Press Release

29 February 2024

Results for the year ended 31 December 2023

Continued net inflows reflecting demand for our range of investment strategies

- Record assets under management (AUM) of $167.5 billion (31 December 2022: $143.3 billion)
- Net inflows of $3.0 billion for the year ended 31 December 2023, 4.9% ahead of the industry[KPI]
- Asset weighted relative investment outperformance versus peers across our strategies of 1.6%[KPI]

Resilient core management fee EPS of 18.4¢ highlighting the merits of our diversified business model

- Run rate net management fees of $1,087 million (31 December 2022: $917 million)
- $180 million of core performance fees, from across our investment divisions (2022: $779 million)
- Statutory EPS (diluted) of 19.4¢ (2022: 45.8¢) and core EPS (diluted) of 22.4¢[KPI] (2022: 48.7¢)

Unchanged capital policy balancing growth in the business alongside consistent shareholder returns

- 4% increase in the total dividend per share to 16.3¢, in line with our progressive dividend policy
- Intention to repurchase up to $50 million of shares
- Net financial assets of $555 million (31 December 2022: $983 million)

$ millions, unless otherwise stated	Year ended **31 Dec 2023**	Year ended **31 Dec 2022**	**Change**
AUM, end of period	**$167.5bn**	**$143.3bn**	**17%**
Core net management fee revenue	963	927	4%
Core performance fees	180	779	(77%)
Core net revenue	**1,196**	**1,696**	**(29%)**
Core profit before tax	**340**	**779**	**(56%)**
Statutory profit after tax	**234**	**608**	**(62%)**
¢			
Core management fee EPS (diluted)	18.4	18.4	0%
Core EPS (diluted)	22.4	48.7	(54%)
Statutory EPS (diluted)	19.4	45.8	(58%)
Dividend per share	16.3	15.7	4%

Robyn Grew, Chief Executive Officer of Man Group, said:

“2023 was a year that defied market expectations as the world grappled with macroeconomic uncertainty and unforeseen geopolitical events. Against that backdrop, I’m pleased to report a solid set of results for Man Group. Our strategies delivered positive relative investment performance of 1.6% and we recorded a net inflow of client capital of $3.0 billion, 4.9% ahead of the industry. Our assets under management ended the year at $167.5 billion, a 17% increase compared with the beginning of the year. These results reflect the quality of the business we have built, including the breadth and depth of our client relationships, and the merits of our diversified product offering.

“We have built trusted partnerships with sophisticated allocators globally, enabling us to gain a deep understanding of their needs and challenges. This contributed to the considerable progress we made during the year, and informed our strategy going forward. Beyond driving investment performance, our priorities are to continue expanding our investment capabilities, to extend our reach with clients across new and existing geographies and market segments, and to leverage our strengths and scale to deliver more customised solutions.

“Man Group has existed for well over 200 years and has done so by continuously innovating and responding to the needs of our clients. Our ambition is to be an indispensable partner to sophisticated investors globally, delivering the investment performance and solutions they need. I have great confidence that our world class talent and technology will allow us to achieve this, to the benefit of our clients and our shareholders.”

‘Core’ measures are alternative performance measures. For a detailed description of our alternative performance measures, including non-core items, please refer to pages 58 to 63. For details of key performance indicators ([KPI]), refer to page 11.

Dividend and share buyback

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

In line with this policy, the Board confirms it will recommend a final dividend of 10.7¢ per share for the financial year ended 31 December 2023, resulting in a total dividend of 16.3¢ per share for the year. This is in addition to the $125 million share buyback programme announced in 2023, and the intention to repurchase a further $50 million of shares. We will fix and announce the US dollar to sterling dividend currency conversion rate on 09 May 2024, in advance of payment.

Dates for the 2023 final dividend

Ex-dividend date	11 April 2024
Record date	12 April 2024
Final election date for Dividend Reinvestment Plan (DRIP)[1]	30 April 2024
Sterling conversion date	09 May 2024
Payment date	22 May 2024

Conference call and presentation

There will be a presentation by the management team at 10.00am (UK time) on 29 February 2024 at Riverbank House, 2 Swan Lane, London, EC4R 3AD, along with a live webcast, which will also be available on demand later in the day. A copy of the presentation will be available on the investor relations section of www.man.com from 09.55am.

The conference call can be accessed at:
https://mangroup.webex.com/mangroup/j.php?MTID=m4ceb1120f99b6c5b86545a6d7297b138

Webinar number: 2377 406 7735

Webinar password: RmQB4PmT9m4 (76724768 from phones and video systems)

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1. A DRIP is provided by Equiniti Financial Services Limited. The DRIP enables the Company's shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at www.shareview.co.uk/info/drip.

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 $167.5 billion[1] and operate across multiple offices globally.

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

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

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

Man Group plc is listed on the London Stock Exchange under the ticker EMG 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.

The person responsible at the Company for the release of this announcement for the purposes of UK MAR is Antoine Forterre, Chief Financial Officer.

1. As at 31 December 2023. All investment management and advisory services are offered through the investment engines of Man AHL, Man Numeric, Man GLG, Man Solutions, Man Global Private Markets and Man Varagon.

Assets under management

AUM movements for the year ended 31 December 2023

$bn	AUM at 31 Dec 2022	Net flows	Investment performance	FX & other[1]	AUM at 31 Dec 2023
Absolute return	**46.0**	2.3	0.2	(0.8)	**47.7**
Total return	**28.8**	1.1	1.1	11.5	**42.5**
Multi-manager solutions	**20.2**	(1.0)	0.5	(0.3)	**19.4**
Alternative	**95.0**	**2.4**	**1.8**	**10.4**	**109.6**
Systematic long-only	**31.6**	(0.9)	5.4	0.4	**36.5**
Discretionary long-only	**16.7**	1.5	2.5	0.7	**21.4**
Long-only	**48.3**	**0.6**	**7.9**	**1.1**	**57.9**
Total	**143.3**	**3.0**	**9.7**	**11.5**	**167.5**

AUM movements for the three months ended 31 December 2023

$bn	AUM at 30 Sep 2023	Net flows	Investment performance	FX & other	AUM at 31 Dec 2023
Absolute return	**48.0**	0.2	(0.3)	(0.2)	**47.7**
Total return	**39.6**	0.8	0.7	1.4	**42.5**
Multi-manager solutions	**20.3**	(0.6)	0.2	(0.5)	**19.4**
Alternative	**107.9**	**0.4**	**0.6**	**0.7**	**109.6**
Systematic long-only	**34.0**	(1.1)	3.0	0.6	**36.5**
Discretionary long-only	**19.3**	0.4	0.9	0.8	**21.4**
Long-only	**53.3**	**(0.7)**	**3.9**	**1.4**	**57.9**
Total	**161.2**	**(0.3)**	**4.5**	**2.1**	**167.5**

1. Other movements relate to fee-paying assets under management added following the acquisition of Varagon Capital Partners, maturities and leverage movements.

AUM by product category

$bn	31 Dec 2022	31 Mar 2023	30 Jun 2023	30 Sep 2023	31 Dec 2023
Absolute return	**46.0**	**44.7**	**47.3**	**48.0**	**47.7**
Institutional solutions[1]	14.4	13.4	14.7	15.5	16.2
Traditional trend-following	9.2	9.5	10.4	10.1	9.5
Multi-strategy quant	5.9	5.4	6.0	5.8	6.0
Alternative trend-following	5.4	5.1	5.3	5.4	5.4
Discretionary equity	4.9	4.9	4.7	4.5	4.4
Other[2]	6.2	6.4	6.2	6.7	6.2
Total return	**28.8**	**29.4**	**29.4**	**39.6**	**42.5**
Multi-asset risk parity	13.4	13.7	13.2	12.4	14.2
US direct lending	-	-	-	10.7	10.8
Alternative risk premia	7.8	8.3	8.9	9.2	9.9
CLOs and other	3.9	3.6	3.5	3.7	4.0
Real estate	3.0	3.2	3.2	3.1	3.1
Emerging markets fixed income	0.7	0.6	0.6	0.5	0.5
Multi-manager solutions	**20.2**	**20.0**	**20.3**	**20.3**	**19.4**
Infrastructure and direct access	12.7	12.5	12.7	12.8	12.8
Segregated	6.9	6.9	7.0	6.9	6.1
Diversified and thematic FoHF	0.6	0.6	0.6	0.6	0.5
Systematic long-only	**31.6**	**33.0**	**35.7**	**34.0**	**36.5**
Global equity	16.9	17.5	19.2	18.4	20.2
Emerging markets equity	6.4	6.7	7.7	7.3	8.0
International equity	7.1	7.5	7.5	7.1	7.0
US equity	1.2	1.3	1.3	1.2	1.3
Discretionary long-only	**16.7**	**17.6**	**19.0**	**19.3**	**21.4**
Credit and convertibles	5.2	5.7	6.6	6.6	8.1
Japan equity	4.1	4.3	4.8	5.3	5.3
UK equity	3.8	3.9	3.9	3.8	4.1
Europe ex-UK equity	1.3	1.3	1.3	1.2	1.3
Emerging markets fixed income	0.9	1.0	1.0	0.9	1.0
Other[3]	1.4	1.4	1.4	1.5	1.6
Total	**143.3**	**144.7**	**151.7**	**161.2**	**167.5**

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

Investment performance by strategy

		Return (net of fees)		Annualised return (net of fees)		
		3 months to 31 Dec 2023	12 months to 31 Dec 2023	3 years to 31 Dec 2023	5 years to 31 Dec 2023	Inception to 31 Dec 2023
Absolute return						
AHL Alpha	1	-2.0%	1.0%	5.5%	6.4%	10.1%
AHL Dimension	2	1.4%	4.1%	7.0%	3.8%	4.8%
AHL Evolution	3	1.0%	3.7%	8.3%	8.8%	11.9%
AHL Diversified	4	-5.1%	-3.8%	3.9%	6.5%	10.2%
GLG Alpha Select Alternative	5	3.0%	10.2%	7.9%	7.2%	5.0%
GLG Event Driven Alternative	6	1.2%	5.9%	4.7%	-	6.5%
GLG Global Credit Multi Strategy	7	1.6%	3.0%	3.2%	4.7%	10.8%
Man Strategies 1783	8	1.5%	3.4%	8.1%	-	5.0%
Total return						
AHL TargetRisk	9	7.7%	14.1%	2.8%	8.1%	7.6%
Alternative Risk Premia	10	2.3%	5.3%	9.9%	4.3%	4.5%
GLG Global Emerging Markets Debt Total Return	11	-3.8%	-7.7%	-1.9%	-1.0%	0.4%
Multi-manager solutions						
FRM Diversified II	12	2.5%	4.8%	5.9%	4.9%	4.1%
Systematic long-only						
Numeric Global Core	13	7.5%	11.1%	-2.6%	5.4%	4.7%
Relative return		*-0.4%*	*1.3%*	*2.5%*	*1.7%*	*2.1%*
Numeric Europe Core	14	7.9%	18.5%	10.7%	10.4%	8.7%
Relative return		*1.4%*	*2.6%*	*1.3%*	*0.6%*	*2.2%*
Numeric Emerging Markets Core	15	7.5%	11.1%	-2.6%	5.4%	4.7%
Relative return		*-0.4%*	*1.3%*	*2.5%*	*1.7%*	*2.1%*
Discretionary long-only						
GLG Continental European Growth	16	13.2%	20.0%	2.7%	12.0%	9.3%
Relative return		*5.6%*	*4.3%*	*-5.4%*	*1.5%*	*3.1%*
GLG Japan CoreAlpha Equity	17	-2.2%	30.4%	25.7%	12.8%	5.9%
Relative return		*-4.2%*	*2.2%*	*13.6%*	*0.5%*	*1.9%*
GLG Undervalued Assets	18	6.1%	16.2%	11.4%	6.8%	7.2%
Relative return		*2.9%*	*8.3%*	*2.8%*	*0.1%*	*1.7%*
GLG High Yield Opportunities	19	4.7%	10.9%	3.2%	-	6.7%
Relative return		*-1.4%*	*0.5%*	*4.1%*	-	*4.7%*
GLG Sterling Corporate Bond	20	10.8%	24.3%	-	-	4.5%
Relative return		*2.4%*	*14.6%*	-	-	*10.6%*
Indices						
HFRX Global Hedge Fund Index	21	1.7%	3.1%	0.7%	3.5%	
HFRI Fund of Funds Conservative Index	21	1.8%	5.3%	4.3%	5.1%	
HFRI Equity Hedge (Total) Index	21	6.4%	11.4%	3.8%	8.4%	
HFRX EH: Equity Market Neutral Index	21	2.3%	4.2%	1.7%	-0.2%	
Barclay BTOP 50 Index	22	-4.0%	-1.6%	7.5%	6.8%	

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.

1. Represented by AHL Alpha plc from 17 October 1995 to 30 September 2012, and by AHL Strategies PCC Limited: Class Y AHL Alpha USD Shares from 1 October 2012 to 30 September 2013. The representative product was changed at the end of September 2012 due to the provisioning of fund liquidation costs in October 2012 for AHL Alpha plc, which resulted in tracking error compared with other Alpha Programme funds. Both funds are valued weekly; however, for comparative purposes, statistics have been calculated using the best quality price that is available at each calendar month end, using estimates where a final price is unavailable. Where a price, either estimate or final is unavailable on a calendar month end, the price on the closest date prior to the calendar month end has been used. Both of the track records have been adjusted to reflect the fee structure of AHL Alpha (Cayman) Limited - USD Shares. From 30 September 2013, the actual performance of AHL Alpha (Cayman) Limited - USD Shares is displayed.
2. Represented by AHL Strategies PCC Limited: Class B AHL Dimension USD Shares from 3 July 2006 to 31 May 2014, and by AHL Dimension (Cayman) Ltd - F USD Shares Class from 1 June 2014 until 28 February 2015 when AHL Dimension (Cayman) Ltd - A USD Shares Class is used. Representative fees of 1.5% Management Fee and 20% Performance Fee have been applied.
3. Represented by AHL Evolution Limited adjusted for the fee structure (2% p.a. management fee and 20% performance fee) from September 2005 to 31 October 2006; and by AHL Strategies PCC: Class G AHL Evolution USD from 1 November 2006 to 30 November 2011; and by the performance track record of AHL Investment Strategies SPC: Class E AHL Evolution USD Notes from 1 December 2011 to 30 November 2012. From 1 December 2012, the track record of AHL (Cayman) SPC: Class A1 Evolution USD Shares has been shown. All returns shown are net of fees.
4. Represented by Man AHL Diversified plc from 26 March 1996 to 29 October 2012, and by Man AHL Diversified (Guernsey) USD Shares – Class A from 30 October 2012 to date. The representative product was changed at the end of October 2012 due to legal and/or regulatory restrictions on Man AHL Diversified plc preventing the product from accessing the Programme's revised target allocations. Both funds are valued weekly; however, for comparative purposes, statistics have been calculated using the best quality price that is available at each calendar month end, using estimates where a final price is unavailable. Where a price, either estimate or final is unavailable on a calendar month end, the price on the closest date prior to the calendar month end has been used.
5. Represented by Man GLG Alpha Select Alternative IL GBP; AUM included within GLG equity under the absolute return product category.
6. Represented by Man GLG Event Driven Alternative IN USD; AUM included within GLG equity under the absolute return product category.
7. Represented by GLG Market Neutral Fund - Class Z Restricted – USD until 31 August 2007. From 1 September 2007, Man GLG Global Credit Multi Strategy CL IL XX USD unrestricted; AUM included within Other under the absolute return product category.
8. Represented by Man Strategies 1783 Class F1 USD until 31st December 2021. From the 1st January 2022 Man Strategies 1783 Class A USD. AUM included within the corresponding product category.
9. Represented by Man AHL TargetRisk class I USD.
10. Represented by Man Alternative Risk Premia Class A USD.
11. Represented by Man GLG Global Emerging Markets Debt Total Return Class I USD; AUM included within Emerging markets fixed income under the total return product category.
12. Represented by FRM Diversified II Fund SPC - Class A USD ('the fund') until April 2018 then Class A JPY hedged to USD thereafter. However, prior to Jan 2004, FRM has created the FRM Diversified II pro forma using the following methodology: i) for the period Jan 1998 to Dec 2003, by using the returns of Absolute Alpha Fund PCC Limited – Diversified Series Share Cell ('AA Diversified - USD') adjusted for fees and/or currency, where applicable. For the period Jan 2004 to Feb 2004, the returns of the fund's master portfolio have been used, adjusted for fees and/or currency, where applicable. Post Feb 2004, the fund's actual performance has been used, which may differ from the calculated performance of the track record. There have been occasions where the 12-months' performance to date of FRM Diversified II has differed materially from that of AA Diversified. Strategy and holdings data relates to the composition of the master portfolio; AUM included within Diversified and thematic FoHF under the multi-manager product category.
13. 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.
14. Performance relative to the MSCI Europe (EUR). This reference index is intended to best represent the strategy's universe. Investors may choose to compare returns for their accounts to different reference indices, resulting in differences in relative return information. Comparison to an index is for informational purposes only, as the holdings of an account managed by Numeric will differ from the securities which comprise the index and may have greater volatility than the holdings of an index; AUM included within International equity under the systematic long-only product category.
15. 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.
16. Represented by Man GLG Continental European Growth Fund Class C Accumulation Shares. Relative return shown vs FTSE World Europe Ex UK (GBP, GDTR); AUM included within Europe ex-UK equity under the discretionary long-only product category.
17. Represented by Man GLG Japan CoreAlpha Fund - Class C converted to JPY until 28 January 2010. From 1 February 2010 Man GLG Japan CoreAlpha Equity Fund - Class I JPY is displayed. Relative return shown vs TOPIX (JPY, GDTR); AUM included within Japan equity under the discretionary long-only product category.
18. Represented by Man GLG Undervalued Assets Fund - C Accumulation Shares. Relative return shown vs FTSE All Share (GBP, NDTR); AUM included within UK equity under the discretionary long-only product category.
19. Represented by Man GLG High Yield Opportunities I EUR. Relative return is shown vs ICE BofA Global High Yield Index (EUR, TR) Hedged benchmark; AUM included within Credit and convertibles under the discretionary long-only product category.
20. Represented by Man GLG Sterling Corporate Bond Fund Class C Accumulation Shares. Relative return is shown vs ICE BofA Sterling Corporate & Collateralized Index (GBR, TR); AUM included within Credit and convertibles under the discretionary long-only product category.
21. HFRI and HFRX index performance over the past 4 months is subject to change.
22. The historical Barclay BTOP 50 Index data is subject to change.

Chief Executive Officer's review

Overview of the year

2023 was quite a year; one that I will remember for many reasons. Not only did I have the honour of taking over from Luke Ellis as CEO of Man Group in September, but the year defied expectations on multiple occasions as the world grappled with several macroeconomic and geopolitical pressures. Measures of inflation may have retreated in the year, but the level and future path of interest rates were firmly on investors' minds. A shockwave rippled through financial markets in March with the collapse of Silicon Valley Bank (SVB), triggered by the sudden rate rises from central banks to combat inflation. This effect was short-lived, however, and despite tensions in the Middle East, concerns over China's economic recovery, a US credit downgrade and debt-ceiling debate, risk assets powered ahead with growing confidence that US policymakers would achieve an economic soft landing in 2024; this was evidenced by the S&P 500 index gaining 24% during the year, with the 'Magnificent Seven' technology darlings leading the charge.

Against that backdrop, and in my first financial update as CEO after taking over from Luke, I am pleased to be able to report a solid set of results for 2023. They highlight the continued demand for our strategies and solutions, the breadth and depth of our client relationships, the benefits of a diversified product offering, and the scale and quality of the business we have built.

As a diversified, active investor we ended the year with positive investment performance of $9.7 billion. Overall investment performance for our absolute return strategies was 0.9%, with particularly strong returns from our discretionary strategy GLG Alpha Select (+10.2%). Our total return and long-only strategies performed well over the period, helped by positive momentum in equity markets, delivering overall investment performance of 7.6% and 16.8%, respectively. AHL TargetRisk gained 14.1%, once again proving its ability to navigate hard-to-forecast macro changes and adapt quickly to evolving market conditions.

There were nevertheless some strategies that were less suited to generating returns in this environment. Notably, 2023 proved to be a testing year for trend-following absolute return strategies and this was for two reasons. First, March's SVB crisis was an idiosyncratic event that reversed prevailing trends. Second, the market narrative centred around when central banks would end their hiking cycle and whether cuts would be imminent, which changed abruptly in November. In that context, performance in our flagship trend-following strategies has been reasonable, with AHL Alpha (+1.0%) and AHL Evolution (+3.7%), ending the period in positive territory.

On an asset-weighted basis, relative investment performance across the firm was positive during the year. Our sophisticated approach to risk management and technology-empowered platform meant we were able to navigate periods of market volatility effectively, driving outperformance of 0.8% from our alternative strategies. Our long-only strategies also outperformed by 2.8%, which is a real testament to the skill of our investment teams.

I am delighted that we continued to attract capital and grow our market share during the year. In what was a difficult period for most of the sector, the client-led growth in our business remained strong. We recorded $3.0 billion of net inflows, across both alternative and long-only strategies, which highlights the continuing broad-based demand for the range of differentiated investment strategies and solutions that we offer at Man Group. On a relative basis, total net inflows were 4.9% ahead of the industry, reflecting the merits of our client-centric distribution model and the quality of our longstanding relationships with allocators around the world.

Strong investment performance, net inflows and positive impacts from foreign exchange (FX) and other movements, resulted in our AUM increasing to $167.5 billion as of 31 December 2023. This marks a new high for Man Group and a 17% increase compared with 31 December 2022.

Despite these many positive elements, core profit before tax decreased by 56% compared with 2022 to $340 million, largely driven by a decline from the exceptionally strong performance fee outcome recorded in the previous year. Statutory profit before tax was $279 million, compared with $745 million in 2022.

Strategy update

Following my appointment, I have spent a significant amount of time with the Board and my new Executive Committee, who are all highly talented experts in their fields and represent core functions from across the firm. We have worked together to define our strategy and outline areas of focus to deliver the next chapter of growth for Man Group. In doing so, I have been conscious not to overlook our strengths today. We have built a high-quality, resilient business that has delivered exceptional growth. Our investment capabilities, powered by our advanced technology platform, are already helping to solve our clients' most complex problems; continuing to invest in these strengths will remain a key priority in the future.

I am proud of the progress we have made diversifying our business, however, we cannot rest on our laurels. To maintain our relevance with clients, and to continue to deliver for our shareholders, there are several areas that we will be focusing on.

One of these is adding to our investment capabilities, which is critical to our success. We see the largest opportunities in quantitative equities, across mid-frequency and long-only, and in credit, across liquid and private markets. We are also prioritising building out our solutions offering, acknowledging that customisation and transparency are of ever-increasing importance to sophisticated allocators across the globe.

Our global distribution network is one of our key differentiators and we will continue to prioritise investment in this area. Extending our presence in markets where we are underweight relative to the size of the opportunity will be an important driver of future growth. We have identified the North American region, the intermediated wealth channel and the insurance client base as key priorities.

2023 brought a great deal of enthusiasm about the potential for technology, and in particular AI via the arrival of ChatGPT, to catalyse productivity in each and every sector. We have been using AI for many years already and believe this new technology has huge potential for use across our business to help our people perform their roles even more effectively (more on this below). Our early and significant investment in technology has given us a lasting competitive advantage that is not easy to replicate. We will focus on maintaining this lead and continue to invest in the development of our platform, leveraging the benefits of our scale to drive nimble and efficient execution of our strategic objectives. We will also ensure that we align our resources with our strategic goals and the new structure of our discretionary offering reflects a first step towards that commitment.

It is vital that we continue to evolve to meet the needs of investors around the world and the millions of pensioners and savers they represent. I have every confidence in the talent of the people here at Man Group and our ability to build a business that is run for long-term success and a market leader in active management.

Progress against strategic priorities

Strong client relationships

I have spent a great deal of time with clients in recent months and it is evident that their challenges are becoming more complex, requiring specific customisation and partnership. Our breadth of investment strategies, quality of institutional resources and commitment to partnering with clients to build solutions at scale are key differentiators and have helped us to add a significant number of new relationships with strategically important allocators during the year. As at 31 December 2023, over 65% of our AUM is from mandates that are customised to some degree.

As previously mentioned, we saw strong engagement with existing and new clients across the globe in 2023, reflected by net inflows for the year of 2.1%; this is notably strong relative to the industry, which saw average outflows of roughly 3% across comparable strategies in the year and is one of the best signs of the strength of our business today. Our clients have confidence in our ability to manage and grow their assets, and to help them to navigate a range of market conditions.

The trend of clients investing across the firm continues, with a number of existing clients investing in new products in 2023. At the end of December, 73% of our AUM is from clients investing in two products or more and 46% from clients investing in four products or more. Our 50 largest clients are invested in an average of four of our strategies. This illustrates the strength of our offering and the value we bring in deeply understanding the evolving needs of our clients.

Earlier this year, we also announced a strategic partnership with Fideuram – Intesa Sanpaolo Private Banking (F-ISPB), one of our key clients in Italy. The new venture is focused on building a diverse range of alternative and long-only investment strategies and solutions, combining our own capabilities with F-ISPB's private banking expertise, financial adviser network and client base in Europe. We have grown successfully in the intermediated retail channel through partnerships in the US and Japan, and we hope this venture will likewise help to grow our presence in the Italian market.

Innovative investment strategies

We consider innovation as key to generating alpha, cementing our competitive advantage and creating multiple dimensions for future growth. It strengthens our business by further diversifying our revenue streams, providing development opportunities for our people and, most importantly, maintaining our relevance with clients. We invest a huge amount of time and energy in research and delivery, recognising that we need to keep innovating to meet their unique and evolving requirements.

M&A has been a core part of our strategy for several years and we have adopted a consciously disciplined approach to evaluating acquisition opportunities. We seek to assess the repeatability and track record of the investment process, the saleability and scalability of the product offering, the cultural fit and ethos of the team, and the value creation opportunity a transaction could represent for our shareholders. Varagon was the first opportunity we have reviewed in a long time that met our criteria, and we were delighted to announce that acquisition in 2023. As the private credit market continues to grow in relevance for the world's largest institutions, this transaction adds a US-focused direct lending strategy designed to provide consistent risk-adjusted outperformance at scale, in a highly customisable format, to our growing credit offering. The M&A environment around us is changing and we will continue to maintain the same level of rigour and discipline when it comes to assessing opportunities, as we have done in the past.

Our seed capital programme continues to play a key role in supporting product launches, and our pipeline of new ideas remains very strong. During the year we seeded 14 new strategies across our business, leaving our seeding book at $595 million as at 31 December 2023, following investments into new products developed across the business. Over the last few years, we have committed resources to mid-frequency equities, a large segment of the quant hedge fund market with significant alpha and diversification potential. I am excited to see that our investments in data, execution and infrastructure, together with 35+ years of expertise and credibility in the quant space, are continuing to bear fruit. We intend to accelerate investments in that space going forward.

Our quantitative heritage and data-driven culture continues to be core to everything we do and last year we were pleased to announce a partnership with the Columbia Center on Sustainable Investment (CCSI) to conduct research addressing how climate impact is defined and measured in fixed income and equity portfolios. Our joint research with the academic experts at CCSI will aim to produce a more refined decarbonisation framework, which will bring greater standardisation when calculating the climate impact of public market securities.

This is a great example of the academic rigour we apply at Man Group, and how we work collaboratively to understand complex topics in order to add value for our clients.

Efficient and effective operations

We are a global leader in quantitative investing, and yet the use of technology in our business goes well beyond that. Technologists and quants make up nearly half of our workforce – from data science and trading to risk management and operations. It really is core to how we run our firm and enables us to respond quickly as financial markets and our clients' needs do. Our single operating platform means we can generate alpha at scale and deliver portfolio solutions efficiently to the world's largest institutional investors. It affords us the ability to execute larger volumes, trade a huge number of markets and trade at all times of the day, and it also offers the ability to onboard new teams and businesses efficiently. We believe our technology is a commercial differentiator and in 2023, we invested roughly $120 million into our investment and core technology to maintain our lead.

As I mentioned earlier, advances in AI seized the spotlight in 2023. AI enables us not only to automate, but also to innovate, and gives us the power to grow revenue more productively. We first used machine learning techniques roughly ten years ago and today we employ AI as part of our investment process in data, research, portfolio construction, and trading. During the year, our dedicated AI team, engineers and domain experts launched an in-house GenAI portal, ManGPT, which has led to significant usage of GenAI as a productivity aid across the firm in a safe and scalable manner. We see technology more broadly, and AI specifically, as a core competence with major potential to increase productivity and deliver significant operating leverage for our shareholders.

In 2023, we were proud to sign a multi-year open-source technology development and product integration agreement for our database product, ArcticDB. This was a strong external endorsement of the quality of our technology and we are excited to leverage our technology expertise to help advance the asset management industry's operational architecture.

People and culture

Talent is, and will always be, key to the ongoing success of our business. To best serve our clients and shareholders, one of our top priorities is to attract and retain the best people, creating an environment in which they can achieve their full potential. Man Group is a collegiate and collaborative firm with a real sense of community, and I am proud of the culture that we have built, particularly over the last decade. We place great importance on being an employer of choice, and we are pleased to report that our 2023 staff survey recorded a strong engagement score of 81% when it was conducted in the autumn.

I believe diversity is a commercial differentiator in that diversity of thought makes us better. We encourage, embrace, and seek out difference in all areas. There is no particular 'type' of person that joins Man Group, and we put real effort behind attracting diverse candidates and creating an inclusive culture to deliver the best possible outcomes for our clients. Our people foster and uphold that standard and it is part of the DNA of our organisation. We continue to work hard to expand what we do to improve diversity, equity and inclusion, both at Man Group and across the industry. During 2023, we have made a concerted effort to take our programmes into new avenues and introduce tangible initiatives across more fronts.

To be at the forefront of the industry for years to come, we – and our peers – need to reconfigure the pieces that make up our teams, not just add individuals who fit an existing mould. Fostering a working environment and culture where all our employees feel that they belong takes time and effort every single day. While there is a huge amount of work still to be done to make our firm truly representative of the populations we serve, we stand for an absolute and unequivocal commitment to inclusiveness.

Conclusion and outlook

It would be remiss of me not to mention Luke's significant contribution to the results that we have recorded for 2023. He has handed over a business that is in great shape and which will allow us to continue on our exciting growth trajectory.

Man Group has existed for well over 200 years and has achieved this by innovating and evolving to best serve the needs of its clients. Today, we are a diversified, active asset manager with significant skill in liquid alternatives, systematic and long-only investing, and private credit, all underpinned by our technology.

Economic trends, geopolitical dynamics, inflation and their interplay on the global stage persist in their unpredictability, continuing to create challenges in both public and private markets. In this environment it is crucial for managers to be forward thinking and adaptable. Investors have never needed diversifying sources of risk-adjusted returns and long-term strategic partners as much as they do now. The ability to build such partnerships and deliver scalable alpha through customised solutions is one of the most exciting challenges ahead for our industry. That's where we see the opportunity for Man Group over the next five years.

We intend to support our clients for many generations to come as we have one single role, which is to help our clients provide greater financial security to millions of people around the world. My vision is for Man Group to be indispensable in our clients' quest to achieve this. This means that we are always striving to be the best we can be, and I have great confidence in our ability to deliver on this to the benefit of both our clients and our shareholders.

Robyn Grew

Chief Executive Officer

Key performance indicators

Financial KPIs

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

Relative investment performance

Why it matters
The asset-weighted performance of Man Group's strategies in comparison with peers gives an indication of the competitiveness of our investment performance compared with similar strategies offered by other investment managers.

How we performed
Asset-weighted relative investment outperformance of 1.6% in 2023 was driven by our long-only strategies. For further information on investment performance, see page 8.

Relative net flows

Why it matters
Relative net flows are a measure of our ability to attract and retain investor capital in comparison with our industry peers. Growth in the assets we manage for clients drives our financial performance via our ability to earn management and performance fees.

How we performed
Relative net flows in 2023 were 4.9%, reflecting the quality of our longstanding relationships with allocators around the world and the relevance of our investment strategies and solutions.

Core management fee EPS (diluted) growth[1]

Why it matters
Core management fee EPS (diluted) growth in the year measures the overall effectiveness of our business model and reflects the value generation for shareholders from our earnings, excluding performance fees.

How we performed
Core management fee EPS (diluted) of 18.4¢ was in line with 2022, as higher core net management fee revenue was offset by an increase in fixed cash costs to support future growth.

Core EPS (diluted)[1]

Why it matters
Core EPS (diluted) is a measure of the earnings that drive our cash flows. This metric includes core performance fee profits, which are generated through outperformance for our clients and a significant component of value creation for shareholders over time.

How we performed
Core EPS (diluted) has decreased by 54% to 22.4¢, reflecting a reduction in performance fee profits following the exceptionally strong outcome in 2022.

1. Details of the calculation of our alternative performance measures are provided on pages 58 to 63.

Non-financial KPIs

Our non-financial KPIs reflect our core values and demonstrate our commitment to our people, our communities and the environment.

Carbon footprint (tCO_2e)

Why it matters

In order to monitor our carbon footprint, we measure total market-based greenhouse gas emissions (tCO_2e) using the GHG Protocol guidance for the Scope 1, Scope 2, Scope 3 travel and Scope 3 upstream leased asset categories.

How we performed

Total carbon emissions increased by 51% in 2023, owing to an increase in business travel (including more long-haul travel) which reflected our acquisitions and growth and indicated a partial return to pre-COVID travel levels. We are focused on reducing emissions and continue to source offsets so we retain our carbon neutral stance.

Employee engagement

Why it matters

Each year, we conduct a staff survey to help us monitor and understand employee engagement and identify any areas for action. Alongside our engagement survey, we continue to provide various mechanisms for staff to provide feedback.

How we performed

Our 2023 staff survey recorded an engagement score of 81%, with a response rate of 85% (a 9% increase compared with 2022).

Women in senior management roles

Why it matters

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

How we performed

In 2023, the number of women in senior management roles increased to 31%, exceeding our 2024 target of 30%.

ESG-integrated AUM ($bn)

Why it matters

Our goal is to meet the responsible investment needs of our clients and this can be measured by the amount of our AUM that is invested sustainably. We calculate ESG-integrated AUM in line with the Global Sustainable Investment Alliance definition, which has emerged as the global standard of classification.

How we performed

ESG-integrated AUM has increased to $59.3 billion in 2023, as we have continued to respond to client demand and expand our range of ESG-oriented strategies. Market beta and currency moves have also contributed positively to the increase.

Chief Financial Officer's review

Overview

Man Group ended the year with record AUM of $167.5 billion, driven by continuing positive net flows, strong investment performance in our long-only strategies and the acquisition of Varagon. Statutory profit decreased to $234 million from $608 million in 2022, primarily due to a decrease in performance fees following exceptional performance fee generation in 2022. The heightened volatility following the US bank turmoil in March and continued political, economic and monetary uncertainty led to muted performance for our systematic macro strategies, the key drivers of our performance fees. We continued to grow our core net management fee revenue, largely through the Varagon acquisition, standing at $963 million for the year compared with $927 million in 2022. Core diluted management fee EPS of 18.4¢ was in line with 2022 due to an increase in fixed compensation and core other costs offsetting the increase in core net management fee revenue. The decrease in profit in the year led to statutory EPS on a diluted basis decreasing to 19.4¢ from 45.8¢ in 2022, with core diluted EPS decreasing from 48.7¢ to 22.4¢.

Closing AUM of $167.5 billion at 31 December 2023, up from $143.3 billion at the end of 2022, was driven by net inflows of $3.0 billion in the year, positive absolute investment performance of $9.7 billion and FX and other movements of $11.5 billion, including $10.8 billion contributed by Varagon. Performance was positive across all categories, and we saw net inflows of $4.9 billion across absolute return, total return and discretionary long-only, partially offset by net outflows of $1.0 billion and $0.9 billion in multi-manager solutions and systematic long-only respectively.

We completed the acquisition of controlling interests in Varagon and Asteria in the second half of the year. Varagon's private credit capabilities diversify our offering to investors, representing the potential for significant value creation. The growth in our strategic partnership with Fideuram through the acquisition of Asteria enables us to increase our offering across Europe in the intermediated wealth channel. Additionally, we have continued to grow our CLO business and securitised new vehicles in Europe and the US in the year.

Management and other fees on a statutory basis increased by 4% to $990 million for the year as a result of higher average AUM, with Varagon contributing $29 million post-acquisition. The average net management fee margin of 63 basis points for the year was 2 basis points lower than in 2022 due to AUM mix shift towards long-only lower margin strategies, partially offset by the acquisition of Varagon.

The run rate net management fee margin at 31 December 2023 stood at 65 basis points compared with 64 basis points at the end of 2022, with inflows into higher margin strategies weighted towards the end of the year. Run rate core net management fee revenue was $1,087 million at the end of the year, up from $917 million at the end of 2022, largely as a result of the revenue earned on Varagon AUM.

Performance fee generation was lower, with $178 million earned in the year on a statutory basis following the record $778 million earned in 2022. Our asset-weighted relative investment outperformance was 1.6% across all categories compared with 1.4% in 2022. All our investment engines generated performance fees in the year. Core gains on investments of $48 million, compared with losses of $15 million in 2022, were generated by mark-to-market gains across our seed book. Core costs were $834 million, down from $906 million in 2022, driven by lower performance fee-related variable compensation partially offset by higher fixed compensation costs due to increased headcount following the acquisition of Varagon and continued investment in the business. The impact of the strengthening of sterling against the US dollar in the year also contributed to an increase in other costs.

Our core rental income in 2023 was in line with 2022. In 2023, we signed sub-leases with two new tenants for a substantial portion of the vacant space in Riverbank House and our existing sub-tenant signed agreements to extend their current leases until the end of the head lease. In early 2024, we also signed Heads of Terms with one of our sub-tenants for additional space in the building.

Non-core items (excluding tax) increased from a net expense of $34 million in 2022 to $61 million in 2023, primarily due to FX losses of $11 million compared with gains of $22 million in 2022. Gains on disposal of right-of-use lease assets and a decrease in the amortisation of our acquired intangible assets, due to some becoming fully amortised in 2022, were partially offset by costs relating to the acquisitions of Varagon and Asteria. Non-core items also include adjustments to the statutory income statement charge relating to amounts payable to the Varagon sellers who remain members of senior management post-acquisition in order to adjust the expense recognised in the year to reflect the corresponding profits generated. Together with acquisition-related costs, these items added $30 million to our non-core expense.

'Core' measures are alternative performance measures. For a detailed description of our alternative performance measures, including non-core items, please refer to pages 58 to 63. For details of key performance indicators ([KPI]), refer to page 11.

$m	**Year ended 31 December 2023**	Year ended 31 December 2022
Core net management fee revenue	**963**	927
Core performance fees	**180**	779
Core gains/(losses) on investments	**48**	(15)
Core rental income	**5**	5
Core net revenue	**1,196**	1,696
Asset servicing costs	**(58)**	(58)
Compensation costs	**(595)**	(678)
Core other costs	**(179)**	(170)
Net finance expense	**(21)**	(11)
Rollover share of post-tax profit	**(2)**	–
Third-party share of post-tax profits	**(1)**	–
Core profit before tax	**340**	779
Core management fee profit before tax	**280**	290
Core performance fee profit before tax	**60**	489
Core profit	**271**	647
Non-core items (before tax)	**(61)**	(34)
Statutory profit	**234**	608
Statutory EPS (diluted)	**19.4¢**	45.8¢
Core EPS (diluted)	**22.4¢**	48.7¢
Core management fee EPS (diluted)	**18.4¢**	18.4¢
Proposed dividend per share	**16.3¢**	15.7¢

We continue to deliver strong cash conversion of our profits and continued our returns to shareholders in 2023 through completion of the two share repurchases, each of $125 million, announced in December 2022 and March 2023 respectively. Our total proposed dividend for the year of 16.3¢ per share represents an increase of 4% from 15.7¢ in 2022, in line with our progressive dividend policy. The total announced returns to shareholders for 2023 is over $0.3 billion, and $1.8 billion over the last five years.

Our balance sheet remains strong and liquid and allows us to navigate periods of stress while continuing to invest in the business to support our long-term growth prospects. Alongside the deployment of our capital to fund acquisitions and strategic partnerships, we continue to return excess capital to shareholders, allocate capital to seed investments and heavily invest in technology to ensure we remain leaders in active investment management. We had net tangible assets of $782 million at 31 December 2023 and net financial assets of $555 million, including $180 million of cash (excluding amounts held by consolidated fund entities) and net of $35 million of acquisition-related liabilities which begin to crystallise in 2028. We continue to be strongly cash-generative, with core cash flows from operations excluding working capital movements of $362 million in the year.

Impact of foreign exchange rates

The portion of our AUM which is denominated in currencies other than the US dollar was positively impacted by the weakening of the US dollar against most currencies over the course of the year. This increased our reported AUM by $1.4 billion and had a positive impact on our core net management fee revenue. However, the strengthening of sterling against the US dollar also contributed to a partially offsetting increase in core costs of around $2 million compared with 2022.

Assets under management

							Change	
$bn		31 December 2022	Net inflows/ (outflows)	Investment performance	FX and other	**31 December 2023**	**$bn**	**%**
Alternative	Absolute return	46.0	2.3	0.2	(0.8)	**47.7**	**1.7**	**4%**
	Total return	28.8	1.1	1.1	11.5	**42.5**	**13.7**	**48%**
	Multi-manager solutions	20.2	(1.0)	0.5	(0.3)	**19.4**	**(0.8)**	**(4)%**
	Total	95.0	2.4	1.8	10.4	**109.6**	**14.6**	**15%**
Long-only	Systematic	31.6	(0.9)	5.4	0.4	**36.5**	**4.9**	**16%**
	Discretionary	16.7	1.5	2.5	0.7	**21.4**	**4.7**	**28%**
	Total	48.3	0.6	7.9	1.1	**57.9**	**9.6**	**20%**
Total		143.3	3.0	9.7	11.5	**167.5**	**24.2**	**17%**

Absolute return

The increase in absolute return AUM was driven by net inflows of $2.3 billion, primarily into Man Institutional Solutions and AHL Alpha, partially offset by outflows from GLG Event Driven. Positive absolute performance of $0.2 billion was driven by a number of strategies in the product category, in particular AHL Evolution and GLG UK Select, partially offset by negative performance in American Beacon AHL Managed Futures.

Total return

Total return AUM increased by $13.7 billion, driven by the Varagon acquisition which added $10.8 billion to the category. Net inflows of $1.1 billion were primarily into Alternative Risk Premia and the launch of new CLOs. Positive absolute performance of $1.1 billion was primarily due to gains in AHL TargetRisk, reflecting its long-only exposure to fixed income and equity markets.

Multi-manager solutions

The decrease in multi-manager solutions AUM was primarily driven by net outflows of $1.0 billion, partially offset by positive absolute performance of $0.5 billion, largely from infrastructure mandates.

Systematic long-only

Systematic long-only AUM increased by $4.9 billion, driven by positive absolute performance of $5.4 billion across all strategies in the product category.

Discretionary long-only

Discretionary long-only AUM increased by $4.7 billion. Net inflows of $1.5 billion were primarily into our credit strategies GLG Sterling Corporate Bond, GLG High Yield and GLG Global Investment Grade Opportunities. Positive performance of $2.5 billion was driven by a number of strategies, reflecting exposure to a broad range of markets.

Revenue

Growth in management fee revenue was offset by lower performance fee generation, leading to a decrease in statutory net revenue from $1,727 million in 2022 to $1,194 million in 2023. Core net revenue similarly decreased from $1,696 million to $1,196 million.

	Core net management fees ($m)		Net management fee margin (bps)		Run rate core net management fees ($m)		Run rate net management fee margin (bps)	
	Year ended 31 December 2023	Year ended 31 December 2022	**Year ended 31 December 2023**	Year ended 31 December 2022	**Year ended 31 December 2023**	Year ended 31 December 2022	**Year ended 31 December 2023**	Year ended 31 December 2022
Absolute return	**526**	515	**112**	112	**544**	526	**114**	114
Total return	**208**	201	**64**	63	**294**	177	**69**	61
Multi-manager solutions	**34**	34	**17**	20	**33**	38	**17**	19
Systematic long-only	**81**	75	**24**	25	**91**	77	**25**	24
Discretionary long-only	**110**	102	**59**	57	**125**	99	**58**	59
Other service income[1]	**4**	–	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a
Total	**963**	927	**63**	65	**1,087**	917	**65**	64

1 Other service income included in core net management fees is earned on an absolute basis rather than as a margin on AUM.

Management fees

Core net management fee revenue increased by 4% to $963 million in 2023 (2022: $927 million), driven by higher average AUM and the acquisition of Varagon. Net management fee margin decreased from 65 basis points in 2022 to 63 basis points in 2023, driven by higher average AUM in low margin multi-manager solutions and systematic long-only strategies following strong net inflows in the second half of 2022. This was partially offset by the addition of Varagon, which attracts a higher margin, and an increase in average AUM from positive investment performance in absolute return strategies.

The absolute return net management fee margin remained at 112 basis points, as the mix shift towards higher margin Man Institutional Solutions mandates was offset by a decrease in average AUM in higher margin AHL Diversified. The total return net management fee margin increased by 1 basis point to 64 basis points, as the addition of higher margin Varagon AUM was partially offset by higher average AUM in lower margin AHL TargetRisk. The multi-manager solutions net management fee margin decreased to 17 basis points in 2023 from 20 basis points in 2022 as a result of the ongoing shift towards infrastructure solutions from traditional fund of funds. The net management fee margin of systematic long-only strategies decreased from 25 basis points to 24 basis points due to margin pressure and mix effects at the product level in recent years. Discretionary long-only margins increased from 57 basis points in 2022 to 59 basis points in 2023 due to strong performance in higher margin GLG Japan CoreAlpha.

Run rate core net management fee revenue was $1,087 million at 31 December 2023 (2022: $917 million). The increase in the year was largely as a result of the acquisition of Varagon and the increase in AUM in absolute return, total return and long-only strategies.

The run rate net management fee margin at 31 December 2023 was 65 basis points compared with 64 basis points at 31 December 2022, largely as a result of the acquisition of Varagon in the second half of the year positively contributing to the run rate margin at 31 December 2023 when compared with the margin in the year. Other movements in the run rate margin for individual strategies were broadly driven by the same factors as those impacting actual margins in the year.

Performance fees and investment gains and losses

Core performance fees for the year were $180 million (2022: $779 million), including $163 million from alternative strategies (2022: $761 million) and $17 million from long-only strategies (2022: $18 million). We have strong performance fee optionality and diversity, with a broad range of strategies having contributed to our performance fee earnings in recent years. More than 50 of our strategies are performance fee-eligible.

Core gains on investments of $48 million (2022: losses of $15 million) were generated by mark-to-market gains across our seed book, including $17 million from our CLO holdings.

Rental income

Core rental income was broadly flat year-on-year. The sub-leases we signed in 2023 for a substantial portion of the vacant space in our London office and the extension of leases with one of our existing sub-tenants reduce future rental income, depreciation and occupancy costs. Following the derecognition of the associated portion of our right-of-use lease assets we recognised a gain on disposal of $12 million, classified as a non-core item.

Costs

Asset servicing

Asset servicing costs vary, predominantly depending on transaction volumes, the number and mix of funds, and fund NAVs. Asset servicing costs were $58 million (2022: $58 million), which equated to around 5 (2022: 5) basis points of average AUM[1].

Compensation costs

Core compensation costs were $595 million for the year, down by 12% from $678 million in 2022 due to lower performance fees decreasing the associated variable compensation. Our compensation ratio is between 40% and 50% of core net revenue, depending on the mix and level of revenue. We expect to be at the higher end of the range in years when performance fees are low or driven predominantly by discretionary strategies. Conversely, we expect to be at the lower end of the range when performance fees are high or driven by systematic strategies. The overall compensation ratio increased to 50% in 2023 from 40% in 2022, reflecting the decrease in performance fee revenue generated in the year.

Other costs

Core other costs, which exclude acquisition-related costs and amounts incurred by consolidated fund entities, increased to $179 million in 2023 from $170 million in 2022, primarily as a result of an increase in staff benefit costs. The strengthening of sterling against the US dollar also contributed to the increase as the majority of our cost base is denominated in sterling.

Tax

The majority of our profits are earned in the UK, with significant profits also arising in the US, where our cash tax rate is effectively nil as a result of available deferred tax assets, and in Switzerland, which currently has a lower rate than the UK. Tax on statutory profit for the year was $45 million (2022: $137 million). The recognition of a significant portion of our accumulated US losses as deferred tax assets as a result of the Varagon acquisition drove a decrease in the statutory effective tax rate from 18% in 2022 to 16% in 2023. This was partially offset by the increase in the UK statutory tax rate from 19% to 25% on 1 April 2023. This increase in the UK tax rate led to an increase in the core tax rate from 17% in 2022 to 20% in 2023.

In the US, we have accumulated tax losses and tax-deductible goodwill and intangibles of $89 million (2022: $82 million) which can be offset against future US profits, thereby reducing taxable profits. We have recognised $86 million of the available $89 million US deferred tax assets at 31 December 2023 (2022: $64 million and $82 million respectively) as the portion of state and city tax losses expected to expire before utilisation has reduced following the Varagon acquisition. The US core tax rate will remain at nil until cash taxes are payable in the US, with movements in the deferred tax asset classified as a non-core item. We do not currently expect to pay federal tax on any profits we may earn in the US until 2026.

The principal factors influencing our future underlying tax rate are the mix of profits by tax jurisdiction, the rate of consumption of US deferred tax assets and changes to applicable statutory tax rates. The global minimum tax rate due to come into effect in 2024 is not expected to result in significant top-up taxes becoming due.

Profit

Statutory profit decreased from $608 million in 2022 to $234 million in 2023, with core profit decreasing from $647 million to $271 million over the same period. The decrease in profitability led to a decrease in statutory EPS (diluted) from 45.8¢ in 2022 to 19.4¢ in 2023 (48.7¢ and 22.4¢ respectively on a core basis), with the reduction partially offset by a decrease in share count as a result of the $223 million of shares repurchased during the year.

Cash earnings

Due to our strong conversion of profits into cash, we believe that core profit is a good measure of our cash flow generation, although the timing of cash conversion is impacted by the cyclical movements in our working capital position and the size of our seed book. Core cash flows from operations excluding working capital movements were $362 million for the year.

As at 31 December 2023, our cash balance, excluding amounts held by consolidated fund entities, was $180 million.

$m	**Year ended 31 December 2023**	Year ended 31 December 2022
Opening available cash and cash equivalents	**349**	323
Core cash flows from operations excluding working capital movements	**362**	810
Working capital movements (excluding seeding)	**(132)**	(65)
Working capital movements – seeding	**119**	(52)
Acquisition of subsidiaries, net of cash acquired	**(170)**	–
Dividends paid	**(181)**	(179)
Share repurchases (including costs)	**(223)**	(386)
Drawdown of revolving credit facility	**140**	–
Other movements	**(84)**	(102)
Closing available cash and cash equivalents	**180**	349

1. Excludes systematic long-only and private markets strategies.

Balance sheet

We have a strong and liquid balance sheet. The acquisitions of Varagon and Asteria in the year, together with the decrease in performance fee revenues net of variable compensation costs, resulted in a decrease in available cash and cash equivalents net of borrowings.

$m	**31 December 2023**	31 December 2022
Available cash and cash equivalents	**180**	349
Seeding investments portfolio	**595**	688
Borrowings	**(140)**	–
Contingent consideration payable	**(3)**	–
Put option over non-controlling interests	**(9)**	–
Put option over rollover interests	**(23)**	–
Payables under repo arrangements	**(45)**	(54)
Net financial assets	**555**	983
Other tangible assets and liabilities	**227**	39
Net tangible assets	**782**	1,022
Goodwill and intangibles	**830**	677
Shareholders' equity	**1,612**	1,699

Seed investments

We use our balance sheet to invest in new products, aiming to redeem as client AUM in the funds grows. At 31 December 2023, our seed investments were $595 million, a decrease from $688 million at 31 December 2022. $45 million were financed via repos (2022: $54 million). In addition, we held $230 million of total return swap exposure at 31 December 2023 (2022: $138 million), allowing us to maintain our seed portfolio exposure without tying up large portions of our cash balances.

The statutory consolidation of a number of our CLOs results in a significant gross-up of assets and liabilities in the Group balance sheet. Our maximum exposure to loss associated with interests in our CLOs is limited to the investment in these CLOs, as reflected in the seeding investments portfolio balance, which excludes the impact of this gross-up.

Capital management and shareholder returns

Our balance sheet and liquidity position remains robust, allowing us to invest in the business, support our long-term growth prospects and maximise shareholder value. It also enables us to withstand periods of stress. We actively manage our capital to maximise value to shareholders by either investing that capital to improve shareholder returns in the future or by returning it through higher dividends or share repurchases. In 2023, we completed the two $125 million share repurchases announced in December 2022 and March 2023.

The Board is proposing a final dividend for 2023 of 10.7¢ per share, which together with the interim dividend of 5.6¢ per share equates to a total dividend for the year of 16.3¢ per share, representing an increase of 4% on 2022. The proposed final dividend of around $125 million is adequately covered by our available liquidity and capital resources. Key dates relating to the proposed final dividend are provided on page 2.

Our business is highly cash-generative, and these cash flows support our progressive dividend policy, under which dividends are expected to grow over time. We ensure we maintain a prudent balance sheet at all times by taking into account liquidity requirements before investing capital, considering potential strategic opportunities or returning it to shareholders. Over the past five years, we have returned $0.9 billion to shareholders through dividends and announced $0.9 billion of share buybacks. As a result, our weighted average share count has decreased by 22% to 1,178 million over that same period.

Our revolving credit facility was renewed in December 2023 and extended to $800 million. It matures in 2028, providing additional liquidity. We have maintained prudent capital and available liquidity throughout the year, deploying our capital to acquire a controlling interest in Varagon and Asteria and to support investment management operations and new investment products, utilising the revolving credit facility when appropriate. We monitor our capital requirements through continuous review of our regulatory and economic capital, including regular reporting to the Risk and Finance Committee and the Board.

Planning for the impacts of climate change

Whilst climate change has not significantly impacted our financial performance and position to date, consideration of the potential future impacts of climate change on our business is embedded in our financial planning and reporting processes. As part of our ongoing commitment to reduce our carbon footprint and to reach net zero by 2030, we seek to minimise the carbon emissions of our office premises, be thoughtful around inter-office travel or use lower-carbon modes of transport where possible, and proactively plan for our ambitions in the future. Under our strategy, we continue to embed targets to reduce our Scope 3 carbon emissions from business travel into our annual budgeting process.

The directors do not expect potential climate-related impacts to be material on the Group financial statements in the short to medium term. In particular, in performing their assessment the directors have considered the impact of climate change on our going concern and viability, the cash flow forecasts used in the impairment assessments of our non-current assets, and the assumptions relating to future life expectancies used in the valuation of the net pension asset. We continue to monitor the potential longer-term impacts of climate change risks on the judgements and estimates used in the preparation of the Group financial statements.

Antoine Forterre

Chief Financial Officer

Risk management – principal and emerging risks

Risk		Mitigants	Status and trend	Movement
Business risks				
Investment performance and net redemptions	Fund underperformance, on an absolute basis, relative to a benchmark or relative to peer groups, could reduce AUM and may result in lower subscriptions and higher redemptions. This risk is heightened at times of disrupted and volatile markets, which could be triggered by geopolitical or climate factors. This may also result in dissatisfied clients, negative press and reputational damage. Lower AUM results in lower management fees and underperformance results in lower performance fees.	Man Group's investment businesses each have clearly defined investment processes with integrated risk management, designed to target and deliver on the investment mandate of each product. We focus on hiring and retaining highly skilled professionals who are incentivised to deliver alpha within the parameters of their mandate. Man Group's diversified range of products and strategies, which now includes Varagon, limits the risk to the business from underperformance of any particular strategy or market.	Overall performance in 2023 has been mixed given the fragile and volatile markets and the geopolitical backdrop: trend-following strategies were marginally positive; credit and equity alternatives strategies were mixed but generally positive; long-only equity strategies carried a beta to rising markets and generally outperformed their benchmarks; and our TargetRisk product range saw a recovery of 2022 losses. In addition, the Varagon acquisition brought a material AUM boost and FX moves led to an increase in AUM for non-USD funds or share classes. Our largely institutional client base has shown continued interest in our product offerings which led to net inflows. A discussion of Man Group's investment performance is included on page 8.	Unchanged
Key person risk	A key person to the business leaves or is unable to perform their role. Retention risk may increase in years of poor performance and the expectation of reduced compensation.	Business and investment processes are designed to minimise the impact of losing any key individuals. Diversification of strategies and the emphasis on technology and systematic strategies reduce the overall risk to Man Group. Succession plans and deferred compensation schemes are in place to support the retention of senior investment professionals and key management.	Man Group has continued to be able to attract and retain an array of talented individuals across the firm. We did not see any investor concerns or material outflows as a result of announced departures or changes in management structure in 2023, including the leave of absence of our deputy CEO, the retirements of our CEO and Chair of the Board, the transition to their in-house replacements and a subsequent ExCo reorganisation.	Unchanged
Credit risks				
Counterparty	A counterparty with which the funds or Man Group have financial transactions, directly or indirectly, becomes distressed or defaults. Shareholders and investors in Man Group funds and products are exposed to credit risk of exchanges, prime brokers, custodians, sub-custodians, clearing houses and depository banks.	Man Group and its funds diversify exposures across a number of the strongest available financial counterparties, each of which is approved and regularly reviewed and challenged for creditworthiness by a firm-wide counterparty committee. The risk teams monitor credit metrics on the approved counterparties daily. This includes credit default swap spreads and credit ratings.	The March banking crisis highlights the benefit of our conservative approach to counterparty selection and appropriate diversification in line with the Board's appetite. We had no exposure to the US regional/specialised banks and our net exposure to Credit Suisse at the start of the crisis was small but nevertheless closed out.	Unchanged

Risk		Mitigants	Status and trend	Movement
Liquidity risks				
Corporate and fund	Volatile markets and reduced market liquidity can place additional, often short-term, demands on the balance sheet. Man Group is exposed to having insufficient liquidity resources to meet its obligations. Adverse market moves and volatility may sharply increase the demands on the liquid resources in Man Group's funds. Market stress and increased redemptions could result in the deterioration of fund liquidity and in the severest cases this could lead to the gating of funds.	An \$800 million revolving credit facility, maturing December 2028 with two one-year extension options, provides Man Group with a robust liquidity backstop. Liquidity forecasting for Man Group and the UK/EEA sub-group, including downside cases, facilitates planning and informs decision-making. The Investment Risk team conducts regular liquidity tests on Man Group's funds. We endeavour to manage resources in such a way as to meet all plausible demands for fund redemptions according to contractual terms.	The acquisitions of Varagon and Asteria, the balance sheet seeding programme and completion of two \$125 million share buybacks in 2023 were planned and managed without issues. The revolving credit facility was extended and increased by \$300 million, to \$800 million, to cater for future growth opportunities and provide capacity for Varagon balance sheet loan origination, in place of their legacy facilities. The asset liquidity distribution across funds remained broadly unchanged. Our in-house liquidity analysis and reporting toolkit continued to evolve and now includes reverse stress testing. The banking crisis and geopolitical events later in the year led to a need to cut material positions in our trend-following funds – despite the large market participation, these were achieved without issues, albeit at a wider bid-offer spread.	Unchanged
Market risks				
Investment book performance	Man Group uses capital to seed new funds to build our fund offering, expand product distribution and generate returns for shareholders. Man Group also holds CLO risk retention positions until the product maturity, and is currently participating in a US CLO Warehouse to facilitate a product launch. Varagon loan origination is a new balance sheet risk with similarities to CLO risks but much shorter term. The firm is therefore exposed to a decline in value of the investment book.	A disciplined framework ensures that each request for seed capital is assessed based on its risk versus return and its commercial opportunity to Man Group. Approvals are granted by a Seed Investment Committee (SIC), which is comprised of senior management, Group Risk and Treasury. Investments are subject to risk limits, an exit strategy and are hedged to a benchmark where appropriate. The positions and hedges are monitored regularly by Group Risk and reviewed by the SIC.	The investment book size was stable over 2023 with 14 new seed positions offset by recycling of existing investments. However, the overall risk has increased with the addition of two equity CLOs. The pure seeding book returns were positive, with the benchmark hedges performing as intended in the volatile markets. Additional gains came from reversal of prior year losses on our CLO risk retention positions. We extended the use of repo and swap financing on some of the CLO and seed positions by bringing on a new counterparty. Although external financing is more costly in higher rate environments, this released balance sheet liquidity.	Increased

Risk		Mitigants	Status and trend	Movement
DB pension performance	Man Group underwrites the risks related to the UK defined benefit pension plan which closed to new members in 1999 and future accrual in 2011. The plan is healthy but is exposed to changes in net asset versus liability values. This could come from underperformance of return seeking assets or changes in expected member longevity assumptions.	The UK pension plan has a low net exposure to UK interest rates and RPI inflation though the use of Liability-Driven Investment (LDI) funds. The return-seeking assets are low volatility and have a low correlation to directional equity markets. Longevity is the largest risk but is uncorrelated to Man Group's other risks. The plan is operated separately from Man Group and managed by independent trustees, including investment decisions.	The scheme remains in surplus on both an accounting and actuarial basis with no further challenges arising from the use of LDI funds with UK rate movements. Whilst the cost of an insurance buyout of the scheme remains in excess of our appetite, the LDI hedges have been calibrated to position the portfolio towards a future buyout if the trustees deem appropriate. A triennial valuation will update the actuarial assumptions as of 2023 year-end.	Unchanged
Operational risks				
Internal process failure	Risk of losses or harm resulting from inadequate or failed corporate or fund processes within Man Group, including employee-related issues.	Man Group's risk management framework and internal control systems are based on a three lines of defence model and have continued to operate during the year. Risks and controls are reassessed on an ongoing basis and in the event of material change, to determine the adequacy of the control environment.	Man Group remains focused on enhancing its systems and control processes where required and ensuring internal process failures are kept to a minimum. Man Group has not observed an increase in material internal risk events in 2023.	Unchanged
External (third-party) process failures	Man Group continues to outsource several functions as well as managing outsourcing arrangements on behalf of its funds. Risks arise through the supplier life cycle from sourcing and selection, to contracting and onboarding, to service delivery and monitoring and finally, to exit and offboarding. The most material risk is that the outsourced service providers do not perform as required, including bankruptcy, resulting in knock-on implications for our business and processes.	Man Group's Operations team has implemented a robust methodology (including ongoing third-party due diligence and KPI monitoring) to confirm that outsourced service providers are delivering as required.	The firm's key outsourcing providers remain intentionally concentrated with a small group of carefully selected and proven names with which it has well established and embedded working relationships. There has been no notable increase or decrease in the number of material issues caused by, or experienced by, our outsource providers during 2023 and there have been no material losses or other impacts.	Unchanged
Model and data integrity	Man Group is a technology-empowered active investment management firm which continues to make use of advanced quantitative trading strategies that necessitate a robust approach to data acquisition and consumption, model implementation and execution. Key risks include model/algorithm failures or issues with data upon which decisions are made.	Man Group has embedded systems, controls and operational change control processes for models and data. Change management controls are applied to new models, model changes and calibrations. Controls are both preventative and detective to minimise the potential consequences from such an event arising.	Man Group continues to source and provision new investment data sources and data analytics, but has not observed an increase in material internal risk events in 2023.	Unchanged

Risk		Mitigants	Status and trend	Movement
Information and cybercrime security	Risk of losses or harm resulting from the loss of information in electronic or hard copy form held by Man Group and arising as a result of sabotage, hacking, virus attack or other malicious disruption causing system failure.	Man Group has an established information security and cyber security programme with relevant policies and procedures, that are aligned with industry expectations and best practices. Man Group's Chief Information Security Officer, together with the Information Security Steering Committee, ensures that our control environment is continuously reviewed and adjusted to keep pace with the evolving regulatory, legislative and cyber threat landscapes.	Man Group continues to improve its defence using state-of-the-art technologies, enabling us to detect and prevent malicious activities and complex cyber-attacks. Although we have not experienced any material issues in 2023, the increasing cyber risk assessment is fuelled by a multitude of factors including the rise of AI-driven phishing attacks via models like ChatGPT; the increasing risk of vulnerabilities in the supply chain; and the increasing impact and cost of cyber breaches.	Increased
Information technology and business continuity	Risk of losses or harm incurred by IT software and hardware failures resulting in system downtime, severely degraded performance or limited system functionality. Business continuity risks may arise from incidents such as a denial of access to a key site or a data centre outage, which could lead to business disruption.	Technology plays a fundamental role in delivering our objectives. The single Technology team of 500+ professionals aligns with each business unit to ensure work is correctly prioritised and financed. The prioritisation process considers the life cycle of both hardware and software to ensure both are adequately supported and sized. The firm's operational processes include mature risk, incident and problem management procedures to minimise the likelihood and impact of technology failures. Business continuity risk mitigation includes detailed planning and testing of remote access and contingency/recovery operations, and ongoing risk and threat assessments.	Man Group has an ongoing focus on improving our technology offering, capability and security. Particular focus and investment have been on the enrichment of the trading and operations platform, including the centralisation of order management. Annual combined disaster recovery exercises have been conducted across key trading applications which were switched to run from our back-up data centre.	Unchanged
Criminal activities	Risk of losses or harm through wrongful, unauthorised activities or criminal deception intended to result in financial or personal gain; or incurred through failure to comply with (or have adequate procedures to ensure compliance with) laws and regulations relating to anti-money laundering, counter-terrorist financing, anti-bribery and corruption, breach of economic sanctions, insider trading and market abuse.	Man Group operates a framework consisting of policies, procedures and regular training to staff to support compliance with applicable laws and regulations. Internal policies, processes and controls are subject to regular review and consultation internally and with external advisers to ensure we remain well placed to manage evolving requirements. Support, independent oversight and challenge is also being provided by Man Group's Compliance and Financial Crime teams.	Man Group continues to strengthen and adapt its control environment to monitor and meet the challenges of an evolving regulatory environment with heightened sanctions and enforcement actions. No material incidents were seen in 2023, and the firm complies with all sanctions, including those relating to the Russian invasion of Ukraine.	Unchanged

Risk		Mitigants	Status and trend	Movement
Legal, compliance and regulatory	The breadth and complexity of the regulations and legislative requirements that Man Group and its funds are, or were historically subject to, across multiple jurisdictions, represent significant operational risks, should the firm fail to comply with them. Man Group supports proportionate and thoughtful regulation and initiatives that develop the regulatory environment. However, change can also result in increased operational complexity and costs to Man Group or the sectors or markets in which it operates. Failure to comply with laws and regulations may put Man Group at risk of fines, lawsuits or reputational damage.	Man Group operates a global legal and compliance framework which underpins all aspects of its business and is resourced by experienced teams. These teams are physically located in Man Group's key jurisdictions, helping them to understand the context and impact of any requirements. Emphasis is placed on proactively analysing new legal and regulatory developments and communications to assess likely impacts and mitigate risks. The governance framework includes ongoing proactive reporting and management of potential and actual legal and litigation risks. Man Group continues to liaise directly and indirectly with competent authorities e.g. FCA, SEC, FINMA, CBI.	Man Group continues to experience new regulatory requirements. In 2023 this included further embedding of requirements of the FCA's IFPR in relation to regulatory capital and liquidity (including the ICARA), governance and remuneration regime and to the (UK Funds) Assessment of Value. The SEC Private Fund Advisor Rules will be a focus area for 2024. Man Group maintained an open dialogue with regulators throughout 2023 and work continues on a number of regulatory initiatives.	Unchanged
Reputational risks				
Negative publicity	The risk that an incident or negative publicity undermines our reputation as a leading investment manager and place to work. Reputational damage could result in significant redemptions from our funds, and could lead to difficulties with external financing, credit ratings and relations with core counterparties and outsourcing providers.	Our reputation is dependent on our operational and fund performance and the conduct of our employees. Our governance and control structure mitigates operational concerns, and our attention to people and investment processes are designed to comply with accepted standards of investment management practice. We encourage a culture of openness, inclusion and diversity.	Man Group enjoys a good reputation and work continues to build Man Group's profile and protect its reputation across stakeholder groups.	Unchanged
Emerging risks				
Potential future threats	Emerging risks are complementary to the current principal risks and represent potential future threats to Man Group's performance, development or viability. By definition, these entail greater uncertainty about if or when the risk or an event may manifest. The emerging risk categories include natural disasters, pandemics, disruption to financial markets and business infrastructure, geopolitical risk and changes in the competitive landscape.	The Board, Executive Committee and risk teams monitor emerging risks, trends and changes in the likelihood or impact following discussions with subject matter experts. This assessment informs the universe of principal risks managed and mitigated by the firm.	Emerging risks are now reviewed and discussed by the Board on a six-month cycle. The key themes this year were heightened geopolitical tensions (Russia, Israel/Gaza, China, the US and the UK), the continued fragile state of financial markets (volatility, liquidity, interest rates) and the potential impact of AI models and their misuse. No changes were made to Man Group's headline principal risks.	Increased
Climate change risks				
Physical risks	Physical risks, and specific event uncertainties, of business disruption, property damage or to employee well-being due to a severe weather event.	Man Group has a small number of employees, a relatively limited physical footprint and can operate completely remotely.	The firm will continue to monitor and manage its risks through business-as-usual reporting and management processes for the relevant principal risk (see below).	Unchanged

Risk		Mitigants	Status and trend	Movement
Transition risks	Transition risks, and timing uncertainties, as the world moves towards a low-carbon economy can be legal, regulatory, technological, market or reputational. This may impact the appetite for and performance of some investment products.	Man Group has an agile business model, so is well equipped to adjust to medium-term transition risks and also capture any opportunities. With a strong track record for innovation, the firm continues to focus on providing investors with products that incorporate ESG analytics.	Man Group met its 2023 emissions targets and work continues in line with our pathway to net zero by 2030. This includes a 'Building Performance Optimisation review' of our London headquarters and work to become ISO 14001 accredited by the end of 2024. We saw a significant reduction, compared to our 2019 baseline, in the weighted average carbon intensity (WACI) for our AUM subject to Net Zero Asset Managers initiative (NZAMI) interim targets. We monitor progress against our NZAMI target and report annually via the UN-backed Principles for Responsible Investment.	Unchanged
Link to our other principal risks	Investment performance is exposed to market disruption or volatility triggered by severe weather events. Performance could also be impacted by fundamental moves in underlying asset prices or liquidity as the world transitions to a low-carbon economy. Business continuity risk manifests as damage or disruption to Man Group's offices and data centres and the transportation and supply systems that support them. In particular our London headquarters may be exposed to flooding of the River Thames. Legal and reputation risk currently comes from any suggestion of greenwashing if the ESG credentials of a fund or our corporate behaviour does not meet client or regulatory expectations. This could lead to redemptions and regulatory fines as well as damaging relations with core clients, employees and the wider public.	Man Group's diversified range of products and strategies limits the risk to any particular strategy or market. While the integrated portfolio and risk management processes help managers understand their risk profiles. Agile working is well established, and employees can work remotely if offices are inaccessible. We conduct detailed planning for emerging scenarios along with testing of remote access and contingency/recovery operations. Man Group has specific policies and greenwashing controls which continue to evolve and are subject to robust review. We take a relatively low key and considered approach in our external communications with a focus on education and data as well as highlighting the challenges inherent in this area.	In 2023 we continued to expand our ESG analytics toolkit including a Man Group proprietary carbon dataset, integrating Paris alignment data and the inclusion of green bond funding. We now have 39 Article 8 and 9 products. Our operations and ability to work effectively was not materially impacted by the summer heatwaves across the US and Central and Southern Europe, with the majority of employees working remotely.	Unchanged

Directors' responsibility statement

The directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable law and regulations. The Annual Report will be published on the Company's website in mid-March and an announcement will be released to the market confirming when it is available.

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

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

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

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

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

Each of the directors as at 31 December 2023, confirm that, to the best of each person's knowledge and belief:

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

Group income statement

For the year to 31 December

	Note	**2023 $m**	2022 $m
Management and other fees	4	**990**	954
Performance fees	4	**178**	778
Revenue		**1,168**	1,732
Net income or gains on investments and other financial instruments	12.1	**76**	7
Third-party share of (gains)/losses relating to interests in consolidated funds	12.2	**(24)**	14
Rental income	12.1,16.2	**6**	5
Distribution costs	5	**(32)**	(31)
Net revenue		**1,194**	1,727
Asset servicing costs	5	**(58)**	(58)
Compensation costs	5.1	**(595)**	(678)
Other employment-related expenses	5.1	**(23)**	–
Other costs	5.2	**(198)**	(179)
Finance expense	6	**(34)**	(16)
Finance income	6	**13**	5
Gain on disposal of investment property – right-of-use lease assets	16.2	**12**	–
Amortisation and impairment of acquired intangibles	18	**(28)**	(51)
Share of post-tax loss of associates	22	**(3)**	(5)
Third-party share of post-tax profits	17	**(1)**	–
Statutory profit before tax		**279**	745
Tax expense	7	**(45)**	(137)
Statutory profit attributable to owners of the Company		**234**	608
Statutory earnings per share	25		
Basic		**19.9¢**	47.2¢
Diluted		**19.4¢**	45.8¢

Group statement of comprehensive income

For the year to 31 December

	Note	**2023 $m**	2022 $m
Statutory profit attributable to owners of the Company		**234**	608
Other comprehensive (loss)/income:			
Remeasurements of defined benefit pension plans	23	**(10)**	(2)
Deferred tax on pension plans		**2**	(1)
Items that will not be reclassified to profit or loss		**(8)**	(3)
Cash flow hedges:			
Valuation gains taken to equity		**14**	6
Realised gains transferred to Group income statement		**(12)**	(7)
Net investment hedges		**1**	4
Foreign currency translation		**3**	(4)
Items that may be reclassified to profit or loss		**6**	(1)
Other comprehensive loss		**(2)**	(4)
Total comprehensive income attributable to owners of the Company		**232**	604

Group balance sheet

At 31 December

	Note	**2023 $m**	2022 $m
Assets			
Cash and cash equivalents	8	**276**	457
Fee and other receivables	10	**551**	570
Investments in fund products and other investments	12	**2,279**	1,209
Investments in associates	22	**11**	14
Current tax assets	7	**15**	–
Finance lease receivable	16.2	**67**	–
Leasehold improvements and equipment	15	**53**	53
Leasehold property – right-of-use lease assets	16.1	**112**	92
Investment property – right-of-use lease assets	16.1	**17**	71
Investment property – consolidated fund entities	12.2	**30**	34
Other intangibles	19	**54**	50
Deferred tax assets	20	**128**	105
Pension asset	23	**12**	22
Goodwill and acquired intangibles	18	**776**	627
Total assets		**4,381**	3,304
Liabilities			
Borrowings	8	**140**	–
Trade and other payables	11	**736**	942
Provisions	21	**16**	14
Current tax liabilities	7	**3**	37
CLO liabilities – consolidated funds	12.2	**1,036**	–
Third-party interest in consolidated funds	12.2	**554**	359
Third-party interest in other subsidiaries	17	**1**	–
Lease liability	16.1	**283**	253
Total liabilities		**2,769**	1,605
Net assets		**1,612**	1,699
Equity			
Capital and reserves attributable to owners of the Company		**1,612**	1,699

The financial statements were approved by the Board of Directors on 28 February 2024 and signed on its behalf by:

Robyn Grew
Chief Executive Officer

Antoine Forterre
Chief Financial Officer

Group cash flow statement

For the year to 31 December

	Note	**2023 $m**	2022 $m
Operating activities			
Cash generated from operations	9	**470**	878
Interest paid		**(23)**	(6)
Payment of lease interest	16.1	**(10)**	(10)
Tax paid	7	**(100)**	(125)
Cash flows from operating activities		**337**	737
Investing activities			
Interest received		**12**	5
Purchase of leasehold improvements and equipment	15	**(12)**	(21)
Purchase of investment property – right-of-use lease assets		**–**	(2)
Purchase of other intangibles		**(21)**	(22)
Acquisition of subsidiaries, net of cash acquired		**(170)**	–
Cash flows used in investing activities		**(191)**	(40)
Financing activities			
Repayments of lease liability principal	16.1	**(10)**	(13)
Purchase of Man Group plc shares by the Employee Trust		**(56)**	(47)
Proceeds from sale of Treasury shares in respect of Sharesave		**4**	2
Share repurchase programmes (including costs)	25	**(223)**	(386)
Ordinary dividends paid to Company shareholders	26	**(181)**	(179)
Payment of upfront costs of revolving credit facility		**(3)**	–
Drawdown of borrowings	8	**140**	–
Cash flows used in financing activities		**(329)**	(623)
Net (decrease)/increase in cash and cash equivalents		**(183)**	74
Cash and cash equivalents at beginning of the year		**457**	387
Effect of foreign exchange movements		**2**	(4)
Cash and cash equivalents at end of the year	8	**276**	457
Less: restricted cash held by consolidated fund entities	8	**(96)**	(108)
Available cash and cash equivalents at end of the year	8	**180**	349

Group statement of changes in equity

$m	Note	Share capital	Reorganisation reserve	Profit and loss account	Man Group plc shares held by Employee Trust	Treasury shares	Cumulative translation adjustment	Other reserves	Total
At 1 January 2022		51	(1,688)	3,477	(61)	(178)	41	9	1,651
Statutory profit		–	–	608	–	–	–	–	608
Other comprehensive loss		–	–	(3)	–	–	–	(1)	(4)
Total comprehensive income		–	–	605	–	–	–	(1)	604
Share-based payment charge	5.1	–	–	45	–	–	–	–	45
Current tax on share-based payments	7	–	–	4	–	–	–	–	4
Deferred tax on share-based payments		–	–	(6)	–	–	–	–	(6)
Purchase of Man Group plc shares by the Employee Trust		–	–	–	(47)	–	–	–	(47)
Disposal of Man Group plc shares by the Employee Trust		–	–	(28)	28	–	–	–	–
Share repurchases		–	–	(375)	–	–	–	–	(375)
Transfer to Treasury shares		–	–	386	–	(386)	–	–	–
Transfer from Treasury shares		–	–	(24)	–	22	–	2	–
Disposal of Treasury shares for Sharesave		–	–	–	–	2	–	–	2
Cancellation of Treasury shares	25	(5)	–	(315)	–	315	–	5	–
Dividends paid	26	–	–	(179)	–	–	–	–	(179)
At 31 December 2022		46	(1,688)	3,590	(80)	(225)	41	15	1,699
Statutory profit		–	–	234	–	–	–	–	234
Other comprehensive (loss)/income		–	–	(8)	–	–	4	2	(2)
Total comprehensive income		–	–	226	–	–	4	2	232
Share-based payment charge	5.1	–	–	40	–	–	–	–	40
Current tax on share-based payments	7	–	–	5	–	–	–	–	5
Deferred tax on share-based payments		–	–	1	–	–	–	–	1
Purchase of Man Group plc shares by the Employee Trust		–	–	–	(56)	–	–	–	(56)
Disposal of Man Group plc shares by the Employee Trust		–	–	(30)	30	–	–	–	–
Share repurchases	25	–	–	(125)	–	–	–	–	(125)
Transfer to Treasury shares		–	–	223	–	(223)	–	–	–
Transfer from Treasury shares		–	–	(18)	–	15	–	3	–
Disposal of Treasury shares for Sharesave		–	–	–	–	4	–	–	4
Cancellation of Treasury shares	25	(1)	–	(103)	–	103	–	1	–
Dividends paid	26	–	–	(181)	–	–	–	–	(181)
Put option over non-controlling interests in subsidiaries		–	–	(7)	–	–	–	–	(7)
At 31 December 2023		45	(1,688)	3,621	(106)	(326)	45	21	1,612

Under the Companies (Jersey) Law 1991, a company may make a distribution from any source other than the nominal capital account and capital redemption reserve, included within other reserves. The Company has reserves available for distribution of $2.9 billion as at 31 December 2023 (2022: $1.8 billion).

Notes to the Group financial statements

1. Basis of preparation

Accounting

The audited consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations (IFRICs) as adopted by the United Kingdom. The consolidated financial statements are prepared on a going concern basis using the historical cost convention, except for certain financial instruments that are measured at fair value and defined benefit pension plans. Our significant accounting policies, which have been consistently applied in the current and prior years, are included in the relevant notes, except for those below which relate to the consolidated financial statements as a whole.

Man Group plc (the Company) has taken advantage of the exemption provided in Article 105 (11) of the Companies (Jersey) Law 1991 and therefore does not present its individual financial statements and related notes.

Consolidation

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

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

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

The consolidated financial information contained within these financial statements incorporates our results, cash flows and financial position for the year to 31 December 2023 and includes our share of the results of any associates and joint ventures using the equity method of accounting. Subsidiaries are entities we control (including certain structured entities, as defined by IFRS 12 'Disclosure of Interests in Other Entities') and are consolidated from the date on which control is transferred to us until the date that control ceases. Control exists when we have the power to direct the relevant activities, exposure to significant variable returns and the ability to utilise power to affect those returns. All intercompany transactions and balances are eliminated on consolidation. Although the Employee Trust has independent trustees and its assets are held separately, it is consolidated into the Group financial statements given its nature as a structured entity which has the obligation to deliver deferred compensation awards to our employees.

Business combinations

Man Group uses the acquisition method to recognise acquired businesses from the date on which we obtain control of the acquiree. The consideration transferred in an acquisition is measured at the fair value of the assets transferred, including any contingent consideration, the liabilities incurred, and any equity instruments issued. The fair value of the business acquired is measured at the fair value of the acquiree's identifiable assets and liabilities at that date. Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the amounts of the identifiable assets acquired and liabilities assumed at the acquisition date. Acquisition-related costs are recognised in the Group income statement as incurred. Any contingent consideration is recognised at fair value at the acquisition date, with subsequent changes in fair value recognised in the Group income statement. Non-controlling interests in subsidiaries are measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets on a case-by-case basis. Put options over non-controlling interests are classified as a financial liability as there is no unavoidable right to defer settlement of the obligation.

Operating segments

As a result of the change in Chief Executive Officer and subsequent reorganisation of the Senior Executive Committee and Executive Committee in the year, we have revisited the definition of the Chief Operating Decision Maker (CODM) which has been identified as the Man Group Board (the Board) as Man Group's key decision-making body.

Management information regarding revenues, net management fee margins and investment performance relevant to the operation of the investment managers, products and the investor base are reviewed by the Board. A centralised shared infrastructure for operations, product structuring, distribution and support functions for our investment management business means that operating costs are not allocated to its constituent parts. As a result, performance is assessed, resources are allocated, and other strategic and financial management decisions are determined by the Board, considering our investment management business as a whole. Accordingly, we operate and report the investment management business as a single segment, together with relevant information regarding AUM, flows and net management fee margins, to allow for analysis of the direct contribution of products and the respective investor base.

Impact of new accounting standards

There were no new or amendments to existing accounting standards issued by the International Accounting Standards Board (IASB) effective for the first time in the year to 31 December 2023 that have had a significant impact on these Group financial statements.

We have applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12 'Income Taxes'. Accordingly, Man Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar 2 income taxes.

In November 2023, the IASB issued an exposure draft (ED) on Financial Instruments with Characteristics of Equity, which impacts the accounting for non-controlling interests over which there is a put option. The ED requires non-controlling interests to be recognised and measured based on current rights associated with an instrument, as well as the recognition of a put option over an entity's own shares at the present value of the gross settlement value. While the proposals have not had a material impact on the Group financial statements in the year, the impact could become more material in the future as the value of the non-controlling interests in the businesses acquired in the year increase.

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

2. Going concern

The preparation of the Group financial statements on a going concern basis is supported by the forecast financial performance and capital and liquidity analysis of Man Group, as approved by the Board. This analysis considers our net financial assets and liquidity resources and requirements and utilises the Man Group budget, medium-term plan and the capital and liquidity plan. These plans include rigorous downside testing, including analyses of stressed capital and liquidity scenarios, and incorporate Man Group's principal and emerging risks, which are outlined on pages 18 to 23 and monitored by the Board on an ongoing basis.

3. Judgemental areas and accounting estimates

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

Critical judgements

Consolidation of fund entities

Man Group acts as the investment manager or adviser to fund entities. A significant area of judgement is whether we control certain of those fund entities to which we are exposed via either direct investment holdings, total return swaps, or sale and repurchase arrangements. We assess such relationships on an ongoing basis to determine whether we control each fund entity and therefore consolidate them into our results. Further details of the control assessment are set out in Note 12.

Acquisition of Varagon

Significant judgement was applied in determining the appropriate accounting treatment of the acquisition of Varagon Capital Partners, L.P. (Varagon). In determining the classification of amounts payable to certain sellers as post-acquisition remuneration rather than consideration for the acquisition, we considered the rights and obligations of those sellers under the terms of the transaction, balancing the economic substance of the transaction against the potential forfeiture of future profit distributions and the right to sell their economic interest to Man Group in the future, and changes to the price at which the economic interest may be sold. We have determined that payments to sellers who are also employees should be accounted for as employment-related costs.

Further judgement was applied when determining the appropriate accounting policies to apply to these arrangements, since the terms differ significantly from more common forms of compensation. In particular, we have applied judgement when selecting the appropriate vesting period for the put options accounted for as cash-settled share-based payments. Since the maximum settlement value of the options varies over time, different vesting periods have been selected for the period over which each alternate value can be earned. Changes in the fair value of these cash-settled share-based payments will be recognised in the Group income statement up until the final settlement date.

The determination of the treatment of future amounts payable to the selling shareholders who are also key customers also involved significant judgement when determining whether to treat them as payments in their capacity as customers or as sellers. We have determined that these payments should be treated as part of the customer relationship as they are outlined in the investment management agreements and are in substance reductions in future fees charged for services rendered by Man Group.

Acquisition of Asteria

Judgement was applied in determining the appropriate accounting treatment of the acquisition of Asteria Investment Managers SA (Asteria), in particular the accounting for the non-controlling interest and the associated put option, including the decision to not separately disclose the immaterial non-controlling interest. As the transaction is not material, this is not considered a significant judgement.

Further information in relation to the acquisitions of Varagon and Asteria is set out in Note 17.

Critical accounting estimates

Acquisition of Varagon

Man Group's acquisition of Varagon in the year has introduced new sources of estimation uncertainty. The measurement of provisional values of the identifiable assets acquired, liabilities assumed and goodwill arising on the acquisition required the use of multiple uncertain inputs (Note 17). An increase or decrease in the fair value of the assets acquired and liabilities assumed would result in an equal and offsetting decrease or increase in goodwill. The value of employment-related expenses arising from business combinations is a further source of significant estimation uncertainty as the expenses are determined with reference to the expected future value and performance of the Varagon business (Note 5).

Pension
The estimation uncertainty arising on the valuation of the pension asset remains a critical accounting estimate (Note 23).

Other considerations
The Board has also considered the assumptions used in the assessments for impairment of goodwill and right-of-use lease assets, the recoverability of deferred tax assets and the valuation of contingent consideration and the put option over non-controlling interests relating to the acquisition of Asteria. They have concluded that these assumptions do not have a significant risk of causing a material adjustment to the carrying amounts of our assets or liabilities at the balance sheet date.

The Board has also considered the impact of climate change on the Group financial statements, in particular in relation to the going concern assessment, the cash flow forecasts used in the impairment assessments of non-current assets and the assumptions around future life expectancies used in the valuation of the net pension asset. The impact of climate change on the Group financial statements is not currently expected to be material.

4. Revenue

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

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

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

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

5. Costs

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

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

Compensation costs
Salaries, variable cash compensation and social security costs are charged to the Group income statement in the period in which the service is provided and include partner drawings. In the short term, the variable component of compensation adjusts with revenues and profitability.

Compensation can be deferred by way of equity-settled share-based payment schemes and fund product-based compensation arrangements. Where deferred compensation relates to our fund products, the fair value of the employee services received in exchange for the fund investments is recognised as a straight-line expense of the mark-to-market value of the awards over the relevant vesting period, with a corresponding liability recognised in the Group balance sheet. We generally elect to separately purchase the equivalent fund investments at grant date to offset any associated change in the value of deferred compensation due, and on vesting the value of the fund investment is delivered to the employee (subject to the terms of the plan rules, which include malus provisions). If a fund product-based award is forfeited, the cumulative charge recognised in the Group income statement is reversed in full.

Other employment-related expenses
Other employment-related expenses relate to amounts payable to sellers of businesses acquired in exchange for post-acquisition services and are recognised in profit and loss over the sellers' relevant service periods.

5.1. Compensation costs and other employment-related expenses

	2023 $m	2022 $m
Salaries	**201**	174
Variable cash compensation	**205**	321
Deferred compensation: share-based payment charge	**40**	45
Deferred compensation: fund product-based payment charge	**83**	72
Social security costs	**50**	52
Pension costs (Note 23)	**16**	14
Compensation costs	**595**	678
Other employment-related expenses (Note 24)	**23**	–
Total employment-related expenses recognised in the Group income statement	**618**	678
Comprising:		
Fixed compensation: salaries and associated social security costs, and pension costs	**239**	209
Variable compensation: variable cash compensation, deferred compensation and associated social security costs	**356**	469
Other employment-related expenses	**23**	–

The unamortised deferred compensation at 31 December 2023 is $120 million (2022: $76 million) and has a weighted average remaining vesting period of 2.2 years (2022: 1.5 years). $2 million of the $23 million other employment-related expenses relates to the portion of profits earned in the year ended 31 December 2023 which are payable to Varagon selling shareholders.

Sensitivity analysis

The value recognised for other employment-related expenses is an area of significant estimation uncertainty as the fair value has been determined with reference to the expected future value and performance of the Varagon business. The estimates will be updated in each reporting period until the associated liabilities are settled. The table below illustrates the impact of changing the most significant assumptions used in the expected future value calculation on the expense recognised in the Group income statement.

$m	Increase/(decrease) in 2023 employment-related expense	
Discount rate decreased/(increased) by 5% p.a.	**8**	**(6)**
Forecast future cash flows increased /(decreased) by 50% p.a.	**3**	**(20)**

5.2. Other costs

	2023 $m	2022 $m
Audit, tax, legal and other professional fees	**24**	24
Technology and communications	**24**	22
Occupancy	**20**	18
Temporary staff, recruitment, consultancy and managed services	**13**	17
Staff benefits	**19**	14
Insurance	**5**	7
Travel and entertainment	**11**	7
Marketing and sponsorship	**5**	5
Claims	**1**	–
Other costs, including irrecoverable VAT	**10**	9
Other costs – consolidated fund entities	**9**	9
Acquisition-related costs (Note 17)	**9**	–
Other costs before depreciation and amortisation	**150**	132
Depreciation of leasehold improvements and equipment (Note 15)	**12**	12
Depreciation of right-of-use lease assets (Note 16.1)	**14**	17
Amortisation of other intangibles (Note 19)	**22**	18
Total other costs	**198**	179

Average headcount

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

	2023	2022
Investment management	469	427
Sales and marketing	251	238
Technology and infrastructure[1]	996	930
Average headcount	1,716	1,595
Headcount at 31 December	1,790	1,655

Note:
1 Includes all staff performing technology-based roles, including those supporting the investment management side of our business.

6. Finance expense and finance income

	2023 $m	2022 $m
Finance expense		
Unwind of lease liability discount (Note 16.1)	**(10)**	(10)
Interest expense on total return swaps and sale and repurchase agreements	**(12)**	(3)
Other finance expense	**(12)**	(3)
Total finance expense	**(34)**	(16)
Finance income		
Interest on cash deposits	**12**	5
Unwind of finance lease discount (Note 16.2)	**1**	–
Total finance income	**13**	5
Net finance expense	**(21)**	(11)

7. Current tax and tax expense

Accounting policy

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

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

The movements in our net current tax assets/liabilities are as follows:

	2023 $m	2022 $m
Net current tax liability at beginning of the year	**37**	15
Charge to the Group income statement	**65**	159
Credit to equity	**(5)**	(4)
Tax paid	**(100)**	(125)
Other balance sheet movements	**(6)**	(5)
Foreign currency translation	**(3)**	(3)
Net current tax (asset)/liability at end of the year	**(12)**	37

	2023 $m	2022 $m
Current tax		
UK corporation tax on profits	**56**	140
Foreign tax	**14**	19
Adjustments to tax charge in respect of previous years	**(5)**	–
Current tax expense	**65**	159
Deferred tax		
Origination and reversal of temporary differences	**(23)**	(13)
Adjustments to tax charge in respect of previous years	**3**	(9)
Deferred tax credit (Note 20)	**(20)**	(22)
Total tax expense	**45**	137

Factors affecting the tax expense for the year
The majority of our profits in the period were earned in the UK, Switzerland and the US. On 1 April 2023, the UK corporation tax rate increased to 25% from 19%. Our tax expense is lower (2022: lower) than the amount that would arise using the theoretical tax rate applicable to our profits as follows:

	2023 $m	2022 $m
Profit before tax	**279**	745
Theoretical tax expense at UK rate: 23.5% (2022: 19%)	**66**	142
Effect of:		
Overseas tax rates different to UK	**(4)**	(2)
Adjustments to tax charge in respect of previous years	**(2)**	(9)
(Recognition)/derecognition of US deferred tax assets (Note 20)	**(19)**	7
Other	**4**	(1)
Tax expense	**45**	137

The effective tax rate in the year was 16% (2022: 18%).

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

The OECD has published an Inclusive ‘Pillar 2’ Framework (the Framework) to support the introduction of a global minimum tax rate of 15%. The UK has enacted its legislation in Finance (No. 2) Act 2023, effective from 2024. We anticipate being subject to the global minimum top-up tax in certain jurisdictions in which we operate, notably Ireland and Switzerland. However, based on historical and anticipated profit profiles, the impact on our effective tax rate is not expected to be greater than 1%. We are continuing to assess the impact of Pillar 2 legislation on our future financial results.

8. Cash, liquidity and borrowings

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

Borrowings
Borrowings comprise amounts drawn under committed revolving credit facilities. Borrowings are initially recorded at fair value and subsequently measured at amortised cost. Drawdowns under revolving credit facilities are typically for maturities of one month or less and are therefore presented net of repayments in the Group cash flow statement.

	2023 $m	2022 $m
Cash held with banks	**92**	124
Short-term deposits	**46**	95
Money market funds	**42**	130
Cash held by consolidated fund entities (Note 12.2)	**96**	108
Cash and cash equivalents	**276**	457
Less: cash held by consolidated fund entities (Note 12.2)	**(96)**	(108)
Available cash and cash equivalents	**180**	349
Undrawn committed revolving credit facility[1]	**660**	500
Total liquidity	**840**	849

Note:
1 Excludes the $300 million facility acquired with Varagon in the year. This facility was undrawn at 31 December 2023 and subsequently cancelled in January 2024.

Cash and cash equivalents
At 31 December 2023, the $180 million available cash and cash equivalents balance was held with 19 banks (2022: $349 million with 14 banks).

Credit ratings of banks	**2023 $m**	2022 $m
AAA	**31**	103
AA	**67**	103
A	**82**	143
Total	**180**	349

The single largest counterparty bank exposure of $50 million is held with an A- rated bank (2022: $101 million held with an A- rated bank).

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

Our maximum exposure to loss associated with interests in our consolidated CLOs is limited to the net investment in these CLOs (Note 12.2). Therefore, the CLO liabilities on the Group balance sheet of $1,036 million (2022: nil) do not present a liquidity risk to Man Group as we have no obligation to repay the noteholders at maturity should the CLO assets be insufficient to meet the obligations.

Further information relating to Man Group's exposure to liquidity risk is set out on page 19.

Borrowings
Our $800 million committed revolving credit facility (RCF) is immediately accessible. It does not include financial covenants to maintain maximum flexibility. The RCF was put in place in December 2023, replacing the previous $500 million facility, as a five-year facility with two one-year extension options and is currently scheduled to mature in December 2028. $140 million was drawn down at 31 December 2023 (2022: undrawn).

9. Reconciliation of statutory profit to cash generated from operations

Accounting policy
Cash flows arising from the purchase and sale of investments in fund products and other investments, and from transactions with third-party investors in consolidated fund entities, are included in cash flows from operating activities in the Group cash flow statement. This classification reflects the fact that these investments are to build product breadth and to trial investment research before marketing the products broadly to investors as part of Man Group's ordinary operations or are otherwise held in connection with settling employee remuneration and are not intended to be held as long-term investments.

	Note	**2023 $m**	2022 $m
Cash flows from operating activities			
Statutory profit		**234**	608
Adjustments for:			
Share-based payment charge	5.1	**40**	45
Fund product-based payment charge	5.1	**83**	72
Other employment-related expenses	5.1	**23**	–
Net finance expense	6	**21**	11
Tax expense	7	**45**	137
Depreciation of leasehold improvements and equipment	15	**12**	12
Depreciation of right-of-use lease assets	16.1	**14**	17
Gain on disposal of investment property – right-of-use lease assets	16.2	**(12)**	–
Amortisation and impairment of acquired intangibles	18	**28**	51
Amortisation of other intangibles	19	**22**	18
Share of post-tax loss of associates	22	**3**	5
Realised gains on cash flow hedges		**(12)**	(7)
Foreign exchange movements		**3**	(13)
Other non-cash movements		**(9)**	(5)
		495	951
Changes in working capital[1]:			
Decrease/(increase) in fee and other receivables		**104**	(68)
Decrease/(increase) in other financial assets including consolidated fund entities[2]		**71**	(45)
(Decrease)/increase in trade and other payables		**(200)**	40
Cash generated from operations		**470**	878

Notes:
1 Changes in working capital differ from the movements in these balance sheet items due to non-cash movements which either relate to the gross-up of the third-party share of consolidated fund entities (Note 12.2) or are adjusted elsewhere in the Group cash flow statement, such as movements relating to the fund product-based payment charge and other employment-related expenses (within operating activities) and the share repurchase liability (within financing activities).
2 Includes $12 million of restricted net cash outflows (2022: $44 million cash inflows) relating to consolidated fund entities (Note 12.2).

10. Fee and other receivables

Accounting policy

Fee and other receivables are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method, except for derivatives (measured at fair value through profit and loss) and prepayments. Fee receivables and accrued income relate to management and performance fees and are received in cash following finalisation of the NAVs of the underlying funds or managed accounts.

	2023 $m	2022 $m
Fee receivables	**25**	35
Accrued income	**274**	359
Collateral posted with derivative counterparties	**48**	39
Receivables from Open Ended Investment Company (OEIC) funds	**39**	20
Other fund receivables	**29**	36
Prepayments	**23**	17
Derivatives	**5**	9
Other receivables	**20**	26
Receivables relating to consolidated fund entities (Note 12.2)	**88**	29
Fee and other receivables	**551**	570

Comprising:		
Financial assets at amortised cost	**523**	544
Financial assets at fair value through profit or loss	**5**	9
Non-financial assets	**23**	17

Credit risk management

The majority of fees are deducted from the NAVs of the respective funds by the independent administrators and therefore the credit risk of fee receivables is minimal. No balances are overdue and, under the expected credit loss model of IFRS 9 'Financial Instruments', no impairment has been recognised at 31 December 2023 (2022: nil). Included in fee and other receivables at 31 December 2023 are balances of $2 million (2022: $1 million) which are expected to be settled after more than 12 months.

11. Trade and other payables

Accounting policy

Trade and other payables are initially recorded at fair value, which is usually the invoiced amount, and subsequently measured at amortised cost using the effective interest rate method, except for derivatives, contingent consideration payable and put options over non-controlling interests in subsidiaries, which are measured at fair value through profit and loss.

	2023 $m	2022 $m
Trade payables	**7**	4
Compensation accruals	**365**	453
Other accruals	**79**	86
Share repurchase liability	**–**	98
Payables under repo arrangements	**45**	54
Payables to OEIC funds	**39**	18
Tax and social security	**31**	30
Derivatives	**12**	6
Contingent consideration (Note 17)	**3**	–
Put option over non-controlling interests in subsidiaries (Note 24)	**9**	–
Employment-related payables to sellers of businesses acquired (Note 5)	**23**	–
Other payables	**7**	13
Payables relating to consolidated fund entities (Note 12.2)	**116**	180
Trade and other payables	**736**	942

Comprising:		
Financial liabilities at amortised cost	**712**	936
Financial liabilities at fair value through profit or loss	**24**	6

Trade and other payables can be analysed according to their contractual maturity dates as follows:

	2023 $m	2022 $m
Within one year	**658**	871
Between one and three years	**49**	71
After three years	**29**	–
	736	942

12. Investments in fund products and other investments

Accounting policy

Investments in fund products are classified at fair value through profit or loss, with net gains due to movements in fair value recognised through net income or gains on investments and other financial instruments.

The fair values of investments in fund products other than CLOs are typically derived from their reported NAVs, which in turn are based upon the value of the underlying assets. The valuation of the underlying assets within each fund product is determined by external valuation service providers based on an agreed valuation policy and methodology. While these valuations are performed independently of Man Group, we have established oversight procedures and due diligence processes to ensure that the NAVs reported by the external valuation service providers are reliable and appropriate. Purchases and sales of investments are recognised on trade date.

Our holdings in unconsolidated CLO risk retention assets are priced using a bottom-up valuation method. We use third-party valuations to price the securities within the underlying portfolios and then apply the percentage of the CLO notes we hold to these valuations.

Seeding investments portfolio

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

Other than our holdings in CLOs and co-investments, our seed investments are generally liquid in nature and may be liquidated at short notice. It is not practicable to allocate our seeding investments portfolio between amounts expected to be recovered or settled within or after 12 months after the end of the reporting period as the sale or liquidation of seed investments is subject to client asset raising and the ongoing requirements of the business. The majority of our CLO holdings are likely to be settled more than 12 months after the end of the reporting period.

Consolidation

The control considerations under IFRS 10 ‘Consolidated Financial Statements’ apply to fund product investments, including those underlying our repo and TRS instruments. Fund entities deemed to be controlled are consolidated on a line-by-line basis from the date control commences until it ceases. In the control assessment, we consider our exposure to variable returns and the existence of substantive kick-out rights. Other factors considered include the nature of relevant fee arrangements, the decision-making powers we hold as investment manager or adviser and whether the shares we hold include voting rights. Where we are not deemed to control the fund, our investment is classified within investments in fund products.

We only have limited exposure to the variable returns of the fund entities we manage unless we either hold an investment in the fund entity or receive the returns of the fund entity via a TRS or repo arrangement. For most fund entities: the existence of independent boards of directors; rights which allow for the removal of the investment manager or adviser; the influence of external investors; limited exposure to variable returns; and the arm’s length nature of our contracts with those fund entities, indicate that we do not control them. As a result, the associated assets, liabilities, and results of these funds are not consolidated into the Group financial statements.

The assets held by the CLOs we consolidate are priced using independent pricing sources. Other than subordinated notes, the debt liabilities of consolidated CLOs are valued at par plus accrued interest, which is considered equivalent to fair value. The subordinated notes of these CLOs are priced using an intrinsic valuation approach, excluding any potential future value.

Investment property held by consolidated fund entities comprises land and buildings held to earn rent or for capital appreciation, or both, and is measured at cost less depreciation and impairment. Other than land, which is not depreciated, depreciation is calculated on a straight-line basis over the asset’s estimated useful life (between three and 30 years).

Third-party interests in consolidated fund entities are measured at amortised cost.

Fund product investments held for deferred compensation arrangements

We hold fund product investments related to deferred compensation arrangements to offset any change in the associated compensation cost over the vesting period. At vesting, the value of the fund investment is delivered to the employee. These fund product investments are measured at fair value and include balances held by the Employee Trust.

The seeding investments portfolio reflects our exposure to holdings in investments in fund products, as follows:

	2023 $m	2022 $m
Investments in fund products	**289**	304
Investments in consolidated funds: transferable securities (Note 12.2)	**1,987**	905
Other investments	**3**	–
Investments in fund products and other investments	**2,279**	1,209
Less:		
Fund investments held for deferred compensation arrangements	**(189)**	(153)
Investments in consolidated funds: exclude consolidation gross-up of net investment	**(1,492)**	(368)
Other investments	**(3)**	–
Seeding investments portfolio	**595**	688

Included in fund investments held for deferred compensation arrangements at 31 December 2023 are balances of $101 million (2022: $80 million) which are expected to be settled after more than 12 months.

12.1. Investments in fund products

At 31 December 2023, exposure to fund products via repo arrangements (included within investments in fund products, with an offsetting repayment obligation included within trade and other payables) was $45 million (2022: $54 million). Additional exposure via TRS was $230 million (2022: $138 million). The largest single investment in fund products at 31 December 2023 was $88 million (2022: $61 million).

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

	2023 $m	2022 $m
Net gains/(losses) on seeding investments portfolio	**47**	(12)
Consolidated fund entities: gross-up of net gains on investments	**39**	–
Foreign exchange movements	**(11)**	22
Net gains/(losses) on fund investments held for deferred compensation arrangements and other investments	**1**	(3)
Net income or gains on investments and other financial instruments	**76**	7

12.2. Consolidation of investments in funds

At 31 December 2023, our interests in 35 (2022: 43) funds met the definition of control and have therefore been consolidated on a line-by-line basis. Certain of our CLOs have been consolidated for the first time in the year following the purchase of majority holdings in the subordinated tranches.

Consolidated fund entities are included within the Group balance sheet and income statement as follows:

	2023 $m	2022 $m
Balance sheet		
Cash and cash equivalents (Note 8)	**96**	108
Transferable securities[1]	**1,987**	905
Fees and other receivables	**88**	29
Investment property	**30**	34
Trade and other payables	**(116)**	(180)
CLO liabilities	**(1,036)**	–
Net assets of consolidated fund entities	**1,049**	896
Third-party interest in consolidated funds	**(554)**	(359)
Net investment held by Man Group	**495**	537
Income statement		
Net gains/(losses) on investments[2]	**90**	(31)
Rental income[3]	**1**	–
Management fee expenses[4]	**(5)**	(4)
Performance fee expenses[4]	**(2)**	(1)
Other costs[5]	**(9)**	(9)
Net gains/(losses) of consolidated fund entities	**75**	(45)
Third-party share of (gains)/losses relating to interests in consolidated funds	**(24)**	14
Net gains/(losses) attributable to net investment held by Man Group	**51**	(31)

Notes:
1 Included within investments in fund products and other investments. Includes assets held by consolidated CLOs of $1,103 million.
2 Included within net income or gains on investments and other financial instruments.
3 Relates to rental income generated from investment property held by consolidated fund entities.
4 Relates to management and performance fees paid by the funds to Man Group during the year, which are eliminated within management and other fees and performance fees respectively in the Group income statement.
5 Includes depreciation and impairment of investment property held by consolidated fund entities.

Movements in the carrying value of investment property held by consolidated fund entities can be analysed as follows:

	2023 $m	2022 $m
Cost at beginning of the year	**38**	–
Additions	**–**	38
Disposals	**(4)**	–
Cost at end of the year	**34**	38
Accumulated depreciation and impairment at beginning of the year	**(4)**	–
Depreciation	**(1)**	(1)
Reversal of impairment/(impairment)	**1**	(3)
Accumulated depreciation and impairment at end of the year	**(4)**	(4)
Net book value at beginning of the year	**34**	–
Net book value at end of the year	**30**	34

The fair value of investment property held by consolidated fund entities of $30 million at 31 December 2023 (2022: $34 million) is based on valuations provided by independent property experts.

13. Fair value of financial assets and liabilities

Accounting policy

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

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

The majority of our investments in fund products fall within Level 2 due to the levels of subscription and redemption activity and the liquidity of the underlying investments. Level 2 investments in fund products primarily comprise holdings in unlisted, open-ended, active and liquid funds, which are priced using daily or weekly observable market information derived from third-party sources. A transfer into Level 3 would be deemed to occur where the level of activity, as evidenced by subscriptions and redemptions, is deemed insufficient to support a Level 2 classification. Other factors, such as a deterioration of liquidity in the underlying investments, would also result in a Level 3 classification.

The assets held by our consolidated CLOs comprise a portfolio of bonds and loan securities. Loans are valued using broker quotes sourced from an independent pricing service, with bonds priced using latest prices executed for similar assets. We do not make any adjustments to the quotes obtained. Where the quotes are obtained from multiple pricing sources within a narrow range, the assets are classified as Level 2 in the fair value hierarchy. Where prices are derived from a small number of quotes, or where there is a wide bid-ask spread between quotes, we classify these assets as Level 3.

Transferable securities held by our other consolidated funds which are classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. When observable prices are not available for these securities, we use valuation techniques for which sufficient and reliable data is available. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability.

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

	2023				2022			
$m	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1[1]	Level 2[1]	Level 3	Total
Financial assets held at fair value:								
Investments in fund products and other investments (Note 12)	**–**	**280**	**12**	**292**	–	284	20	304
Investments in consolidated funds: transferable securities (Note 12.2)	**274**	**1,567**	**146**	**1,987**	401	504	–	905
Derivatives (Note 10)	**–**	**5**	**–**	**5**	–	9	–	9
	274	**1,852**	**158**	**2,284**	401	797	20	1,218
Financial liabilities held at fair value:								
Derivatives (Note 11)	**–**	**(12)**	**–**	**(12)**	–	(6)	–	(6)
Contingent consideration (Note 17)	**–**	**–**	**(3)**	**(3)**	–	–	–	–
Put option over non-controlling interests in subsidiaries (Note 17)	**–**	**–**	**(9)**	**(9)**	–	–	–	–
CLO liabilities – consolidated fund entities (Note 12.2)	**–**	**(1,036)**	**–**	**(1,036)**	–	–	–	–
	–	**(1,048)**	**(12)**	**(1,060)**	–	(6)	–	(6)

Note:

1 $401 million of investments in consolidated funds: transferable securities previously reported as Level 2 are now reported as Level 1 to reflect the nature of the underlying securities within the consolidated funds. Previously, the inputs to the overall pricing of the investments in consolidated funds were considered when determining the appropriate classification in the fair value hierarchy.

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

$m	2023 Assets	2023 Liabilities	2022 Assets	2022 Liabilities
At beginning of the year	**20**	**–**	190	–
Transfers out of Level 3	**(11)**	**–**	(154)	–
Purchases	**2**	**(12)**	1	–
Credit/(charge) to Group income statement[1,2]	**1**	**–**	(5)	–
Sales or settlements	**–**	**–**	(1)	–
Change in consolidated fund entities held	**146**	**–**	(11)	–
At end of the year	**158**	**(12)**	20	–

Notes:
1 Included within net income or gains on investments and other financial instruments.
2 Includes net unrealised gains of $1 million (2022: losses of $5 million).

Purchases of Level 3 financial liabilities relate to the fair value of contingent consideration and the put option over the non-controlling interest arising on the acquisition of Asteria (Note 17).

The Level 3 financial assets in the portfolios of our consolidated fund entities other than CLOs primarily comprise bonds, equities and credit-linked notes. The techniques used the valuations of those assets primarily include discounted cash flows, estimated recovery and single broker quotes. The unobservable inputs in those valuations comprise future cash flows, discount rates and yields.

Sensitivity analysis
A 5% increase/decrease in the valuations of Level 3 financial assets would result in a $8 million increase/decrease in their fair value. Changes in the unobservable inputs to the valuation of Level 3 financial liabilities would not be expected to result in a significant change in the carrying value of these assets and liabilities, and hence a sensitivity analysis has not been presented.

14. Market risks and derivatives

Accounting policy
Derivatives
We use derivative financial instruments to manage market risk in certain circumstances. These consist primarily of market risk hedges on some of our seeding positions and foreign exchange contracts. The carrying value of these derivatives are included in fee and other receivables and trade and other payables.

Hedge accounting
We apply cash flow hedge accounting to fund investments related to deferred fund product awards, whereby the offsetting gains or losses on these fund products are matched against the corresponding fund product-based payment compensation charge in the Group income statement pro rata over the vesting period. Gains or losses are recognised through other comprehensive income and held within the cash flow hedge reserve in equity until they are recycled over the vesting period into the Group income statement.

We apply net investment hedge accounting to the net assets of material subsidiaries that have a functional currency other than USD. Gains or losses on derivatives are recycled from the Group income statement through other comprehensive income in the foreign currency translation reserve in equity to offset the impact of any currency translation of the net assets of these subsidiaries. The accumulated gains or losses are recycled to the Group income statement on disposal of the related subsidiary.

As in 2022, all derivatives are held with counterparties with ratings of A or higher and mature within one year.

Management of market risk arising from investments in funds
Investments in fund products expose us to market risk and are therefore managed within limits consistent with the Board’s risk appetite. In certain circumstances, we use derivative financial instruments, specifically equity or credit default swaps, to hedge the risk associated with mark-to-market movements.

The market risk from seeding investments, including those financed via repo and TRS arrangements, is modelled using a value at risk methodology with a 95% confidence interval and one-year time horizon. The value at risk is estimated to be $61 million at 31 December 2023 (2022: $43 million).

We generally hold an investment in the associated fund products to hedge the mark-to-market movement in fund product-based compensation over the vesting period.

Our maximum exposure to loss associated with interests in our consolidated CLOs is limited to the net investment in these CLOs (Note 12.2). Therefore, the CLO liabilities on the Group balance sheet of $1,036 million (2022: nil) do not present a market risk to Man Group as we have no obligation to repay the noteholders at maturity should the CLO assets be insufficient to meet the obligations.

Further information relating to Man Group’s exposure to market risk is set out on pages 19 and 20.

Market risk hedges	2023 $m	2022 $m
Notional value of derivatives at 31 December		
Assets	**–**	149
Liabilities	**(175)**	(71)
Net (liabilities)/assets	**(175)**	78
For the year ended 31 December		
(Loss)/gain recognised in the Group income statement	**(17)**	39

Management of foreign exchange rate risk
We are subject to risk from changes in foreign exchange rates on monetary assets and liabilities. In certain circumstances, we use derivative financial instruments, specifically forward foreign exchange contracts with a one-month duration, to hedge the risk associated with foreign exchange movements.

During the year, there were $11 million of net realised and unrealised foreign exchange losses (2022: $22 million gains) recognised in the Group income statement through net income or gains on investments and other financial instruments, including the effects of hedging. This primarily comprises a $10 million unrealised loss (2022: $25 million gain) relating to the revaluation of our $209 million (2022: $200 million) unhedged sterling lease liability.

Foreign exchange hedges	2023 $m	2022 $m
Notional value of derivatives at 31 December		
Assets	**124**	82
Liabilities	**(343)**	(235)
Net liabilities	**(219)**	(153)
For the year ended 31 December		
(Loss)/gain before the impact of hedging	**(4)**	5
(Loss)/gain on hedging instruments	**(7)**	17
(Loss)/gain recognised in the Group income statement after the impact of hedging	**(11)**	22

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

	2023 $m	2022 $m
Sterling	**(138)**	(155)
Australian dollar	**14**	41
Japanese yen	**7**	19
Other	**10**	10
Total	**(107)**	(85)

A 10% strengthening/weakening of the USD against all other currencies, with all other variables held constant, would have resulted in a foreign exchange loss/gain of $11 million (2022: $9 million), with a corresponding impact on equity. This pre-tax exposure is based on non-USD balances held by USD functional currency entities at 31 December.

Management of interest rate risk
We are subject to risk from changes in interest rates on monetary assets and liabilities, principally cash deposits and financing costs. In respect of our monetary assets and liabilities which earn/incur interest indexed to floating rates, as at 31 December 2023 a 100 basis point increase/decrease in these rates, with all other variables held constant, would have resulted in a $1 million (2022: $1 million) increase/decrease in net interest expense.

15. Leasehold improvements and equipment

Accounting policy

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

	2023			2022		
$m	**Leasehold improvements**	**Equipment**	**Total**	Leasehold improvements	Equipment	Total
Cost at beginning of the year	**70**	**61**	**131**	70	64	134
Acquired through business combinations (Note 17)	**–**	**1**	**1**	–	–	–
Additions	**4**	**8**	**12**	11	10	21
Disposals	**(1)**	**(3)**	**(4)**	(13)	(13)	(26)
Transfer to leasehold improvements from investment property (Note 16.1)	**–**	**–**	**–**	2	–	2
Cost at end of the year	**73**	**67**	**140**	70	61	131
Accumulated depreciation and impairment at beginning of the year	**(36)**	**(42)**	**(78)**	(45)	(46)	(91)
Disposals	**–**	**3**	**3**	13	13	26
Transfer to leasehold improvements from investment property (Note 16.1)	**–**	**–**	**–**	(1)	–	(1)
Depreciation	**(3)**	**(9)**	**(12)**	(3)	(9)	(12)
Accumulated depreciation and impairment at end of the year	**(39)**	**(48)**	**(87)**	(36)	(42)	(78)
Net book value at beginning of the year	**34**	**19**	**53**	25	18	43
Net book value at end of the year	**34**	**19**	**53**	34	19	53

16. Leases

16.1. Man Group as lessee

Accounting policy

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

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

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

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

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

Right-of-use lease assets

$m	2023 Leasehold property	2023 Investment property	2023 Total	2022 Leasehold property	2022 Investment property	2022 Total
Cost at beginning of the year	**169**	**242**	**411**	146	256	402
Acquired through business combinations (Note 17)	**22**	**–**	**22**	–	–	–
Additions	**3**	**–**	**3**	41	2	43
Disposals	**–**	**(141)**	**(141)**	(22)	(10)	(32)
Remeasurement of lease liability	**5**	**–**	**5**	–	–	–
Transfer between leasehold property and investment property	**–**	**–**	**–**	4	(4)	–
Transfer from investment property to leasehold improvements (Note 15)	**–**	**–**	**–**	–	(2)	(2)
Cost at end of the year	**199**	**101**	**300**	169	242	411
Accumulated depreciation and impairment at beginning of the year	**(77)**	**(171)**	**(248)**	(85)	(179)	(264)
Disposals	**–**	**91**	**91**	22	10	32
Transfer between leasehold property and investment property	**–**	**–**	**–**	(4)	4	–
Transfer from investment property to leasehold improvements (Note 15)	**–**	**–**	**–**	–	1	1
Depreciation (Note 5.2)	**(10)**	**(4)**	**(14)**	(10)	(7)	(17)
Accumulated depreciation and impairment at end of the year	**(87)**	**(84)**	**(171)**	(77)	(171)	(248)
Net book value at beginning of the year	**92**	**71**	**163**	61	77	138
Net book value at end of the year	**112**	**17**	**129**	92	71	163

Lease liability

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

	2023 $m	2022 $m
Within one year	**32**	25
Between one and five years	**114**	97
Between five and ten years	**142**	125
Between ten and 15 years	**54**	74
Undiscounted lease liability at end of the year	**342**	321
Discounted lease liability at end of the year	**283**	253

Of the total discounted lease liability at 31 December 2023 of $283 million (2022: $253 million), $21 million (2022: $20 million) is expected to be settled within 12 months.

Movements in the lease liability are as follows:

	2023 $m	2022 $m
At beginning of the year	**253**	250
Acquired through business combinations (Note 17)	**22**	–
Additions	**3**	41
Cash payments	**(20)**	(23)
Unwind of lease liability discount (Note 6)	**10**	10
Remeasurement	**5**	–
Foreign exchange movements	**10**	(25)
At end of the year	**283**	253

16.2. Man Group as lessor

Accounting policy

Finance leases

Whenever the terms of the sub-lease transfer substantially all risks and rewards of ownership of the underlying ROU lease asset to the lessee, we classify the contract as a finance lease. This is typically when the end of the sub-lease term aligns with the end of our head lease, with no break option. Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the lease. The net investment in the lease is measured at the present value of the lease payments due over the lease term, discounted using our incremental cost of borrowing under the head lease. The net investment in the lease is adjusted for lease payments and finance lease interest as well as the impact of any subsequent lease modifications. Finance lease interest is included within finance income.

Operating leases
Man Group acts as lessor in respect of certain ROU lease assets which are in turn sub-let under operating leases (investment property ROU lease assets). Sub-leases which do not meet the definition of a finance lease are classified as operating leases. Sub-lease rental income is recognised on a straight-line basis over the lease term in the Group income statement.

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

Sub-lease rental income from operating leases was $5 million in 2023 (2022: $5 million).

Operating expenses of $5 million (2022: $5 million) arising from investment property that did not generate rental income during the period are included within other costs.

Fair value of investment property

	2023 $m	2022 $m
Value in use	**23**	82
Less:		
Carrying value	**(17)**	(71)
Headroom	**6**	11

In 2023, we signed new sub-leases for a substantial portion of the vacant space in our main premises in London. As the sub-leases extend to close to the end of the head lease with no break option, they are classified as finance leases. On lease commencement, we recognised finance lease receivables of $65 million. The derecognition of the associated ROU lease assets with a total carrying value of $53 million resulted in a gain on disposal of $12 million, recognised in the Group income statement.

At 31 December 2023, the contractual undiscounted lease payments receivable under operating and finance leases were as follows:

	2023		2022	
$m	**Operating leases**	**Finance leases**	Operating leases	Finance leases
Within one year	**2**	**–**	5	–
Between one and two years	**1**	**3**	5	–
Between two and three years	**–**	**5**	5	–
Between three and four years	**–**	**9**	–	–
Between four and five years	**–**	**10**	–	–
Between five and ten years	**–**	**47**	–	–
Between ten and 15 years	**–**	**17**	–	–
	3	**91**	15	–

At 31 December 2023, the contractual undiscounted minimum finance lease payments receivable can be reconciled to the net investment in finance lease as follows:

	2023 $m	2022 $m
Undiscounted lease payments	**91**	–
Less: unearned finance income	**(24)**	–
Net investment in finance lease	**67**	–

Movements in the net investment in finance lease are as follows:

	2023 $m	2022 $m
At beginning of the year	**–**	–
Additions	**65**	–
Unwind of finance lease discount (Note 6)	**1**	–
Foreign exchange movements	**1**	–
At end of the year	**67**	–

17. Business combinations

Accounting policy

Business combinations are accounted for using the acquisition method. The consideration for the acquisition of a subsidiary is the acquisition-date fair values of the assets transferred, the liabilities incurred, and any equity interests issued in exchange for control of the acquiree. Amounts payable to the sellers of a business, including those contingent on the exercise of a put option, that can be forfeited in the absence of post-acquisition services provided by those sellers are accounted for as post-acquisition remuneration and excluded from the consideration for the acquisition of the business. The associated employment-related expenses are spread over the relevant service periods.

When the consideration transferred in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Contingent consideration classified as a liability is remeasured to fair value at each reporting date with changes in fair value recognised in profit or loss.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at fair value. Acquisition-related costs are recognised in profit or loss as incurred.

Put options held by non-controlling shareholders, which are not linked to post-acquisition employment, give rise to a financial liability, recorded within trade and other payables at the present value of the expected redemption amount. The corresponding debit is recorded in retained earnings. The liability is remeasured at each reporting date based on the latest assessment of the expected redemption amount, with remeasurements recognised in profit or loss.

17.1. Acquisition of Varagon

Varagon Capital Partners, L.P. (Varagon) is a leading US middle-market private credit manager with a strong and experienced management team and high-quality, sophisticated client base, with a particular emphasis on the insurance channel. Varagon brings significant institutional credibility to support Man Group's growth in US private credit.

On 6 September 2023, Man Group acquired 100% of the voting rights in Varagon, the entirety of the interest classified as equity for accounting purposes, for upfront cash consideration of $179 million. This represents a 73% economic interest. The remaining 27% economic interest in Varagon is held by those sellers who remain in employment for a specified period post-acquisition. The acquisition agreement includes options which, if exercised, provide the opportunity for the rollover sellers to sell, and Man Group to buy, this remaining interest in years eight, nine or ten post-acquisition at up to fair market value.

Payments to the rollover sellers holding the residual 27% economic interest in Varagon may be forfeited should those sellers become 'bad leavers' during specified periods subsequent to the completion of the transaction. Payments in relation to the acquisition of the sellers' interest on exercise of the put options, and the distributions of their proportionate share of Varagon's post-acquisition profits, are therefore recorded as employment-related expenses. These expenses are spread, and a corresponding liability accreted, over the relevant service periods (Note 5 and Note 24).

Third-party interests in a subsidiary of Varagon, which are classified as a liability in the Group balance sheet, generated profits of $1 million for the period post-acquisition to 31 December 2023 and are presented as third-party share of post-tax profits in the Group income statement.

The provisional values recognised at the date of acquisition were as follows:

$m	Book value	Fair value adjustments	Fair value
Cash and cash equivalents	**12**	**–**	**12**
Fee and other receivables	**20**	**–**	**20**
Investments in fund products and other investments	**6**	**–**	**6**
Leasehold improvements and equipment (Note 15)	**1**	**–**	**1**
Leasehold property – right-of-use lease assets (Note 16.1)	**22**	**–**	**22**
Other intangibles (Note 19)	**1**	**–**	**1**
Acquired intangibles (Note 18)	**–**	**147**	**147**
Trade and other payables	**(29)**	**–**	**(29)**
Lease liability (Note 16.1)	**(22)**	**–**	**(22)**
Third-party share of post-tax profits payable	**(1)**	**–**	**(1)**
Net assets acquired	**10**	**147**	**157**
Goodwill on acquisition (Note 18)			**22**
Total consideration			**179**

Comprising:	
Cash consideration	**179**

The acquisition-date values presented have been determined on a provisional basis due to the proximity of the acquisition date to the reporting date. Fair value adjustments relate to the recognition of intangible assets comprising investment management agreements and related client relationships ($140 million) and the Varagon brand ($7 million). These intangible assets are recognised at the present value of the future cash flows expected to be generated and are amortised on a straight-line basis over their expected useful lives of between seven and 15 years. No deferred tax liability has been recognised on acquisition as the amortisation of intangible assets is tax-deductible in the US.

The goodwill arising from the acquisition represents the enhancement of our investment capabilities and the ability to deploy these capabilities at scale in a customisable format to the world's largest institutional investors. The goodwill is expected to be fully tax-deductible. Acquisition costs of $8 million, primarily relating to professional fees, are included within other costs and do not form part of goodwill.

Revenues and pre-tax profit for the Varagon business from acquisition to 31 December 2023 were $31 million and $9 million respectively. If Varagon had been acquired at the beginning of the year, Man Group's total revenue and pre-tax profit for the year would have been $1,231 million and $307 million respectively, before the deduction of employment-related expenses payable to the sellers who remain in employment post-acquisition.

17.2. Acquisition of Asteria

On 31 October 2023, Man Group acquired a controlling 51% interest in Asteria Investment Managers SA (Asteria), an ESG-oriented Swiss asset management company, for consideration of $11 million comprising cash and contingent consideration of $8 million and $3 million respectively. The acquisition of Asteria is part of a new strategic partnership with Fideuram-Intesa Sanpaolo Private Banking, which increases our presence in the European intermediated retail channel. The agreement also includes options which, if exercised, provide the opportunity for Asteria's non-controlling shareholder to sell, and Man Group to buy, the remaining 49% interest in Asteria. The present value of the expected redemption amount of the options, which can be exercised four years post-acquisition at fair market value, is $9 million at 31 December 2023, included within trade and other payables in the Group balance sheet.

The contingent consideration payable for the acquisition of Asteria is based on future levels of management fees. The maximum amount payable by Man Group is capped at $53 million.

The non-controlling interest in Asteria is measured at the proportionate share of Asteria's identifiable net assets. As the non-controlling interest is immaterial, the proportionate share of Asteria's profits has been deducted from statutory profit before tax within other costs. Similarly, the non-controlling shareholder's share of equity has not been separately presented within the Group statement of changes in equity at 31 December 2023 and has instead been offset against the profit and loss reserve. The non-controlling interest will be separately presented in the Group financial statements should it become material in the future.

Goodwill arising on acquisition of $8 million (Note 18) represents synergies from combining Man Group's expertise in bespoke portfolio solutions with access to a broader financial adviser network and client base. Acquisition costs of $1 million, primarily relating to professional fees, are included within other costs.

18. Goodwill and acquired intangibles

Accounting policy

Goodwill

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

Goodwill does not generate cash flows independently of other groups of assets and thus is assigned to a group of CGUs for the purposes of impairment testing. Our CGUs are aggregated into a single group for impairment testing purposes, reflecting the lowest level at which goodwill is monitored by management and which now incorporates our private market asset managers alongside our liquid asset managers.

The value in use calculation at 31 December 2023 uses cash flow projections based on the Board-approved financial plan for the three-year period ending on 31 December 2026, plus a terminal value. The valuation analysis is based on best practice guidance whereby a terminal value is calculated at the end of a discrete budget period and assumes, after this three-year budget period, no growth in asset flows above the long-term growth rate.

The assumptions applied in the value in use calculation are derived from past experience and assessment of current market inputs. We have applied a bifurcated discount rate to the modelled cash flows to reflect the different risk profile of management fee profits and performance fee profits. The discount rates are based on our weighted average cost of capital using a risk-free interest rate, together with an equity market risk premium and an appropriate market beta derived from consideration of our own beta, similar alternative asset managers, and the asset management sector as a whole. The terminal value is calculated based on the projected closing AUM at 31 December 2026 and applying the mid-point of a range of historical multiples to the forecast cash flows associated with management and performance fee profits.

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

Acquired intangibles

Intangible assets acquired in a business combination and recognised separately from goodwill are initially measured at their fair value at the acquisition date. Following initial recognition, acquired intangibles are held at cost less accumulated amortisation and impairment. Acquired intangibles comprise investment management agreements and related client relationships (IMAs), distribution channels and brand names and are initially recognised at fair value based on the present value of the expected future cash flows and are amortised on a straight-line basis over their expected useful lives, which are between seven and 15 years (IMAs and brands), and eight and 12 years (distribution channels). Acquired intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Disposals of acquired intangibles are recognised in the year the related cash inflows are transferred.

$m	2023 Goodwill	2023 IMAs	2023 Distribution channels	2023 Brand names	2023 Total	2022 Goodwill	2022 IMAs	2022 Distribution channels	2022 Brand names	2022 Total
Cost at beginning of the year	**2,425**	**834**	**56**	**40**	**3,355**	2,425	838	56	40	3,359
Acquired through business combinations (Note 17)	**30**	**140**	**–**	**7**	**177**	–	–	–	–	–
Disposals	**–**	**–**	**–**	**–**	**–**	–	(4)	–	–	(4)
Cost at end of the year	**2,455**	**974**	**56**	**47**	**3,532**	2,425	834	56	40	3,355
Accumulated amortisation and impairment at beginning of the year	**(1,836)**	**(801)**	**(52)**	**(39)**	**(2,728)**	(1,836)	(758)	(49)	(38)	(2,681)
Amortisation	**–**	**(22)**	**(2)**	**(1)**	**(25)**	–	(47)	(3)	(1)	(51)
Impairment	**–**	**(1)**	**(2)**	**–**	**(3)**	–	–	–	–	–
Disposals	**–**	**–**	**–**	**–**	**–**	–	4	–	–	4
Accumulated amortisation and impairment at end of the year	**(1,836)**	**(824)**	**(56)**	**(40)**	**(2,756)**	(1,836)	(801)	(52)	(39)	(2,728)
Net book value at beginning of the year	**589**	**33**	**4**	**1**	**627**	589	80	7	2	678
Net book value at end of the year	**619**	**150**	**–**	**7**	**776**	589	33	4	1	627

Goodwill impairment assumptions

Key assumptions at 31 December 2023 and 31 December 2022	**Pre-tax equivalent**	**Assumptions adopted[1]**
Compound average annualised growth in AUM (over three years)		**6%**
Discount rate		
– Management fee earnings	**14%**	**11%**
– Performance fee earnings	**22%**	**17%**
Terminal value (mid-point of range of historical multiples)		
– Management fee earnings		**13.0x**
– Performance fee earnings		**5.5x**
– Implied terminal growth rate		**3%**

Goodwill impairment and sensitivity analyses

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

	2023 $m	2022 $m
Value in use	**5,560**	4,950
Less:		
Carrying value of CGUs	**(880)**	(720)
Headroom	**4,680**	4,230

Sensitivity analysis at 31 December 2023		**Compound average annualised growth in AUM**		**Discount rates (post-tax) Management fee/ performance fee**		**Multiples (post-tax) Management fee/ performance fee**	
Key assumption stressed to:	**6%**	**4%**	**(4)%[2]**	**10%/16%**	**12%/18%**	**14.0x/6.5x**	**12.0x/4.5x**
Modelled headroom ($m)	**4,680**	**4,150**	**2,190**	**4,810**	**4,550**	**5,140**	**4,220**
Increase/(reduction) in value in use ($m)		**(530)**	**(2,490)**	**130**	**(130)**	**460**	**(460)**

Sensitivity analysis at 31 December 2022		Compound average annualised growth in AUM		Discount rates (post-tax) Management fee/ performance fee		Multiples (post-tax) Management fee/ performance fee	
Key assumption stressed to:	6%	4%	(4)%[2]	10%/16%	12%/18%	14.0x/6.5x	12.0x/4.5x
Modelled headroom ($m)	4,230	3,790	2,140	4,350	4,110	4,630	3,830
Increase/(reduction) in value in use ($m)		(440)	(2,090)	120	(120)	400	(400)

Notes:
1 Earnings discount rate assumptions are presented post-tax. Earnings multiples apply to the forward year.
2 Stressed by 10%, as opposed to the point of impairment, given an impairment scenario is not reasonably foreseeable.

Impairment of acquired intangibles

During the year, acquired intangibles with a carrying value of $3 million were fully impaired following the termination of the IMAs to which they relate.

19. Other intangibles

Accounting policy

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

	2023 $m	2022 $m
Cost at beginning of the year	**148**	130
Acquired through business combinations (Note 17)	**1**	–
Additions	**25**	27
Disposals	**(2)**	(9)
Cost at end of the year	**172**	148
Accumulated amortisation at beginning of the year	**(98)**	(85)
Amortisation	**(22)**	(18)
Disposals	**2**	5
Accumulated amortisation at end of the year	**(118)**	(98)
Net book value at beginning of the year	**50**	45
Net book value at end of the year	**54**	50

20. Deferred tax

Accounting policy

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority and we intend to settle those current tax assets and liabilities on a net basis.

The movements in our net deferred tax assets and liabilities by category are as follows:

$m	**Deferred compensation**	**Tax allowances over depreciation**	**Intangibles**	**Accumulated operating losses**	**Partnerships**	**Other**	**Total**
At 1 January 2022	49	18	6	29	(22)	11	91
Credit/(charge) to Group income statement (Note 7)	8	(8)	6	(5)	22	(1)	22
Charge to other comprehensive income and equity	(6)	–	–	(1)	–	–	(7)
Foreign currency translation	–	–	–	–	–	(1)	(1)
At 31 December 2022	51	10	12	23	–	9	105
Credit/(charge) to Group income statement (Note 7)	**3**	**(8)**	**1**	**23**	**–**	**1**	**20**
Credit to other comprehensive income and equity	**3**	**–**	**–**	**–**	**–**	**–**	**3**
At 31 December 2023	**57**	**2**	**13**	**46**	**–**	**10**	**128**

The gross amounts for which deferred tax assets have not been recognised are as follows:

	2023 $m	2022 $m
United States	**43**	258
Switzerland	**64**	12
United Kingdom	**12**	25
Hong Kong	**4**	4
China	**1**	1
Total	**124**	300

Of the total $124 million unrecognised available gross deferred tax assets, $45 million will expire in 2024, $19 million will expire between 2027 and 2029, $43 million will expire in 2035 and $17 million have no expiry.

US deferred tax assets

We have recognised accumulated deferred tax assets in the US of $86 million (2022: $64 million) that will be available to offset future taxable profits. As a result of an increase in forecast future taxable profits in the US following the acquisition of Varagon, we recognised an additional $19 million of the available deferred tax assets in relation to state and city tax losses in 2023 (2022: derecognised $7 million). At 31 December 2023, $3 million of the available US deferred tax assets (2022: $18 million) relating to state and city tax losses remain unrecognised. We do not expect to realise sufficient future taxable profits against which these losses can be offset before the remainder expire in 2034. We do not currently expect to pay federal tax on any profits we may earn in the US until 2026.

US net deferred tax assets	2023 $m	2022 $m
Recognised		
At beginning of the year	**64**	74
Credit/(charge) to Group income statement:		
Recognition/(derecognition) of available tax assets (Note 7)	**19**	(7)
Other movements	**3**	–
Charge to equity	**–**	(3)
At end of the year	**86**	64

Unrecognised		
At beginning of the year	**18**	11
(Recognition)/derecognition of available tax assets (Note 7)	**(19)**	7
Other movements	**4**	–
At end of the year	**3**	18

21. Provisions

Accounting policy

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

	2023 $m	2022 $m
At beginning of the year	**14**	14
Charge to Group income statement	**–**	1
Additions	**1**	–
Foreign currency translation	**1**	(1)
At end of the year	**16**	14

Provisions relate to ongoing claims and leasehold property dilapidations.

22. Investments in associates

Accounting policy

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

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

	2023 $m	2022 $m
At beginning of the year	**14**	18
Acquisitions/contributions	**–**	1
Share of post-tax loss	**(3)**	(5)
At end of the year	**11**	14

In 2021, we acquired a 23% interest in Hub Technology Partners Ltd (HUB) for cash of $19 million and $1 million in contribution of other assets. We do not consider HUB's ongoing losses to be an indicator of impairment as its business remains in the development phase and is broadly progressing in accordance with its original business plan.

23. Pension

Accounting policy

We operate 12 (2022: 13) defined contribution plans and two (2022: two) material funded defined benefit plans.

Defined contribution plans

We pay contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. We have no further payment obligation once the contributions have been paid. Defined contribution costs are recognised as pension costs within compensation in the Group income statement when they are due.

Defined benefit plans

A defined benefit plan creates a financial obligation to provide funding to the pension plan to provide a retired employee with pension benefits usually dependent on one or more factors such as age, years of service and compensation. As with the vast majority of similar arrangements, we ultimately underwrite the risks related to the defined benefit plans. The risks to which this exposes us include:

- Uncertainty in benefit payments: the value of our liabilities for post-retirement benefits will ultimately depend on the amount of benefits paid out. This in turn will depend on the level of inflation (for those benefits that are subject to some form of inflation protection) and how long individuals live.
- Volatility in asset values: we are exposed to future movements in the values of assets held in the plans to meet future benefit payments.
- Uncertainty in cash funding: movements in the values of the obligations or assets may result in us being required to provide higher levels of cash.

The two material defined benefit plans operated are the Man Group plc Pension Fund in the UK (the UK Plan) and the Man Group Pension Plan in Switzerland (the Swiss Plan).

– UK Plan

The UK Plan is operated separately from Man Group and managed by independent trustees. The trustees are responsible for payment of the benefits and management of the UK Plan's assets. Under UK regulations, Man Group and the trustees of the UK Plan are required to agree a funding strategy and contribution schedule for the UK Plan. We have concluded that we have no requirement to adjust the balance sheet to recognise either a current surplus or a minimum funding requirement on the basis that we have an unconditional right to a refund of a current or projected future surplus at some point in the future.

The UK Plan was closed to new members in May 1999, to future accrual in May 2011 and has no active members.

– Swiss Plan

In Switzerland, we operate a retirement foundation whose assets are held separately from Man Group. This foundation covers the majority of employees in Switzerland and provides benefits on a cash balance basis. Each employee has a retirement account to which the employee and Man Group make contributions at rates set out in the plan rules based on a percentage of salary. Every year the pension fund commission (composed of employer and employee representatives) decides the level of interest, if any, to apply to retirement accounts based on their agreed policy. At retirement, an employee can take their retirement account as a lump sum or have this paid as a pension.

As the Swiss Plan is essentially a defined contribution plan with guarantees, the assets held aim to be at least as much as the total of the member account balances at any point in time. Member account balances cannot reduce, but interest is only applied to the account balances when sufficient surplus assets are available. As such, there is no specific asset/liability matching strategy in place, but if the liabilities (the sum of the member account balances) ever exceed the value of the assets, we will consider how to remove a deficit as quickly as possible. The Swiss Plan surplus is restricted by the value of the employer contribution reserve, which provides the asset ceiling on amounts available to Man Group.

Defined contribution plans

Defined contribution plan costs totalled $14 million for the year to 31 December 2023 (2022: $13 million).

Defined benefit plans

At 31 December 2023, the UK Plan comprised 89% (31 December 2022: 90%) of our total defined benefit pension obligations.

	2023 $m	2022 $m
Present value of funded obligations	**(292)**	(272)
Fair value of plan assets	**304**	294
Net pension asset	**12**	22

Impact on the Group financial statements

Changes in the present value of the defined benefit obligations and the fair value of the plan assets are as follows:

$m	2023 Assets	2023 Liabilities	2023 Net pension asset/(liability)	2022 Assets	2022 Liabilities	2022 Asset ceiling adjustment	2022 Net pension asset/(liability)
At beginning of the year	**294**	**(272)**	**22**	473	(444)	(2)	27
Amounts recognised in profit and loss:							
Current service cost to employer	**–**	**(1)**	**(1)**	–	(1)	–	(1)
Interest income/(cost)	**13**	**(12)**	**1**	8	(8)	–	–
Past service cost	**–**	**(1)**	**(1)**	–	–	–	–
Running costs	**(1)**	**–**	**(1)**	–	–	–	–
Foreign exchange movements	**–**	**–**	**–**	(49)	46	–	(3)
Amounts recognised in other comprehensive income:							
Remeasurements due to:							
– changes in financial assumptions	**–**	**(9)**	**(9)**	–	124	–	124
– changes in demographic assumptions	**–**	**4**	**4**	–	3	–	3
– experience adjustments	**–**	**(2)**	**(2)**	–	(3)	–	(3)
– actual return on plan assets less interest on plan assets	**(3)**	**–**	**(3)**	(128)	–	–	(128)
– adjustment due to change in asset ceiling	**–**	**–**	**–**	–	–	2	2
Employer contributions (including plan funding)	**1**	**–**	**1**	1	–	–	1
Employee contributions	**1**	**(1)**	**–**	1	(1)	–	–
Foreign currency translation	**17**	**(16)**	**1**	–	–	–	–
Benefit payments	**(18)**	**18**	**–**	(12)	12	–	–
At end of the year	**304**	**(292)**	**12**	294	(272)	–	22

The allowance for the estimated cost of removing Guaranteed Minimum Pension inequalities in the UK Plan of $1 million at 31 December 2023 is unchanged from 31 December 2022.

No contributions were paid to the UK Plan in 2023 (2022: none).

Actuarial assumptions used

The most significant actuarial assumptions used in the valuations of the two plans are as follows:

	UK Plan 2023 % p.a.	UK Plan 2022 % p.a.	Swiss Plan 2023 % p.a.	Swiss Plan 2022 % p.a.
Discount rate	**4.5**	4.8	**1.5**	2.2
Price inflation	**3.1**	3.3	**1.2**	1.2
Future salary increases	**–**	–	**1.2**	1.2
Pension payment increases	**3.7**	3.7	**–**	–
Deferred pensions increases	**5.0**	5.0	**–**	–
Interest crediting rate	**–**	–	**1.5**	2.2
Social security increases	**–**	–	**1.0**	1.0

Illustrative life expectancy assumptions are set out in the table below.

Years	UK Plan 2023	UK Plan 2022	Swiss Plan 2023	Swiss Plan 2022
Life expectancy of male aged 60 at year-end	**26.5**	26.9	**27.8**	27.7
Life expectancy of male aged 60 in 20 years	**28.0**	28.4	**30.2**	30.1
Life expectancy of female aged 60 at year-end	**29.3**	29.7	**29.7**	29.6
Life expectancy of female aged 60 in 20 years	**30.7**	31.1	**31.7**	31.6

The duration of a pension plan is the average term over which the plan's benefits are expected to fall due, weighted by the present value of each expected benefit payment. The duration of the UK Plan is approximately 12 years, and the duration of the Swiss Plan is approximately 15 years.

Sensitivity analysis

The table below illustrates the impact on the assessed value of the benefit obligations from changing the most sensitive actuarial assumptions in isolation. The calculations have been carried out using the same method and data as our pension figures. A combination of changes in assumptions could produce a different result.

$m	Increase in obligation at 31 December 2023 UK Plan	Increase in obligation at 31 December 2023 Swiss Plan
Discount rate decreased by 0.5% p.a.	**16**	**3**
Inflation rate increased by 0.5% p.a.	**5**	**–**
One-year increase in assumed life expectancy	**10**	**–**

Pension asset investments

The assets held by the two plans at 31 December 2023 are as follows:

	UK Plan		Swiss Plan	
$m	**2023**	2022	**2023**	2022
Fund investments	**82**	90	**3**	2
Liability-driven investments (LDI)	**83**	77	**–**	–
Bonds	**52**	66	**13**	12
Index-linked government bonds	**33**	21	**–**	–
Equities	**–**	–	**11**	9
Property	**–**	–	**2**	2
Cash	**23**	12	**1**	2
Other	**–**	–	**1**	1
Total assets	**273**	266	**31**	28

The UK Plan investment strategy is set by the trustees. The current strategy is broadly split into growth and matching portfolios. The growth portfolio is invested in diversified growth funds and Man Diversified Risk Premia. The matching portfolio is invested primarily in government and corporate bonds (the latter through absolute return bonds holdings), and LDI funds. The UK Plan investment strategy hedges around 100% of the movement in the 'technical provisions' funding measure (as opposed to the accounting measure under IAS 19 'Employee Benefits') for both interest rate and inflation expectation changes.

Part of the investment objective of the UK Plan is to minimise fluctuations in the UK Plan's funding levels due to changes in the value of the liabilities. This is primarily achieved using the LDI funds, which aim to hedge movements in the pension liability due to changes in interest rate and inflation expectations. LDI primarily involves the use of government bonds (including repurchase agreements) and derivatives such as interest rate and inflation swaps. There are no annuities or longevity swaps. These instruments are typically priced and collateralised daily by the UK Plan's LDI manager and/or central clearing houses. Given that the purpose of LDI is to hedge corresponding liability exposures, the main risk is that the investments held move differently to the liability exposures. This risk is managed by the trustees, their advisers and the UK Plan's LDI manager, who regularly assess the position.

A relatively volatile backdrop for interest rates and inflation over the year to December 2023 saw some significant movements of the UK Plan's hedging assets during the year. There was a limited impact on the UK Plan other than a fall in fund values due to the high level of hedging in early 2023. The UK Plan's investments were rebalanced regularly, and the target hedging level of 100% of interest rates and inflation was preserved throughout the period, with the funding level volatility relatively muted as a result. At 31 December 2023, the UK Plan's hedging assets continued to hedge around 100% of interest rates and inflation on the technical provisions basis. The level of leverage utilised was in line with regulatory requirements. The UK Plan maintains a collateral waterfall and has additional sources of short-term cash from the trustee bank account, and access to daily-dealing funds should further collateral calls be made.

The government bond assets and diversified growth funds have prices quoted in active markets and the absolute return bonds, LDI and Man Diversified Risk Premia are primarily unquoted. At 31 December 2023, around 28% of the UK Plan assets relate to those with quoted prices and 72% with unquoted prices (2022: around 33% quoted and 67% unquoted). The UK Plan does not invest directly in property occupied by Man Group or our shares.

24. Share-based payment schemes

Accounting policy

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

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

Put options on the interests in subsidiaries held by employees which can be forfeited should they become 'bad leavers' are accounted for as cash-settled share-based payments. Cash-settled share-based payments are measured at fair value on grant date and recognised as an employment-related expense in the Group income statement over the relevant service period. They are remeasured to fair value at each reporting date, with the change in fair value recognised as other employment-related expenses in the Group income statement. The credit entry is recognised as a liability in the Group balance sheet within trade and other payables.

Share awards

The fair values of equity-settled share awards granted in the year and the assumptions used in the calculations are as follows:

	Deferred share plan		Executive directors' long-term incentive plan	
Grant dates	**28/02/2023 – 02/08/2023**	11/03/2022 – 02/08/2022	**10/03/2023 – 04/09/2023**	11/03/2022
Share awards granted in the year	**19,200,689**	21,255,153	**2,784,001**	2,028,460
Weighted average fair value per share award granted ($)	**3.4**	2.6	**3.1**	2.6

Movements in the number of equity-settled share awards outstanding are as follows:

	2023	2022
Share awards outstanding at beginning of the year	**41,252,837**	42,602,119
Granted	**21,984,690**	23,283,613
Forfeited	**(2,214,057)**	(2,363,058)
Exercised	**(18,705,570)**	(22,269,837)
Share awards outstanding at end of the year	**42,317,900**	41,252,837
Share awards exercisable at end of the year	**137,769**	25,518

Share options

The fair values of share options granted in the year under the Sharesave employee share option scheme, and the assumptions used in the calculations, are as follows:

	2023	2022
Grant date	**11/09/2023**	06/09/2022
Weighted average share price at grant date ($)[1]	**2.6**	2.9
Weighted average exercise price at grant date ($)[2]	**2.1**	2.3
Share options granted in the period	**2,843,261**	1,440,991
Vesting period (years)	**3–5**	3–5
Expected share price volatility (%)	**30**	30
Dividend yield (%)	**5**	5
Risk-free rate (%)	**4.7**	0.2
Expected option life (years)	**3.4**	3.5
Number of options assumed to vest	**2,172,378**	1,095,521
Average fair value per option granted ($)	**0.6**	0.7

Notes:
1 Sterling share price at grant date each year of £2.06 and £2.48 respectively.
2 Sterling exercise price each year of £1.69 and £2.01 respectively.

The expected share price volatility is based on historical volatility over the past five years. The expected option life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

Movements in the number of share options outstanding are as follows:

	2023		2022	
	Number	**Weighted average exercise price[1] ($ per share)**	Number	Weighted average exercise price[1] ($ per share)
Share options outstanding at beginning of the year	**5,976,777**	**1.7**	6,221,056	1.6
Granted	**2,843,261**	**2.2**	1,440,991	2.4
Forfeited	**(691,948)**	**2.3**	(682,302)	1.6
Exercised[2]	**(2,988,952)**	**1.4**	(1,002,968)	1.5
Share options outstanding at end of the year	**5,139,138**	**2.1**	5,976,777	1.7
Share options exercisable at end of the year	**361,340**	**1.5**	251,882	1.6

Notes:
1 Calculated at 31 December exchange rates each year.
2 The sterling weighted average share price of options exercised was £2.24 (2022: £2.23) (USD-equivalent $2.73 and $2.59 respectively).

The share options outstanding at year-end had expected remaining lives as follows:

	2023		2022	
Range of exercise prices ($ per share)	**Number of share options**	**Weighted average expected remaining life (years)**	Number of share options	Weighted average expected remaining life (years)
0.00–3.00	**5,139,138**	**2.7**	5,976,777	2.0

Cash-settled share-based payments

The carrying value of the cash-settled share-based payment liability at 31 December 2023 was $23 million (2022: nil). Details of the charge in the year and a sensitivity analysis to key assumptions is set out in Note 5.

25. Share capital, Employee Trust, Treasury share reserve and earnings per share (EPS)

Accounting policy

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds, net of tax.

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

The Employee Trust, which is consolidated into Man Group, has the obligation to deliver deferred share-based and fund product-based compensation granted to employees, and accordingly holds shares and fund investments to deliver against these future obligations. Man Group plc shares held by the Employee Trust and shares held in Treasury are recorded at cost, including any directly attributable incremental costs (net of tax), and are deducted from equity (within the respective reserves) until the shares are sold, cancelled or transferred to employees. Where such shares are subsequently sold, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity.

The authorised share capital of Man Group plc comprises $100 million divided into 2,916,666,666 ordinary shares with a par value of $3^{3/7}$¢ each. Ordinary shares represent 100% of issued share capital and all issued shares are fully paid. The shares have attached to them full voting, dividend and capital distribution (including on wind up) rights. They do not confer any rights of redemption. Shareholders have the right to receive notice of, attend, vote and speak at general meetings. When a vote is taken on a poll, shareholders are entitled to one vote per ordinary share. When a vote is taken by a show of hands, shareholders present in person or by proxy have one vote.

Treasury shares are ordinary shares previously repurchased by the Company but not cancelled, and are therefore deducted from equity and included within the Treasury share reserve. As they are no longer outstanding, they are excluded for earnings per share and voting rights purposes.

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

	2023			2022		
	Total number	**Weighted average**	**Nominal value $m**	Total number	Weighted average	Nominal value $m
Number of shares at beginning of year	**1,350,556,782**	**1,350,556,782**	**46**	1,473,107,813	1,473,107,813	51
Cancellation of own shares held in Treasury	**(37,206,823)**	**(30,339,448)**	**(1)**	(122,551,031)	(52,130,209)	(5)
Number of shares at end of the year	**1,313,349,959**	**1,320,217,334**	**45**	1,350,556,782	1,420,977,604	46
Shares held in Treasury share reserve	**(110,774,081)**	**(107,401,080)**		(80,604,707)	(99,038,830)	
Man Group plc shares held by Employee Trust	**(35,289,202)**	**(35,073,864)**		(33,745,908)	(33,453,409)	
Basic number of shares	**1,167,286,676**	**1,177,742,390**		1,236,206,167	1,288,485,365	
Dilutive impact of:						
Employee share awards		**27,671,674**			36,356,550	
Employee share options		**1,641,378**			2,467,128	
Dilutive number of shares		**1,207,055,442**			1,327,309,043	

	2023	2022
Statutory profit ($m)	**234**	608
Basic EPS	**19.9¢**	47.2¢
Diluted EPS	**19.4¢**	45.8¢

Share buybacks	**2023**	2022
Shares repurchased during the year (including costs) ($m)	**223**	386
Average purchase price (pence)	**241.2**	227.7
Shares repurchased (million)	**76**	135
Accretive impact on diluted earnings per share (%)	**5.2**	6.0

Man Group actively manages its capital to maximise value to shareholders by either investing that capital to improve shareholder returns in the future or by returning it through higher dividends or share repurchases.

The $223 million of shares repurchased in the year comprise the completion of the remaining $98 million of the share repurchase programme announced in December 2022, and the completion of the $125 million programme announced in March 2023. The purpose of the share repurchases was to deliver returns to shareholders. All repurchased shares were held in Treasury.

Shares repurchased during the year represent 6.3% of issued share capital (excluding Treasury shares) as at 31 December 2023 and shares held in Treasury which were cancelled during the year represent 3.1% of issued share capital (excluding Treasury shares). At 28 February 2024, we had an unexpired authority to repurchase up to 116,279,809 of our ordinary shares. A special resolution will be proposed at the forthcoming Annual General Meeting, pursuant to which the Company will seek authority to repurchase up to 120,265,662 ordinary shares, representing 10% of the issued share capital (excluding Treasury shares) at 28 February 2024.

In 2023, we funded $99 million via contribution or loan (2022: $91 million) to enable the Employee Trust to meet its current period obligations. At 31 December 2023, the net assets of the Employee Trust amounted to $196 million (2022: $146 million). These assets include 35,289,202 (2022: 33,745,908) ordinary shares in the Company, and $88 million of fund product investments (2022: $65 million) which are included within investments in fund products.

The Employee Trust waived all dividend entitlements of the shares held in the current and prior years.

26. Dividends

Accounting policy

Dividend distributions to the Company's shareholders are recognised directly within equity in the period in which the dividend is paid or, for final dividends, approved by the Company's shareholders. Dividends are payable on the Company's ordinary shares.

	¢/share	**2023 $m**	¢/share	2022 $m
Final dividend paid for the previous financial year to 31 December	**10.1**	**118**	8.4	110
Interim dividend paid for the six months to 30 June	**5.6**	**63**	5.6	69
Dividends paid		**181**		179
Proposed final dividend for the current financial year to 31 December	**10.7**	**125**	10.1	125

27. Geographical information

Accounting policy

Disclosure of revenue by geographic location is based on the registered domicile of the fund entity or managed account paying our fees.

Non-current assets are allocated based on where the assets are located and include goodwill and acquired intangibles, other intangibles, leasehold improvements and equipment, and right-of-use lease assets. For goodwill and other acquired intangibles, we consider that the location of the intangibles is best reflected by the location of the individuals managing those assets.

	2023		2022	
$m	**Revenue**	**Non-current assets**	Revenue	Non-current assets
Cayman Islands	**555**	**–**	956	–
Ireland	**198**	**–**	197	–
United Kingdom and the Channel Islands	**108**	**606**	217	657
United States of America	**193**	**391**	235	228
Other countries	**114**	**15**	127	8
	1,168	**1,012**	1,732	893

Revenue from no single fund exceeded 10% of total annual revenue in 2023. In 2022, revenue from one fund of $213 million exceeded 10% of total annual revenue driven by high levels of performance fees crystallising during the year. Excluding performance fees, revenue from no single fund exceeded 10% of revenue in 2022.

28. Related party transactions

Accounting policy

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

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

Key management compensation	**2023 $m**	2022 $m
Salaries and other short-term employee benefits[1]	**31**	80
Share-based payment charge	**19**	24
Fund product-based payment charge	**22**	21
Pension costs (defined contribution)	**1**	1
Total	**73**	126

Note:
1 Includes salary, benefits and cash bonus.

29. Other matters

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

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

30. Unconsolidated structured entities

Accounting policy

We have evaluated all exposures and concluded that where we hold an investment, fee receivable, accrued income, or commitment with an investment fund or a CLO, this represents an interest in a structured entity as defined by IFRS 12 'Disclosure of Interests in Other Entities'.

Investment funds are designed so that their activities are not governed by way of voting rights, and contractual arrangements are the dominant factor in affecting an investor's returns. The activities of these entities are governed by investment management agreements or, in the case of CLOs, indentures.

Our maximum exposure to loss from unconsolidated structured entities is the sum total of any investment held, fee receivables and accrued income.

Our interest in and exposure to unconsolidated structured entities is as follows:

2023	Total AUM ($bn)	Less infrastructure mandates and consolidated fund entities[1] ($bn)	Total AUM unconsolidated structured entities ($bn)	Number of funds	Net management fee margin[2] (bps)	Fair value of investment held ($m)	Fee receivables and accrued income ($m)	Maximum exposure to loss ($m)
Alternative								
Absolute return	**47.7**	**(0.3)**	**47.4**	**123**	**112**	**130**	**158**	**288**
Total return	**42.5**	**(1.3)**	**41.2**	**88**	**64**	**137**	**60**	**197**
Multi-manager solutions	**19.4**	**(12.8)**	**6.6**	**51**	**17**	**3**	**14**	**17**
Long-only								
Systematic	**36.5**	**–**	**36.5**	**84**	**24**	**4**	**36**	**40**
Discretionary	**21.4**	**(0.2)**	**21.2**	**56**	**59**	**15**	**22**	**37**
Total	**167.5**	**(14.6)**	**152.9**	**402**		**289**	**290**	**579**

2022	Total AUM ($bn)	Less infrastructure mandates and consolidated fund entities[1] ($bn)	Total AUM unconsolidated structured entities ($bn)	Number of funds	Net management fee margin[2] (bps)	Fair value of investment held ($m)	Fee receivables and accrued income ($m)	Maximum exposure to loss ($m)
Alternative								
Absolute return	46.0	(0.3)	45.7	107	112	108	284	392
Total return	28.8	(0.2)	28.6	80	63	168	40	208
Multi-manager solutions	20.2	(12.5)	7.7	54	20	3	14	17
Long-only								
Systematic	31.6	(0.2)	31.4	73	25	5	31	36
Discretionary	16.7	(0.2)	16.5	61	57	19	21	40
Total	143.3	(13.4)	129.9	375		303	390	693

Notes:
1 For infrastructure mandates where we do not act as investment manager or adviser, our role in directing investment activities is diminished and therefore these are not considered structured entities.
2 Net management fee margins are the categorical weighted average. Performance fees can only be earned after a high-water mark is achieved.

Five-year record

	2023	2022	2021	2020	2019
Income statement ($m)					
Core net management fee revenue	**963**	927	877	730	751
Core performance fees	**180**	779	569	179	325
Core profit before tax	**340**	779	658	284	384
Core management fee profit before tax	**280**	290	266	180	170
Core performance fee profit before tax	**60**	489	392	104	214
Core profit	**271**	647	557	240	325
Statutory profit before tax	**279**	745	590	179	307
Statutory profit	**234**	608	487	138	285
Statutory EPS (diluted)	**19.4¢**	45.8¢	33.8¢	9.3¢	18.4¢
Core EPS (diluted)	**22.4¢**	48.7¢	38.7¢	16.2¢	21.0¢
Core management fee EPS (diluted)	**18.4¢**	18.4¢	15.7¢	10.3¢	9.7¢
Balance sheet ($m)					
Net cash and cash equivalents	**136**	457	387	351	281
Net assets	**1,612**	1,699	1,651	1,497	1,624
Net financial assets	**555**	983	907	716	674
Other metrics					
Core cash flows from operating activities before working capital movements ($m)	**362**	810	700	341	385
Ordinary dividends per share (¢)	**16.3**	15.7¢	14.0¢	10.6¢	9.8¢
AUM ($bn)	**167.5**	143.3	148.6	123.6	117.7
Average headcount	**1,716**	1,595	1,453	1,456	1,413
USD/sterling exchange rates:					
Average	**0.8042**	0.8081	0.7267	0.7789	0.7830
Year-end	**0.7855**	0.8276	0.7390	0.7315	0.7544

‘Core’ measures are alternative performance measures. Further details of our alternative performance measures, including non-core items, are set out on pages 58 to 63.

Alternative performance measures

We assess our performance using a variety of alternative performance measures (APMs). We discuss our results on a statutory as well as a 'core' basis. Core metrics, which are each APMs, exclude acquisition and disposal-related items, significant non-recurring items and volatile or uncontrollable items, as well as profits or losses generated outside of our investment management business. Accordingly, these core metrics reflect the way in which performance is monitored by the Board and present the profits or losses which drive our cash flows and inform the way in which our variable compensation is assessed. Details of the non-core items in the year are set out below.

Our APMs also reclassify all income and expenses relating to our consolidated fund entities, which are required by IFRS to be split across multiple lines in the Group income statement, to core gains/losses on investments in order to reflect their performance as part of our seed book programme. Tax on non-core items and movements in deferred tax relating to the utilisation or recognition of tax assets in the US are similarly excluded from core profit, with tax on core profit considered a proxy for cash taxes paid.

In the year, accounting for the acquisition of Varagon in accordance with the requirements of IFRS has resulted in the recognition of all future payments to selling shareholders remain in employment post-acquisition as employment-related expenses. This arises because each of these payments can be forfeited should those employees become 'bad leavers' during specified periods following the acquisition. Economically, the payments are transactions with the individuals in their capacity as owners. Recognising that these owners also hold significant roles in the organisation, the 'bad leaver' clauses were protective in nature and not to compensate the individuals for employment services.

As these transactions are related to an acquisition, we consider it appropriate to adjust the expense recognised in the year to reflect the proportion of the profits which have been generated in the same period and are attributable to these employees through an adjustment to core profit. This more closely aligns the charges with the associated cash flows.

The approach to the classification of non-core items maintains symmetry between losses and gains and the reversal of any amounts previously classified as non-core. Note that our APMs may not be directly comparable with similarly titled measures used by other companies.

Non-core items in profit before tax comprise the following:

	Note to the Group financial statements	**2023 $m**	2022 $m
Acquisition and disposal related:			
Amortisation and impairment of acquired intangibles	18	**(28)**	(51)
Acquisition-related costs	17	**(9)**	–
Other employment-related expenses[1]	5.1	**(21)**	–
Share of post-tax loss of associates	22	**(3)**	(5)
Gain on disposal of investment property – right-of-use lease assets	16.2	**12**	–
Other costs – claims	5.2	**(1)**	–
Foreign exchange movements	12.1	**(11)**	22
Non-core items		**(61)**	(34)

Note:
1 Adjustment to align acquisition-related employment-related expenses with proportionate share of earnings in the year.

Core measures: reconciliation to statutory equivalents

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

2023 $m	**Core measure**	**Reclassification of amounts relating to consolidated fund entities**	**Non-core items**	**Per Group income statement**
Management and other fees[APM]	**995**	**(5)**	**–**	**990**
Performance fees[APM]	**180**	**(2)**	**–**	**178**
Revenue[APM]	**1,175**	**(7)**	**–**	**1,168**
Net income or gains on investments and other financial instruments[APM]	**48**	**39**	**(11)**	**76**
Third-party share of gains relating to interests in consolidated funds	**–**	**(24)**	**–**	**(24)**
Rental income	**5**	**1**	**–**	**6**
Distribution costs	**(32)**	**–**	**–**	**(32)**
Net revenue[APM]	**1,196**	**9**	**(11)**	**1,194**
Asset servicing costs	**(58)**	**–**	**–**	**(58)**
Compensation costs	**(595)**	**–**	**–**	**(595)**
Other employment-related expenses[APM]	**(2)**	**–**	**(21)**	**(23)**
Other costs[APM]	**(179)**	**(9)**	**(10)**	**(198)**
Net finance expense	**(21)**	**–**	**–**	**(21)**
Gain on disposal of investment property – right-of-use lease assets	**–**	**–**	**12**	**12**
Amortisation and impairment of acquired intangibles	**–**	**–**	**(28)**	**(28)**
Share of post-tax loss of associate	**–**	**–**	**(3)**	**(3)**
Third-party share of post-tax profits	**(1)**	**–**	**–**	**(1)**
Profit before tax[APM]	**340**	**–**	**(61)**	**279**
Tax expense[APM]	**(69)**		**24**	**(45)**
Profit[APM]	**271**		**(37)**	**234**
Core basic EPS	**23.0¢**			
Core diluted EPS	**22.4¢**			

2022 $m	Core measure	Reclassification of amounts relating to consolidated fund entities	Non-core items	Per Group income statement
Management and other fees[APM]	958	(4)	–	954
Performance fees[APM]	779	(1)	–	778
Revenue[APM]	1,737	(5)	–	1,732
Net income or gains on investments and other financial instruments[APM]	(15)	–	22	7
Third-party share of losses relating to interests in consolidated funds	–	14	–	14
Rental income	5	–	–	5
Distribution costs	(31)	–	–	(31)
Net revenue[APM]	1,696	9	22	1,727
Asset servicing costs	(58)	–	–	(58)
Compensation costs	(678)	–	–	(678)
Other costs[APM]	(170)	(9)	–	(179)
Net finance expense	(11)	–	–	(11)
Amortisation of acquired intangibles	–	–	(51)	(51)
Share of post-tax loss of associate	–	–	(5)	(5)
Profit before tax[APM]	779	–	(34)	745
Tax expense[APM]	(132)	–	(5)	(137)
Profit[APM]	647	–	(39)	608
Core basic EPS	50.2¢			
Core diluted EPS	48.7¢			

[APM] The core equivalents of these statutory measures are defined as alternative performance measures.

Core costs comprise asset servicing, compensation costs, core other employment-related expenses, core other costs and third-party share of post-tax profits.

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

2023 $m	**Core measure**	**Reclassification of amounts relating to consolidated fund entities**	**Per Group balance sheet**
Assets			
Cash and cash equivalents[APM]	**180**	**96**	**276**
Fee and other receivables[APM]	**463**	**88**	**551**
Investments in fund products and other investments[APM]	**787**	**1,492**	**2,279**
Investments in associates	**11**	**–**	**11**
Current tax asset	**15**	**–**	**15**
Finance lease receivable	**67**	**–**	**67**
Leasehold improvements and equipment	**53**	**–**	**53**
Leasehold property – right-of-use lease assets	**112**	**–**	**112**
Investment property – right-of-use lease assets	**17**	**–**	**17**
Investment property – consolidated fund entities	**–**	**30**	**30**
Other intangibles	**54**	**–**	**54**
Deferred tax assets	**128**	**–**	**128**
Pension asset	**12**	**–**	**12**
Goodwill and acquired intangibles	**776**	**–**	**776**
Total assets	**2,675**	**1,706**	**4,381**
Liabilities			
Borrowings	**140**	**–**	**140**
Trade and other payables[APM]	**620**	**116**	**736**
Provisions	**16**	**–**	**16**
Current tax liabilities	**3**	**–**	**3**
CLO liabilities – consolidated fund entities	**–**	**1,036**	**1,036**
Third-party interest in consolidated funds	**–**	**554**	**554**
Third-party interest in other subsidiaries	**1**	**–**	**1**
Lease liability	**283**	**–**	**283**
Total liabilities	**1,063**	**1,706**	**2,769**
Net assets	**1,612**	**–**	**1,612**

2022 $m	Core measure	Reclassification of amounts relating to consolidated fund entities	Per Group balance sheet
Assets			
Cash and cash equivalents[APM]	349	108	457
Fee and other receivables[APM]	541	29	570
Investments in fund products and other investments[APM]	841	368	1,209
Investments in associates	14	–	14
Leasehold improvements and equipment	53	–	53
Leasehold property – right-of-use lease assets	92	–	92
Investment property – right-of-use lease assets	71	–	71
Investment property – consolidated fund entities	–	34	34
Other intangibles	50	–	50
Deferred tax assets	105	–	105
Pension asset	22	–	22
Goodwill and acquired intangibles	627	–	627
Total assets	2,765	539	3,304
Liabilities			
Trade and other payables[APM]	762	180	942
Provisions	14	–	14
Current tax liabilities	37	–	37
Third-party interest in consolidated funds	–	359	359
Lease liability	253	–	253
Total liabilities	1,066	539	1,605
Net assets	1,699	–	1,699

[APM] The core equivalents of these statutory measures are defined as alternative performance measures.

Core management fee profit and core performance fee profit

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

2023 **$m**	**Core measure**	**Reclassification of amounts relating to consolidated fund entities**	**Non-core items**	**Per Group income statement**
Management and other fees	**995**	**(5)**	**–**	**990**
Distribution costs	**(32)**	**–**	**–**	**(32)**
Net management fee revenue	**963**	**(5)**	**–**	**958**
Rental income	**5**	**1**	**–**	**6**
Asset servicing costs	**(58)**	**–**	**–**	**(58)**
Compensation costs (management fee)	**(439)**	**–**	**–**	**(439)**
Other employment-related expenses	**(2)**	**–**	**(21)**	**(23)**
Other costs	**(179)**	**(9)**	**(10)**	**(198)**
Net finance expense (management fee)	**(9)**	**–**	**–**	**(9)**
Third-party share of post-tax profits	**(1)**	**–**	**–**	**(1)**
Management fee profit before tax	**280**	**(13)**	**(31)**	**236**
Tax expense	**(58)**			
Management fee profit	**222**			
Core basic management fee EPS	**18.8¢**			
Core diluted management fee EPS	**18.4¢**			
Performance fees	**180**	**(2)**	**–**	**178**
Net income or gains on investments and other financial instruments	**48**	**39**	**(11)**	**76**
Compensation costs (performance fee)	**(156)**	**–**	**–**	**(156)**
Net finance expense (performance fee)	**(12)**	**–**	**–**	**(12)**
Performance fee profit before tax	**60**	**37**	**(11)**	**86**
Tax expense	**(11)**			
Performance fee profit	**49**			
Core basic performance fee EPS	**4.2¢**			
Core diluted performance fee EPS	**4.0¢**			

2022 $m	Core measure	Reclassification of amounts relating to consolidated fund entities	Non-core items	Per Group income statement
Management and other fees	958	(4)	–	954
Distribution costs	(31)	–	–	(31)
Net management fee revenue	927	(4)	–	923
Rental income	5	–	–	5
Asset servicing costs	(58)	–	–	(58)
Compensation costs (management fee)	(406)	–	–	(406)
Other costs	(170)	(9)	–	(179)
Net finance expense (management fee)	(8)	–	–	(8)
Management fee profit before tax	290	(13)	–	277
Tax expense	(46)			
Management fee profit	244			
Core basic management fee EPS	19.0¢			
Core diluted management fee EPS	18.4¢			
Performance fees	779	(1)	–	778
Net income or gains on investments and other financial instruments	(15)	–	22	7
Compensation costs (performance fee)	(272)	–	–	(272)
Net finance expense (performance fee)	(3)	–	–	(3)
Performance fee profit before tax	489	(1)	22	510
Tax expense	(86)			
Performance fee profit	403			
Core basic performance fee EPS	31.2¢			
Core diluted performance fee EPS	30.3¢			

Core gains/losses on investments

We use the measure core gains/losses on investments to represent the net return we receive on our seeding investments portfolio, combining both consolidated and unconsolidated fund entities on a consistent basis. We therefore exclude from this measure gains or losses on investments which do not relate to the performance of the seed book and adjust the amounts relating to consolidated funds to be included in this line on a consistent basis. Core gains/losses on investments can be reconciled to the Group income statement as follows:

	Note to the Group financial statements	**2023 $m**	2022 $m
Net gains/(losses) on seeding investments portfolio	12.1	**47**	(12)
Net gains/(losses) on fund investments held for deferred compensation arrangements and other investments	12.1	**1**	(3)
Core gains/(losses) on investments		**48**	(15)
Non-core items:			
Consolidated fund entities: gross-up of net gains on investments	12.1	**39**	–
Foreign exchange movements	12.1	**(11)**	22
Net income or gains on investments and other financial instruments		**76**	7

Core tax rate

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

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

	2023 $m	2022 $m
Statutory tax expense	**45**	137
Tax on non-core items:		
Amortisation and impairment of acquired intangibles	**2**	6
Gain on disposal of investment property – right-of-use lease assets	**(3)**	–
Foreign exchange movements	**3**	(4)
Non-core tax item on US deferred tax assets	**22**	(7)
Core tax expense	**69**	132
Comprising:		
Tax expense on core management fee profit before tax	**58**	46
Tax expense on core performance fee profit before tax	**11**	86

The core tax rate is 20% for 2023 (2022: 17%). The increase in the rate is largely due to the increase in the UK corporation tax rate on 1 April 2023 to 25% from 19%.

Core cash flows from operations excluding working capital movements

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

	Note to the Group financial statements	**2023 $m**	2022 $m
Cash flows from operating activities		**337**	737
Plus changes in working capital:	9		
(Decrease)/increase in fee and other receivables		**(104)**	68
(Decrease)/increase in other financial assets		**(71)**	45
Decrease/(increase) in trade and other payables		**200**	(40)
Core cash flows from operations excluding working capital movements		**362**	810

Net financial assets

Net financial assets is considered a proxy for Group capital, and is equal to our cash and seed book less borrowings, contingent consideration payable, liabilities for put options over non-controlling and employee interests and payables under repo arrangements, as follows:

	Note to the Group financial statements	**2023 $m**	2022 $m
Seeding investments portfolio	12	**595**	688
Available cash and cash equivalents	8	**180**	349
Borrowings	8	**(140)**	–
Contingent consideration payable	11	**(3)**	–
Put option over non-controlling interests in subsidiaries	11	**(9)**	–
Put option over employee interests in subsidiaries	24	**(23)**	–
Payables under repo arrangements	11	**(45)**	(54)
Net financial assets		**555**	983