Press Release

28 July 2021

Strong investment performance drives growth and profits

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

- Record high funds under management (FUM)[1] of $135.3 billion (31 December 2020: $123.6 billion)
  - Positive investment performance of $9.5 billion (H1 2020: negative $5.4 billion)
  - Net inflows of $1.2 billion (H1 2020: net outflows $1.2 billion)
  - Positive FX translation and other movements of $1.0 billion (H1 2020: negative $2.8 billion)
- Core earnings per share (EPS)[1] increased by 246% to 18.7 cents (H1 2020: 5.4 cents)
  - Core management fee EPS[1] increased by 51% to 7.4 cents (H1 2020: 4.9 cents)
  - Performance fee EPS of 11.3 cents (H1 2020: 0.5 cents)
- Statutory EPS increased to 15.8 cents (H1 2020: 2.6 cents) and statutory profit before tax increased to $280 million (H1 2020: $55 million)
- Run rate core net management fees[1] of $886 million at 30 June 2021 (H1 2020: $698 million)
- Intention to repurchase an additional $100 million of shares. $99 million of the $100 million share buyback announced in September 2020 was complete at 27 July 2021
- Interim dividend increased by 14% to 5.6 cents per share (H1 2020: 4.9 cents per share)
- Net financial assets[1] of $632 million (31 December 2020: $716 million)

1 For details our alternative performance measures, please refer to pages 31-35.

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

“The first half was a period of excellent growth for Man Group as we reached record funds under management, continued a trend of positive net inflows, and grew management fee profit by 51% and total profit per share by 246%. This growth was predominantly driven by strong investment performance for our clients, resulting in both material performance fees from our quantitative strategies and a significant uplift in management fees.

“The firm’s momentum continues as we enter the second half, supported by strong performance fee optionality, a high level of client engagement and a strong sales pipeline. We remain focused on investing in our talent and technology, which are the foundations of the firm and cement our sustainable competitive advantage.”

Summary Financials

	Page ref.	Six months ended 30 Jun 2021	Year ended 31 Dec 2020	Six months ended 30 Jun 2020
		$	$	$
Funds under management (end of period)[1]	9	**135.3bn**	**123.6bn**	**108.3bn**
Core net management fee revenue[1]	32	417m	730m	358m
Performance fees[2]	33	301m	199m	32m
Sub-lease rental and lease surrender income	28	10m	18m	7m
Core net revenues[1]		**728m**	**947m**	**397m**
Compensation	23, 33	(293m)	(451m)	(199m)
Other costs (including asset servicing)	24, 33	(106m)	(200m)	(99m)
Net finance expense	24	(6m)	(12m)	(5m)
Core profit before tax[1]	33	**323m**	**284m**	**94m**
Adjusting items[3]	33	(43m)	(105m)	(39m)
Statutory profit before tax	17	**280m**	**179m**	**55m**
		¢	¢	¢
Statutory EPS	25	15.8	9.3	2.6
Core EPS[1]	35	18.7	16.2	5.4
Core management fee EPS[1]	35	7.4	10.3	4.9
Dividend per share		5.6	10.6	4.9

1 For details of our alternative performance measures, please refer to pages 31-35.
2 Includes income or gains on investments and other financial instruments.
3 The adjusting items are shown on page 33.

Financial Key Performance Indicators[1,2]

	Six months ended 30 Jun 2021	Year ended 31 Dec 2020	Six months ended 30 Jun 2020
Asset weighted outperformance/(underperformance) versus peers	1.3%	(1.0)%	1.3%
Relative net flows	0.8%	4.6%	1.8%
Core EPS[3]	18.7¢	16.2¢	5.4¢
Core management fee EPS growth[4,5]	51%	6%	7%

1 For details of our alternative performance measures, please refer to page 31-35.
2 For details of key performance indicators refer to the 2020 Annual Report.
3 From 2021, this KPI has been changed to core EPS from core profit before tax. See page 22 of our 2020 Annual Report for further discussion.
4 This KPI has been renamed to core management fee EPS growth from 2021 as adjusted and core growth measures are aligned.
5 Growth measured against comparative prior period.

Conference call and presentation for investors and analysts

A conference call with management including an opportunity to ask questions will commence at 10.30am (London) on 28 July 2021. A copy of the presentation and data pack 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=m56d5c11c5ebf0ad87b094bb15504f87c
Event number: 175 645 7985
Event password: V743DdRn8Ht

For those without internet access or in case of connectivity issues please use the alternative dial-in below:
Audio conference: +44 203 478 5289
Access code: 175 645 7985
Event password: 87433376

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 $135.3bn[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.

This announcement contains inside information.

1 As at 30 June 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).

CHIEF EXECUTIVE OFFICER'S REVIEW[1,2]

We run Man Group for long-term growth and success. The momentum in the business today reinforces our confidence in the firm's future. This half-year update reflects strength in both our investment performance and our financial results and underlines the value of our continued investment in talent and technology. For our clients, we delivered absolute investment performance of 8.6% and relative outperformance of 1.3%. For our shareholders, we delivered strong core EPS growth of 246% compared to H1 2020.

The market backdrop for the first six months of the year was once again dominated by the COVID-19 pandemic and its economic impact. While most major indices delivered double-digit returns in the first six months, there was volatility at various times as issues ranging from inflation to public health caused uncertainty. However, fiscal and monetary stimulus has provided a consistent tailwind since the spring of 2020. As the economy continued to reopen and more people returned to work, equity benchmarks closed the first half of 2021 at or near record highs in the US. European equities were supported by a strong corporate earnings season and a rotation in the market from growth into value. The S&P 500 ended the first half with a total return of 15.2%. The MSCI World Index (ex US) and the pan-European Stoxx Europe 600 Index returned 10.3% and 12.2% respectively (measured in USD).

Absolute investment performance across the firm was up 8.6%. Our alternative strategies were up 5.8%, supported by positive performance across the entire AHL product suite. Our long-only strategies were up 12.3% having benefited from the rotation into value that started in October 2020.

AHL Evolution (+7.9%) made a significant contribution to our performance fees that crystallise at the half-year, as did Man Institutional Solutions. AHL TargetRisk (+6.7%) continues to attract significant inflows. Almost all our discretionary long-only strategies ended the first half with positive performance. GLG Japan CoreAlpha (+26.7%), a value-biased strategy, delivered strong performance and a return to inflows after a period of outflows. GLG Undervalued Assets also saw strong performance (+11.2%). All our systematic long-only equity strategies delivered double-digit investment performance and outperformed by 3.2% on average.

We ended the first half having outperformed our peers by 1.3% on an asset weighted basis across our strategies. This was driven by our long-only strategies which outperformed by 2.5%, and alternatives which outperformed by 0.4%. Overall, this translates to $1.4bn of outperformance for our clients.

Over the period, we continued to see ongoing engagement with clients on new mandates and in particular strong demand for our alternative strategies. Funds under management increased by 9% to $135.3 billion in the half, as we benefitted from both strong absolute investment performance and net inflows.
We are pleased to have delivered positive absolute performance in all five product categories, despite the differentiated investment styles within each category. The systematic long-only category has delivered particularly strong investment performance for our clients, which represents a return to their historical outperformance after a weaker period last year.

Strong absolute performance from our quant alternative strategies drove a significant increase in performance fees, which saw our core EPS increase by 13.3 cents to 18.7 cents compared with the first half of 2020. The strong performance also drove strong management fee growth and benefited core management fee EPS, which increased by 51% to 7.4 cents. Statutory EPS increased to 15.8 cents (H1 2020: 2.6 cents). In line with our new progressive dividend policy, the Board has declared an interim dividend of 5.6 cents per share, which represents 14% growth from our H1 2020 dividend of 4.9 cents.

1 Past performance is not an indication of future performance. All returns shown are net of fees.
2 For details of our alternative performance measures, please refer to pages 31-35.

Business Development[1]

Despite the challenges of the last year and a half, we have remained focused on growth and innovation, strengthening our client relationships, and building a more diversified business. We continue to see growth from strategies that we have seeded and developed organically in the past, such as AHL TargetRisk, and areas that have been a more recent focus for innovation and growth. These include credit and fixed income, whether systematic or discretionary, and strategies focused on Asia and China specifically.

AHL TargetRisk is an example of a product we seeded that has grown into a family of strategies with more than $14 billion in FUM. Since inception, AHL TargetRisk has had annualised net returns of 10% with attractive risk characteristics. AHL TargetRisk continues to see good growth momentum, and we have introduced moderate and growth options for investors of varying risk profiles.

We see opportunity for further growth in both discretionary and systematic strategies investing across markets in Asia. We continue to be early investors in a range of China strategies as regulatory changes gradually allow foreign investors to access more onshore markets. Over the last year we have also hired an experienced team to develop discretionary equity strategies across Asia (excluding Japan). Within a year of launch, the team has grown to manage nearly $1 billion in FUM. We have also seen good traction with systematic and absolute return strategies focused onshore and offshore in China attracting investor interest both directly and through our Institutional Solutions offering.

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. In March we launched the AHL Liquid Government Bond strategy and continue to see inflows into our discretionary and quantitative high yield strategies.

We recently joined the Net Zero Asset Managers initiative, committing to reducing greenhouse gas emissions to net zero in investment portfolios by 2050. We expect to outline a path to an interim 2030 target across our corporate issuer-specific holdings through both decarbonisation and increasing investment in climate solutions. As a diversified asset manager, we recognise the lack of standardised approaches in the non-corporate issuer domain. We will work with the Institutional Investors Group on the Climate Changes framework and partner with other forums to align its total asset exposure to net zero.

Climate change is a focus area for us. We are also developing and launching climate-oriented strategies across the business and established climate research capabilities in-house. In June 2021, we launched a fund that aims to make a decisive contribution to the world's transition away from carbon fossil fuels towards lower and zero emission generating technologies. ESG and impact analysis are at the core of its investment process.

Our private markets investment business recently announced the first close of its Community Housing Fund. This fund seeks to achieve the dual objective of providing financial returns alongside well-defined social outcomes by accelerating the provision of new affordable homes in the UK.

1 For details of our alternative performance measures, please refer to pages 31-35.

Financial Review

Core profit before tax[1] was $323 million compared with $94 million for the six months ended 30 June 2020 and core earnings per share[1] were 18.7 cents compared with 5.4 cents for the comparative period. Core management fee profit before tax[1] increased to $126 million (30 June 2020: $86 million) and core management fee earnings per share[1] increased to 7.4 cents, 51% higher than in H1 2020. Statutory profit before tax increased to $280 million (H1 2020: $55 million).

Core net revenues of $728 million comprised $417 million of core net management fees[1], $10 million of sub-lease rental and lease surrender income and $301 million of performance fees and gains on seed investments. Net management fees were 16% higher than the same period last year due to strong investment performance and continued net inflows. Performance fees of $284 million were $255 million higher than in the same period last year. They included $129 million from AHL Evolution and $155 million from other strategies most notably Man Institutional Solutions mandates and AHL Alpha. Gains on seed investments were $17 million compared with $3 million in the first half of 2020.

The run rate net management fee margin[1] at 30 June 2021 was unchanged at 66 basis points (31 December 2020: 66). The absolute return net management fee margin decreased by 2 basis points to 117 basis points as new inflows were directed at lower margin strategies and Institutional Solutions. Despite inflows into AHL TargetRisk, total return margin decreased by 1 basis point as a result of underlying mix shift within the category. In addition, the discretionary long-only margin decreased by 3 basis points following a large lower margin institutional mandate win. Margins in the other categories were broadly in line with run rate margins at December 2020.

Compensation costs were $293 million (H1 2020: $199 million) which comprised $104 million of fixed compensation costs (H1 2020: $96 million) and $189 million of variable compensation costs (H1 2020: $103 million). The increase in fixed compensation was largely due to the weaker US dollar versus sterling. Variable compensation costs increased due to higher management and performance fee revenues. Our compensation ratio was 40% (H1 2020: 50%), at the bottom end of our guided range, reflecting higher revenues in the period, particularly from performance fees.

Other costs, including asset servicing and depreciation, were $106 million compared with $99 million for H1 2020. The increase is due to higher occupancy costs following the exit of the principal sub-tenant of our London office in H1 2020, which was offset in the half by the release of the $7 million remaining lease surrender income that will not recur recognised through net revenues, and the weaker US dollar versus sterling. Managing the business efficiently remains critical for success in asset management and remains a focus for us. Net finance expense was $6 million (H1 2020: $5 million).

Operating cash net inflows were $53 million for H1 2021 (compared with net inflows of $146 million for H1 2020), with the comparative decrease reflecting working capital movements in the period primarily due to increased seeding investments. The firm had operating cash net inflows before working capital, interest and tax of $386 million for the period (H1 2020: $161 million). The positive operating cashflows reflect the strong cash generation of the business model.

1 For details of our alternative performance measures, please refer to pages 31-35.

Capital Management

We have a strong balance sheet and liquidity position that allows us to invest in the business and support our long-term growth prospects. As at 30 June 2021, we had $632 million of net financial assets[1] (31 December 2020: $716 million) including $117 million of cash (31 December 2020: $289 million).

Man Group uses capital to invest in new products to assist in the growth of the business, which will be redeemed as practicable, as funds are marketed to clients. Seeding investments increased to $583 million in aggregate at 30 June 2021 (31 December 2020: $485 million). We held $88 million of total return swap exposure at 30 June 2021 (31 December 2020: $50 million).

1 For details of our alternative performance measures, please refer to pages 31-35.

Dividend and Share Repurchase

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 repurchases, while maintaining a prudent balance sheet after taking into account required capital and potential strategic opportunities. Whilst the Board continues to consider dividends as the primary method of returning capital to shareholders, it will continue to execute share repurchases when advantageous.

In line with our dividend policy, the Board has declared an interim dividend of 5.6 cents per share (30 June 2020: 4.9 cents). We will fix and announce the US dollar to sterling dividend currency conversion rate on 19 August 2021, in advance of payment.

In September 2020, the Company announced a share repurchase programme for up to $100 million to return capital to shareholders. $99 million was complete at 27 July 2021. Having assessed the firm's current capital requirements, the Company intends to launch a further $100 million share buyback programme, which will commence once the current buyback programme is complete.

Dates for the 2021 interim dividend

Ex-dividend date	5 August 2021
Record date	6 August 2021
Sterling conversion date	19 August 2021
Payment date	3 September 2021

Outlook

The momentum with which we ended the first six months of 2021 underpins our confidence for the remainder of the year. We have good performance fee optionality from a range of strategies, a high level of client engagement, and a strong sales pipeline including some larger mandates. The firm remains in excellent shape, and our focus on and investment in talent and technology continue to cement our sustainable competitive advantage.

FUNDS UNDER MANAGEMENT ANALYSIS[1]

FUM movements for the six months to 30 June 2021

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

FUM movements for the three months to 30 June 2021

$bn	FUM at 31 March 2021	Net inflows/ (outflows)	Investment performance	FX & other	FUM at 30 June 2021
Absolute return	**35.4**	0.6	1.7	0.6	**38.3**
Total return	**29.1**	1.2	1.0	1.2	**32.5**
Multi-manager solutions	**13.9**	(0.9)	0.4	0.0	**13.4**
Alternative	**78.4**	**0.9**	**3.1**	**1.8**	**84.2**
Systematic	**29.0**	(0.5)	2.2	0.0	**30.7**
Discretionary	**19.6**	0.2	0.7	(0.1)	**20.4**
Long-only	**48.6**	**(0.3)**	**2.9**	**(0.1)**	**51.1**
Total	**127.0**	**0.6**	**6.0**	**1.7**	**135.3**

Net management fee margins and run rate net management fee revenues[1,2]

	Run rate net mgmt. fees 30 Jun 2021[1] ($m)	Run rate margin 30 Jun 2021 (bps)	Run rate net mgmt. fees 31 Dec 2020 ($m)	Run rate margin 31 Dec 2020 (bps)
Absolute return	449	117	403	119
Total return	197	61	181	62
Multi-manager solutions	34	26	35	25
Systematic long-only	86	28	81	29
Discretionary long-only	120	59	115	62
Total	**886**	**66**	**815**	**66**

1 For details of our alternative performance measures, please refer to pages 31-35.
2 Run rate revenue applies internal analysis of run rate margin to 30 June 2021 FUM. It is for illustrative purposes and not a forecast.

FUM COMMENTARY

FUM increased by 9% to $135.3 billion in the first half of the year. This was driven by net inflows of $1.2 billion primarily into our alternative strategies and positive investment performance of $3.8 billion and $5.7 billion from our alternative and long-only strategies, respectively. Positive FX and other movements of $1.0 billion resulted from regearing, partially offset by a stronger US dollar particularly against the yen, the euro and the Australian dollar.

Alternative

Alternative FUM increased by $7.0 billion in the first half. Net inflows of $1.7 billion were driven by AHL TargetRisk and Man Institutional Solutions, partly offset by outflows from FRM Segregated and Alternative Risk Premia. Positive investment performance of $3.8 billion was delivered across various strategies, including AHL Evolution (7.9%), AHL Alpha (6.9%), AHL TargetRisk (6.7%) and Alternative Risk Premia (5.9%).

Long-only

Long-only FUM increased by $4.7 billion in the first half supported by strong absolute performance. Net outflows of $0.5 billion were driven by Numeric US, partly offset by inflows into GLG Asia ex Japan and Numeric Global. Positive investment performance of $5.7 billion was delivered across various strategies, including GLG Japan CoreAlpha (26.7%), Numeric Europe Core (17.8%) and Numeric Global Core (15.2%).

FUM by product category

$bn	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21
Absolute return	**29.1**	**30.0**	**34.0**	**35.4**	**38.3**
Man Institutional Solutions[1]	6.4	6.1	7.3	8.3	9.5
AHL Alpha	6.1	6.5	7.6	7.8	8.3
AHL Dimension	5.2	5.3	5.3	4.9	5.5
GLG equity absolute return	4.0	4.2	4.6	5.1	4.9
AHL Evolution	3.7	3.8	4.4	4.2	4.6
AHL Diversified	1.4	1.4	1.5	1.5	1.4
Other[2]	2.3	2.7	3.3	3.6	4.1
Total return	**27.1**	**29.0**	**29.0**	**29.1**	**32.5**
AHL TargetRisk	8.1	9.5	11.2	11.8	14.3
Alternative risk premia	10.0	10.4	8.6	8.2	9.1
CLOs and other total return	4.6	4.8	5.0	4.8	4.7
Global Private Markets	2.5	2.4	2.4	2.5	2.7
EM total return	1.9	1.9	1.8	1.8	1.7
Multi-manager solutions	**13.2**	**13.4**	**14.2**	**13.9**	**13.4**
Infrastructure & direct access	6.8	6.8	7.1	7.2	7.5
Segregated	5.9	6.1	6.5	6.1	5.3
Diversified and thematic FoHF	0.5	0.5	0.6	0.6	0.6
Systematic long-only	**23.6**	**25.2**	**27.8**	**29.0**	**30.7**
Global	8.7	9.3	10.9	12.5	13.4
Emerging markets	5.9	6.5	7.2	7.1	8.0
International	7.1	7.3	7.4	7.5	7.5
US	1.9	2.1	2.3	1.9	1.8
Discretionary long-only	**15.3**	**15.5**	**18.6**	**19.6**	**20.4**
UK equity	2.9	2.7	4.5	4.7	4.6
Japan equity	3.1	2.9	3.4	4.3	4.2
Credit and convertibles	3.5	3.6	3.7	3.7	4.1
Europe equity ex-UK	3.2	3.5	4.0	3.8	3.5
EM fixed income	1.6	1.6	1.7	1.8	1.9
Other[3]	1.0	1.2	1.3	1.3	2.1
Total	**108.3**	**113.1**	**123.6**	**127.0**	**135.3**

1 Man Institutional Solutions includes AHL Institutional Solutions and Multi-strategy. AHL Institutional Solutions invests into a range of AHL strategies including AHL Dimension, AHL Alpha 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 30 Jun 2021	6 months to 30 Jun 2021	3 years to 30 Jun 2021	5 years to 30 Jun 2021	Inception to 30 Jun 2021
Absolute return						
AHL Alpha	1	4.1%	6.9%	8.6%	4.9%	10.7%
AHL Dimension	2	5.7%	7.0%	3.3%	2.0%	4.6%
AHL Evolution	3	9.0%	7.9%	9.7%	8.7%	12.7%
AHL Diversified	4	5.3%	8.9%	10.8%	4.7%	11.1%
GLG Alpha Select Alternative	5	2.1%	1.6%	4.8%	7.6%	4.1%
GLG European Long Short Fund	6	1.9%	0.2%	-1.1%	1.9%	6.3%
GLG Global Credit Multi Strategy	7	0.1%*	2.8%*	4.9%*	9.0%*	11.7%*
Total return						
AHL TargetRisk	8	7.0%	6.7%	11.4%	11.4%	10.3%
Alternative Risk Premia	9	4.7%	5.9%	-1.4%	1.6%	2.4%
GLG Global Emerging Markets Debt Total Return	10	-2.2%	-0.7%	-0.5%	1.5%	1.7%
Multi-manager solutions						
FRM Diversified II	11	5.0%	7.2%	3.4%	3.5%	4.1%
Systematic long-only						
Numeric Global Core	12	8.0%	15.2%	11.5%	13.5%	11.9%
Relative return		*0.2%*	*2.1%*	*-3.5%*	*-1.3%*	*0.4%*
Numeric Europe Core (EUR)	13	7.1%	17.8%	7.2%	10.2%	9.1%
Relative return		*0.6%*	*2.4%*	*-0.9%*	*1.3%*	*2.4%*
Numeric Emerging Markets Core	14	6.4%	12.9%	11.7%	15.6%	8.9%
Relative return		*1.4%*	*5.4%*	*0.4%*	*2.6%*	*2.5%*
Discretionary long-only						
GLG Continental European Growth Fund	15	10.1%	3.0%	11.3%	14.6%	10.1%
Relative return		*1.8%*	*-7.9%*	*1.3%*	*2.6%*	*3.9%*
GLG Japan CoreAlpha Equity Fund	16	1.2%	26.7%	1.6%	10.2%	3.8%
Relative return		*1.6%*	*17.8%*	*-4.8%*	*-1.6%*	*0.9%*
GLG Undervalued Assets Fund	17	3.6%	11.2%	-1.3%	8.3%	6.5%
Relative return		*-2.0%*	*0.1%*	*-3.3%*	*1.8%*	*1.3%*
Indices						
HFRX Global Hedge Fund Index	18	2.4%	3.7%	4.2%	4.2%	
HFRI Fund of Funds Conservative Index	18	1.8%	5.5%	5.2%	5.0%	
HFRI Equity Hedge (Total) Index	18	5.1%	12.3%	11.4%	10.9%	
HFRX EH: Equity Market Neutral Index	18	0.0%	2.5%	-2.3%	-1.0%	
Barclay BTOP 50 Index	19	3.4%	6.1%	5.6%	1.4%	

**Estimated*

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 GLG Alpha Select Alternative IL GBP; FUM included within GLG equity absolute return product category.

6 Represented by GLG European Long Short Fund - Class D Restricted – EUR until 29 June 2007. From 1 July 2007 the performance of GLG European Long Short Fund - Class D Unrestricted is displayed; FUM included within GLG equity absolute return product category.

7 Represented by GLG Market Neutral Fund - Class Z Restricted – USD until 31 August 2007. From the 1 September 2007 Man GLG Global Credit Multi Strategy CL IL XX USD unrestricted; FUM 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; FUM included within EM 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; FUM included within Diversified and thematic FoHF 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; FUM included within International 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); FUM included within Europe equity ex-UK 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); FUM included within Japan equity product category.

17 Represented by Man GLG Undervalued Assets Fund - C Accumulation Shares. Relative return shown vs FTSE All Share (GBP, NDTR); FUM included within UK equity product category.

18 HFRI and HFRX index performance over the past 4 months is subject to change.

19 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.

RISK MANAGEMENT

It is a key objective of Man Group to remain a leader in risk management and governance. As such, risk management is an essential component of our approach, both to the management of investment funds on behalf of investors, and the management of Man Group's business on behalf of shareholders. Our reputation is fundamental to our business, and maintaining our corporate integrity is the responsibility of everyone at Man Group. Our approach is to identify, quantify and manage risk throughout the Group, in accordance with the Board's risk appetite. We maintain capital and liquidity to give us strategic and tactical flexibility, both in terms of corporate and fund management.

The principal and emerging risks faced by Man Group are set out on pages 34 to 37 of our 2020 Annual Report. These will continue to be our principal risks for the second half of the financial year, and are: investment underperformance risk; key person risk; credit/counterparty risk; liquidity risk; investment book risk; pension risk; risk of internal or external process failure; information security and cybercrime security risk; information technology and business continuity risk; legal and regulatory risk; reputational risk; and climate change risk. Our risk framework operated effectively in the six months to 30 June 2021, with systems and controls functioning as designed even though much of the workforce have been working remotely. We have not identified any new operational risks but recognise some heightened underlying risk drivers associated with remote working and an increased technology dependence. Man Group's corporate and fund entities have not been impacted by any material market or operational risk events associated with the pandemic or prolonged working from home arrangements.

As described in our 2020 Annual Report, the UK left the European Union (EU) on 31 January 2020 and the transition period ended with a trade and cooperation agreement between the UK and EU coming into effect on 1 January 2021. On 30 March 2021 the UK and EU agreed a deal on an initial framework for future financial services co-operation, but this did not include any agreement on regulatory equivalence. The exact nature of the final agreement has political, regulatory, legal and tax implications for the UK and may impact market access and general economic conditions in the UK and other European countries. At the beginning of 2019, Man Group received regulatory approval to upgrade the regulatory permissions of its existing Irish entity and opened a physical office in Dublin, with locally based staff. Branches of the regulated Irish entity have been established in various European countries. This has allowed Man Group to remain able to service its existing European clients and to access new business in the EU under the delegation model. Man Group will continue to monitor developments closely throughout the remainder of 2021 and will take necessary steps to ensure that any negative impact of the future agreement on its employees, business and its clients is minimised.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge, this condensed set of financial statements in respect of Man Group plc for the six month period ended 30 June 2021 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the United Kingdom, and that this interim report includes a fair review of the information required by the Financial Conduct Authority's Disclosure Guidance and Transparency Rules 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the six months ended 30 June 2021 and their impact on the condensed interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year ending 31 December 2021; and
- material related party transactions in the six months ended 30 June 2021 and any material changes in the related party transactions described in the last Annual Report.

The Directors of Man Group plc are as listed in the Annual Report for the year ended 31 December 2020.

By order of the board

Luke Ellis
Chief Executive Officer
28 July 2021

Mark Jones
Chief Financial Officer
28 July 2021

INDEPENDENT REVIEW REPORT TO MAN GROUP PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the Group income statement, the Group Statement of comprehensive Income, the Group balance sheet, the Group statement of changes in equity, the Group cash flow statement and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, UK
28 July 2021

INTERIM FINANCIAL STATEMENTS

Group income statement

$m	Note	**Six months to 30 June 2021**	Six months to 30 June 2020
Revenue:			
Gross management and other fees	2	**434**	374
Performance fees	2	**284**	29
		718	403
Income or gains on investments and other financial instruments		**21**	24
Third-party share of gains relating to interests in consolidated funds	11	**(4)**	(1)
Sub-lease rental and lease surrender income	12	**3**	21
Distribution costs	3	**(19)**	(17)
Asset servicing costs	3	**(29)**	(27)
Compensation	4	**(293)**	(199)
Other costs	5	**(78)**	(76)
Revaluation of contingent consideration	14	**-**	21
Amortisation of acquired intangible assets	9	**(30)**	(32)
Impairment of GPM goodwill	9	**-**	(55)
Impairment of right-of-use lease assets – investment property	12	**(3)**	-
Finance expense	6	**(7)**	(9)
Finance income	6	**1**	2
Profit before tax		**280**	55
Tax expense	7	**(52)**	(16)
Statutory profit for the period attributable to owners of the Parent Company		**228**	39
Earnings per share:	8		
Basic (cents)		**16.1**	2.7
Diluted (cents)		**15.8**	2.6

Group statement of comprehensive income

$m	**Six months to 30 June 2021**	Six months to 30 June 2020
Statutory profit for the period attributable to owners of the Parent Company	**228**	39
Other comprehensive income/(expense):		
Remeasurements of post-employment benefit obligations	**12**	1
Current tax credited on pension scheme	**2**	2
Deferred tax debited on pension scheme	**(5)**	(3)
Items that will not be reclassified to profit or loss	**9**	-
Cash flow hedges:		
Valuation gains taken to equity	**5**	2
Transfer to Group income statement	**(4)**	-
Net investment hedge	**1**	1
Foreign currency translation	**(2)**	(2)
Items that may be reclassified to profit or loss	**-**	1
Other comprehensive income for the period (net of tax)	**9**	1
Total comprehensive income for the period attributable to owners of the Parent Company	**237**	40

Group balance sheet

$m	Note	**At 30 June 2021**	At 31 December 2020
Assets			
Cash and cash equivalents	10	**210**	351
Fee and other receivables		**639**	386
Investments in fund products and other investments	11	**974**	787
Investment in associate	15	**20**	-
Pension asset		**14**	2
Leasehold property – right-of-use lease assets		**64**	74
Investment property – right-of-use lease assets	12	**78**	78
Leasehold improvements and equipment	12	**42**	30
Goodwill and acquired intangibles	9	**710**	742
Other intangibles		**42**	39
Deferred tax assets	7	**117**	119
Total assets		**2,910**	2,608
Liabilities			
Trade and other payables		**609**	574
Provisions	13	**9**	9
Current tax liabilities		**32**	12
Third-party interest in consolidated funds	11	**330**	219
Lease liability	12	**265**	272
Deferred tax liabilities		**13**	25
Total liabilities		**1,258**	1,111
Net assets		**1,652**	1,497
Equity			
Capital and reserves attributable to owners of the Parent Company		**1,652**	1,497

Group cash flow statement

$m	Note	**Six months to 30 June 2021**	Six months to 30 June 2020
Cash flows from operating activities			
Statutory profit		**228**	39
Adjustments for non-cash items:			
Income tax expense	7	**52**	16
Net finance expense	6	**6**	7
Revaluation of contingent consideration	14	**-**	(21)
Depreciation of leasehold improvements and equipment	5	**6**	7
Depreciation of right-of-use lease assets	5	**9**	10
Impairment of right-of-use lease assets – investment property	12	**3**	-
Amortisation of acquired intangible assets	9	**30**	32
Impairment of GPM goodwill	9	**-**	55
Amortisation of other intangibles	5	**8**	6
Share-based payment charge	4	**14**	9
Fund product-based payment charge	4	**28**	22
Foreign exchange movements		**9**	(17)
Other non-cash movements		**(7)**	(4)
		386	161
Changes in working capital:			
(Increase)/decrease in receivables		**(227)**	124
(Increase)/decrease in other financial assets[1]		**(64)**	34
Increase/(decrease) in payables		**9**	(140)
Cash generated from operations		**104**	179
Interest paid		**(1)**	(2)
Unwind of lease liability discount	12	**(6)**	(6)
Income tax paid		**(44)**	(25)
Cash flows from operating activities		**53**	146
Cash flows from investing activities			
Purchase of leasehold improvements and equipment	12	**(16)**	(3)
Purchase of other intangible assets		**(9)**	(9)
Purchase of interest in associate	15	**(19)**	-
Payment of contingent consideration in relation to acquisitions		**-**	(2)
Interest received		**1**	2
Cash flows used in investing activities		**(43)**	(12)
Cash flows from financing activities			
Repayments of principal lease liability	12	**(11)**	(11)
Purchase of own shares by the Employee Trust and Partnerships		**(19)**	(20)
Proceeds from sale of Treasury and Employee Trust shares in respect of Sharesave		**1**	-
Share repurchase programme (including costs)		**(39)**	(71)
Dividends paid to Company shareholders		**(81)**	(75)
Cash flows used in financing activities		**(149)**	(177)
Net decrease in cash		**(139)**	(43)
Cash at beginning of the period		**351**	281
Effect of foreign exchange movements		**(2)**	(2)
Cash at period end[2]	10	**210**	236

Notes:
1 Includes $31 million of restricted net cash inflows (H1 2020: $27 million) relating to consolidated fund entities (Note 11).
2 Includes $93 million (H1 2020: $34 million) of restricted cash relating to consolidated fund entities (Note 11).

Group statement of changes in equity

$m	**At 30 June 2021**	At 30 June 2020
Share capital and capital reserves	**(1,633)**	(1,635)
Revaluation reserves and retained earnings	**3,285**	3,213
Capital and reserves attributable to owners of the Parent Company	**1,652**	1,578

Share capital and capital reserves

$m	**Share capital**	**Share premium account**	**Reorganisation reserve**	**Total**
At 1 January 2021	**53**	**–**	**(1,688)**	**(1,635)**
Transfer from Treasury shares: Partnership Plans and Sharesave	–	2	–	**2**
At 30 June 2021	**53**	**2**	**(1,688)**	**(1,633)**
At 1 January 2020	53	–	(1,688)	(1,635)
At 30 June 2020	53	–	(1,688)	(1,635)

Group statement of changes in equity (continued)

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 2021	**3,292**	**(60)**	**(148)**	**44**	**4**	**3,132**
Statutory profit	**228**	**–**	**–**	**–**	**–**	**228**
Other comprehensive income/(expense)	**9**	**–**	**–**	**(1)**	**1**	**9**
Share-based payment charge	**14**	**–**	**–**	**–**	**–**	**14**
Deferred tax credited on share-based payments	**2**	**–**	**–**	**–**	**–**	**2**
Purchase of own shares by the Employee Trust	**–**	**(19)**	**–**	**–**	**–**	**(19)**
Disposal of own shares by the Employee Trust	**(17)**	**18**	**–**	**–**	**–**	**1**
Transfer to Treasury shares	**39**	**–**	**(39)**	**–**	**–**	**–**
Transfer from Treasury shares	**(6)**	**–**	**4**	**–**	**–**	**(2)**
Disposal of Treasury shares for Sharesave	**–**	**–**	**1**	**–**	**–**	**1**
Dividends	**(81)**	**–**	**–**	**–**	**–**	**(81)**
At 30 June 2021	**3,480**	**(61)**	**(182)**	**43**	**5**	**3,285**
At 1 January 2020	3,322	(66)	(52)	55	–	3,259
Statutory profit	39	–	–	–	–	39
Other comprehensive income/(expense):	–	–	–	(1)	2	1
Share-based payment charge	9	–	–	–	–	9
Purchase of own shares by the Employee Trust	–	(20)	–	–	–	(20)
Disposal of own shares by the Employee Trust	(26)	26	–	–	–	–
Transfer to Treasury shares	71	–	(71)	–	–	–
Transfer from Treasury shares	(11)	–	11	–	–	–
Dividends	(75)	–	–	–	–	(75)
At 30 June 2020	3,329	(60)	(112)	54	2	3,213

1. Basis of preparation

The Group's consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting', the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and Article 106 of the Companies (Jersey) Law 1991.

The income statement, cash flow statement and statement of changes in equity presentation in these interim financial statements shows the six months ended 30 June 2021 (H1 2021) together with the six months ended 30 June 2020 (H1 2020). The balance sheet is presented as at 30 June 2021 together with comparatives as at 31 December 2020.

The financial information contained herein is unaudited and does not constitute accounts within the meaning of Article 105 of Companies (Jersey) Law 1991. Statutory accounts for the year ended 31 December 2020, which were prepared in accordance with International Financial Reporting Standards (IFRS) and relevant IFRIC interpretations issued by the International Accounting Standards Board (IASB) and IFRIC Committee respectively and adopted by the European Union (EU) and upon which the auditor has given an unqualified and unmodified report, have been delivered to the Jersey Registrar of Companies and were posted to shareholders on 11 March 2021. The next annual financial statements of the Group for the year ended 31 December 2021 will be prepared in accordance with UK-adopted IFRS.

The accounting policies applied in these interim financial statements are consistent with those applied in the Group's Annual Report for the year ended 31 December 2020 (the '2020 Annual Report').

Despite the global volatility seen across financial markets as a result of the COVID-19 pandemic, the Group has continued to operate substantially as normal. Growth in management fee profitability in 2020 has continued into the first half of 2021, and performance fee earnings for the half are strong. The directors consider that the Group is well placed to manage business and financial risks in the current economic environment and have a reasonable expectation that the Group has sufficient resources to continue in operation for the foreseeable future. Accordingly, these interim financial statements continue to be prepared on a going concern basis.

Man Group acts as the investment manager/advisor to fund entities. The Group assesses such relationships on an ongoing basis to determine whether each fund entity is controlled by the Group and therefore consolidated into the Group's results. Assessment of the control characteristics for all relationships with fund entities led to the consolidation of 23 fund entities at 30 June 2021 (31 December 2020: 19), as detailed in Note 11.

Judgemental areas and accounting estimates

The most significant area of judgement relates to whether the Group controls certain funds through its exposure to fund products via either direct investments, total return swaps or sale and repurchase arrangements, and is therefore required to consolidate them (Note 11).

Furthermore, the key assumptions concerning the future, and 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 assets and liabilities within the next financial year include the estimated amount of accrued discretionary variable compensation and the valuation of goodwill and acquired intangibles for cash generating units (CGUs) with lower levels of headroom (Note 9). The determination of the discretionary variable compensation accrual is an annual process undertaken at the calendar year-end, therefore the accrual at 30 June 2021 is an estimated amount based on the financial performance and absolute levels of performance fees of the Group in the year to date. The goodwill assessments are primarily based on discounted future cash flow models at 31 December 2020 as disclosed within Note 10 of the 2020 Annual Report, updated for results to 30 June 2021. The directors are confident that the assumptions in the Board's three-year Medium Term Plan, approved in February 2021, remain appropriate over the remaining forecast period.

Impact of new accounting standards and interpretations

The following amendments to IFRS Standards and Interpretations were effective for the first time in the six months to 30 June 2021. Their adoption has not had a significant impact on these interim financial statements:

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

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

2. Revenue

Revenue for the six months to 30 June 2021 was $718 million, which has increased by 78% compared with H1 2020 ($403 million).

Gross management and other fees for the period were $434 million, increasing from $374 million in H1 2020 primarily driven by strong performance and positive net flows (see page 7 for further details).

Performance fee revenue was $284 million, which is $255 million higher than H1 2020 largely driven by strong AHL performance fee generation in the period (see page 7 for further details). The increase in performance fee revenue has contributed to an increase in fee and other receivables from $386 million at 31 December 2020 to $639 million at 30 June 2021.

3. Distribution costs and asset servicing

Distribution costs are paid to external intermediaries for marketing and investor servicing, largely in relation to retail clients, and were $19 million for the period (H1 2020: $17 million). Distribution costs are variable with FUM and the associated management fee revenue. Distribution costs have increased largely as a result of higher average FUM through intermediaries.

Asset servicing includes custodial, valuation, fund accounting, registrar, research, market data and administration functions performed by third-parties under contract to Man, on behalf of the funds. The costs of these services vary based on transaction volumes, the number of funds, and fund NAVs.

4. Compensation

$m	**Six months to 30 June 2021**	Six months to 30 June 2020
Salaries	**85**	80
Variable cash compensation	**133**	67
Fund product-based payment charge	**28**	22
Share-based payment charge	**14**	9
Social security costs	**25**	14
Pension costs	**8**	7
Total compensation costs	**293**	199

The increase in salaries was due to less favourable achieved sterling (GBP) to US dollar (USD) exchange rates, represented by the average exchange rate of 1.39 for H1 2021 versus 1.25 for H1 2020, partially offset by a decrease in average headcount. Variable compensation costs and associated social security costs have increased due to strong performance fee generation in H1 2021.

Fund product-based payment charges have increased as a result of slightly higher levels of deferred awards in recent years due to performance, coupled with awards outstanding in H1 2020 which were not eligible for hedge accounting and were exposed to negative mark-to-market movements in that period. Effective for awards granted from 2020 onwards, the Group has elected to hedge account for deferred fund product charges, whereby the offsetting mark-to-market gains and losses on the fund products are matched against the corresponding compensation charge in the Group income statement pro rata over the vesting period.

The increase in the share-based payment charge was largely due to the strengthening of GBP against USD.

The total value of unamortised deferred compensation at 30 June 2021 was $103 million (30 June 2020: $97 million), which has a weighted average remaining vesting period of 2.0 years (30 June 2020: 1.9 years).

5. Other costs

$m	**Six months to 30 June 2021**	Six months to 30 June 2020
Occupancy	**8**	5
Technology and communications	**11**	12
Temporary staff, recruitment, consultancy and managed services	**6**	4
Audit, tax, legal and other professional fees	**12**	10
Benefits	**7**	7
Travel and entertainment	**-**	2
Insurance	**3**	2
Marketing and sponsorship	**1**	1
Other cash costs, including irrecoverable VAT	**7**	8
Legal claims (adjusting item per page 33)	**-**	2
Total other costs before depreciation and amortisation	**55**	53
Depreciation of leasehold property and equipment, and amortisation of other intangibles	**14**	13
Depreciation of ROU lease assets	**9**	10
Total other costs	**78**	76

Other costs before depreciation and amortisation were $55 million, compared with $53 million in H1 2020. This small increase is due to increased occupancy costs following the exit of the principal sub-tenant of our London office in H1 2020 and the impact of the less favourable GBP to USD achieved exchange rates (represented by the average exchange rate of 1.39 for H1 2021 versus 1.25 for H1 2020 as outlined in Note 4), partially offset by lower travel costs due to the COVID-19 global travel restrictions in place for all of H1 2021. Legal claims of $2 million in H1 2020 relate to defence costs in respect of the PIFSS claim (Note 17).

6. Finance expense and finance income

$m	**Six months to 30 June 2021**	Six months to 30 June 2020
Finance expense:		
Revolving credit facility costs and other	**(1)**	(1)
Unwind of lease liability discount (Note 12)	**(6)**	(6)
Unwind of contingent consideration discount (adjusting item per page 33)	**-**	(2)
Total finance expense	**(7)**	(9)
Finance income:		
Interest on cash deposits	**1**	2
Total finance income	**1**	2

7. Tax

The tax expense for the period is $52 million (H1 2020: $16 million), resulting in a statutory effective tax rate of 19% (H1 2020: 29%), which has decreased largely as a result of the prior period non-deductible GPM goodwill impairment charge, which was partially offset by the non-taxable contingent creditor revaluation gain. The majority of the Group's profit is earned in the UK, Switzerland and the US. The forecast full year effective tax rate is consistent with this profit mix.

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. The principal factors which may influence our future tax rate are changes to 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 Group has recognised accumulated deferred tax assets in the US of $77 million (31 December 2020: $81 million). These deferred tax assets comprise accumulated operating losses from existing operations, future amortisation of goodwill and intangible assets generated from acquisitions and other timing differences that will be available to offset future taxable profits in the US. We have not recognised $14 million of the available US deferred tax assets in relation to state and city tax losses (31 December 2020: $14 million) on the Group balance sheet at 30 June 2021 as we do not expect to realise sufficient future taxable profits to offset against these before they expire.

Man Group does not currently expect to pay federal tax on any profits it may earn in the US until 2026. Accordingly, any movements in the deferred tax asset in the period are classified as an adjusting item (page 33).

8. Earnings per share (EPS)

The calculation of basic EPS is based on post-tax profit for the period of $228 million (H1 2020: $39 million), and ordinary shares of 1,419,516,439 (H1 2020: 1,468,832,877), being the weighted average number of ordinary shares in issue during the period after excluding the shares owned by the Employee Trust and Treasury Shares. For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, being ordinary shares of 1,444,949,038 (H1 2020: 1,490,106,884). The decrease in the weighted average number of shares is largely driven by the execution of share repurchases in both H2 2020 and H1 2021.
The reconciliation of basic and diluted weighted average number of shares is provided below:

	Six months to 30 June 2021 (million)	Six months to 30 June 2020 (million)
Basic weighted average number of shares	**1,419.5**	1,468.8
Dilutive potential ordinary shares:		
Share awards under incentive schemes	**24.0**	21.2
Employee share options	**1.4**	0.1
Dilutive weighted average number of shares	**1,444.9**	1,490.1

The basic and diluted EPS figures are provided below. For a reconciliation of EPS to core EPS, please see the Alternative Performance Measures section of this report on page 35.

	Six months to 30 June 2021	Six months to 30 June 2020
Basic and diluted post-tax earnings ($m)	**228**	39
Basic earnings per share (cents)	**16.1**	2.7
Diluted earnings per share (cents)	**15.8**	2.6

9. Goodwill and acquired intangibles

$m	Goodwill	Investment management agreements	Distribution channels	Brand names	Total
Net book value at 1 January 2021	**592**	**136**	**11**	**3**	**742**
Amortisation	**–**	**(28)**	**(2)**	**–**	**(30)**
Currency translation	**(2)**	**–**	**–**	**–**	**(2)**
Net book value at 30 June 2021	**590**	**108**	**9**	**3**	**710**
Allocated to cash generating units as follows:					
AHL	**456**	**–**	**–**	**–**	**456**
GLG	**–**	**43**	**3**	**1**	**47**
FRM	**–**	**2**	**–**	**–**	**2**
Numeric	**134**	**58**	–	**2**	**194**
GPM	**–**	**5**	**6**	**–**	**11**

Allocation of goodwill to cash generating units and calculation of recoverable amounts

The Group has identified five cash generating units (CGUs) for impairment review purposes: AHL, GLG, FRM, Numeric and GPM. Under IAS 36 'Impairment of Assets' goodwill and acquired intangibles must be tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and goodwill must be tested at least annually. The recoverable amounts of the Group's CGUs are assessed each year using a value in use calculation, and we continually assess whether there are any indicators of impairment for each of the CGUs.

As a result of assessing changes in the CGUs in the period, with FUM flows and performance in the period largely in line with or better than previously forecast, as well as considering the existing levels of headroom and the reduction of carrying values due to amortisation charges, we have not identified any impairment indicators. There have been no significant changes in the business in the year to date, and the directors are confident that the assumptions in the Board's three-year financial plan, approved in February 2021, remain appropriate over the remaining forecast period.

10. Cash, liquidity and borrowings

$m	**At 30 June 2021**	At 31 December 2020
Cash and cash equivalents[1]	**117**	289
Undrawn committed revolving credit facility	**500**	500
Total liquidity	**617**	789

Note:
1 Excludes $93 million of restricted cash held by fund entities which have been consolidated (2020: $62 million), as outlined in Note 11.

Cash and cash equivalents at period end comprise $86 million (31 December 2020: $161 million) of cash at bank and $31 million (31 December 2020: $128 million) in short-term deposits. In addition, $93 million (31 December 2020: $62 million) of cash and cash equivalents held on the Group balance sheet relates to the cash and cash equivalents held by funds which have been consolidated into the Group at 30 June 2021 (Note 11).

The $500 million committed revolving credit facility (RCF), which does not include financial covenants in order to maintain maximum flexibility and incorporates an ESG target-linked interest rate component, was undrawn at 30 June 2021 (undrawn at 31 December 2020). The RCF was put in place in December 2019 as a five-year facility with the option for Man Group to request the participant banks to extend the maturity date by one year on each of the first and second anniversaries, which they have the option to accept or decline. In 2020 the Group exercised the first extension option and as a result the RCF is now scheduled to mature in December 2025.

11. Investments in fund products and other investments

$m	At 30 June 2021	At 31 December 2020
Investments in fund products	**369**	332
Investment in consolidated funds	**602**	452
Other investments	**3**	3
Total investments	**974**	787

The Group's seeding investments are included in various Group balance sheet line items. In summary, the total seeding investments portfolio is made up as follows:

$m	At 30 June 2021	At 31 December 2020
Investments in fund products	**369**	332
Less fund investments for deferred compensation arrangements	**(118)**	(119)
Net investment in consolidated funds	**332**	272
Seeding investment portfolio	**583**	485

Investments in fund products, excluding those which are held against outstanding deferred compensation arrangements, relate to seeding investments which are part of Man Group's ongoing business to build product breadth and to trial investment research developments before marketing the products broadly to investors.

Consolidation of investments in funds

Seed capital invested into funds may be deemed to be controlled by the Group (Note 1). The control considerations under IFRS 10 also apply to the fund products underlying the Group's sale and repurchase (repo) and total return swap arrangements, and therefore the Group may similarly be required to consolidate them. The fund is consolidated into the Group's results from the date control commences until it ceases. In H1 2021 23 (31 December 2020: 19) investments in funds met the control criteria and have therefore been consolidated on a line-by-line basis as follows:

$m	At 30 June 2021	At 31 December 2020
Balance Sheet		
Cash and cash equivalents	**93**	62
Transferrable securities[1]	**602**	452
Fees and other receivables	**28**	4
Trade and other payables	**(61)**	(27)
Net assets of consolidated fund entities	**662**	491
Third-party interest in consolidated funds	**(330)**	(219)
Net investment held by Man Group	**332**	272

$m	Six months to 30 June 2021	Six months to 30 June 2020
Income statement		
Net gains on investments[2]	**18**	5
Management fee expenses[3]	**(2)**	(1)
Other costs	**(1)**	(2)
Net gains of consolidated fund entities	**15**	2
Third-party share of gains relating to interests in consolidated funds	**(4)**	(1)
Gains attributable to net investment held by Man Group	**11**	1

Notes:
1 Included within Investments in fund products and other investments.
2 Included within Income or gains on investments and other financial instruments.
3 Relates to management fees paid by the funds to Man Group during the period, which are eliminated within gross management and other fees in the Group income statement.

12. Leases

Man Group's lease arrangements relate to business premises property leases. Right-of-use (ROU) lease assets relating to the portion of our leased business premises which the Group then sub-lets under operating leases are classified as investment property, with other ROU lease assets classified as leasehold property.

Lease surrender and office premises project

The lease surrender of our principal sub-tenant in H1 2020 resulted in a gain of $18 million. The surrender gain represented payment for sub-lease rental risk and other costs taken on by the Group as a result. In H1 2020, $14 million of the total $18 million gain relating to future lost sub-lease rental income and costs was deferred through adjusting items (see page 33). In each of H2 2020 and H1 2021, $7 million of the deferred surrender gain was utilised and accordingly this has now been fully released from adjusting items (see page 33).

We recognised $17 million of capitalised expenditure in the period (most of which was cash settled by 30 June 2021) in relation to the preparation of our now consolidated London office premises for the future agile working environment (within Leasehold improvements and equipment) and the preparation of the remaining vacant space for sub-let (within Investment property – right-of-use lease assets).

Impairment of ROU lease assets

All of the Group's ROU lease assets, including those classified as investment property, are measured at cost less depreciation and impairment. Under IAS 36 'Impairment of Assets', these ROU lease assets must be tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, investment property ROU lease assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs), being the individual sub-lease contract level. The value in use calculations use cash flow projections out to the end of the relevant property's head lease, based on current sub-lease agreements and estimates for future rentals, which reflect the commercial property market and the associated adverse impact of COVID-19. These assumptions are derived from past experience and assessment of current market inputs, with the market property yield discount rate then applied to the modelled cash flows.

As a result of the sub-let vacancy created by the sub-tenant lease surrender in June 2020 coinciding with the London commercial property market uncertainty due to COVID-19, we recognised an impairment expense of $25 million in H2 2020. Due to the Group's H1 2021 exit from occupying the remaining portion of the space available for sub-lease, the associated ROU lease asset and leasehold improvements have been reclassified as investment property during the period, resulting in the recognition of a further $3 million impairment of our investment property ROU lease asset at 30 June 2021. There are no other indicators of impairment which would change our previous recoverability assessment.

Lease liability

Movements in the Group's lease liability during the period are as follows:

$m	Total
At 1 January 2021	**272**
Additions	**1**
Unwind of lease liability discount (Note 6)	**6**
Cash payments	**(17)**
Foreign exchange movements	**3**
At 30 June 2021	**265**

13. Provisions

$m	Total
At 1 January 2021	**9**
Charged to the income statement	**1**
Utilised during the period	**(1)**
At 30 June 2021	**9**

Provisions include dilapidations on our leased business premises and other provisions.

14. Fair value of financial assets/liabilities

The fair value of financial assets and liabilities can be analysed as follows:

$m	Level 1	Level 2	Level 3	Total
	At 30 June 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets held at fair value:				
Investments in fund products and other investments (Note 11)	**3**	**155**	**214**	**372**
Investments in consolidated funds (Note 11)	**–**	**594**	**8**	**602**
Derivative financial instruments	**–**	**3**	**–**	**3**
	3	**752**	**222**	**977**
Financial liabilities held at fair value:				
Derivative financial instruments	**–**	**2**	**–**	**2**
Contingent consideration	**–**	**–**	**2**	**2**
	–	**2**	**2**	**4**

$m	Level 1	Level 2	Level 3	Total
	At 31 December 2020			
Financial assets held at fair value:				
Investments in fund products and other investments (Note 11)	3	170	162	335
Investments in consolidated funds (Note 11)	–	435	17	452
Derivative financial instruments	–	4	–	4
	3	609	179	791
Financial liabilities held at fair value:				
Derivative financial instruments	–	18	–	18
Contingent consideration	–	–	2	2
	–	18	2	20

Level 1, 2 and 3 financial assets and liabilities are defined in Note 25 of the 2020 Annual Report. During the period, there were no significant changes in the business or economic circumstances that affected the fair value of the Group's financial assets and no significant transfers of financial assets or liabilities held at fair value between categories. The basis of measuring the fair value of investments in fund products is outlined in Notes 13 and 25 of the 2020 Annual Report.

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

	Six months to 30 June 2021	
$m	**Financial assets at fair value through profit or loss**	**Financial liabilities at fair value through profit or loss**
Level 3 financial assets/liabilities held at fair value		
At 1 January 2021	**179**	**(2)**
Purchases	**50**	**-**
Credited to the Group income statement	**10**	**-**
Change in consolidated funds held	**(9)**	**-**
Sales or settlements	**(8)**	**-**
At 30 June 2021	**222**	**(2)**
Total gains for the period included in the Group statement of comprehensive income for assets/liabilities held at period end	**10**	**-**

The material holdings within this category relate to CLO risk retention assets which are priced using a bottom-up valuation method. The Group uses third-party valuations to price the securities within the underlying portfolios and then applies these valuations in proportion to the percentage of the CLO notes held by the Group. As the Group expects to hold the assets to maturity, this valuation method is approximately equal to fair value. Purchases during the period relate to CLO assets which are still in the warehousing phase, which are priced according to third-party valuations of the individual securities within the warehouse in proportion to the percentage the Group has contributed.

15. Investment in associate

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

On 30 June 2021 the Group acquired a 23% interest in Hub Platform Technology Partners Ltd (HUB), a company incorporated in England and Wales on 1 March 2021 under the Companies Act 2006 as a private company limited by shares. HUB will provide a cloud-based operating platform aimed at transforming the operations technology available to asset managers. The Group's $20 million investment in HUB comprises $19 million of cash and $1 million of non-cash consideration.

16. Related party transactions

The related party transactions during the period are consistent with the categories disclosed in the 2020 Annual Report. Related parties comprise key management personnel, associates (Note 15) and fund entities which Man Group is deemed to control (Note 11). All transactions with related parties were carried out on an arm's length basis.

17. 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 the 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. Man Group disputes the allegations and considers there is no merit to the claim (in respect of liability and quantum). We will therefore vigorously and robustly defend the proceedings.

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

ALTERNATIVE PERFORMANCE MEASURES

We assess the performance of the Group using a variety of alternative performance measures (APMs). We discuss the Group's results on a 'core' or 'adjusted' basis as well as a statutory basis. The rationale for using these measures is explained below.

We also explain financial performance using measures that are not defined under IFRS and are therefore termed 'non-GAAP' measures. These non-GAAP measures are explained below. The alternative performance measures we use may not be directly comparable with similarly titled measures by other companies.

Funds under management (FUM)
FUM is the assets that the Group manages for investors in fund entities. FUM is a key indicator of our performance as an investment manager and our ability to remain competitive and build a sustainable business. FUM is measured based on management fee earning capacity. Average FUM multiplied by our net management fee margin (see below) equates to our management fee earning capacity. FUM is shown by product groupings that have similar characteristics (as shown on page 9). FUM includes advisory-only assets where the firm provides a model portfolio and does not have decision making or trading authority over the assets. FUM includes dedicated managed account platform clients for which Man Group provides platform and risk management services but does not act as investment manager.

Management focus on the movements in FUM split between the following categories:

- Net inflows/outflows
Net inflows/outflows are a measure of our ability to attract and retain investor capital. Net flows are calculated as sales less redemptions. Further details are included on page 9.

- Investment performance
Investment performance is a measure of the performance of the funds we manage for our investors. It is calculated as the fund performance of each strategy multiplied by the FUM in that strategy. Further details are included on page 9.

- FX and other movements
Some of the Group's FUM is denominated in currencies other than USD. FX movements represent the impact of translating non-USD denominated FUM into USD. Other movements principally relate to maturities and leverage movements.

Asset weighted performance versus benchmark
The asset weighted performance relative to peers for the period stated is calculated using the daily asset weighted average performance relative to peers for all strategies where we have identified and can access an appropriate peer composite. The performance of our strategies is measured net of management fees charged and, as applicable, performance fees charged. As at 30 June 2021 it covers 88% of the FUM of the Group and excludes infrastructure mandates, Global Private Markets and collateralised loan obligations.

Net management fee revenue and margins
Margins are an indication of the revenue margins negotiated with our institutional and retail investors net of any distribution costs paid to intermediaries and are a primary indicator of future revenues. Net management fee revenue is defined as gross management fee revenue less distribution costs, excluding any amounts related to consolidated fund entities (Note 11). Net management fee margin is calculated as net management fee revenue divided by FUM.

Net management fee revenues and margins $m	**Six months to 30 June 2021**		Six months to 30 June 2020	
	$m	**Net margin**	$m	Net margin
Absolute return	**211**	**1.19%**	176	1.18%
Total return	**92**	**0.63%**	79	0.59%
Multi-manager solutions	**17**	**0.25%**	18	0.27%
Systematic long-only	**40**	**0.28%**	35	0.30%
Discretionary long-only	**57**	**0.59%**	50	0.63%
Core net management fee revenue[1]	**417**	**0.66%**	358	0.66%

Note:

1 The amount includes $19 million (H1 2020: $17 million) of distribution costs which have been deducted from gross management and other fees of $436 million (H1 2020: $375 million), excluding the impact of consolidated fund entities (Note 11).

Core net management fee revenue and core net revenue

The core net management fee revenue measure excludes certain legacy profit streams, which no longer exist, in order to better facilitate historical comparability period on period. Core net revenue is defined as core net management fee revenue plus performance fee revenue.

Run rate net management fee revenue and margins

In addition to the net management fee revenue and margins for the period, as detailed above, we also use run rate net management fee revenue and run rate margins as at the end of the period. These measures give the most up to date indication of our revenue streams at the period end date. The run rate net management fee margin is calculated as net management fee revenue for the last quarter divided by the average FUM for the last quarter on a fund by fund basis. Run rate net management fee revenue is calculated as the run rate net management fee margin applied to the closing FUM as at the period end.

Core profit before tax and core earnings per share

Core profit before tax is a measure of the Group's underlying profitability. The directors consider that in order to assess underlying operating performance, the Group's profit period on period is most meaningful when considered on a basis which excludes 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 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 the Group's cash flows and inform the base on which the Group's variable compensation is assessed. Movements in deferred tax relating to the recognition or consumption of deferred tax assets in the US are similarly excluded from core profit after tax in order to best reflect cash taxes paid. The directors are consistent in their approach to the classification of adjusting items period to period, maintaining an appropriate symmetry between losses and gains and the reversal of any accruals previously classified as adjusting items.

Core earnings per share (EPS) is calculated as core profit after tax divided by the weighted average diluted number of shares.

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

$m	Note	**Six months to 30 June 2021**	Six months to 30 June 2020
Statutory profit before tax		**280**	55
Adjusting items:			
Acquisition and disposal related:			
Amortisation of acquired intangible assets	9	**30**	32
Revaluation of contingent consideration	14	**-**	(21)
Unwind of contingent consideration discount	6	**-**	2
Impairment of GPM goodwill	9	**-**	55
Unrealised foreign exchange movements on lease liabilities and associated deferred tax		**3**	(17)
Lease surrender income utilisation/(deferral)	12	**7**	(14)
Impairment of investment property right-of-use lease asset	12	**3**	-
Other costs – legal claims	5	**-**	2
Core profit before tax		**323**	94
Tax on core profit		**(52)**	(14)
Core profit after tax		**271**	80

Further details on adjusting items in the period are included within the related notes to the interim financial statements.

Core management fee and performance fee profit before tax

Core profit before tax is split between core management fee profit before tax and performance fee profit before tax to separate out the more variable performance fee related earnings of the business from the management fee earnings of the business.

$m	**Six months to 30 June 2021**	Six months to 30 June 2020
Core net management fee revenue[1]	**417**	358
Sub-lease rental and lease surrender income	**10**	7
Less:		
Asset servicing costs	**(29)**	(27)
Compensation (management fee)	**(189)**	(175)
Other costs[1]	**(77)**	(72)
Net finance expense	**(6)**	(5)
Core management fee profit before tax	**126**	86
Performance fees	**284**	29
Gains on investments and other financial instruments[1]	**17**	3
Less:		
Compensation (performance fee)	**(104)**	(24)
Performance fee profit before tax	**197**	8
Core profit before tax	**323**	94

Note:
1 Core net management fee revenue and other costs exclude amounts for consolidated fund entities, with these reclassified to gains on investments together with the third-party share (Note 11).

Core tax rate

The impact of adjusting items on the Group's tax expense is outlined below:

$m	**Six months to 30 June 2021**	Six months to 30 June 2020
Statutory tax expense	**52**	16
Less tax credit on adjusting items:		
Amortisation of acquired intangible assets	**3**	3
Unrealised foreign exchange movements on lease liabilities and associated deferred tax	**1**	(3)
Tax adjusting item on US deferred tax assets	**(4)**	(2)
Tax expense on core profit before tax	**52**	14
Made up of:		
Tax expense on core management fee profit before tax	**19**	13
Tax expense on performance fee profit before tax	**33**	1

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. As outlined above core profit before tax is a measure of the Group's underlying profitability. The tax expense on core profit before tax is calculated by excluding the tax benefit/expense related to non-core management fee revenue and adjusting items from the statutory tax expense, except for any tax relief recognised as a result of available US deferred tax assets (Note 7). Therefore the tax on core profit best reflects the cash taxes payable by the Group. The core tax rate is 16% for H1 2021 compared with 15% in H1 2020.

Reconciliation of adjusting items

Certain adjusting items are included within the notes to the interim financial statements, which can be reconciled to their adjusted equivalents as outlined below:

$m	Note	**Six months to 30 June 2021**	Six months to 30 June 2020
Total other costs	5	**78**	76
Adjusting items (page 33)		**-**	(2)
Total other costs excluding adjusting items		**78**	**74**

$m			
Total finance expense	6	**7**	9
Total finance income	6	**(1)**	(2)
Net finance expense, including adjusting items		**6**	7
Adjusting items (page 33)		**-**	(2)
Net finance expense excluding adjusting items		**6**	**5**

Core management fee EPS
Core management fee EPS is calculated using post-tax profits excluding any non-core management fee revenue, performance fees and adjusting items, divided by the weighted average diluted number of shares.

The reconciliation from EPS (Note 8) to core EPS is provided below:

	Six months to 30 June 2021			Six months to 30 June 2020		
	Basic and diluted post-tax earnings $m	**Basic earnings per share cents**	**Diluted earnings per share cents**	Basic and diluted post- tax earnings $m	Basic earnings per share cents	Diluted earnings per share cents
Statutory profit after tax	**228**	**16.1**	**15.8**	39	2.7	2.6
Adjusting items	**43**	**2.9**	**2.9**	39	2.7	2.7
Tax adjusting items	**-**	**-**	**-**	2	0.1	0.1
Core profit after tax	**271**	**19.0**	**18.7**	80	5.5	5.4
Less performance fee profit after tax	**(164)**	**(11.5)**	**(11.3)**	(7)	(0.5)	(0.5)
Core management fee profit after tax	**107**	**7.5**	**7.4**	73	5.0	4.9

Compensation ratio
The compensation ratio measures our compensation costs relative to our revenue. The Group's compensation ratio is generally between 40% and 50% of net revenue, depending on the mix and level of revenue. It is calculated as total compensation divided by net revenue.

Net financial assets/liabilities
Net financial assets/liabilities is considered a proxy for Group capital, and is equal to the Group's cash and seed book less borrowings, contingent consideration payable and payables under repo arrangements, made up as follows:

$m	Note	**At 30 June 2021**	At 31 December 2020
Seeding investment portfolio	11	**583**	485
Cash and cash equivalents[1]	10	**117**	289
Contingent consideration payable	14	**(2)**	(2)
Payables under repo arrangements[2]		**(66)**	(56)
Net financial assets		**632**	716

Notes:
1 Cash and cash equivalents excludes $93 million (2020: $62 million) of cash relating to consolidated fund entities (Note 11).
2 Payables under repo arrangements are included within Trade and other payables.