful life which for leasehold improvements is over the shorter of the life of the lease and the improvement (up to 24 years) and for equipment is between three and ten years. Leasehold improvements relating to right-of-use lease assets classified as investment property are presented within Note 18.

	2021 $m			2020 $m		
	Leasehold improvements	**Equipment**	**Total**	Leasehold improvements	Equipment	Total
Cost at beginning of the year	**58**	**59**	**117**	41	100	141
Additions	**14**	**12**	**26**	4	8	12
Disposals	**–**	**(7)**	**(7)**	–	(49)	(49)
Transfer from investment property to leasehold improvements	**–**	**–**	**–**	16	–	16
Transfer from leasehold improvements to investment property	**(2)**	**–**	**(2)**	(3)	–	(3)
Cost at year end	**70**	**64**	**134**	58	59	117
Accumulated depreciation and impairment at beginning of the year	**(44)**	**(43)**	**(87)**	(29)	(83)	(112)
Disposals	**–**	**7**	**7**	–	48	48
Transfer from investment property to leasehold improvements	**–**	**–**	**–**	(14)	–	(14)
Transfer from leasehold improvements to investment property	**2**	**–**	**2**	3	–	3
Depreciation	**(3)**	**(10)**	**(13)**	(4)	(8)	(12)
Accumulated depreciation and impairment at year end	**(45)**	**(46)**	**(91)**	(44)	(43)	(87)
Net book value at beginning of the year	**14**	**16**	**30**	12	17	29
Net book value at year end	**25**	**18**	**43**	14	16	30

18. Leases

18.1. Man Group as lessee

Accounting policy

Our lease arrangements relate to business premises property leases.

We assess whether a contract is or contains a lease at the inception of the contract. For arrangements where we are the lessee, a right-of-use (ROU) lease asset and a related lease liability are recognised on the Group balance sheet at the date from which we have the right to use the asset, usually the lease commencement date. For short-term leases (defined as leases with a term of one year or less) and leases of low-value assets, we recognise the lease payments on a straight-line basis over the lease term within other costs in the Group income statement. The lease term is determined as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if we consider that exercise of the extension option is reasonably certain. Lease extension options and break clauses inherent in our leases do not have a significant impact on our ROU lease assets and lease liabilities.

ROU lease assets relating to the portion of our leased business premises which we then sub-let under operating leases are classified as investment property, with other ROU lease assets classified as leasehold property. Transfers from investment property to leasehold property occur when we commence development of a previously sub-let portion of our leased business premises with a view to occupying that space. Similarly, transfers from leasehold property to investment property occur when we cease to occupy a portion of the leased business premises with the intention of sub-letting that space.

All of our ROU lease assets, including those classified as investment property, are measured at cost less depreciation and impairment. Cost includes the amount of the initial measurement of the associated lease liability, lease payments made at or before the lease commencement date, lease incentives received, associated leasehold improvements classified as investment property and estimated costs to be incurred in restoring the property to the condition required under the terms of the lease. Depreciation is calculated on a straight-line basis over the asset's estimated useful life which, for leasehold improvements classified as investment property, is the shorter of the lease term and the life of the improvement (up to 24 years) and for all other assets is the lease term, and is included within other costs (Note 8). We assess ROU lease assets for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

All lease liabilities are measured at the present value of lease payments that are due over the lease term, discounted using our incremental cost of borrowing at the lease commencement or modification date (being the rate we would have to pay to finance a similar asset). The lease liability is adjusted for lease payments and unwind of lease liability discount as well as the impact of any subsequent lease modifications.
The unwind of lease liability discount is included within finance expense (Note 9).

Cash payments in relation to leases, which reduce the lease liability recognised on the Group balance sheet, are presented as unwind of lease liability discount (within operating activities) and repayments of principal lease liability (within financing activities) in the Group cash flow statement. Payments in relation to short-term leases and leases of low-value assets are included within cash flows from operating activities.

Right-of-use lease assets

	2021 $m			2020 $m		
	Leasehold property	**Investment property**	**Total**	Leasehold property	Investment property	Total
Cost at beginning of the year	**168**	**240**	**408**	137	305	442
Additions	**4**	**5**	**9**	3	–	3
Disposals	**(15)**	**–**	**(15)**	(2)	–	(2)
Transfer from leasehold property to investment property	**(9)**	**9**	**–**	(12)	12	–
Transfer from investment property to leasehold property	**–**	**–**	**–**	64	(64)	–
Transfer from investment property to leasehold improvements (Note 17)	**–**	**–**	**–**	–	(16)	(16)
Transfer from leasehold improvements to investment property (Note 17)	**–**	**2**	**2**	–	3	3
Early exercise of break clause[1]	**–**	**–**	**–**	(22)	–	(22)
Remeasurement of lease liability	**(2)**	**–**	**(2)**	–	–	–
Cost at year end	**146**	**256**	**402**	168	240	408
Accumulated depreciation and impairment at beginning of the year	**(94)**	**(162)**	**(256)**	(58)	(164)	(222)
Disposals	**14**	**–**	**14**	2	–	2
Transfer from leasehold property to investment property	**4**	**(4)**	**–**	5	(5)	–
Transfer from investment property to leasehold property	**–**	**–**	**–**	(31)	31	–
Transfer from investment property to leasehold improvements (Note 17)	**–**	**–**	**–**	–	14	14
Transfer from leasehold improvements to investment property (Note 17)	**–**	**(2)**	**(2)**	–	(3)	(3)
Impairment	**–**	**(3)**	**(3)**	–	(25)	(25)
Depreciation (Note 8)	**(9)**	**(8)**	**(17)**	(12)	(10)	(22)
Accumulated depreciation and impairment at year end	**(85)**	**(179)**	**(264)**	(94)	(162)	(256)
Net book value at beginning of the year	**74**	**78**	**152**	79	141	220
Net book value at year end	**61**	**77**	**138**	74	78	152

Note:
1 Due to the lease surrender and exit of our principal sub-tenant from our main London leased premises in 2020, we exercised a break clause on our secondary London premises in order to bring all our London staff together in one location from 2021. This lease modification had the impact of reducing the right-of-use lease asset in 2020 in line with the associated reduction in lease liability, as included in the lease liability movements below.

Lease liability

The maturity of our contractual undiscounted cash flows for the lease liability is as follows:

	2021 $m	2020 $m
Within one year	**25**	32
Between one and five years	**103**	105
Between five and ten years	**138**	122
Between ten and 15 years	**105**	111
After 15 years	**5**	–
Undiscounted lease liability at year end	**376**	370
Discounted lease liability at year end	**250**	272

At 31 December 2021 $236 million (2020: $253 million) of our total discounted lease liability relates to our main premises in London (expiring in 2035) and is denominated in GBP. The revaluation of this GBP lease liability (which is unhedged as outlined in Note 16) into USD, the lessee's functional and Man Group's presentation currency, may result in large unrealised gains or losses in the Group income statement and therefore these non-cash movements have been classified as a non-core item (see page 51).

Movements in our lease liability are as follows:

	2021 $m	2020 $m
At beginning of the year	**272**	307
Additions	**4**	2
Disposals	**(1)**	–
Cash payments	**(33)**	(34)
Unwind of lease liability discount (Note 9)	**12**	12
Early exercise of break clause	**–**	(22)
Remeasurement	**(2)**	–
Unrealised foreign exchange (gain)/loss	**(2)**	7
At year end	**250**	272

18.2. Man Group as lessor (investment property)

Accounting policy

Man Group acts as lessor in respect of certain ROU lease assets which are in turn sub-let (investment property ROU lease assets), which are classified as operating leases under IFRS 16 'Leases'. Sub-lease rental income is recognised on a straight-line basis over the lease term in the Group income statement.

An impairment expense is recognised for the amount by which the related ROU lease asset's carrying value exceeds its recoverable amount, being its value in use. For the purposes of assessing impairment, investment property ROU lease assets are grouped at the lowest levels for which there are separately identifiable cash flows, being the individual sub-lease contract level.

Sub-lease rental income for 2021 was $6 million (2020: $7 million). In June 2020 the principal sub-tenant of our main London office paid us cash of $26 million in order to terminate their lease early, which was offset by an associated non-cash deferred rent write-off of $8 million and resulted in a net accounting gain on lease surrender of $18 million. The surrender gain represented payment for sub-lease rental risk and other costs taken on as a result of this agreement. The portion of this gain relating to future lost sub-lease rental income was deferred from 2020 to 2021 through non-core items (see page 51).

Operating expenses of $6 million (2020: $3 million) arising from investment property that did not generate rental income during the period are included within other costs (Note 8).

At 31 December 2021, the contractual undiscounted operating lease payments receivable from the sub-leases of our investment property ROU lease assets are as follows:

	2021 $m	2020 $m
	Total	Total
Within one year	**6**	7
Between one and two years	**6**	6
Between two and three years	**6**	6
Between three and four years	**5**	6
Between four and five years	**–**	5
	23	30

Fair value of investment property and impairment

Investment property ROU lease assets with a carrying value of $77 million at 31 December 2021 (2020: $78 million) have a fair value of $94 million (2020: $86 million), which is equivalent to their value in use. The increase in fair value is largely due to the vacancy-related costs incurred in 2021 no longer being included in the forecast period.

At 31 December 2020, we assessed our investment property ROU lease asset for impairment as a result of the sub-let vacancy created by the lease surrender of our principal sub-tenant coinciding with the London commercial property market uncertainty due to COVID-19. The value in use calculations used cash flow projections out to the end of the head lease, based on current sub-lease agreements and estimates for future rentals. The assumptions applied in the value in use calculations were derived from past experience and assessment of current market inputs, with the market property yield discount rate then applied to the modelled cash flows. The assessment resulted in an impairment of our investment property ROU lease assets of $25 million at 31 December 2020.

Due to our exit from occupying the remaining portion of the space available for sub-lease during 2021, the associated ROU lease asset and leasehold improvements were reclassified as investment property. This also resulted in the recognition of a further $3 million impairment of our ROU lease asset during the year. There are no other indicators of impairment which would change our previous recoverability assessment.

19. Goodwill and acquired intangibles

Accounting policy
Goodwill
Goodwill represents the excess of consideration transferred over the fair value of identifiable net assets of the acquired business at the date of acquisition. Goodwill is carried on the Group balance sheet at cost less accumulated impairment, has an indefinite useful life, is not subject to amortisation and is tested for impairment annually, or whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment expense is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amounts of our cash-generating units (CGUs) or groups of CGUs are assessed each year using a value in use calculation.

Goodwill does not generate cash flows independently of other groups of assets and thus is assigned to a CGU or group of CGUs for the purposes of impairment testing. The groups of CGUs are based upon how management monitors the business and represent the lowest level to which goodwill can be allocated on a reasonable basis. For impairment review purposes, from 31 December 2021 we have identified one group of CGUs, comprising the aggregate of the AHL, GLG, Numeric and FRM CGUs. The combination of these CGUs for the purpose of goodwill impairment testing reflects the completed integration of legacy acquisitions and the cohesion of our liquid investment offerings, which aligns with how management now consider the value and goodwill in the business. Our private markets CGU (GPM) no longer has any goodwill allocated to it as a result of the full impairment of this balance in 2020.

The value in use calculation at 31 December 2021 uses cash flow projections based on the Board-approved financial plan for the year to 31 December 2022 and a further two years of projections (2023 and 2024), plus a terminal value. The valuation analysis is based on best practice guidance whereby a terminal value is calculated at the end of a short discrete budget period and assumes, after this three-year budget period, no growth in asset flows above the long-term growth rate.

The assumptions applied in the value in use calculation are derived from past experience and assessment of current market inputs. We have applied a bifurcated discount rate to the modelled cash flows to reflect the different risk profile of management fee profits and performance fee profits. The discount rates are based on our weighted average cost of capital using a risk-free interest rate, together with an equity market risk premium and an appropriate market beta derived from consideration of our own beta, similar alternative asset managers, and the asset management sector as a whole. The terminal value is calculated based on the projected closing AUM at 31 December 2024 and applying the mid-point of a range of historical multiples to the forecast cash flows associated with management and performance fee profits.

The value in use calculation is presented on a post-tax basis, consistent with the prior year, given most comparable market data is available on a post-tax basis. This is not significantly different to its pre-tax equivalent.

Acquired intangibles
Following initial recognition, acquired intangibles are held at cost less accumulated amortisation and impairment. Acquired intangibles comprise investment management agreements and related client relationships (IMAs), distribution channels and brand names acquired in a business combination, and are initially recognised at fair value based on the present value of the expected future cash flows and are amortised on a straight-line basis over their expected useful lives, which are between three and 13 years (IMAs and brands), and eight and 12 years (distribution channels). Acquired intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Disposals of acquired intangibles are recognised in the year the related cash inflows cease.

	2021 $m					2020 $m				
	Goodwill	**IMAs**	**Distribution channels**	**Brand names**	**Total**	Goodwill	IMAs	Distribution channels	Brand names	Total
Cost at beginning of the year	**2,429**	**857**	**58**	**41**	**3,385**	2,422	857	58	41	3,378
Disposals	**–**	**(19)**	**(2)**	**(1)**	**(22)**	–	–	–	–	–
Currency translation	**(4)**	**–**	**–**	**–**	**(4)**	7	–	–	–	7
Cost at year end	**2,425**	**838**	**56**	**40**	**3,359**	2,429	857	58	41	3,385
Accumulated amortisation and impairment at beginning of the year	**(1,837)**	**(721)**	**(47)**	**(38)**	**(2,643)**	(1,781)	(664)	(43)	(36)	(2,524)
Amortisation	**–**	**(56)**	**(4)**	**(1)**	**(61)**	–	(57)	(4)	(2)	(63)
Impairment	**–**	**–**	**–**	**–**	**–**	(55)	–	–	–	(55)
Disposals	**–**	**19**	**2**	**1**	**22**	–	–	–	–	–
Currency translation	**1**	**–**	**–**	**–**	**1**	(1)	–	–	–	(1)
Accumulated amortisation and impairment at year end	**(1,836)**	**(758)**	**(49)**	**(38)**	**(2,681)**	(1,837)	(721)	(47)	(38)	(2,643)
Net book value at beginning of the year	**592**	**136**	**11**	**3**	**742**	641	193	15	5	854
Net book value at year end	**589**	**80**	**7**	**2**	**678**	592	136	11	3	742

Goodwill impairment: what assumptions have we used?

The recoverable amount of each CGU or group of CGUs (the value in use) to which goodwill has been allocated has been assessed at each year end. The key assumptions applied to the value in use calculations are provided below.

There were no indicators of impairment of our liquid manager CGUs at 31 December 2021. The combination of these CGUs from 31 December 2021 for the purpose of impairment testing, as outlined on page 43, does not impact the level of impairment recognised in the year.

Key assumptions at 31 December 2021:	Liquid managers
Compound average annualised growth in AUM (over three years)	6%
Discount rate	
– Management fees[1]	11%
– Performance fees[2]	17%
Terminal value (mid-point of range of historical multiples)[3]	
– Management fees	13.0x
– Performance fees	5.5x

Notes:
1 The pre-tax equivalent of the net management fees discount rate is 14%.
2 The pre-tax equivalent of the net performance fees discount rate is 21%.
3 The implied terminal growth rate is 4%. The terminal value is added to cash flow projections based on the Board-approved financial plan for the year to 31 December 2022 and a further two years of projections (2023 and 2024), and discounted.

Key assumptions at 31 December 2020:	AHL	GLG	Numeric	FRM	GPM
Compound average annualised growth in AUM (over three years)	10%	4%	2%	(3%)	13%
Discount rate					
– Management fees[1]	11%	11%	11%	11%	15%
– Performance fees[2]	17%	17%	17%	17%	21%
Terminal value (mid-point of range of historical multiples)[3]					
– Management fees	13.0x	13.0x	13.0x	5.9x	16.8x
– Performance fees	5.5x	5.5x	5.5x	3.9x	5.5x

Notes:
1 The pre-tax equivalent of the net management fees discount rate is 14%, 13%, 14%, 14% and 18% for each of the AHL, GLG, Numeric, FRM and GPM CGUs, respectively.
2 The pre-tax equivalent of the net performance fees discount rate is 21%, 21%, 22%, 22% and 26% for each of the AHL, GLG, Numeric, FRM and GPM CGUs, respectively.
3 The implied terminal growth rates are 4%, 3%, 4%, -10% and 9% for each of the AHL, GLG, Numeric, FRM and GPM CGUs, respectively. The terminal value is added to cash flow projections based on the Board-approved financial plan for the year to 31 December 2021 and a further two years of projections (2022 and 2023), and discounted.

Goodwill impairment and sensitivity analyses

Details of the valuations are provided below, including sensitivity tables which show scenarios whereby the key assumptions are changed to stressed assumptions, indicating the modelled headroom or impairment that would result. We have considered reasonably foreseeable changes in the compound average annualised growth in AUM forecast assumption, stressing this by 2% and 10% or to the point at which impairment would arise. Each assumption, or set of assumptions, is stressed in isolation. The results of these sensitivities make no allowance for actions that management would take if such market conditions persisted.

Annual assessment

The value in use calculation of our liquid managers at 31 December 2021 indicates a value of $4.1 billion, with around $3.4 billion of headroom over the carrying value of the business. Therefore, no impairment charge is deemed necessary at 31 December 2021.

				Discount rates (post-tax)		Multiples (post-tax)	
Sensitivity analysis:	Compound average annualised growth in AUM			Management fee/ performance fee		Management fee/ performance fee	
Key assumption stressed to:	6%	4%	(4)%[1]	10%/16%	12%/18%	14.0x/6.5x	12.0x/4.5x
Modelled headroom/(impairment) ($m)	3,380	2,940	1,340	3,480[2]	3,280[2]	3,690[3]	3,070[3]

Notes:
1 Stressed by 10%, as opposed to the point of impairment, given an impairment scenario is not reasonably foreseeable.
2 An increase/decrease in the value in use calculation of $100 million.
3 An increase/decrease in the value in use calculation of $310 million.

Prior year assessment

An impairment expense of $55 million was recognised for the year to 31 December 2020, reflecting the 30 June 2020 impairment of the GPM CGU goodwill balance in full.

AHL CGU

				Discount rates (post-tax)		Multiples (post-tax)	
Sensitivity analysis:	Compound average annualised growth in AUM			Management fee/ performance fee		Management fee/ performance fee	
Key assumption stressed to:	10%	8%	0%[1]	10%/16%	12%/18%	14.0x/6.5x	12.0x/4.5x
Modelled headroom/(impairment) ($m)	2,080	1,840	890	2,141[2]	2,019[2]	2,280[3]	1,880[3]

Notes:
1 Stressed by 10%, as opposed to the point of impairment, given an impairment scenario is not reasonably foreseeable.
2 An increase/decrease in the value in use calculation of $61 million.
3 An increase/decrease in the value in use calculation of $200 million.

GLG CGU

Sensitivity analysis:	Compound average annualised growth in AUM		Discount rates (post-tax) Management fee/ performance fee		Multiples (post-tax) Management fee/ performance fee	
Key assumption stressed to:	4%	2%[1]	10%/16%	12%/18%	14.0x/6.5x	12.0x/4.5x
Modelled headroom/(impairment) ($m)	21	–	23[2]	19[2]	30[3]	12[3]

Notes:
1 Stressed in a downside scenario to determine the point at which headroom would be reduced to nil, after which impairment would arise.
2 An increase/decrease in the value in use calculation of $2 million.
3 An increase/decrease in the value in use calculation of $9 million.

Numeric CGU

Sensitivity analysis:	Compound average annualised growth in AUM			Discount rates (post-tax) Management fee/ performance fee		Multiples (post-tax) Management fee/ performance fee	
Key assumption stressed to:	2%	0%	(8%)[1]	10%/16%	12%/18%	14.0x/6.5x	12.0x/4.5x
Modelled headroom/(impairment) ($m)	332	306	204	346[2]	318[2]	369[3]	295[3]

Notes:
1 Stressed by 10%, as opposed to the point of impairment, given an impairment scenario is not reasonably foreseeable.
2 An increase/decrease in the value in use calculation of $14 million.
3 An increase/decrease in the value in use calculation of $37 million.

FRM CGU

Sensitivity analysis:	Compound average annualised growth in AUM			Discount rates (post-tax) Management fee/ performance fee		Multiples (post-tax) Management fee/ performance fee	
Key assumption stressed to:	(3%)	(5%)	(13%)[1]	10%/16%	12%/18%	6.9x/4.9x	4.9x/2.9x
Modelled headroom/(impairment) ($m)	14	10	–	15[2]	13[2]	17[3]	11[3]

Notes:
1 Stressed to determine the point at which headroom would be reduced to nil, after which impairment would arise.
2 An increase/decrease in the value in use calculation of $1 million.
3 An increase/decrease in the value in use calculation of $3 million.

GPM CGU

Our value in use assessment at 30 June 2020 indicated an impairment of $55 million which impaired the goodwill balance in full, driven by slower growth than planned and future fundraising delays due to COVID-19 which led to a reassessment of the forecast growth of the GPM business. The GPM value in use calculation run at 31 December 2020 indicated a value of around $14 million, with $2 million of headroom over the remaining carrying value.

Sensitivity analysis:	Compound average annualised growth in AUM			Discount rates (post-tax) Management fee/ performance fee		Multiples (post-tax) Management fee/ performance fee	
Key assumption stressed to:	13%	11%	3%[1]	14%/20%	16%/22%	17.8x/6.5x	15.8x/4.5x
Modelled headroom/(impairment) ($m)	2	(5)	(12)	3[2]	1[2]	3[3]	1[3]

Notes:
1 Stressed by 10% to indicate a possible downside scenario.
2 An increase/decrease in the value in use calculation of $1 million.
3 An increase/decrease in the value in use calculation of $1 million.

20. Other intangibles

Accounting policy
Other intangibles relate to capitalised computer software. Following initial recognition, other intangibles are held at cost, which includes costs that are directly associated with the procurement or development of identifiable and unique software products which will generate economic benefits exceeding costs beyond one year, less accumulated amortisation and impairment. Capitalised computer software is amortised on a straight-line basis over its estimated useful life (three years), with amortisation expense included within other costs in the Group income statement. Capitalised computer software is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additions relate to the continued investment in our operating platforms.

	2021 $m	2020 $m
Cost at beginning of the year	**112**	98
Additions	**22**	22
Disposals	**(4)**	(8)
Cost at year end	**130**	112
Accumulated amortisation at beginning of the year	**(73)**	(67)
Amortisation	**(16)**	(14)
Disposals	**4**	8
Accumulated amortisation at year end	**(85)**	(73)
Net book value at beginning of the year	**39**	31
Net book value at year end	**45**	39

21. Deferred tax

Accounting policy
Deferred tax is recognised using the balance sheet liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Details of estimation and future tax rate uncertainty are included in Note 10.

	2021 $m	2020 $m
Deferred tax asset		
At beginning of the year	**119**	120
Charge to the Group income statement (Note 10)	**–**	(2)
Credit to other comprehensive income and equity	**7**	1
Transfer to deferred tax liabilities	**4**	–
Other balance sheet movements	**(2)**	–
At year end	**128**	119
Deferred tax liability		
At beginning of the year	**(25)**	(28)
(Charge)/credit to the Group income statement (Note 10)	**(4)**	3
Charge to other comprehensive income and equity	**(4)**	–
Transfer from deferred tax assets	**(4)**	–
At year end	**(37)**	(25)

The deferred tax asset Group income statement charge of nil (2020: $2 million) is net of a $2 million credit relating to the incremental recognition (2020: $14 million expense relating to derecognition) of US deferred tax assets held on the Group balance sheet, which is explained further on page 47. The net credit to other comprehensive income and equity of $3 million (2020: $1 million) relates to the defined benefit pension plan and employee share-based payment schemes (Note 25).

The deferred tax liability of $37 million (2020: $25 million) largely relates to temporary differences in respect of partnership interests, unrealised gains on investments and acquired intangible assets.

The deferred tax asset comprises:

	2021 $m	2020 $m
Deferred compensation	**52**	24
Accumulated operating losses	**29**	41
Tax allowances over depreciation	**22**	12
Future amortisation of goodwill and acquired intangible assets	**14**	26
Other	**11**	16
Deferred tax asset	**128**	119

Deferred tax assets arise on deferred compensation in relation to current year compensation charges which are not deductible for tax purposes until future periods. Tax allowances over depreciation relate to deferred tax on depreciation charged on qualifying tangible assets and ROU lease assets.

The gross amount of UK non-trading losses for which a deferred tax asset has not been recognised is $25 million (2020: $25 million). These losses are not subject to an expiration period. The gross amount of other future taxable income deductions for which a deferred tax asset has not been recognised is $62 million (2020: $95 million), which expire in 2024.

As set out below, we have recognised accumulated deferred tax assets in the US of $74 million (2020: $81 million) that will be available to offset future taxable profits. As the result of an increase in forecast future taxable profits in the US, we recognised an additional $2 million of the available deferred tax assets in relation to state and city tax losses in 2021 (2020: derecognised $14 million). At 31 December 2021, the unrecognised available US deferred tax assets relate to state and city tax losses for which we do not expect to realise sufficient future taxable profits to utilise before they expire. We do not currently expect to pay federal tax on any profits we may earn in the US until 2024 and accordingly any movements in the US deferred tax asset in the Group income statement are classified as a non-core item (see page 55).

US net deferred tax assets	**2021 $m**	2020 $m
Recognised		
At beginning of the year	**81**	89
Credit/(charge) to Group income statement:		
Recognition/(derecognition) of available tax assets	**2**	(14)
Other movements: (consumption)/generation	**(12)**	6
Credit to equity	**5**	–
Other balance sheet movements	**(2)**	–
At year end	**74**	81
Unrecognised		
At beginning of the year	**14**	–
(Credit)/charge to Group income statement (as above):		
(Recognition)/derecognition of available tax assets	**(2)**	14
Other movements	**(1)**	–
At year end	**11**	14

The gross amount of US non-trading losses for which a deferred tax asset has not been recognised is $158 million (2020: $197 million).

22. Provisions

Accounting policy
Provisions are recognised when Man Group has a present obligation (legal or constructive) as a result of a past event, it is probable that we will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. All provisions are current given we do not have the unconditional right to defer settlement.

	2021 $m	2020 $m
At beginning of the year	**9**	8
Charged to the income statement	**6**	1
Utilised during the year	**(1)**	–
Unused amounts reversed	**–**	(1)
Additional provisions	**–**	1
At year end	**14**	9

Provisions relate to ongoing claims as well as leasehold property dilapidations.

23. Investment in associate

Accounting policy
Associates are entities in which Man Group holds an interest and over which we have significant influence but not control and are accounted for using the equity method. In assessing significant influence, we consider the investment held and its power to participate in the financial and operating policy decisions of the investee through its voting or other rights.

Under the equity method, associates are carried at cost plus our share of cumulative post-acquisition movements in undistributed profits/losses. Gains and losses on transactions between Man Group and our associates are eliminated to the extent of our interests in these entities. An impairment assessment of the carrying value of associates is performed annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, with any impairment recognised in the Group income statement.

On 30 June 2021, we acquired a 23% interest in Hub Platform Technology Partners Ltd (HUB), a company incorporated and operating in England and Wales. HUB will provide a cloud-based operating platform aimed at transforming the operations technology available to asset managers. In the early years of operation HUB will be in the development phase and therefore is expected to be loss-making. Therefore the equity accounted losses are not considered an indicator of impairment. Our $20 million investment in HUB was comprised of $19 million of cash and $1 million of non-cash consideration. We have not provided any financial support to HUB during the year.

	2021 $m
At beginning of the year	**–**
Acquisitions	**20**
Share of post-tax loss	**(2)**
At year end	**18**

24. Employee Trust

Accounting policy
The Employee Trust, which is consolidated into Man Group as outlined in Note 1, has the obligation to deliver deferred share-based and fund product-based compensation which has been granted to employees (see Note 7 and Note 25), and accordingly holds shares and fund investments to deliver against these future obligations. Shares held by the Employee Trust are accounted for as outlined in Note 26.

In 2021, we funded $33 million via contribution or loan (2020: $42 million) to enable the Employee Trust to meet its current period obligations. At 31 December 2021, the net assets of the Employee Trust amounted to $103 million (2020: $105 million). These assets include 30,611,905 (2020: 31,529,719) ordinary shares in the Company (Note 26), and $41 million of fund product investments (2020: $43 million) which are included within investments in fund products (Note 14).

During the year, the trustees of the Employee Trust waived all of the interim dividend for the year ended 31 December 2021 on each of the 30,699,189 ordinary shares registered in its name at the relevant eligible date (2020 interim dividend: waived on all 31,567,105 shares) and all of the final dividend for the year ended 31 December 2020 on each of the 31,626,264 ordinary shares (2019 final dividend: waived on all 31,553,308 shares).

25. Share-based payment schemes

Accounting policy
Man Group operates equity-settled share-based payment schemes which are remuneration payments to selected employees that take the form of an award of shares in the Company. These typically vest over three years, although conditions vary between different types of award. The fair value of the employee services received in exchange for the share awards/options granted is recognised as an expense (Note 7), with the corresponding credit recognised in equity, and is determined by reference to the fair value of the share awards/options at grant date.

We calculate the fair value of share options using the Black-Scholes valuation model, which takes into account the effect of both financial and demographic assumptions. Forfeiture and early vesting assumptions are based on historical observable data. Changes to the original estimates, if any, are included in the Group income statement, with a corresponding adjustment to equity.

26. Share capital, Treasury share reserve and earnings per share (EPS)

Accounting policy
Share capital and Treasury share reserve
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Share repurchases are accounted for at the point we are committed, recognising a liability for the full amount of the commitment including directly attributable costs, with a corresponding debit to equity. Where repurchased shares are held in Treasury, a transfer from the profit and loss reserve to the Treasury share reserve is recognised for the full amount of the consideration paid. Where shares are repurchased and subsequently cancelled, the equivalent par value by which the Company's share capital is reduced is transferred to the capital redemption reserve.

Treasury shares and own shares held by the Employee Trust (Note 24) are recorded at cost, including any directly attributable incremental costs (net of tax), and are deducted from equity (within the respective reserves) until the shares are sold, cancelled or transferred to employees. Where such shares are subsequently sold, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity.

EPS
The calculation of basic EPS is based on statutory profit and the weighted average number of ordinary shares in issue during the period, excluding Treasury shares and the shares owned by the Employee Trust (Note 24).

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares in relation to our share-based payment schemes (Note 25).

Ordinary shares have a par value of 3 3/7¢ per share (2020: 3 3/7¢ per share) and represent 100% of issued share capital. All issued shares are fully paid. The shares have attached to them full voting, dividend and capital distribution (including on wind up) rights. They do not confer any rights of redemption. Ordinary shareholders have the right to receive notice of, attend, vote and speak at general meetings. A holder of ordinary shares is entitled to one vote per ordinary share held when a vote is taken on a poll and one vote only when a vote is taken on a show of hands. Treasury shares are ordinary shares previously repurchased by the Company but not cancelled (and therefore deducted from equity and included within the Treasury share reserve) and, as they are no longer outstanding, they are excluded for earnings per share and voting rights purposes.

During the year ended 31 December 2021, the Company cancelled 68,686,957 ordinary shares of 3 3/7¢ per share which were held in Treasury. Shares cancelled during the year represent 5% of issued share capital (excluding Treasury shares) as at 31 December 2021.

During the year ended 31 December 2021, $180 million (2020: $107 million) of ordinary shares were repurchased at an average price of 199.9 pence (2020: 122.8 pence), buying back 66 million shares (2020: 69 million shares), which had an accretive impact on earnings per share of 1.7% (2020: 2.6%). This relates to the completion of the remaining $64 million of the share repurchase programme announced in September 2020, the completion of the $100 million share repurchase announced in July 2021 and $16 million of the initial committed $125 million tranche of the $250 million share repurchase announced in December 2021.The share buyback is to be conducted in more than one tranche, providing flexibility over capital usage .The purpose of the share repurchases was to deliver returns to shareholders and all repurchased shares were held in Treasury. Shares repurchased during the year represent 4.7% of issued share capital (excluding Treasury shares) as at 31 December 2021. At 25 February 2022, we had an unexpired authority to repurchase up to 64,868,693 of our ordinary shares. A special resolution will be proposed at the forthcoming Annual General Meeting (AGM), pursuant to which the Company will seek authority to repurchase up to 136,949,799 ordinary shares, representing 10% of the issued share capital (excluding Treasury shares) at 25 February 2022.

Details of movements in the number of ordinary shares and the shares used to calculate basic and diluted EPS are provided below.

	2021			2020		
	Total number	**Weighted average**	**Nominal value $m**	Total number	Weighted average	Nominal value $m
Number of shares at beginning of year	**1,541,794,770**	**1,541,794,770**	**53**	1,541,794,770	1,541,794,770	53
Cancellation of own shares held in Treasury	**(68,686,957)**	**(9,611,929)**	**(2)**	–	–	–
Number of shares at period end	**1,473,107,813**	**1,532,182,841**	**51**	1,541,794,770	1,541,794,770	53
Shares held in Treasury reserve	**(79,040,317)**	**(98,674,820)**		(86,156,381)	(56,589,026)	
Shares owned by Employee Trust (Note 24)	**(30,611,905)**	**(31,044,822)**		(31,529,719)	(30,913,017)	
Basic number of shares	**1,363,455,591**	**1,402,463,199**		1,424,108,670	1,454,292,727	
Dilutive impact of employee share awards		**35,415,800**			23,875,394	
Dilutive impact of employee share options		**2,165,726**			174,183	
Dilutive number of shares		**1,440,044,725**			1,478,342,304	

	2021	2020
Statutory profit ($m)	**487**	138
Basic EPS	**34.7¢**	9.5¢
Diluted EPS	**33.8¢**	9.3¢

27. Dividends

Accounting policy
Dividend distributions to the Company's shareholders are recognised directly within equity in the period in which the dividend is paid or, if required, approved by the Company's shareholders. Details of our dividend policy are included in the Chief Financial Officer's review on page 19.

	2021 $m	2020 $m
Ordinary shares		
Final dividend paid for the year to 31 December 2020: 5.7¢ (2019: 5.1¢)	**81**	75
Interim dividend paid for the six months to 30 June 2021: 5.6¢ (2020: 4.9¢)	**79**	72
Dividends paid	**160**	147
Proposed final dividend for the year to 31 December 2021: 8.4¢ (2020: 5.7¢)	**115**	81

28. Related party transactions

Accounting policy

Related parties comprise key management personnel, associates and fund entities which we are deemed to control (see Note 14). All transactions with related parties were carried out on an arm's length basis.

Management fees earned from fund entities which we are deemed to control are detailed in Note 14.2. Details of transactions with associates are included in Note 23.

The Executive Committee, together with the non-executive directors, are considered to be our key management, being those directors, partners and employees having authority and responsibility for planning, directing and controlling our activities.

Key management compensation	**2021 $m**	2020 $m
Salaries and other short-term employee benefits[1]	**64**	32
Share-based payment charge	**25**	10
Fund product-based payment charge	**15**	13
Pension costs (defined contribution)	**1**	1
Total	**105**	56

Note:
1 Includes salary, benefits and cash bonus.

We paid £35,000 to the Standards Board for Alternative Investments Limited during the year, which is considered a related party.

29. Other matters

In July 2019, the Public Institution for Social Security in Kuwait (PIFSS) served a claim against a number of parties, including certain Man Group companies, a former employee of Man Group and a former third-party intermediary. The subject matter of these allegations dates back over a period of 20 years. PIFSS is seeking compensation of $156 million (plus compound interest) and certain other remedies which are unquantified in the claim. We dispute the allegations and consider there is no merit to the claim (in respect of liability and quantum), and will therefore vigorously and robustly defend the proceedings.

We are subject to various other claims, assessments, regulatory enquiries and investigations in the normal course of business. The directors do not expect such matters to have a material adverse effect on our financial position.

Alternative performance measures

We assess our performance using a variety of alternative performance measures (APMs). We discuss our results on a statutory as well as a 'core' basis. The rationale for using core measures is explained below. The APMs we use may not be directly comparable with similarly titled measures used by other companies.

The directors consider that, in order to assess operating performance period on period, our statutory results are most meaningful when considered together with an alternative 'core' basis which excludes profits or losses generated outside of our investment management business, acquisition and disposal-related items (including non-cash items such as amortisation of acquired intangible assets), impairment of assets, costs relating to substantial restructuring plans, unrealised foreign exchange movements on lease liabilities, pension and associated deferred tax and certain significant event-driven gains or losses, or allocates them to the appropriate time period, which therefore reflects the revenues and costs that drive our cash flows and inform the basis on which our variable compensation is assessed. All income and expenses relating to our consolidated fund entities are also reclassified to core gains on investments in order to better reflect these as part of our seed book programme. Tax on non-core items and movements in deferred tax relating to the consumption or recognition of tax assets in the US are similarly excluded from core profit in order to best reflect cash taxes paid. The directors expect to apply their approach to the classification of non-core items consistently from period to period, maintaining an appropriate symmetry between losses and gains and the reversal of any amounts previously classified as non-core.

In addition to core profit and related core measures, we previously reported adjusted profit and related adjusted measures. Adjusted profit was defined as core profit plus revenue relating to legacy guaranteed products. Due to the roll-off of revenues from these products in 2019, core and adjusted profit and their related measures became equivalent in 2020, and therefore we now report our APMs on a core basis only.

Core profit and non-core items

Core profit is the key measure of Man Group's performance as driven by our core operations and cash flows. Core profit flows directly into core EPS (see page 55).

The reconciliation of statutory profit before tax to core profit is shown below.

	Note to the Group financial statements	**2021 $m**	2020 $m
Statutory profit before tax		**590**	179
Non-core items:			
Acquisition and disposal related:			
Unwind of contingent consideration discount	9	**–**	2
Revaluation of contingent consideration	15	**(2)**	(22)
Amortisation of acquired intangible assets	19	**61**	63
Impairment of GPM goodwill	19	**–**	55
Share of post-tax loss of associate	23	**2**	–
Impairment of right-of-use lease assets – investment property	18	**3**	25
Lease surrender income relating to future periods	18	**7**	(7)
Unrealised foreign exchange (gain)/loss on lease liabilities, pension and associated deferred tax		**(3)**	6
Recycling of FX revaluation on liquidation of subsidiaries	16	**–**	(17)
Non-core items		**68**	105
Reclassification of amounts relating to consolidated fund entities to within core gains on investments:			
Net gains on investments	14.2	**(32)**	(53)
Management fee expenses	14.2	**3**	2
Performance fee expenses	14.2	**2**	2
Other costs	14.2	**4**	5
Third-party share of gains relating to interest in consolidated funds	14.2	**3**	17
Reclassification to core gains on investments (gains attributable to net investment held by Man Group)	14.2	**20**	27
		–	–
Core profit before tax		**658**	284
Core tax expense (see page 55)		**(101)**	(44)
Core profit		**557**	240

Non-core items are included within various lines in the Group income statement. Further details on non-core items are included within the related notes to the Group financial statements as outlined above, and the underlying core results measures within this are explained further on the following pages.

Core measures: reconciliation to statutory equivalents

The statutory line items within the Group income statement can be reconciled to their core equivalents as follows:

2021 $m	Per Group income statement	Reclassification of amounts relating to consolidated fund entities	Non-core items	Core equivalent
Management and other fees [APM]	**914**	**3**	**–**	**917**
Distribution costs	**(40)**	**–**	**–**	**(40)**
Net management fee revenue[APM]	**874**	**3**	**–**	**877**
Performance fees[APM]	**567**	**2**	**–**	**569**
Income or gains on investments and other financial instruments[APM]	**42**	**(12)**	**(3)**	**27**
Third-party share of gains relating to interests in consolidated funds	**(3)**	**3**	**–**	**–**
Sub-lease rental and lease surrender income[APM]	**6**	**–**	**7**	**13**
Net revenue[APM]	**1,486**	**(4)**	**4**	**1,486**
Asset servicing costs	**(58)**	**–**	**–**	**(58)**
Compensation	**(596)**	**–**	**–**	**(596)**
Other costs[APM]	**(165)**	**4**	**–**	**(161)**
Net finance expense[APM]	**(13)**	**–**	**–**	**(13)**
Revaluation of contingent consideration	**2**	**–**	**(2)**	**–**
Impairment of right-of-use lease asset – investment property	**(3)**	**–**	**3**	**–**
Amortisation of acquired intangible assets	**(61)**	**–**	**61**	**–**
Share of post-tax loss of associate	**(2)**	**–**	**2**	**–**
Profit before tax[APM]	**590**	**–**	**68**	**658**
Tax expense[APM]	**(103)**	**–**	**2**	**(101)**
Profit[APM]	**487**	**–**	**70**	**557**

2020 $m	Per Group income statement	Reclassification of amounts relating to consolidated fund entities	Non-core items	Core equivalent
Management and other fees[APM]	762	2	–	764
Distribution costs	(34)	–	–	(34)
Net management fee revenue[APM]	728	2	–	730
Performance fees[APM]	177	2	–	179
Income or gains on investments and other financial instruments[APM]	40	(26)	6	20
Third-party share of gains relating to interests in consolidated funds	(17)	17	–	–
Sub-lease rental and lease surrender income[APM]	25	–	(7)	18
Net revenue[APM]	953	(5)	(1)	947
Asset servicing costs	(55)	–	–	(55)
Compensation	(451)	–	–	(451)
Other costs[APM]	(150)	5	–	(145)
Net finance expense[APM]	(14)	–	2	(12)
Impairment of GPM goodwill	(55)	–	55	–
Revaluation of contingent consideration	22	–	(22)	–
Impairment of right-of-use lease asset – investment property	(25)	–	25	–
Amortisation of acquired intangible assets	(63)	–	63	–
Recycling of FX revaluation on liquidation of subsidiaries	17	–	(17)	–
Profit before tax[APM]	179	–	105	284
Tax expense[APM]	(41)	–	(3)	(44)
Profit[APM]	138	–	102	240

Note:
[APM] The core equivalents of these statutory measures are defined as Alternative Performance Measures.

Core costs comprise asset servicing, compensation costs and core other costs.

The statutory line items within the Group balance sheet can be reconciled to their core equivalents as follows:

2021 **$m**	**Per Group balance sheet**	**Reclassification of amounts relating to consolidated fund entities (Note 14.2)**	**Core equivalent**
Assets			
Cash and cash equivalents[APM]	**387**	**(64)**	**323**
Fee and other receivables[APM]	**485**	**(5)**	**480**
Investments in fund products and other investments[APM]	**974**	**(204)**	**770**
Leasehold improvements and equipment	**43**	**–**	**43**
Leasehold property – right-of-use lease assets	**61**	**–**	**61**
Investment property – right-of-use lease assets	**77**	**–**	**77**
Goodwill and acquired intangibles	**678**	**–**	**678**
Other intangibles	**45**	**–**	**45**
Deferred tax assets	**128**	**–**	**128**
Investment in associate	**18**	**–**	**18**
Pension asset	**27**	**–**	**27**
Total assets	**2,923**	**(273)**	**2,650**
Liabilities			
Trade and other payables[APM]	**702**	**(19)**	**683**
Provisions	**14**	**–**	**14**
Current tax liabilities	**15**	**–**	**15**
Third-party interest in consolidated funds	**254**	**(254)**	**–**
Lease liability	**250**	**–**	**250**
Deferred tax liabilities	**37**	**–**	**37**
Total liabilities	**1,272**	**(273)**	**999**
Net assets	**1,651**	**–**	**1,651**

2020 $m	Per Group balance sheet	Reclassification of amounts relating to consolidated fund entities (Note 14.2)	Core equivalent
Assets			
Cash and cash equivalents[APM]	351	(62)	289
Fee and other receivables[APM]	386	(4)	382
Investments in fund products and other investments[APM]	787	(180)	607
Leasehold improvements and equipment	30	–	30
Leasehold property – right-of-use lease assets	74	–	74
Investment property – right-of-use lease assets	78	–	78
Goodwill and acquired intangibles	742	–	742
Other intangibles	39	–	39
Deferred tax assets	119	–	119
Investment in associate	–	–	–
Pension asset	2	–	2
Total assets	2,608	(246)	2,362
Liabilities			
Trade and other payables[APM]	574	(27)	547
Provisions	9	–	9
Current tax liabilities	12	–	12
Third-party interest in consolidated funds	219	(219)	–
Lease liability	272	–	272
Deferred tax liabilities	25	–	25
Total liabilities	1,111	(246)	865
Net assets	1,497	–	1,497

Note:
[APM] The core equivalents of these statutory measures are defined as Alternative Performance Measures.

Core management fee and core performance fee profit

Core profit comprises both core management fee profit, a steadier earnings stream, and core performance fee profit, the more variable earnings stream. This split therefore facilitates analysis of our profitability drivers.

2021 $m	**Per Group income statement**	**Reclassification of amounts relating to consolidated fund entities**	**Non-core items**	**Core equivalent**
Net management fee revenue	**874**	**3**	**–**	**877**
Sub-lease rental and lease surrender income	**6**	**–**	**7**	**13**
Asset servicing costs	**(58)**	**–**	**–**	**(58)**
Compensation (management fee)	**(393)**	**–**	**–**	**(393)**
Other costs	**(165)**	**4**	**–**	**(161)**
Net finance expense (management fee)	**(12)**	**–**	**–**	**(12)**
Management fee profit before tax	**252**	**7**	**7**	**266**
Tax expense				**(39)**
Management fee profit				**227**
Performance fees	**567**	**2**	**–**	**569**
Income or gains on investments and other financial instruments	**42**	**(12)**	**(3)**	**27**
Compensation (performance fee)	**(203)**	**–**	**–**	**(203)**
Net finance expense (performance fee)	**(1)**	**–**	**–**	**(1)**
Performance fee profit before tax	**405**	**(10)**	**(3)**	**392**
Tax expense				**(62)**
Performance fee profit				**330**

2020 $m	Per Group income statement	Reclassification of amounts relating to consolidated fund entities	Non-core items	Core equivalent
Net management fee revenue	728	2	–	730
Sub-lease rental and lease surrender income	25	–	(7)	18
Asset servicing costs	(55)	–	–	(55)
Compensation (management fee)	(357)	–	–	(357)
Other costs	(150)	5	–	(145)
Net finance expense (management fee)	(13)	–	2	(11)
Management fee profit before tax	178	7	(5)	180
Tax expense				(27)
Management fee profit				153
Performance fees	177	2	–	179
Income or gains on investments and other financial instruments	40	(26)	6	20
Compensation (performance fee)	(94)	–	–	(94)
Net finance expense (performance fee)	(1)	–	–	(1)
Performance fee profit before tax	122	(24)	6	104
Tax expense				(17)
Performance fee profit				87

Core gains on investments

We use the measure core gains on investments to better represent the net return we receive on our seed book portfolio. This is defined as income or gains on investments and other financial instruments less unrealised foreign exchange movements on lease liabilities, pension and associated deferred tax (a non-core item per page 51), and after reclassifying the grossed-up amounts relating to consolidated fund entities into this line. Core gains on investments is made up as follows:

	2021 $m	2020 $m
Net gains on seeding investments portfolio (see Note 14.1)	**24**	21
Net gains/(losses) on fund investments held for deferred compensation and other investments (Note 14.1)	**3**	(1)
Core gains on investments	**27**	20
Non-core items:		
Consolidated fund entities: gross-up of net gains on investments (Note 14.2)	**12**	26
Unrealised foreign exchange gain/(loss) on lease liabilities, pension and associated deferred tax (Note 16)	**3**	(6)
Income or gains on investments and other financial instruments	**42**	40

Core tax rate

The core tax rate is the effective tax rate on core profit before tax and is equal to the tax on core profit divided by core profit before tax. The tax expense on core profit before tax is calculated by excluding the tax benefit/expense related to non-core items from the statutory tax expense, together with amounts relating to the utilisation or recognition of available US deferred tax assets (Note 21). Therefore, tax on core profit best reflects our cash taxes payable.

The impact of non-core items on our tax expense is outlined below:

	Note to the Group financial statements	2021 $m	2020 $m
Statutory tax expense		**103**	41
Tax on non-core items:			
Amortisation of acquired intangible assets		**7**	6
Impairment of right-of-use lease asset – investment property		**1**	4
Unrealised foreign exchange movements on lease liabilities, pension and associated deferred tax		**–**	1
Non-core tax item on US deferred tax assets	21	**(10)**	(8)
Non-core tax items		**(2)**	3
Core tax expense		**101**	44
Which comprises:			
Tax expense on core management fee profit before tax		**39**	27
Tax expense on performance fee profit before tax		**62**	17

The core tax rate is 15% for 2021 (2020: 16%), which has decreased largely due to a lower weighting of profits in the UK where the applicable statutory tax rate is 19%. The non-core tax item on US deferred tax assets comprises the partial recognition of US deferred tax assets in the year of $2 million (2020: derecognition of $14 million) offset by the consumption of $12 million (2020: generation of $6 million) as set out in Note 21.

Core EPS and core management fee EPS

Core earnings per share (EPS) is calculated as core profit divided by the weighted average diluted number of shares. Core management fee EPS is calculated as core management fee profit divided by the weighted average diluted number of shares (page 49).

The reconciliation from statutory EPS measures (Note 26) to core EPS measures is provided below:

	2021		2020	
	Profits $m	Diluted EPS ¢	Profits $m	Diluted EPS ¢
Statutory profit after tax	**487**	**33.8**	138	9.3
Non-core items (excluding tax)	**68**	**4.7**	105	7.1
Non-core tax items	**2**	**0.2**	(3)	(0.2)
Core profit	**557**	**38.7**	240	16.2
Less core performance fee profit	**(330)**	**(23.0)**	(87)	(5.9)
Core management fee profit	**227**	**15.7**	153	10.3

Core cash flows from operations excluding working capital movements

Cash flows from operating activities excluding working capital movements can be reconciled to cash flows from operating activities as reported in the Group cash flow statement as follows:

	2021 $m	2020 $m
Cash flows from operating activities	**484**	392
Add back changes in working capital		
Change in receivables	**102**	(50)
Change in other financial assets	**163**	(31)
Change in payables	**(49)**	30
Core cash flows from operations excluding working capital movements	**700**	341

Net financial assets

Net financial assets is considered a proxy for Group capital, and is equal to our cash and seed book less borrowings, contingent consideration payable and payables under repo arrangements, as follows:

	Note to the Group financial statements	**2021 $m**	2020 $m
Seeding investment portfolio	14	**648**	485
Available cash and cash equivalents[1]	11	**323**	289
Payables under repo arrangements	13	**(64)**	(56)
Contingent consideration payable	15	**–**	(2)
Net financial assets		**907**	716

Note:
1 Available cash and cash equivalents excludes $64 million (2020: $62 million) of cash relating to consolidated fund entities (see Note 14.2 to the Group financial statements).