



# Full year results 2020

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Announced 2 March 2021

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

LSE:EMG



# Introduction

**Luke Ellis**  
Chief Executive Officer



# Continued growth and cash generation, ended 2020 at record FUM

**\$123.6bn**

FUM

- Record funds under management (FUM) of \$123.6bn with solid performance and inflows
- Net inflows of \$1.8bn driven by demand for alternative strategies

**10.3¢**

Core MF EPS

- 6% growth in core management fee EPS driven by continued cost discipline
- Run rate net management fees of \$815m at Dec-20 illustrate strong momentum versus \$730m for 2020

**16.2¢**

Core EPS

- Resilient core EPS given the market backdrop
- 23% core EPS decline following a very strong performance fee outcome in 2019; up 28% from 2018

**\$253m**

Shareholder returns<sup>1</sup>

- \$253m of announced returns, 10.6¢ dividend and further \$100m buyback announced last September
- Confidence in our strategy drives move to new progressive dividend policy

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## Technology and talent drive our business

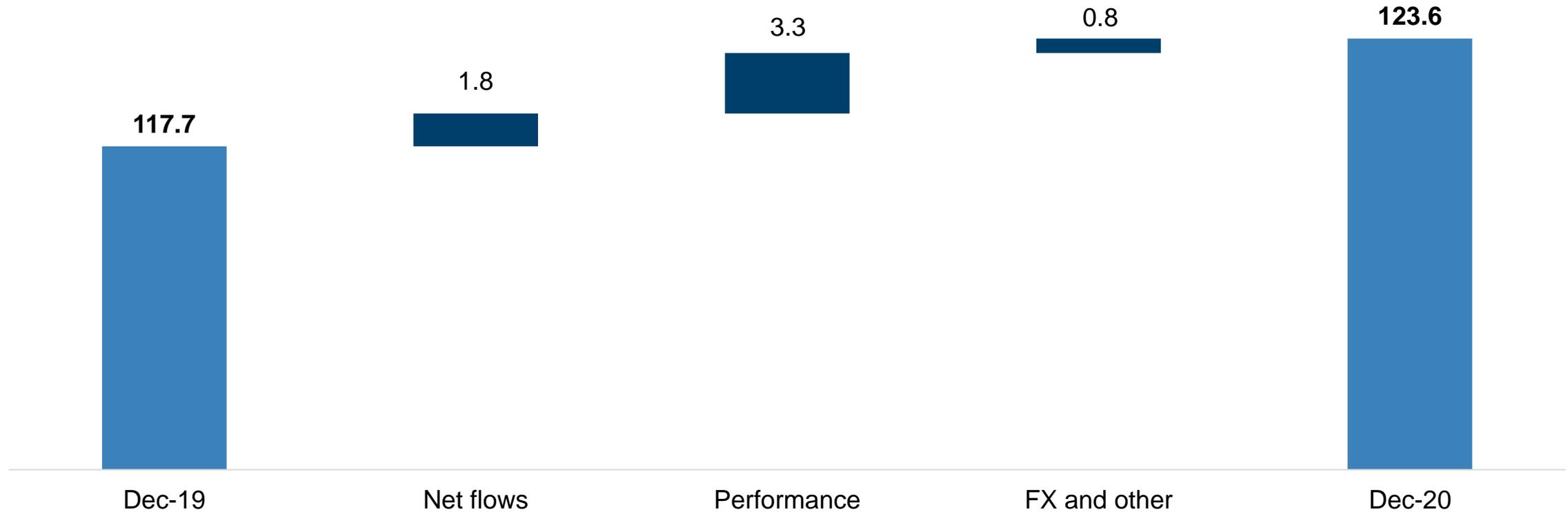
**We are a  
technology-driven  
investment firm**

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

**Our model makes  
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thrive in the future**

# Inflows and performance lead to record funds under management

*Funds under management, \$bn*



# Net inflows driven by demand for alternative offering

Net flows

	2019 <sup>1</sup> \$bn	2020 \$bn	
<b>Alternative</b>	<b>+3.6</b>	<b>+4.3</b>	▪ Ongoing strong inflows into our alternative strategies
<b>Long-only</b>	<b>-4.8</b>	<b>-2.5</b>	▪ Outflows driven by GLG Japan CoreAlpha, a large cap value strategy
<b>Total</b>	<b>-1.3</b>	<b>+1.8</b>	▪ Net inflows, outperforming the industry by 4.6% <sup>2</sup>

1. 2019 total includes \$0.1bn outflow from legacy guaranteed products

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

# Positive performance across strategies

Absolute performance

	2019 \$bn	2020 \$bn	
<b>Alternative</b>	<b>+2.7</b>	<b>+1.5</b>	<ul style="list-style-type: none"> <li>Gains from momentum strategies; excellent defensive properties in sell-off</li> <li>Good returns from stock picking, tougher environment for quant equity</li> <li>Strong relative performance</li> </ul>
<b>Long-only</b>	<b>+7.4</b>	<b>+1.8</b>	<ul style="list-style-type: none"> <li>Market rebound supported performance</li> <li>Relative underperformance driven by value-oriented strategies</li> <li>Excellent performance from our growth and ESG strategies</li> </ul>
<b>Total</b>	<b>+10.1</b>	<b>+3.3</b>	<ul style="list-style-type: none"> <li>Solid outcome for clients despite volatile year</li> <li>Asset weighted underperformance of 1% versus peers<sup>1</sup></li> </ul>

1. Relative performance versus peers is calculated using an asset weighted average performance relative to peers for all strategies where we have identified and can access an appropriate peer composite. As at 31 December 2020 it covers 88% of the FUM of the firm and excludes infrastructure managed account mandates, Global Private Markets and collateralised loan obligations. Past performance is not an indication of future performance



## Financial Highlights

**Mark Jones**  
Chief Financial Officer



# Record FUM of \$123.6bn with solid performance and inflows

Funds under management, \$bn

	FUM at Dec-19	Net inflows/ (outflows)	Investment performance	FX & other	FUM at Dec-20
Absolute return	30.5	0.9	0.8	1.8	34.0
Total return	27.0	3.7	(0.1)	(1.6)	29.0
Multi-manager	14.0	(0.3)	0.8	(0.3)	14.2
<b>Alternative</b>	<b>71.5</b>	<b>4.3</b>	<b>1.5</b>	<b>(0.1)</b>	<b>77.2</b>
Systematic	27.5	(2.4)	2.5	0.2	27.8
Discretionary	18.7	(0.1)	(0.7)	0.7	18.6
<b>Long-only</b>	<b>46.2</b>	<b>(2.5)</b>	<b>1.8</b>	<b>0.9</b>	<b>46.4</b>
<b>Total</b>	<b>117.7</b>	<b>1.8</b>	<b>3.3</b>	<b>0.8</b>	<b>123.6</b>

**4.6%**

Net inflows relative to the industry in 2020<sup>1</sup>

**\$3.3bn**

Investment performance for clients<sup>2</sup>

**62%**

FUM from alternatives at Dec-20

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

2. Past performance is not an indication of future performance

# Management fee profit growth and solid performance fees

2020 profit and loss summary, \$m

		2019	2020	Change
<b>Net revenues</b>	Core net management fees <sup>1</sup>	751	730	(3%)
	Performance fees <sup>2</sup>	345	199	(42%)
	Sub-lease income <sup>3</sup>	14	18	29%
	<b>Total</b>	<b>1,110</b>	<b>947</b>	<b>(15%)</b>
<b>Costs</b>	Fixed cash costs <sup>4</sup>	(324)	(291)	(10%)
	Asset servicing	(55)	(55)	-
	D&A	(47)	(48)	2%
	Variable compensation	(284)	(257)	(10%)
	Net finance expense	(16)	(12)	(25%)
	<b>Total</b>	<b>(726)</b>	<b>(663)</b>	<b>(9%)</b>
<b>Core PBT</b>	Management fees	170	180	6%
	Performance fees	214	104	(51%)
	<b>Total</b>	<b>384</b>	<b>284</b>	<b>(26%)</b>
<b>Core EPS, ¢</b>	Management fees	9.7	10.3	6%
	<b>Total</b>	<b>21.0</b>	<b>16.2</b>	<b>(23%)</b>

**+6%**

**Core management fee  
EPS**

**\$199m**

**Performance fees<sup>2</sup>**

**-10%**

**Fixed cash costs**

1. Excludes \$2m of non-core net management fees in 2019

2. Includes gains on FX and investments of \$20m in 2020 and \$20m in 2019

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

4. Includes fixed compensation and other cash costs

# Alternatives continue to drive growth, strong run rate into 2021

Net management fees and other income, \$m

	2019	2020	Dec-20 run rate
Absolute return	354	355	403
Total return	139	171	181
Multi-manager	43	32	35
<b>Alternative</b>	<b>536</b>	<b>558</b>	<b>619</b>
Systematic	93	73	81
Discretionary	122	99	115
<b>Long-only</b>	<b>215</b>	<b>172</b>	<b>196</b>
<b>Core net management fees</b>	<b>751</b>	<b>730</b>	<b>815</b>
<i>Margin, bps</i>	67	65	66
Sub-lease income <sup>1</sup>	14	18	
Non-core <sup>2</sup>	2	0	
<b>Total</b>	<b>767</b>	<b>748</b>	

**+4%**  
Alternative 2020 NMF

**\$815m**  
Dec-20 run rate NMF

**66 bps**  
Run rate NMF margin

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

2. Net management fees from legacy guaranteed products

# Performance fee optionality and diversity are strong

Performance fees<sup>1</sup>, \$m

	2016	2017	2018	2019	2020
AHL Alpha	2	17	10	48	76
AHL Dimension	3	42	30	88	0
AHL Evolution	35	69	44	97	10
GLG absolute return	9	76	31	33	48
Other alternatives	17	31	9	57	41
Long-only	15	54	3	2	4
Gains on investments and FX	31	44	(5)	20	20
<b>Total</b>	<b>112</b>	<b>333</b>	<b>122</b>	<b>345</b>	<b>199</b>

## Material earnings

\$1.1bn performance fee revenues over 5 years<sup>1</sup>

## Diverse sources

Multiple categories that have contributed >\$25m

## Good optionality

\$49.0bn of performance fee eligible FUM

1. Includes gains on FX and investments

# Cost control supported profitability in 2020

Costs, \$m

	2019	2020	Change	
<b>Costs</b>	Fixed compensation	193	194	1%
	Variable compensation	284	257	(10%)
	Other cash costs	131	97	(26%)
	Asset servicing	55	55	0%
	D&A	47	48	2%
	Net finance expense	16	12	(25%)
	<b>Total</b>	<b>726</b>	<b>663</b>	<b>(9%)</b>
<b>Key metrics</b>	<i>Fixed cash costs<sup>1</sup></i>	324	291	(10%)
	<i>Compensation ratio</i>	43%	48%	

**-10%**  
Fixed cash costs

**48%**  
Compensation ratio

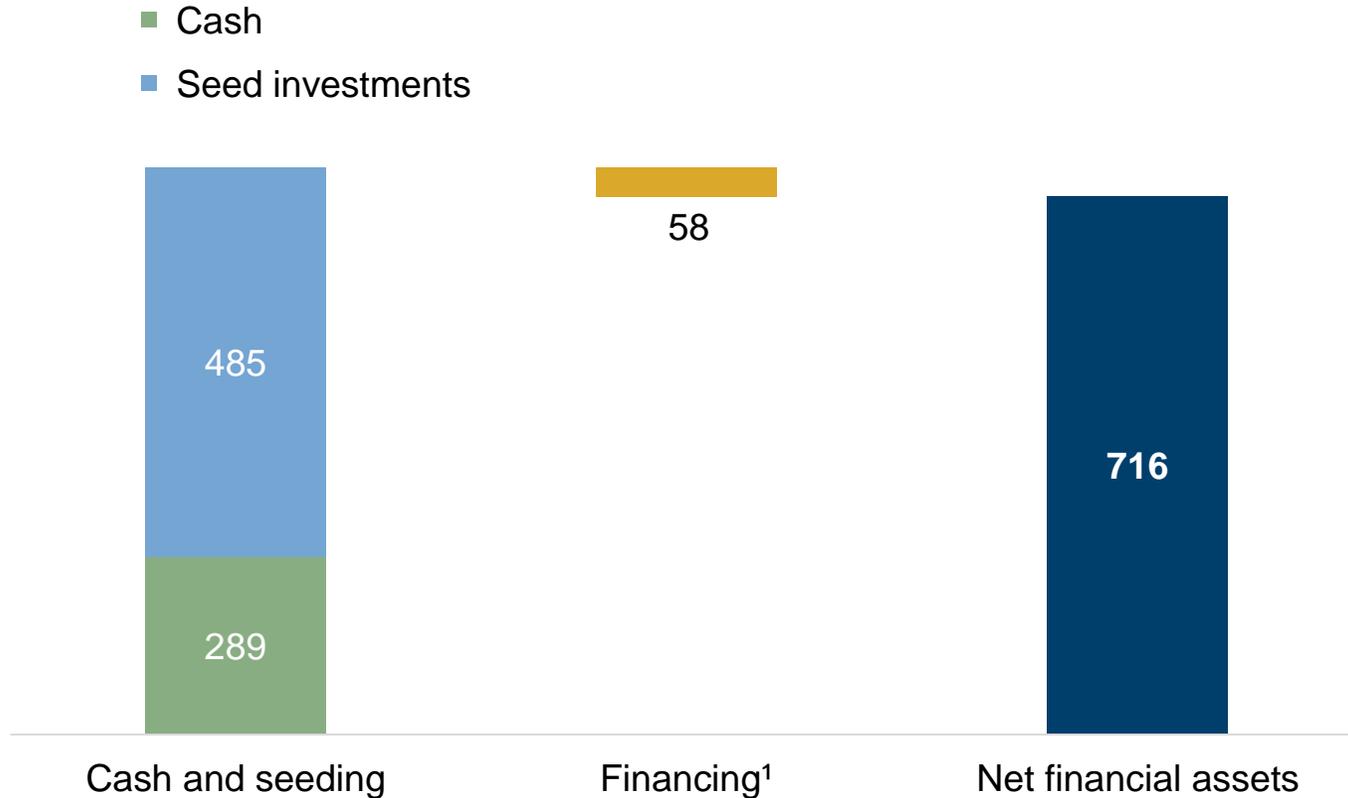
**\$335m**  
2021 fixed cash cost target<sup>2</sup>

1. Includes fixed compensation and other cash costs

2. At GBPUSD of 1.40

# Strong, liquid balance sheet with \$716m of net financial assets

Net financial assets, \$m



**Strong, liquid balance sheet**

**\$4m**  
2020 reduction in net financing expense

**22**  
Seeded strategies at Dec-20

1. Financing comprises \$56m of payables under repo arrangements and \$2m of contingent consideration payable



## Positioning

Luke Ellis  
Chief Executive Officer



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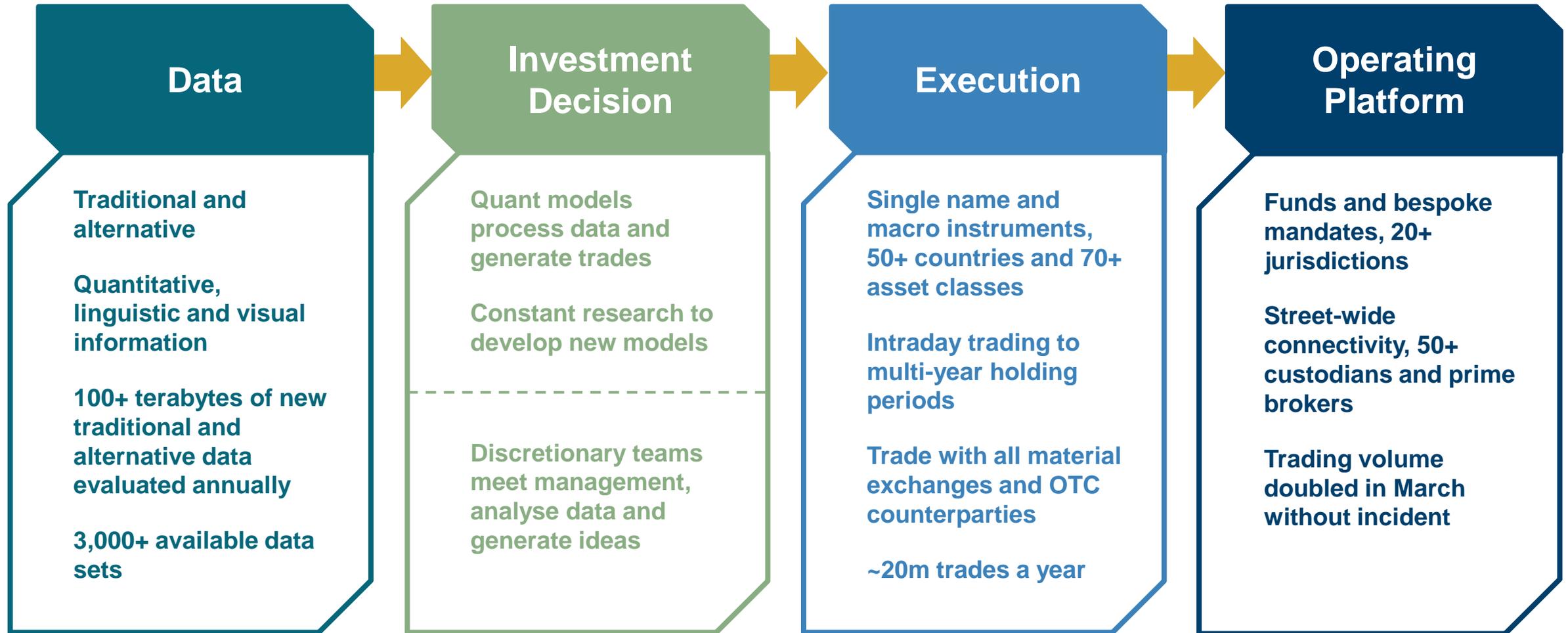
## Technology and talent drive our business

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**Connecting talent  
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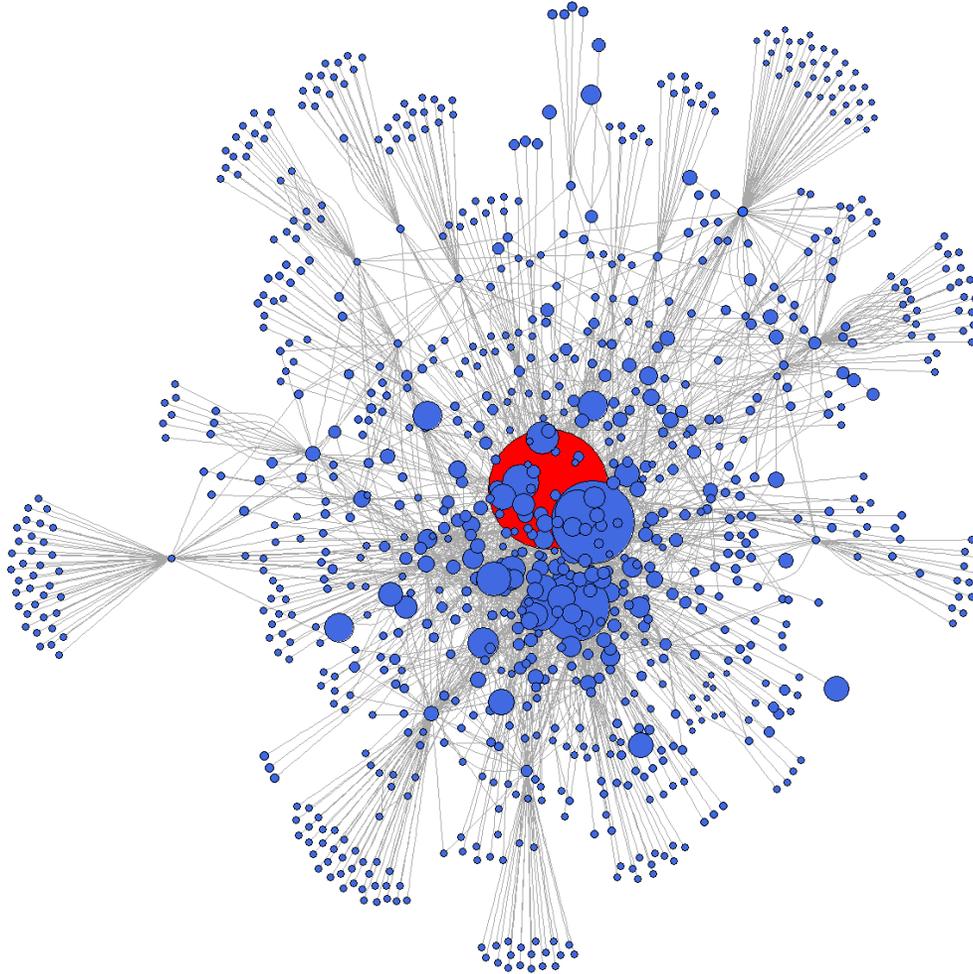
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# Single technology platform supports diverse investment strategies



# Technology allows us to use information humans alone cannot process

*Illustration of network analytics*



Companies exist in a network of clients, competitors and suppliers

Stock prices move because of information released across that network

Humans cannot process that volume of information without the support of technology

# Technology permeates our culture



# Helping our clients meet their responsible investment goals

**\$43bn**

of ESG-integrated FUM<sup>1</sup>



Senior leadership support and oversight through **Responsible Investment Committee** and **Stewardship & Active Ownership Committee**



**'A Sustainable Future'**

Award-winning educational podcast series exploring responsible investment themes



**ESG reporting for clients** including proprietary ESG scores, carbon analytics and voting stats



**A+**

UNPRI scoring in annual assessment on responsible investment strategy and governance



**Proprietary ESG factor and scoring system** enables PMs to identify ESG as a risk and performance driver



**Enhanced stewardship approach** customised proxy voting policy and active engagement framework



Man Group **RI Exclusions List** stipulates which sectors are excluded from our RI-integrated and RI-dedicated funds



**ESG Analytics Tool**

which enables our teams to monitor non-financial risks and analyse ESG factors



# Acting responsibly is part of our DNA

Committed to a pathway to

## net zero

carbon from our operations by 2030



The **Man Charitable Trust** support a diverse range of charities, with a particular focus on improving literacy and numeracy skills



Man Group board reached **gender parity** in 2020



**DRIVE** – our global internal diversity and inclusion network, includes **Black Employees and Allies at Man, PRIDE, Women at Man and Families at Man**



Investment into our UK community housing fund to **build social housing** as part of our commitment to society



Signatory:

- **Women in Finance Charter**  
26% women in senior leadership at the end of 2020
- **UK's Race at Work Charter**



Every employee encouraged to use two volunteer days via the **ManKind** programme



**\$500 million ESG-linked** revolving credit facility



## RAMP

provided quant modelling expertise for COVID-19 to the Royal Society

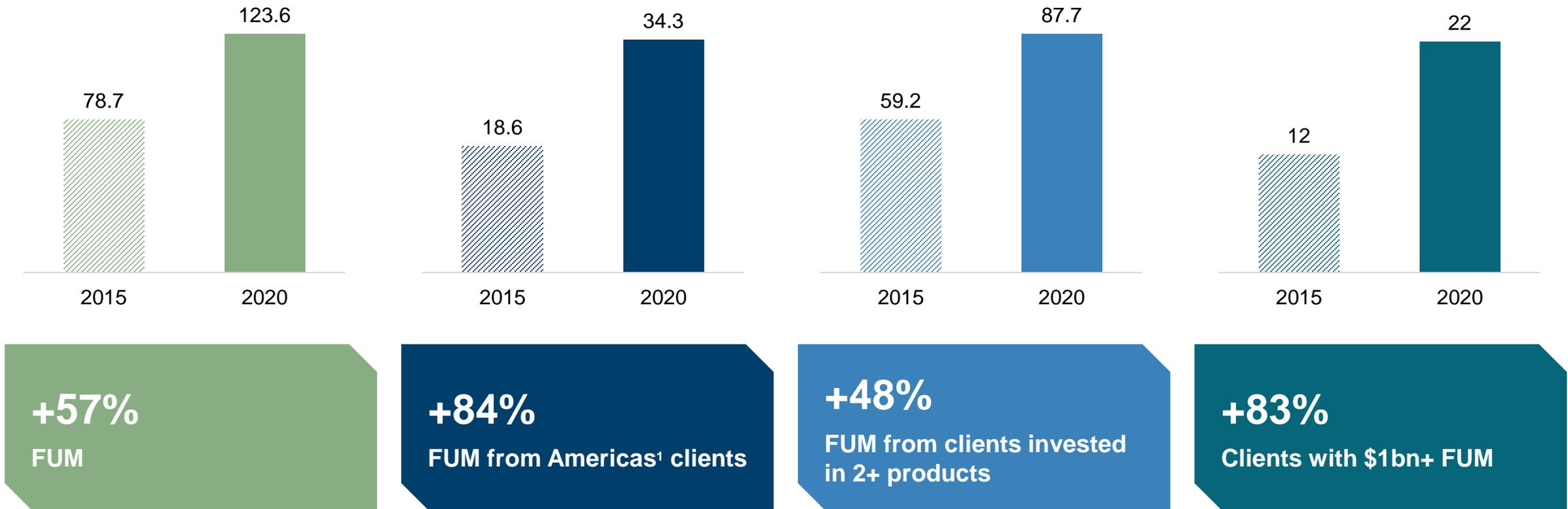


# Multiple dimensions to create growth as a global leader

	Examples	Current priorities	Long term
<b>Innovation</b> Develop new strategies	<ul style="list-style-type: none"> <li>AHL Evolution</li> <li>AHL TargetRisk</li> <li>Alternative Risk Premia</li> </ul>	<ul style="list-style-type: none"> <li>AHL TargetRisk family</li> <li>Systematic credit</li> <li>Man 1783</li> </ul>	Leverage tech lead and demand for alternatives to <b>capitalise on our competitive advantage</b>
<b>Talent</b> Hire experienced teams	<ul style="list-style-type: none"> <li>GLG UK UVA</li> <li>GLG European Growth</li> <li>GLG EM Debt</li> </ul>	<ul style="list-style-type: none"> <li>Scale up recent hires (e.g. Asia Equity, High Yield)</li> <li>Build pipeline of high quality teams</li> </ul>	Continue to be a compelling place to work for <b>alpha focused, tech-enabled</b> investment teams
<b>Capital</b> Effective deployment	<ul style="list-style-type: none"> <li>20% reduction in shares<sup>1</sup></li> <li>Numeric acquisition</li> <li>FRM acquisition</li> </ul>	<ul style="list-style-type: none"> <li>Return capital</li> <li>Investment in tech</li> <li>Source acquisitions</li> </ul>	<b>Accelerate EPS growth</b> via either reduction in shares outstanding or successful M&A

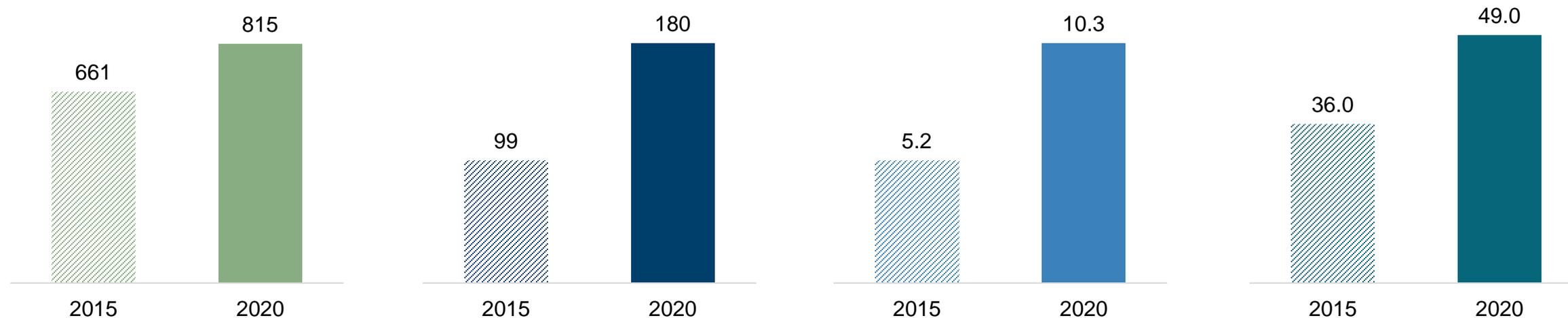
1. Based on the basic number of shares outstanding ex treasury shares at Dec-13 and Dec-20

# Building long-lasting client relationships



1. Includes clients domiciled in the US, Canada and other parts of the Americas

# Strong client relationships drive growth over time



**+23%**  
Run rate core NMF

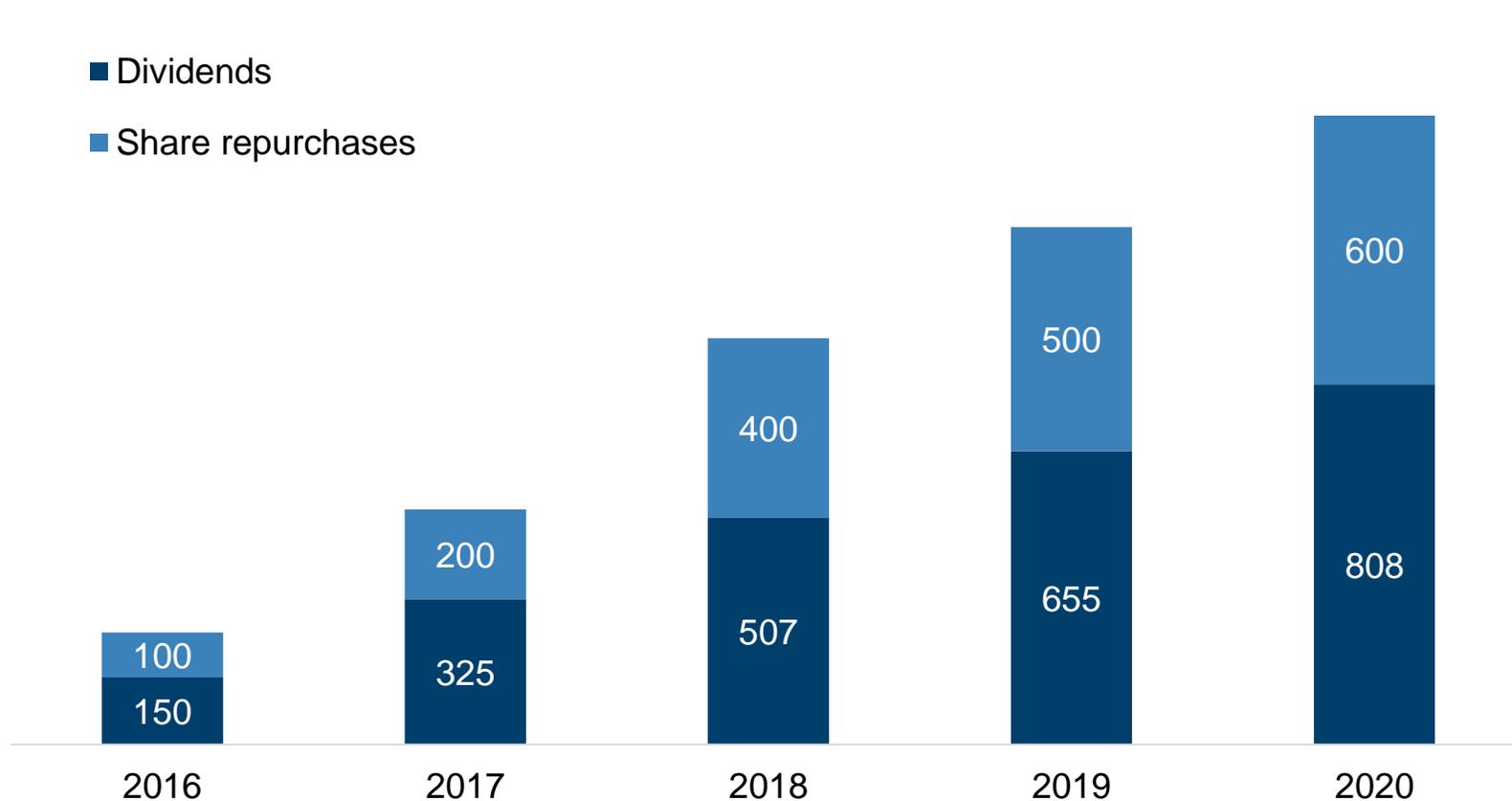
**+82%**  
Core MF PBT

**+98%**  
Core MF EPS

**+36%**  
PF eligible FUM

# \$1.4bn of capital returned in five years, almost half the current market cap

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



**\$800m+**  
Dividends

**\$600m**  
Share repurchases

**New progressive dividend policy**

1. Dividends are shown for the related financial year. Share repurchases are shown in the year of announcement

# Confidence in our strategy supports a reliable, growing dividend

## New Dividend Policy

**New progressive dividend policy from here**

**Starting from 10.6c per share**

**Confidence in the growth and resilience of our business**

**New policy provides investors with increased certainty**

## Disciplined Capital Allocation

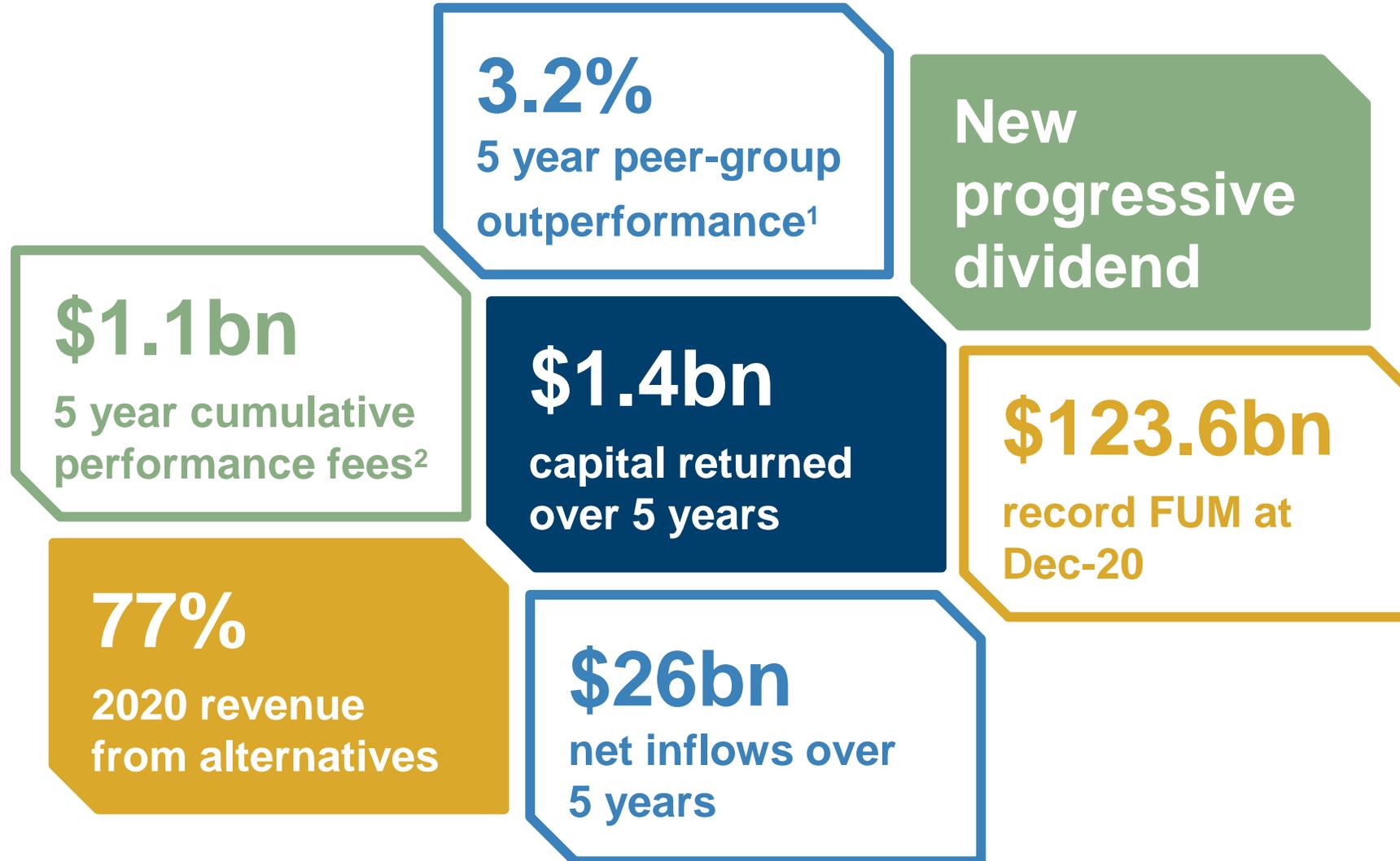
**Expect to generate significant capital above dividend over time**

**Use capital to augment growth**

**M&A if we source attractive investment opportunities**

**Otherwise continue to return excess capital to shareholders**

# Well-positioned for long term success



1. Relative performance versus peers is calculated using an asset weighted average performance relative to peers for all strategies where we have identified and can access an appropriate peer composite. As at 31 December 2020 it covers 88% of the FUM of the firm and excludes infrastructure mandates, Global Private Markets and collateralised loan obligations. Past performance is not an indication of future performance

2. Includes gains on FX and investments

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## Good momentum, further growth expected in 2021

Proud of how the firm has worked together in a difficult year

Strong client relationships with positive net flows and record FUM

Continued investment in our talent and technology to set us apart

Long term demand for alternatives and alpha drive future growth

# Q&A

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



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# Appendix: modelling guidance

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

<b>Asset servicing</b>	<p>2021 guidance: asset servicing expense of 6-7bps of FUM excluding systematic long-only and Man GPM</p>
<b>Fixed cash costs</b> (fixed compensation and other cash costs)	<p>~60% of fixed cash costs in GBP, which are no longer hedged 2021 guidance: \$335m assuming GBPUSD of 1.40</p>
<b>Total compensation</b> (fixed and variable compensation)	<p>Overall compensation to net revenue ratio expected to be in the range of 40% to 50% depending on the mix and level of revenue:</p> <ul style="list-style-type: none"> <li>▪ At the lower end of the range when performance fees are higher and AHL revenues are a larger proportion of the total</li> <li>▪ At the higher end of the range when performance fees are lower and GLG and Numeric revenues are a larger proportion of the total</li> </ul>
<b>Tax</b>	<p>Tax rate on adjusted PBT / core PBT expected to be in the range of 15% to 18%, higher when performance fees are a greater portion of net revenues and lower then they are a lower portion. Our expectation is based on prevailing UK corporate tax rates at the time of our FY 2020 results announcement</p>
<b>IFRS16</b>	<p>Our sub-lease rental and lease surrender income and our net financing expense attributable to management fees are substantially driven by the lease accounting standards under IFRS16. Both line items are denominated primarily in GBP</p> <p>2021 guidance:</p> <ul style="list-style-type: none"> <li>▪ \$13-14m for sub-lease rental and lease surrender income, which includes \$7m of lease surrender income that will not recur in 2022</li> <li>▪ \$12-15m for net financing expense attributable to management fees assuming no material change in our capital structure and current interest rates</li> <li>▪ Both based on GBPUSD of 1.40</li> </ul>

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