Press Release

28 February 2023

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

Significant alpha and net inflows reflect quality of investment offering across alternative and long-only

- Asset weighted investment outperformance versus peers across our strategies of 1.4%[KPI]
- Net inflows of $3.1 billion for the year ended 31 December 2022, 5.3% ahead of the industry[KPI]
- Assets under management (AUM) of $143.3 billion, up from $138.4 billion as at 30 September 2022

26% core EPS (diluted) growth, demonstrating the strength of our business model

- Core net management fee revenue growth of 6% despite clear sector headwinds
- $779 million of core performance fees; a very strong outcome for a second consecutive year
- Statutory EPS (diluted) of 45.8¢ and core EPS (diluted) of 48.7¢[KPI], the highest in over a decade

Consistent shareholder returns and capital discipline support long-term growth prospects

- 12% increase in the total dividend per share, in line with our progressive dividend policy
- Net financial assets of $983 million as at 31 December 2022 (2021: $907 million)
- Intention to repurchase a further $125 million of shares after the share buyback programme announced in December 2022 is complete ($114 million of shares had been repurchased as at 24 February 2023)

$ millions, unless otherwise stated	**31 Dec 2022**	**31 Dec 2021**	**Change**
AUM, end of period	**$143.3bn**	**$148.6bn**	**(4%)**
Core net management fee revenue	927	877	6%
Core performance fees	779	569	37%
Core net revenue	**1,696**	**1,486**	**14%**
Core profit before tax	**779**	**658**	**18%**
Statutory profit after tax	**608**	**487**	**25%**
¢			
Core management fee EPS (diluted)	18.4	15.7	17%
Core EPS (diluted)	48.7	38.7	26%
Statutory EPS (diluted)	45.8	33.8	36%
Dividend per share	15.7	14.0	12%

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

“2022 was another strong period of growth for Man Group, demonstrating the ability of our talent and technology to deliver for our clients, and the merits of the resilient and diversified business model we have built.

“Our unwavering focus on building strong client relationships globally, together with the range of innovative investment strategies and solutions we offer, resulted in net inflows of $3.1 billion during the year. This was despite clear headwinds elsewhere in the asset management industry. Our investment strategies delivered valuable alpha for our clients, generating 1.4% of relative outperformance overall; our absolute return strategies performed particularly strongly, resulting in a 4% increase in our assets under management from alternatives. Growth in management fee and performance fee revenues, which were very strong for a second consecutive year, and the operating leverage inherent in our business model, resulted in core earnings per share growth of 26%.

“In 2022, allocators rediscovered the value that liquid alternatives can bring, providing uncorrelated returns to investors in a difficult year and delivering much needed liquidity within their portfolio. Looking ahead, there is a significant opportunity for active investment managers, particularly those with the ability to offer alpha irrespective of the direction of prevailing market trends and in a liquid, highly customisable format. This gives us great confidence in our ability to continue to grow in 2023 and beyond, delivering positive outcomes for clients and shareholders alike.”

‘Core’ measures are alternative performance measures. For a detailed description of our alternative performance measures, including non-core items, please refer to pages 49 - 53. 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 10.1¢ per share for the financial year ended 31 December 2022, resulting in a total dividend of 15.7¢ per share for the year. This is in addition to $250 million of share buyback programmes announced in 2022. We will fix and announce the US dollar to sterling dividend currency conversion rate on 05 May 2023, in advance of payment.

Dates for the 2022 final dividend

Ex-dividend date	06 April 2023
Record date	11 April 2023
Sterling conversion date	05 May 2023
Payment date	19 May 2023

Conference call and presentation for investors and analysts

There will be a presentation by the management team at 08.00am (UK time) on 28 February 2023 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 07.55am.

The conference call can be accessed at:
https://mangroup.webex.com/mangroup/j.php?MTID=m26f8830d8cb58fc6e08733416a6d4c0f

Webinar number:
2360 128 6130

Webinar password:
Man2022Results (62620228 from phones)

Join by phone:
+44 203 478 5289 United Kingdom toll
+1 631 267 4890 USA/Canada toll

Access code: 236 012 86130

Please note: to ask a question during the Q&A session you will need to attend the presentation in person.

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About Man Group

Man Group is a global, technology-empowered active investment management firm focused on delivering alpha and portfolio solutions for clients. Headquartered in London, we manage $143.3 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, CFO & COO.

1. As at 31 December 2022. All investment management and advisory services are offered through the investment engines of Man AHL, Man Numeric, Man GLG, Man FRM and Man Global Private Markets.

Assets under management

AUM movements for the year ended 31 December 2022

$bn	AUM at 31 Dec 2021	Net flows	Investment performance	FX & other	AUM at 31 Dec 2022
Absolute return	**41.2**	1.4	2.8	0.6	**46.0**
Total return	**35.4**	(1.8)	(2.4)	(2.4)	**28.8**
Multi-manager solutions	**15.0**	3.8	0.8	0.6	**20.2**
Alternative	**91.6**	**3.4**	**1.2**	**(1.2)**	**95.0**
Systematic long-only	**36.1**	1.2	(4.6)	(1.1)	**31.6**
Discretionary long-only	**20.9**	(1.5)	(0.9)	(1.8)	**16.7**
Long-only	**57.0**	**(0.3)**	**(5.5)**	**(2.9)**	**48.3**
Total	**148.6**	**3.1**	**(4.3)**	**(4.1)**	**143.3**

AUM movements for the three months ended 31 December 2022

$bn	AUM at 30 Sep 2022	Net flows	Investment performance	FX & other	AUM at 31 Dec 2022
Absolute return	**49.0**	(1.1)	(2.2)	0.3	**46.0**
Total return	**29.0**	(1.3)	(0.1)	1.2	**28.8**
Multi-manager solutions	**19.8**	0.1	(0.1)	0.4	**20.2**
Alternative	**97.8**	**(2.3)**	**(2.4)**	**1.9**	**95.0**
Systematic long-only	**25.8**	3.0	2.0	0.8	**31.6**
Discretionary long-only	**14.8**	(0.3)	1.2	1.0	**16.7**
Long-only	**40.6**	**2.7**	**3.2**	**1.8**	**48.3**
Total	**138.4**	**0.4**	**0.8**	**3.7**	**143.3**

AUM by product category

$bn	31-Dec-21	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22
Absolute return	**41.2**	**46.0**	**49.3**	**49.0**	**46.0**
Man Institutional Solutions[1]	11.0	11.9	12.7	12.5	14.4
AHL Alpha	8.6	11.4	13.0	11.6	7.7
AHL Dimension	5.5	5.7	5.9	6.1	5.9
AHL Evolution	4.7	4.9	5.3	5.5	5.4
GLG equity	5.5	5.3	4.8	4.7	4.9
AHL Diversified	1.3	1.4	1.5	1.6	1.5
Other[2]	4.6	5.4	6.1	7.0	6.2
Total return	**35.4**	**35.0**	**31.2**	**29.0**	**28.8**
AHL TargetRisk	18.7	17.8	15.1	13.9	13.4
Alternative Risk Premia	8.9	9.1	8.2	7.6	7.8
CLOs and other	3.7	3.8	3.9	3.7	3.9
Global Private Markets	3.0	3.3	3.1	3.0	3.0
Emerging markets fixed income	1.1	1.0	0.9	0.8	0.7
Multi-manager solutions	**15.0**	**15.9**	**16.3**	**19.8**	**20.2**
Infrastructure & direct access	9.1	9.5	9.6	12.9	12.7
Segregated	5.4	5.9	6.1	6.2	6.9
Diversified and thematic FoHF	0.5	0.5	0.6	0.7	0.6
Systematic long-only	**36.1**	**34.3**	**28.2**	**25.8**	**31.6**
Global equity	18.9	17.7	13.8	12.8	16.9
International equity	8.0	8.0	6.9	6.2	7.1
Emerging markets equity	7.4	7.0	6.1	5.8	6.4
US equity	1.8	1.6	1.4	1.0	1.2
Discretionary long-only	**20.9**	**20.2**	**17.3**	**14.8**	**16.7**
Credit and convertibles	5.5	5.4	4.8	4.3	5.2
Japan equity	3.7	4.3	4.0	3.6	4.1
UK equity	4.7	4.5	4.0	3.3	3.8
Europe ex-UK equity	3.2	2.5	1.7	1.2	1.3
Emerging markets fixed income	1.9	1.8	1.5	1.2	0.9
Other[3]	1.9	1.7	1.3	1.2	1.4
Total	**148.6**	**151.4**	**142.3**	**138.4**	**143.3**

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

Investment performance

		Return (net of fees)		Annualised return (net of fees)		
		3 months to 31 Dec 2022	12 months to 31 Dec 2022	3 years to 31 Dec 2022	5 years to 31 Dec 2022	Inception to 31 Dec 2022
Absolute return						
AHL Alpha	1	-3.8%	11.0%	7.8%	6.4%	10.5%
AHL Dimension	2	-3.5%	8.8%	2.5%	3.5%	4.8%
AHL Evolution	3	-3.6%	4.8%	8.4%	7.8%	12.4%
AHL Diversified	4	-8.2%	13.1%	9.0%	6.6%	10.7%
GLG Alpha Select Alternative	5	-1.7%	4.8%	6.3%	6.3%	4.6%
GLG Event Driven Alternative	6	1.1%	2.1%	6.6%	-	6.7%
GLG Global Credit Multi Strategy	7	4.6%	3.6%	4.8%	4.5%	11.1%
Man Strategies 1783	8	0.4%	12.3%	-	-	5.6%
Total return						
AHL TargetRisk	9	1.2%	-16.7%	0.3%	4.9%	6.8%
Alternative Risk Premia	10	0.0%	11.9%	4.1%	2.5%	4.4%
GLG Global Emerging Markets Debt Total Return	11	-2.4%	2.3%	1.9%	0.7%	1.7%
Multi-manager solutions						
FRM Diversified II	12	0.4%	2.2%	5.3%	3.2%	4.1%
Systematic long-only						
Numeric Global Core	13	9.7%	-15.6%	5.9%	4.3%	9.0%
Relative return		*0.0%*	*2.6%*	*0.9%*	*-1.8%*	*0.7%*
Numeric Europe Core	14	10.2%	-11.5%	4.1%	4.1%	8.2%
Relative return		*0.7%*	*-2.0%*	*1.1%*	*-0.2%*	*2.2%*
Numeric Emerging Markets Core	15	9.8%	-19.3%	0.1%	-0.8%	4.1%
Relative return		*0.1%*	*0.8%*	*2.8%*	*0.6%*	*2.2%*
Discretionary long-only						
GLG Continental European Growth	16	11.7%	-18.7%	4.0%	5.5%	8.8%
Relative return		*-0.3%*	*-11.8%*	*-1.8%*	*0.2%*	*3.1%*
GLG Japan CoreAlpha Equity	17	7.7%	18.9%	8.6%	3.1%	4.6%
Relative return		*4.4%*	*21.3%*	*2.9%*	*-0.2%*	*1.9%*
GLG Undervalued Assets	18	14.3%	2.8%	0.0%	1.1%	6.2%
Relative return		*5.4%*	*2.5%*	*-2.3%*	*-1.8%*	*1.1%*
GLG High Yield Opportunities	19	5.4%	-10.6%	3.4%	-	5.7%
Relative return		*1.0%*	*3.0%*	*6.0%*	-	*5.7%*
Indices						
HFRX Global Hedge Fund Index	20	0.2%	-4.4%	1.9%	1.4%	
HFRI Fund of Funds Conservative Index	20	1.8%	0.5%	4.8%	3.9%	
HFRI Equity Hedge (Total) Index	20	4.3%	-10.1%	5.8%	4.6%	
HFRX EH: Equity Market Neutral Index	20	1.3%	0.1%	-1.0%	-1.6%	
Barclay BTOP 50 Index	21	-4.4%	13.8%	9.5%	6.0%	

Past or projected performance is no indication of future results. Financial indices are used for illustrative purposes only and are provided for the purpose of making a comparison to general market data as a point of reference and should not be construed as a true comparison to the strategy.

The information herein is being provided solely in connection with this press release and is not intended to be, nor should it be construed or used as, investment, tax or legal advice, any recommendation or opinion regarding the appropriateness or suitability of any investment or strategy, or an offer to sell, or a solicitation of an offer to buy, an interest in any security, including an interest in any fund or pool described herein.

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. HFRI and HFRX index performance over the past 4 months is subject to change.
21. The historical Barclay BTOP 50 Index data is subject to change.

Chief Executive Officer's review

Overview[1]

One clear, dominant force drove financial markets in 2022: inflation. Following the aftershocks of the pandemic and Russia's invasion of Ukraine in February, inflation prints reached record highs across the world, prompting aggressive monetary policy tightening from central banks and heightened concerns about economic recession. This weighed significantly on financial markets throughout the year; the S&P 500 snapped a three-year winning streak, registering its worst year since the global financial crisis, with the technology sector darlings of the past decade its greatest casualty. Bond markets also endured heavy selling: by the end of the year, the US 10-year government bond yield increased to 3.9% from 1.6%, the largest annual increase in records dating back to the 1960s. Together, this resulted in 2022 becoming one of the worst years on record for a 60/40 portfolio.

This environment is the real test for active investment management. I am very proud and delighted by the exceptionally strong set of results we delivered for 2022. One of our key strengths as an active asset manager is the breadth of investment capabilities we offer, many of which aim to deliver uncorrelated returns across a range of market environments. Despite the large sell-off in markets, our strategies were able to deliver $2.9 billion of alpha for our clients and liquidity when they needed it most, clearly demonstrating the value liquid alternatives can add to investment portfolios.

While our technology-empowered active investment processes delivered significant alpha for our clients, market beta still left its mark and resulted in negative absolute investment performance of $4.3 billion overall.

Absolute investment performance across our product categories was -1.5%. Our absolute return strategies were up 8.7%, driven by positive performance from AHL Alpha (+11.0%) and AHL Dimension (+8.8%). Our total return and long-only strategies were naturally impacted significantly by the big sell-off in market beta, with overall investment performance of -8.4% and -7.6%, respectively. AHL TargetRisk performance (-16.7%) was an example of this, reflecting its exposure to fixed income and equity markets, which delivered negative returns in tandem during the year for the first time since the 1990s. AHL TargetRisk's proprietary risk overlays were active throughout most of the year and helped mitigate drawdowns during the sharpest sell-offs, significantly reducing exposure when inflation worries were at their peak, contributing c.6% to returns.

Investment performance in our systematic long-only strategies was also negatively impacted by broad exposure to global equities while performance in our discretionary long-only strategies was more mixed, with GLG Japan CoreAlpha Equity performing strongly (+18.9%), while GLG Continental European Growth suffered (-18.7%).

On an asset-weighted basis, relative investment performance across the firm was again strong at +1.4% during the year. Our total return strategies also outperformed by 1.4%, with notably strong outperformance from GLG EM Debt (+20.6%) and Man Alternative Risk Premia (+7.1%), while our long-only strategies delivered strong alpha for clients (+3.9%), with notable outperformance from GLG Japan Core Alpha (+21.3%), GLG High Yield Opportunities (+3.0%), and Numeric Global Core (+2.6%).

We also made further progress on the client front, building long-term relationships with global asset allocators and distributors while helping our existing clients navigate market volatility, recording $3.1 billion of net inflows during the year. This was offset by $8.4 billion of combined negative impacts from investment performance and FX and other movements owing to a stronger US dollar. Our assets under management (AUM) were $143.3 billion as at 31 December 2022, a 4% decrease versus 31 December 2021.

Core profit before tax increased to $779 million, compared with $658 million in 2021, reaching a 14-year high, driven by growth in management fee earnings and a strong performance fee outcome for a second consecutive year. Consistent growth in our performance fee eligible AUM has increased the performance fee potential of our business; even when we deliver investment performance in line with previous years, significantly higher performance fee eligible AUM means we have the ability to generate meaningful performance fees more regularly. Core management fee profit before tax was also up 9%, reflecting continued net management fee growth and cost discipline. Statutory profit before tax was $745 million, compared with $590 million in 2021.

Our results highlight the continued demand for our products, the benefit of the scale and diversification of the performance fee earning strategies we offer, and the quality of the business we have built. During the year, we also made significant progress on our key strategic objectives, which are core to cementing our competitive advantage and driving the long-term growth of our business.

Progress against strategic priorities

Strong client relationships

Client engagement was strong throughout the year, with $41.1 billion of subscriptions, our second-best year on record. This was despite a pick-up in redemption requests during the year as clients responded to macroeconomic conditions or other issues in their investment portfolios, all of which were honoured in full and on time. Net inflows of $3.1 billion during the year were 5.3% ahead of the industry, highlighting the continued demand for the differentiated range of strategies and solutions we offer, our judicious approach to risk management and the quality of the long-term partnerships we have built with investors across the globe.

Our clients have confidence in our ability to manage and grow their assets, and to provide access to liquidity when they need it the most. At the end of December, 82% of our AUM is from clients investing in two products or more and 52% from clients investing in four products or more, which has grown from 71% and 48% respectively five years ago. Our 50 largest clients are invested in an average of four of our strategies.

1. Past performance is not indicative of future results. Returns may increase or decrease as a result of currency fluctuations. Performance figures are shown net of representative management and performance fees.

This ability to provide bespoke solutions flexibly and at scale also enabled us to add a significant number of new relationships with strategically important allocators during the year, often via a dedicated investment solution. These customised mandates leverage our broad investment capabilities to meet each client's unique risk and return requirements and are delivered via our highly effective, technology-enabled operating platform. While representing only a part of the overall customised mandates we offer, our Institutional Solutions business has grown to $14.4 billion as at 31 December 2022, recording $2.6 billion of net inflows during the year.

The much-discussed UK LDI episode was a perfect manifestation of the role that liquid alternative strategies can play in portfolios. Approximately $3 billion or roughly 50% of our assets from UK defined benefit pension scheme clients were redeemed between 23 September and 31 December, primarily from absolute return and total return strategies. After several years of benign market environments, institutions rediscovered the value of liquidity in their portfolios and our ability to return much-needed capital at very short notice strengthened our longstanding relationships with these clients. Importantly, the weighted average investment performance of the assets redeemed was c.12%. This was a key driver of c.95% of these clients requesting to redeem partially, leaving them the option to reinvest with us easily in the future. As schemes revisit their asset allocations, we are seeing encouraging demand from our clients looking to reallocate to liquid alternatives.

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.

Our culture of collaboration across the firm allows us to bring the best out of our talent working together. A good example of this is the work we have done on Man 1783, our multi-strategy offering, which gives clients access to all of the systematic and discretionary alpha content at Man Group. We have invested a huge amount of time and energy into product development this year; we take a scientific approach and apply the same level of rigour across all our investment areas, whether it is quantitative analysis, investing in affordable housing, or vetting managers in our multi-manager business.

We also continued to grow our discretionary offerings for clients in the year, launching a series of new funds including European High Yield Opportunities, Sustainable Credit Opportunities and Dynamic Income. We hired a Global Head of Capital Markets in September, taking the opportunity of the lull in new issue activity to build a strong team that we feel can add significant value to a range of investment strategies by maximising our footprint in the IPO and secondaries market as they come back.

At Man Group, we believe the asset management industry has a role to play in fighting climate change; it is an important driver of growth and an opportunity for our business. Innovation in this area has also been a key focus for us and in February 2022, we announced our first (of what we think will be many) joint venture to build around 1,000 net zero energy build-to-rent properties across various US metropolitan areas over the next several years.

In November, we were delighted to launch one of the first systematic multi-asset Article 9 strategies, which is a truly innovative product for clients. We developed AHL TargetClimate because we saw a real opportunity to bring our risk management and quantitative expertise to a space that has traditionally been the domain of discretionary investors. Identifying securities that are climate-aligned is a complex and nuanced exercise. There is a lot of noise that requires a data-driven approach to clean, analyse and gain insights from the multiple data sources available, something we have been specialising in at Man Group for over 35 years.

Our seed capital programme continues to be a key way for us to support product launches and our pipeline of new ideas remains very strong. During the year we seeded new strategies across our business, leaving our seeding book at $688 million as at 31 December 2022, following investments into new products developed across the business.

A great further example of our commitment to research and innovation is our partnership with Oxford University, the Oxford-Man Institute (OMI), and this year, we extended our funding for a further five years, which will take it to at least 20 years. The work undertaken at the OMI has had an extensive impact on a range of Man Group's client investment programmes, including active risk overlays for systematic investment management, intelligent algorithms for trade execution and order-routing and sophisticated methods for monitoring transaction costs and market impact.

Efficient and effective operations

Due to our early and significant investment in technology, we believe we have a huge competitive advantage in an industry which, like most others, is becoming ever more technology-driven. Our technology capabilities enable us to evolve and adapt as markets and clients' needs do.

We're a global leader in quantitative investing and we also use technology to support discretionary investment teams. With 600+ quants and technologists across the firm, our advanced investment technology platform supports our investment teams at every stage of their process, from alpha generation and portfolio management to trade execution and risk management.

However, technology isn't just about making better investment decisions for us; it powers everything we do and is the foundation on which the firm operates. For our clients, it enables us to customise our offering flexibly, efficiently and at scale, and in 2022 alone, our teams successfully executed and processed nearly 20 million trades.

Over the last 10 years we have grown our assets by more than 2.5 times but our headcount in operations is actually lower; this is real operational leverage and is only possible with an industry-leading technology platform. For our staff across all departments, we offer data science and Python training via our <develop> programme, equipping them with the skills to innovate and make processes less time consuming. Most importantly, for our shareholders, it delivers significant operating leverage.

In 2022, we continued to invest heavily in our technology capabilities. One of the highlights of the year was reaching a major milestone on the four-year rewrite of ArcticDB, the bedrock of our data science platform. Rewritten in C++, ArcticDB sits across the bulk of our front-to-back-office systems, and is designed to process large 'industrial sized' volumes of data, accessible by any user across the business. We have a competitive advantage that we believe is difficult to replicate because of the complexity of the research, the difficulty in execution and the power of the platform.

Our platform also offers the ability to onboard new teams and businesses efficiently and M&A continues to be a key part of our strategy. We reviewed a large number of acquisition opportunities during the year. While none met our full criteria in 2022, with price and culture often being the main reason why we walk away, we think this capability will prove valuable to shareholders in the longer term, as it has in the past.

People and culture

We are fundamentally a people 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 potential. We place great importance on being an employer of choice and an organisation where all our employees can bring their authentic selves to work to learn, develop and achieve excellence. We are pleased to report that our 2022 staff survey recorded an engagement score of 82%, up from the previous year. We have continued our investment in talent development to maintain our competitive edge and our dedicated Talent function provides career development and performance support to staff at all levels.

When I read summaries of the work that is carried out within Man Group around diversity, equity and inclusion (DE&I) I feel an immense sense of pride in the team I am fortunate to lead. The financial services industry has not traditionally been renowned for its focus on DE&I, but at Man Group it is an integral part of our culture and is an important part of what I believe makes us stand out.

Paving the Way is our dedicated campaign to help address the 'pipeline' issue, encouraging a more diverse range of talent to apply for positions at Man Group and the industry. We are big believers in the benefits of combining industry work and academia, as well as the transformative power of technology in finance. We are partnering with the University of Warwick to deliver a new Masters degree apprenticeship programme, providing recent STEM graduates with the opportunity to continue their further education while transitioning into full-time employment in a technology-oriented role. This programme is a great opportunity to attract a more diverse range of talent into our firm, and we are excited to increase access to tech careers for talented graduates from a broader range of academic backgrounds.

We have signed the Social Mobility Pledge alongside roughly 700 organisations globally, pledging to promote a level playing field for people from disadvantaged backgrounds. Due to the initiatives led by our Social Mobility workstream, we were ranked in the top 75 of the Social Mobility Index in 2022 (up from 99 out of 203 in 2021) and were also very pleased to be Highly Commended for 'Championing Social Mobility' at the FT Adviser Diversity Awards. We have also become a founding partner of Progress Together, the City of London initiative to improve social mobility.

Fostering a working environment and culture where all our employees feel that they belong takes time. While there is a huge amount of work still to be done to make our firm, and the wider industry, truly representative of the populations we serve, I want everyone to know that we stand for an absolute and unequivocal commitment to inclusiveness.

Delivering growth

2022 was another strong year of growth for Man Group. Our intensely client-centric approach coupled with excellent risk management and our technology leadership has allowed us to grow significantly during a challenging period for our industry. This, however, isn't a one-year phenomenon. Since the beginning of 2018, we have seen $28.1 billion of net inflows from clients, increased our core management fee profitability by 63% to $290 million, grown our core management fee EPS (diluted) by 96%, and increased our performance fee eligible assets under management by 28%. This has allowed us to return $1.9 billion or 57% of our current market capitalisation to shareholders over the last five years, an average of 11% of our market capitalisation in dividends and share buybacks every year during that period. Over the past few years, we have built a business that is fundamentally resilient and run for long-term growth and success. It is during difficult market environments that the merit of having such a resilient business model shines through.

Outlook

The difficulties faced by traditional asset management markets during 2022 make a strong case for investing in alternatives, where we are a market leader with over 35 years of experience. There are few alternative asset managers with the range of compelling solutions we offer, a longstanding track record of investment performance across a range of market environments, excellent risk management skills and a flexible operating platform underpinned by cutting-edge technology. I have great confidence in our ability to continue to generate alpha at scale for clients, irrespective of the direction of prevailing market trends. This presents a significant runway for growth in the future.

Luke Ellis
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

What we measure

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

How we performed

We had asset-weighted relative investment outperformance of 1.4% in 2022, with outperformance across multi-manager, total return and long-only strategies. For further discussion on investment performance see page 8.

Relative net flows

What we measure

Relative net flows are a measure of our ability to attract and retain investor capital in comparison to our industry peers. 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 2022 were 5.3%, remaining positive despite market volatility, indicating the strength of our global client relationships and diverse product offering.

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) increased by 17% to 18.4¢. Increased management fee profitability was supplemented by $386 million of capital returned through our share repurchases in the year, which reduced total share count.

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 profits generated through outperformance for our clients and are a key earnings stream for the business, as well as a significant component of value creation for shareholders over time.

How we performed

Core EPS (diluted) of 48.7¢ for 2022 is an increase of 26% compared with 2021, and a 10-year high, reflecting another period of very strong performance fee generation and the operating leverage inherent in our business model.

Non-financial KPIs

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

Carbon footprint (tCO_2e)

Why it matters

In order to monitor and decrease 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

In 2022, total carbon emissions increased in comparison to 2021, owing to a significant increase in business travel post-pandemic. However, our 2022 total emissions were 18% below our baseline year of 2019.

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 2022 staff survey recorded an engagement score of 82%, with a response rate of 76% (a 2% decrease compared to 2021).

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 2022, the number of women in senior management roles decreased slightly to 26%, from 27%. We are committed to working, both internally and externally with the industry, to increase the number of women in senior management and we are confident that we are on the right longer-term trajectory.

ESG-integrated AUM ($bn)

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

ESG-integrated assets under management have decreased to $50.0 billion in 2022, largely because of market beta and currency translation movements. In 2023, we will continue to aim to launch new sustainable funds and strategies to support the diverse investment objectives of our clients.

1. Details of the calculation of our alternative performance measures are provided on pages 49 to 53.

Chief Financial Officer's review

Overview

It has been another year of excellent results for Man Group, with statutory profit increasing to $608 million from $487 million in 2021. Our net management fee revenue continued to grow, and we generated our strongest performance fees since 2008, leading to core profit exceeding the previous 10-year peak achieved in 2021. We have continued to take a disciplined approach to cost management while investing in the areas which will drive our future success. This cost discipline, along with the reduction in the number of shares in issue as a result of our share buyback programmes in the year, has resulted in core diluted EPS growing by 26% to reach a recent high of 48.7¢ in 2022. Statutory EPS on a diluted basis increased from 33.8¢ to 45.8¢. In spite of net inflows of $3.1 billion in the year, negative absolute investment performance and adverse FX and other movements decreased closing AUM from a record high of $148.6 billion at the end of 2021 to $143.3 billion at 31 December 2022, although average AUM across the year remained higher than during 2021. Net flows and investment performance were mixed across the various product categories, with a decrease in long-only AUM of $8.7 billion in the year partially offset by an increase in alternative AUM of $3.4 billion.

Management and other fees increased by 4% to $954 million for the year due to the higher average AUM, which also drove the 6% increase in core net management fee revenue to $927 million. The average net management fee margin of 65 basis points for the year was one basis point lower than in 2021 due to higher net inflows into lower margin strategies. The run rate net management fee margin at 31 December 2022 stood at 64 basis points compared with 63 basis points at the end of 2021. Run rate core net management fee revenue was $917 million at the end of the year, down from $939 million at the end of 2021 as a result of the decrease in closing AUM, movements in foreign exchange rates and the impact of changes in product mix.

Core performance fee generation was strong, with $779 million earned in the year compared with $569 million in 2021. Our asset-weighted relative investment outperformance was 1.4% across all categories, in comparison with 1.9% in 2021. We outperformed our peers across multi-manager, total return and long-only strategies. Although the majority of performance fees were earned from systematic macro strategies, all our investment engines contributed positively. Core losses on investments of $15 million, compared with gains of $27 million in 2021, were predominantly due to mark-to-market losses on our CLO risk retention assets.

Core costs were $906 million, up from $815 million in 2021, driven by higher performance fee-related variable compensation and a return to more normalised levels of expenditure on travel and entertainment as COVID-19 restrictions eased.

Our sub-lease rental income in 2022 was broadly in line with 2021 on a statutory basis, as we continued to market the remaining vacant space in our London office for sub-let. In early 2023, we signed a sub-lease with a new tenant for a substantial portion of the vacant space. This will reduce future depreciation, following the derecognition of the associated portion of our right-of-use lease asset, and occupancy costs which are met by Man Group in the absence of sub-tenants. In 2022, we also signed a lease for new office premises in New York, with the newly refitted space now fully operational.

Non-core items (excluding tax) decreased from a net expense of $68 million in 2021 to $34 million in 2022, primarily due to FX gains of $22 million and some of our acquired intangible assets becoming fully amortised during the year.

We continue to deliver strong cash conversion of our profits and have again increased our returns to shareholders in 2022. Our total proposed dividend for the year of 15.7¢ per share represents an increase of 12% from 14.0¢ in 2021, reflecting the ongoing growth in the business and our progressive dividend policy. After completing the $250 million share buyback announced in December 2021, we announced a further $250 million of share buybacks during 2022, of which $152 million had been completed at 31 December 2022. Together with an estimated $194 million of dividends in relation to 2022, the total announced returns to shareholders for 2022 is over $0.4 billion, and $1.9 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 ongoing return of capital to shareholders, we continue to allocate capital to seed investments and invest heavily in technology to ensure we remain leaders in active investment management. We had net tangible assets of $1,022 million at 31 December 2022 and net financial assets of $983 million, including $349 million of cash (excluding amounts held by consolidated fund entities). We continue to be strongly cash-generative, with core cash flows from operations excluding working capital movements of $810 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 adversely impacted by the strengthening of the US dollar against most currencies over the course of the year. This reduced our reported AUM by $6.6 billion and had a knock-on impact on our management fee revenue.

However, the weakening of sterling against the US dollar in 2022 also contributed to a partially offsetting decrease in core costs of around $26 million compared with 2021.

'Core' measures are alternative performance measures. For a detailed description of our alternative performance measures, including non-core items, please refer to pages 49 - 53.

$m	Year ended 31 December 2022	Year ended 31 December 2021
Core net management fee revenue	**927**	877
Core performance fees	**779**	569
Core (losses)/gains on investments	**(15)**	27
Core sub-lease rental and lease surrender income	**5**	13
Core net revenue	**1,696**	1,486
Asset servicing costs	**(58)**	(58)
Compensation costs	**(678)**	(596)
Core other costs	**(170)**	(161)
Net finance expense	**(11)**	(13)
Core profit before tax	**779**	658
Core management fee profit before tax	**290**	266
Core performance fee profit before tax	**489**	392
Core profit	**647**	557
Non-core items (before tax)	**(34)**	(68)
Statutory profit	**608**	487
Statutory EPS (diluted)	**45.8¢**	33.8¢
Core EPS (diluted)	**48.7¢**	38.7¢
Core management fee EPS (diluted)	**18.4¢**	15.7¢
Proposed dividend per share	**15.7¢**	14.0¢

Assets under management (AUM)

$bn		31 December 2021	Net inflows/ (outflows)	Investment performance	FX and other	31 December 2022	Change $bn	Change %
Alternative	Absolute return	41.2	1.4	2.8	0.6	**46.0**	**4.8**	**12%**
	Total return	35.4	(1.8)	(2.4)	(2.4)	**28.8**	**(6.6)**	**(19)%**
	Multi-manager solutions	15.0	3.8	0.8	0.6	**20.2**	**5.2**	**35%**
	Total	91.6	3.4	1.2	(1.2)	**95.0**	**3.4**	**4%**
Long-only	Systematic	36.1	1.2	(4.6)	(1.1)	**31.6**	**(4.5)**	**(12)%**
	Discretionary	20.9	(1.5)	(0.9)	(1.8)	**16.7**	**(4.2)**	**(20)%**
	Total	57.0	(0.3)	(5.5)	(2.9)	**48.3**	**(8.7)**	**(15)%**
Total		148.6	3.1	(4.3)	(4.1)	**143.3**	**(5.3)**	**(4)%**

Absolute return

The increase in absolute return AUM was driven by net inflows of $1.4 billion, primarily into Man Institutional Solutions and American Beacon AHL Managed Futures, partially offset by outflows from AHL Alpha. Positive absolute performance of $2.8 billion was driven by a number of strategies in the product category, in particular systematic macro strategies.

Total return

Total return AUM decreased by $6.6 billion. Net outflows of $1.8 billion were primarily from Alternative Risk Premia and AHL TargetRisk. Negative absolute performance of $2.4 billion was primarily due to losses in AHL TargetRisk reflecting its long-only exposure to fixed income and equity markets. Negative FX and other movements resulted in a further reduction of $2.4 billion.

Multi-manager solutions

The increase in multi-manager solutions AUM was primarily driven by net inflows of $3.8 billion. Positive absolute performance of $0.8 billion was driven by a number of strategies.

Systematic long-only

Net inflows of $1.2 billion and negative FX and other movements of $1.1 billion were primarily from Numeric Global. Negative absolute performance of $4.6 billion was driven by multiple strategies in the product category, reflecting broad exposure to global equities.

Discretionary long-only

Discretionary long-only AUM decreased by $4.2 billion. Net outflows of $1.5 billion were primarily from GLG Emerging Markets Debt and GLG Continental Europe, partially offset by inflows into GLG High Yield. Negative performance of $0.9 billion was driven by market beta across multiple strategies and weaker performance in strategies with a growth focus e.g. GLG Continental Europe. This was partially offset by strong absolute performance in GLG Japan CoreAlpha.

Revenue

As a result of higher average AUM and strong performance fee generation, statutory net revenue increased by $241 million from $1,486 million in 2021 to $1,727 million in 2022, whilst core net revenue increased from $1,486 million to $1,696 million for the same reasons.

	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 2022	Year ended 31 December 2021	**Year ended 31 December 2022**	Year ended 31 December 2021	**Year ended 31 December 2022**	Year ended 31 December 2021	**Year ended 31 December 2022**	Year ended 31 December 2021
Absolute return	**515**	451	**112**	119	**526**	474	**114**	115
Total return	**201**	198	**63**	62	**177**	220	**61**	62
Multi-manager solutions	**34**	30	**20**	22	**38**	36	**19**	24
Systematic long-only	**75**	82	**25**	27	**77**	89	**24**	25
Discretionary long-only	**102**	116	**57**	58	**99**	121	**59**	58
Total	**927**	877	**65**	66	**917**	939	**64**	63

Management fees

Core net management fee revenue increased by 6% to $927 million in 2022 (2021: $877 million), driven by higher average AUM. Net management fee margin decreased from 66 basis points in 2021 to 65 basis points in 2022, driven by net inflows into lower margin systematic long-only and multi-manager solutions categories. This was partially offset by net inflows into Man Institutional Solutions, which are typically higher margin, and an increase in average AUM from positive investment performance in absolute return strategies.

The absolute return net management fee margin decreased by 7 basis points to 112 basis points, as a result of mix shift towards lower margin Man Institutional Solutions mandates within the product category. The total return net management fee margin increased by one basis point to 63 basis points, driven by the increase in AHL TargetRisk average AUM. The multi-manager net management fee margin decreased to 20 basis points in 2022 from 22 basis points in 2021 as a result of the ongoing shift towards infrastructure solutions from traditional fund of funds. The net management fee margin of long-only strategies declined due to margin pressure and mix effects in recent years, with systematic long-only margins decreasing from 27 basis points to 25 basis points and discretionary long-only margins decreasing from 58 basis points in 2021 to 57 basis points in 2022.

Run rate core net management fee revenue was $917 million at 31 December 2022 (2021: $939 million). The decrease in the year was largely as a result of the decrease in AUM in total return and long-only strategies, which were negatively affected by market beta and FX.

The run rate net management fee margin at 31 December 2022 was 64 basis points (2021: 63 basis points) as a result of the growth in higher margin Man Institutional Solutions mandates towards the end of the year, with movements in the run rate net management fee margin for individual strategies broadly driven by the same factors as those impacting the actual margins in the year.

Performance fees

Core performance fees for the year were $779 million (2021: $569 million), including $761 million from alternative strategies (2021: $533 million) and $18 million from long-only strategies (2021: $36 million). We have strong performance fee optionality and diversity, with $57.9 billion of performance-fee-eligible AUM at 31 December 2022, a substantial portion being at high-water mark, and 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.

Investment gains and losses

Core losses on investments of $15 million (2021: gains of $27 million) primarily relate to losses on our CLO risk retention assets. The seed book totalled $688 million at 31 December 2022, up from $648 million in 2021, as we continue to deploy our capital to support new strategies, grow the business, and increase returns to shareholders. We had $138 million of additional seed investment exposure via total return swaps at year end (2021: $108 million).

Sub-lease rental income

Sub-lease rental income was broadly flat year-on-year on a statutory basis. Core sub-lease rental income decreased from $13 million in 2021 to $5 million in 2022 as the residual portion of the lease surrender gain arising on the early termination of the lease of our principal sub-tenant in 2020 was recognised through non-core items in 2021. The sub-lease we signed in early 2023 for a substantial portion of the vacant space in our London office will reduce future depreciation and occupancy costs, following the derecognition of the associated portion of our right-of-use lease asset.

Costs

Asset servicing

Asset servicing costs vary depending on transaction volumes, the number and mix of funds, and fund NAVs. Asset servicing costs were $58 million (2021: $58 million), which equates to around 5 (2021: 6) basis points of average AUM excluding systematic long-only and Man GPM strategies.

Compensation costs

Total compensation costs were $678 million for the year, up by 14% from $596 million in 2021, as a result of higher revenues increasing the associated variable compensation, partially offset by the impact of the strengthening of the US dollar against sterling. Our compensation ratio is generally 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 of 40% remained in line with 2021, reflecting the strong performance fee revenue earned in 2022, primarily from systematic macro strategies.

Other costs

Core other costs increased to $170 million in 2022 from $161 million in 2021, partly as a result of the return to more normalised levels of expenditure on travel and entertainment as COVID-19 restrictions lifted. This was partially offset by sterling weakening against the US dollar, 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 has a lower rate than the UK. A higher weighting of profits in the UK, where the applicable statutory tax rate is 19%, drove an increase in the statutory effective tax rate from 17% in 2021 to 18% in 2022. Tax on statutory profit for the year was $137 million (2021: $103 million).

This increase in the UK profits weighting also led to an increase in the core tax rate from 15% in 2021 to 17% in 2022.

In the US, we have accumulated tax losses and tax deductible goodwill and intangibles of $82 million (2021: $85 million) which can be offset against future US profits, thereby reducing taxable profits. We have recognised $64 million of the available $82 million US deferred tax assets at 31 December 2022 (2021: $74 million and $85 million respectively) as some state and city tax losses are expected to expire before utilisation. 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 currently expect these assets to be fully consumed by 2024.

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, in particular an increase in the UK rate from April 2023. The global minimum tax rate anticipated to come into effect in 2024 is not expected to have a significant impact on our future tax charges.

Profit

Statutory profit increased from $487 million in 2021 to $608 million in 2022, with core profit increasing from $557 million to $647 million over the same period. This increase in profitability, together with a decrease in share count as a result of the $386 million of shares repurchased during the year, led to an increase in statutory EPS (diluted) from 33.8¢ in 2021 to 45.8¢ in 2022 (38.7¢ and 48.7¢ respectively on a core basis).

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 $810 million for the year.

As at 31 December 2022, our cash balance, excluding amounts held by consolidated fund entities, was $349 million. The $500 million committed revolving credit facility, which matures in 2026, was undrawn.

$m	**Year ended 31 December 2022**	Year ended 31 December 2021
Opening available cash and cash equivalents	**323**	289
Core cash flows from operations excluding working capital movements	**810**	700
Working capital movements (excluding seeding)	**(65)**	(45)
Working capital movements – seeding	**(52)**	(173)
Dividends paid	**(179)**	(160)
Share repurchases (including costs)	**(386)**	(180)
Investment in associate (HUB)	**–**	(19)
Other movements	**(102)**	(89)
Closing available cash and cash equivalents	**349**	323

Balance sheet

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

$m	**31 December 2022**	31 December 2021
Available cash and cash equivalents	**349**	323
Seeding investments portfolio	**688**	648
Payables under repo arrangements	**(54)**	(64)
Net financial assets	**983**	907
Other tangible assets and liabilities	**39**	21
Net tangible assets	**1,022**	928
Goodwill and intangibles	**677**	723
Shareholders' equity	**1,699**	1,651

Seed investments

We use our balance sheet to invest in new products, aiming to redeem as client AUM grows in the funds. At 31 December 2022, our seed investments were $688 million, an increase from $648 million at 31 December 2021. This is due to targeted deployment of capital to invest in new strategies and grow the business to ultimately generate future returns to shareholders. In addition, we held $138 million of total return swap exposure at 31 December 2022 (2021: $108 million), allowing us to increase our seed portfolio without utilising large portions of our cash balances.

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 continue to return capital that we consider to be in excess of our medium-term requirements to our shareholders. In 2022, we completed the $250 million share repurchase announced in December 2021 and the subsequent $125 million repurchase announced in June 2022. In December 2022, we announced our intention to repurchase a further $125 million of shares of which $27 million had been repurchased at 31 December 2022.

Our 2022 proposed total dividend of 15.7¢ per share represents an increase of 12% on 2021. 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 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 buybacks. We ensure we maintain a prudent balance sheet at all times by taking into account capital 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 $1.0 billion of share buybacks. Our weighted average share count has decreased by 18% to 1,288 million over that period.

Our $500 million revolving credit facility, which matures in 2026, provides additional liquidity and was undrawn at 31 December 2022. We have maintained prudent capital and available liquidity throughout the year and have deployed our capital 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.

The Board is proposing a final dividend for 2022 of 10.1¢ per share, which together with the interim dividend of 5.6¢ per share equates to a total dividend for the year of 15.7¢ per share. 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.

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. Under our strategy, we seek to minimise the carbon emissions of our office premises, reduce inter-office travel or use lower-carbon modes of transport where possible, and proactively plan for our ambitions in the future. As part of our ongoing commitment to reduce our carbon footprint and to reach net zero by 2030, we introduced carbon emissions targets into our directors' long-term incentive plans from 2022. We have also embedded targets to reduce our Scope 3 carbon emissions from business travel into our annual budgeting process for 2023.

The directors have also considered potential climate-related impacts on the Group financial statements, and do not expect them to be material 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

Business risks

	Risk	Mitigants	Status and trend	Change
Investment performance	Fund underperformance, on an absolute basis, relative to a benchmark or relative to peer groups, could reduce AUM and may result in lower subscriptions and higher redemptions. This risk is heightened at times of 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 limits the risk to the business from underperformance of any particular strategy or market.	Overall performance in 2022 has been strong given the challenging markets and the geopolitical backdrop in 2022: trend-following strategies performed well on an absolute basis; long-only strategies carried a beta to falling markets, but generally outperformed their benchmarks; and equity and bond market falls led to poor absolute performance for our TargetRisk product range. In addition, USD strengthening led to a fall in AUM for non-USD funds or share classes. Although we had net inflows, the LDI crisis is an example of an unanticipated redemption headwind faced in 2022. A discussion of Man Group's investment performance is included on page 8.	Increased
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 2022, including the retirement of the Man Group President and subsequent Senior ExCo reorganisation.	Unchanged

Credit risks

	Risk	Mitigants	Status and trend	Change
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.	There were no concerns arising in relation to our key counterparties in 2022. We finalised our migration away from a key prime broker linked to the collapse of Archegos in 2021. Our counterparty diversification model functioned as intended and we succeeded in moving material exposures to other key-relationship counterparties in a controlled manner.	Unchanged

Liquidity risks

	Risk	Mitigants	Status and trend	Change
Corporate and fund	Volatile markets and reduced market liquidity can place additional, often short-term, demands on the balance sheet. Man Group is exposed to having insufficient liquidity resources to meet its obligations. Adverse market moves and volatility may sharply increase the demands on the liquid resources in Man Group's funds. Market stress and increased redemptions could result in the deterioration of fund liquidity and in the severest cases this could lead to the gating of funds.	A $500 million revolving credit facility 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 balance sheet seeding programme and three share buybacks in 2022 were managed using the corporate liquidity forecast tool. The asset liquidity distribution across funds remained broadly unchanged. Our in-house liquidity analysis and reporting toolkit continued to evolve. The LME/Nickel short squeeze effectively closed the market for much of March but the impact on our funds was minimal. The Gilt/LDI crisis led to material redemption requests from our UK defined benefit pension clients – these were managed without any issues.	Unchanged

Market risks

	Risk	Mitigants	Status and trend	Change
Investment book	Man Group uses capital to seed new funds to build our fund offering, expand product distribution and generate returns for shareholders. Man Group also holds Collateralised Loan Obligation (CLO) risk retention positions until the product maturity, and is currently participating in a US CLO Warehouse to facilitate a product launch. The firm is therefore exposed to a decline in value of the investment book.	A disciplined framework ensures that each request for seed capital is assessed based on its risk and return on capital. 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 grew over 2022 with 23 new seed positions. The pure seeding book returns were positive, with the benchmark hedges performing as intended in the volatile markets. However, these gains were offset by losses on the CLO and private markets positions. Repo and swap financing, used for some of the CLO and seed positions to release liquidity, became more costly with the rate rises. However, there were no problems encountered sourcing and rolling financing.	Unchanged
Pension	Man Group underwrites the risks related to the UK defined benefit pension plan which closed to new members in 1999 and future accrual in 2011. The plan is healthy but is exposed to changes in net asset versus liability values.	The UK pension plan has a low net exposure to UK interest rates and RPI inflation though the use of LDI funds. The return-seeking assets are low volatility and have a low correlation to directional equity markets. Longevity is the largest remaining risk but is uncorrelated to Man Group's other risks.	In 2022 the scheme has increased its surplus on both an accounting and actuarial basis. The scheme managed the UK Gilts and LDI crisis in September/October without serious mishap. However, it was necessary to rapidly sell return-seeking assets to fund the LDI margin requirements.	Decreased

Operational risks

	Risk	Mitigants	Status and trend	Change
Internal process failure	Risk of losses or harm resulting from inadequate or failed corporate or fund processes within Man Group.	Man Group’s risk management framework and internal control systems are based on a three lines of defence model. Risks and controls are reassessed on an ongoing basis and in the event of material change, in order 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 2022.	Unchanged
External process failure	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, 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 outsourcing remains intentionally concentrated with a small group of carefully selected and proven outsource providers with which it has well established and embedded working relationships. There has been no notable increase or decrease in the number of issues caused by, or experienced by, our outsource providers during 2022 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. 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 2022.	Unchanged
Information and cybercrime security	Risk of losses or harm resulting from the loss of information in electronic or hard copy form held by Man 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 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. We have not observed any increase in material issues following the escalation of regional conflicts and tensions seen in 2022, but our assessment is that activity is likely to increase in 2023.	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, so the IT functions work closely with each business unit to ensure work is correctly prioritised and financed. The prioritisation process considers the life cycle of both hardware and software to ensure both are adequately supported and sized. The firm's operational processes include mature risk, incident and problem management procedures to minimise the likelihood and impact of technology failures. Business continuity risk mitigation includes detailed planning and testing of remote access and contingency/recovery operations, and ongoing risk and threat assessments.	Man Group has an ongoing focus on improving our technology offering, capability and security. Particular focus and investment have been on hardware and software enhancements to core technology and data centres, and the enrichment of the trading and operations platform. Progress in centralisation of order management technology for the firm also continues apace. Remote and agile working has continued to operate reliably and securely enabling efficient flexible working arrangements for most staff, without any notable change in the volume or materiality of issues arising through 2022.	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 (or have adequate procedures to comply 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 policies and procedures that comply with applicable laws and regulations, and provides periodic training to staff. Internal policies, processes and controls are subject to internal review in order to ensure we remain well placed to manage evolving requirements, with support, independent oversight and challenge also being provided by Man Group's Compliance and Financial Crime Teams.	Man Group has enhanced several surveillance tools to strengthen the control environment and has adapted to the changes in the regulatory environment around aspects of financial crime which are constantly evolving with heightened sanctions and enforcement actions. No material incidents were seen in 2022, including complying with all sanctions relating to the Russian invasion of Ukraine.	Unchanged
Legal, compliance and regulatory	The breadth and complexity of the regulations that Man Group and its funds are 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, regulatory 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 these 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. 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 2022 this included implementation 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. Man Group maintained an open dialogue with regulators throughout 2022 and work continues on a number of regulatory initiatives including the FCA's Consumer Duty requirements.	Increased

Reputational risks

	Risk	Mitigants	Status and trend	Change
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

	Risk	Mitigants	Status and trend	Change
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. 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 Committees and Group Risk 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.	The principal and emerging risks were reviewed and discussed by the Board in late 2022. The key themes were geopolitics (Russia, China, the US and the UK) and the fragile state of financial markets (volatility, leverage and insufficient margin). No changes were made to Man Group's headline principal risks.	Increased

Climate change risks

	Risk	Mitigants	Status and trend	Change
Physical risks	Physical risks 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
Transition risks	Transition risks 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.	Work continues on Man Group's commitment to being a net zero carbon workplace by 2030, including setting emissions targets, carbon budgeting and enhanced emissions disclosures. We are a signatory of the Net Zero Asset Managers initiative, with a commitment to having net zero carbon investment portfolios by 2050. In 2022 we set interim targets for our management of assets.	Increased
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 2022 we expanded our proprietary ESG analytics toolkit and launches included AHL TargetClimate, with a multi-asset focus on the transition to a low-carbon economy, and a real estate strategy building net zero energy single-family rental homes. We now have 32 Article 8 and 9 products representing 3.4% of AUM, an increase from 2.6% in 2021. Our operations and ability to work effectively was not materially impacted by the summer heatwaves across Europe, with the majority of employees working remotely. Investigations and fines announced against other financial services companies in 2022 highlight the increasing focus by global regulators and the media on overstated ESG claims.	Increased

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 Man Group's financial statements, International Accounting Standard 1 requires that directors:

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

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

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

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

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face;
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's and Man 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 financial statements

Group income statement

For the year to 31 December

	Note	2022 $m	2021 $m
Management and other fees	4	**954**	914
Performance fees	4	**778**	567
Revenue		**1,732**	1,481
Net income or gains on investments and other financial instruments	12	**7**	42
Third-party share of losses/(gains) relating to interests in consolidated funds	12	**14**	(3)
Sub-lease rental income	16	**5**	6
Distribution costs	5	**(31)**	(40)
Net revenue		**1,727**	1,486
Asset servicing costs	5	**(58)**	(58)
Compensation costs	5	**(678)**	(596)
Other costs	5	**(179)**	(165)
Finance expense	6	**(16)**	(14)
Finance income	6	**5**	1
Revaluation of contingent consideration	13	**–**	2
Impairment of right-of-use lease assets – investment property	16	**–**	(3)
Amortisation of acquired intangible assets	17	**(51)**	(61)
Share of post-tax loss of associates	21	**(5)**	(2)
Statutory profit before tax		**745**	590
Tax expense	7	**(137)**	(103)
Statutory profit attributable to owners of the Company		**608**	487
Statutory earnings per share	23		
Basic		**47.2¢**	34.7¢
Diluted		**45.8¢**	33.8¢

Group statement of comprehensive income

For the year to 31 December

	Note	2022 $m	2021 $m
Statutory profit attributable to owners of the Company		**608**	487
Other comprehensive (loss)/income:			
Remeasurements of defined benefit pension plans		**(2)**	22
Current tax on pension plans		**–**	4
Deferred tax on pension plans		**(1)**	(7)
Items that will not be reclassified to profit or loss		**(3)**	19
Cash flow hedges:	14		
Valuation gains taken to equity		**6**	9
Realised gains transferred to Group income statement		**(7)**	(8)
Net investment hedges	14	**4**	3
Foreign currency translation		**(4)**	(6)
Items that may be reclassified to profit or loss		**(1)**	(2)
Other comprehensive (loss)/income		**(4)**	17
Total comprehensive income attributable to owners of the Company		**604**	504

Group balance sheet

At 31 December

	Note	2022 $m	2021 $m
Assets			
Cash and cash equivalents	8	**457**	387
Fee and other receivables	10	**570**	485
Investments in fund products and other investments	12	**1,209**	974
Investments in associates	21	**14**	18
Leasehold improvements and equipment	15	**53**	43
Leasehold property – right-of-use lease assets	16	**92**	61
Investment property – right-of-use lease assets	16	**71**	77
Investment property – consolidated fund entities	12	**34**	–
Goodwill and acquired intangibles	17	**627**	678
Other intangibles	18	**50**	45
Deferred tax assets	19	**105**	128
Pension asset		**22**	27
Total assets		**3,304**	2,923
Liabilities			
Trade and other payables	11	**942**	702
Provisions	20	**14**	14
Current tax liabilities	7	**37**	15
Third-party interest in consolidated funds	12	**359**	254
Lease liability	16	**253**	250
Deferred tax liabilities	19	**–**	37
Total liabilities		**1,605**	1,272
Net assets		**1,699**	1,651
Equity			
Capital and reserves attributable to owners of the Company		**1,699**	1,651

The financial statements were approved by the Board of Directors on 27 February 2023 and signed on its behalf by:

Luke Ellis
Chief Executive Officer

Antoine Forterre
Chief Financial Officer

Group cash flow statement

For the year to 31 December

	Note	**2022 $m**	2021 $m
Cash flows from operating activities			
Cash generated from operations	9	**878**	581
Interest paid		**(6)**	(2)
Payment of lease interest	16	**(10)**	(12)
Tax paid	7	**(125)**	(83)
Cash flows from operating activities		**737**	484
Cash flows from investing activities			
Interest received		**5**	1
Purchase of leasehold improvements and equipment	15	**(21)**	(26)
Purchase of investment property – right-of-use lease assets	16	**(2)**	(5)
Purchase of other intangible assets		**(22)**	(18)
Purchase of interest in associate	21	**–**	(19)
Cash flows used in investing activities		**(40)**	(67)
Cash flows from financing activities			
Repayments of principal lease liability	16	**(13)**	(21)
Purchase of Man Group plc shares by the Employee Trust		**(47)**	(18)
Proceeds from sale of Treasury shares in respect of Sharesave		**2**	2
Share repurchase programmes (including costs)	23	**(386)**	(180)
Ordinary dividends paid to Company shareholders	24	**(179)**	(160)
Cash flows used in financing activities		**(623)**	(377)
Net increase in cash and cash equivalents		**74**	40
Cash and cash equivalents at beginning of the year		**387**	351
Effect of foreign exchange movements		**(4)**	(4)
Cash and cash equivalents at end of the year	8	**457**	387
Less: restricted cash held by consolidated fund entities	8	**(108)**	(64)
Available cash and cash equivalents at end of the year	8	**349**	323

Group statement of changes in equity

For the year to 31 December

$m	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 2021	53	(1,688)	3,292	(60)	(148)	44	4	1,497
Statutory profit	–	–	487	–	–	–	–	487
Other comprehensive income/(loss)	–	–	19	–	–	(3)	1	17
Total comprehensive income	–	–	506	–	–	(3)	1	504
Share-based payment charge	–	–	39	–	–	–	–	39
Current tax on share-based payments	–	–	1	–	–	–	–	1
Deferred tax on share-based payments	–	–	10	–	–	–	–	10
Purchase of Man Group plc shares by the Employee Trust	–	–	–	(18)	–	–	–	(18)
Disposal of Man Group plc shares by the Employee Trust	–	–	(17)	17	–	–	–	–
Share repurchases	–	–	(225)	–	–	–	–	(225)
Transfer to Treasury shares	–	–	180	–	(180)	–	–	–
Transfer from Treasury shares	–	–	(6)	–	5	–	1	–
Disposal of Treasury shares for Sharesave	–	–	–	–	2	–	1	3
Cancellation of Treasury shares	(2)	–	(143)	–	143	–	2	–
Dividends paid	–	–	(160)	–	–	–	–	(160)
At 31 December 2021	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	**–**	**–**	**45**	**–**	**–**	**–**	**–**	**45**
Current tax on share-based payments	**–**	**–**	**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	**(5)**	**–**	**(315)**	**–**	**315**	**–**	**5**	**–**
Dividends paid	**–**	**–**	**(179)**	**–**	**–**	**–**	**–**	**(179)**
At 31 December 2022	**46**	**(1,688)**	**3,590**	**(80)**	**(225)**	**41**	**15**	**1,699**

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. The Company has reserves available for distribution of $1.8 billion as at 31 December 2022 (2021: $2.4 billion).

Notes to the Group financial statements

1. Basis of preparation

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom, this announcement does not itself contain sufficient information to comply with IFRSs. Details of our accounting policies can be found in Man Group's Annual Report for the year ended 31 December 2021. The financial information included in this statement does not constitute statutory accounts within the meaning of Article 105 of Companies (Jersey) Law 1991. Statutory accounts for the year ended 31 December 2022, upon which the auditors have issued an unqualified report, will shortly be delivered to the Jersey Registrar of Companies. The Annual Report and the Notice of the Company's 2023 Annual General Meeting (AGM) will be posted to shareholders and will be available to download from the Company's website on 14 March 2023. The Annual General Meeting will be held on 5 May 2023 at 10am at Riverbank House, 2 Swan Lane, London EC4R 3AD. For further details please refer to the Notice of our 2023 Annual General Meeting when available.

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 2022 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 are accounted for using the acquisition method from the date on which we obtain control of the acquiree. The cost of an acquisition is measured as the fair value on the acquisition date of assets transferred, liabilities incurred and equity instruments issued by the Company. The fair value of an acquisition is calculated at the acquisition date by recognising the acquiree's identifiable assets and liabilities at their fair values at that date. Costs relating to acquisitions are recognised in the Group income statement as incurred. Any contingent consideration is recognised at fair value at the acquisition date, with any subsequent changes to the fair value recognised in the Group income statement.

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 and Senior Executive Committee. 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 constituent parts of the investment management business. As a result, performance is assessed, resources are allocated, and other strategic and financial management decisions are determined by the Board and Senior Executive Committee on the basis of 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 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 2022 that have had a significant impact on these Group financial statements.

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

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

Critical accounting estimates

Man Group's only key source of estimation uncertainty is the valuation of the net pension asset. The Board has also considered the assumptions used in the assessments for impairment of goodwill and right-of-use lease assets and the recoverability of deferred tax assets. 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 contractual investment management services are provided and do not include any other performance obligations. Fees are generally based on an agreed percentage of NAV or AUM and are typically charged in arrears and receivable within one month.

Performance fees (net of rebates) relate to the performance of the funds or managed accounts managed during the year and are recognised when the performance obligation has been met, whereby the fee has crystallised and can be reliably estimated. This is generally at the end of the performance period or upon early redemption by an investor. Until the performance period ends, market movements could significantly move the NAV of the fund products 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 for services are provided. Rebates 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.

5.1. Compensation costs

	2022 $m	2021 $m
Salaries	**174**	169
Variable cash compensation	**321**	266
Deferred compensation: share-based payment charge	**45**	39
Deferred compensation: fund product-based payment charge	**72**	54
Social security costs	**52**	54
Pension costs	**14**	14
Total compensation costs	**678**	596

Comprising:		
Fixed compensation: salaries and associated social security costs, and pension costs	**209**	208
Variable compensation: variable cash compensation, deferred compensation and associated social security costs	**469**	388

The unamortised deferred compensation at 31 December 2022 is $76 million (2021: $52 million) and has a weighted average remaining vesting period of 1.5 years (2021: 1.4 years).

5.2. Other costs

	2022 $m	2021 $m
Audit, tax, legal and other professional fees	**24**	21
Technology and communications	**22**	22
Occupancy	**18**	18
Temporary staff, recruitment, consultancy and managed services	**17**	13
Staff benefits	**14**	14
Insurance	**7**	7
Travel and entertainment	**7**	2
Marketing and sponsorship	**5**	4
Other cash costs, including irrecoverable VAT	**18**	18
Total other costs before depreciation and amortisation	**132**	119
Depreciation of leasehold improvements and equipment, and amortisation of other intangibles	**30**	29
Depreciation of right-of-use lease assets (Note 16)	**17**	17
Total other costs	**179**	165

Average headcount

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

	2022	2021
Investment management	**427**	388
Sales and marketing	**238**	218
Technology and infrastructure[1]	**930**	847
Average headcount	**1,595**	1,453
Headcount at 31 December	**1,655**	1,498

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

	2022 $m	2021 $m
Finance expense:		
Unwind of lease liability discount (Note 16)	**(10)**	(12)
Other finance expense	**(6)**	(2)
Total finance expense	**(16)**	(14)
Finance income:		
Interest on cash deposits	**5**	1
Total finance income	**5**	1
Net finance expense	**(11)**	(13)

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 current tax liabilities are as follows:

	2022 $m	2021 $m
At beginning of the year	**15**	12
Charge to the Group income statement	**159**	99
Credit to other comprehensive income and equity	**(4)**	(5)
Tax paid	**(125)**	(83)
Other balance sheet movements	**(5)**	(8)
Foreign currency translation	**(3)**	–
At end of the year	**37**	15

	2022 $m	2021 $m
Current tax		
UK corporation tax on profits	**140**	86
Foreign tax	**19**	14
Adjustments to tax charge in respect of previous years	**–**	(1)
Current tax expense	**159**	99
Deferred tax		
Origination and reversal of temporary differences	**(13)**	5
Adjustments to tax charge in respect of previous years	**(9)**	(1)
Deferred tax (credit)/expense (Note 19)	**(22)**	4
Total tax expense	**137**	103

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. Our tax expense is lower (2021: lower) than the amount that would arise using the theoretical tax rate applicable to our profits as follows:

	2022 $m	2021 $m
Profit before tax	**745**	590
Theoretical tax expense at UK rate: 19% (2021: 19%)	**142**	112
Effect of:		
Overseas tax rates different to UK	**(2)**	1
Adjustments to tax charge in respect of previous years	**(9)**	(2)
Derecognition/(recognition) of US deferred tax assets (Note 19)	**7**	(2)
Impact of change in UK tax rate	**–**	(4)
Other	**(1)**	(2)
Tax expense	**137**	103

The current effective tax rate is 18% (2021: 17%).

Factors affecting our future tax charges

The principal factors which may influence our future tax rate are changes in tax regulation in the territories in which we operate, the mix of income and expenses earned and incurred by jurisdiction, and the consumption of available deferred tax assets. In particular, as the majority of our profits are earned in the UK, the increase of the UK corporation tax rate to 25% on 1 April 2023 will have an impact on our overall tax rate in future periods.

The OECD has published a draft Inclusive 'Pillar 2' Framework (the Framework) to support the introduction of a global minimum tax rate of 15%. Governments are still consulting on how to implement the Framework with the expectation that legislation and regulations in most jurisdictions will take effect from 2024. Pending final conclusions on the potential outcomes of the consultation, it is not currently practicable to assess fully the impact of the Framework on our future tax charges but we do not anticipate it will be significant. Although not currently in force, it is expected that the IASB will treat any impact as a permanent in-the-year difference for 2024 and onwards.

8. Cash, liquidity and borrowings

Accounting policy

Cash and cash equivalents comprise cash and short-term investments in money market funds or bank deposits with an original maturity of three months or less. Cash and cash equivalents are measured at amortised cost, which is approximately equal to fair value. Available cash and cash equivalents is invested in accordance with strict limits consistent with the Board's risk appetite, which consider both the security and availability of liquidity. Accordingly, cash is held in on-demand and short-term bank deposits and money market funds, and at times invested in short-term US Treasury bills (which meet the definition of cash 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.

	2022 $m	2021 $m
Cash held with banks	**124**	189
Short-term deposits	**95**	24
Money market funds	**130**	110
Cash held by consolidated fund entities (Note 12.2)	**108**	64
Cash and cash equivalents	**457**	387
Less: cash held by consolidated fund entities (Note 12.2)	**(108)**	(64)
Available cash and cash equivalents	**349**	323
Undrawn committed revolving credit facility	**500**	500
Total liquidity	**849**	823

Cash and cash equivalents

At 31 December 2022, the $349 million available cash and cash equivalents balance is held with 14 banks (2021: $323 million with 14 banks).

Credit ratings of banks	**2022 $m**	2021 $m
AAA	**103**	51
AA	**103**	154
A	**143**	118
Total	**349**	323

The single largest counterparty bank exposure of $101 million is held with an A- rated bank (2021: $85 million held with an AA- 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.

Borrowings

Our $500 million committed revolving credit facility (RCF) is immediately accessible, incorporates an ESG target-linked interest rate component and does not include financial covenants in order to maintain maximum flexibility. The RCF was put in place in December 2019 as a five-year facility but has since been extended and, due to the exercise of the final one-year extension option in 2021, is now scheduled to mature in December 2026. The RCF was drawn at several points during the year in order to fund working capital requirements but was undrawn at 31 December 2022 (2021: undrawn). Drawdowns under the RCF are typically for maturities of one month or less and are therefore presented net of repayments in the Group cash flow statement.

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	**2022 $m**	2021 $m
Cash flows from operating activities			
Statutory profit		**608**	487
Adjustments for:			
Share-based payment charge	5	**45**	39
Fund product-based payment charge	5	**72**	54
Net finance expense	6	**11**	13
Tax expense	7	**137**	103
Revaluation of contingent consideration	13	**–**	(2)
Depreciation of leasehold improvements and equipment	15	**12**	13
Depreciation of right-of-use lease assets	16	**17**	17
Impairment of right-of-use lease assets – investment property	16	**–**	3
Amortisation of acquired intangible assets	17	**51**	61
Amortisation of other intangibles	18	**18**	16
Share of post-tax loss of associates	21	**5**	2
Foreign exchange movements		**(13)**	9
Realised gains on cash flow hedges		**(7)**	(8)
Funding of defined benefit pension plan		**–**	(3)
Other non-cash movements		**(5)**	(7)
		951	797
Changes in working capital[1]:			
Increase in fee and other receivables		**(68)**	(102)
Increase in other financial assets including consolidated fund entities[2]		**(45)**	(163)
Increase in trade and other payables		**40**	49
Cash generated from operations		**878**	581

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 (within operating activities) and the share repurchase liability (within financing activities).

2 Includes $44 million (2021: $2 million) of restricted net 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. 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.

	2022 $m	2021 $m
Fee receivables	**35**	18
Accrued income	**359**	355
Collateral posted with derivative counterparties	**39**	29
Receivables from Open Ended Investment Collective (OEIC) funds	**20**	25
Other fund receivables	**36**	11
Prepayments	**17**	16
Derivatives (Note 13)	**9**	5
Sub-lease rental income receivable	**1**	2
Other receivables	**25**	19
Receivables relating to consolidated fund entities (Note 12.2)	**29**	5
	570	485

No balances are overdue and, under the expected credit loss model of IFRS 9 ‘Financial Instruments’, no impairment has been recognised at 31 December 2022 (2021: nil). Included in fee and other receivables at 31 December 2022 are balances of $1 million (2021: $3 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 which are measured at fair value through profit and loss.

	2022 $m	2021 $m
Trade payables	**4**	5
Compensation accruals	**453**	373
Other accruals	**86**	80
Share repurchase liability	**98**	109
Payables under repo arrangements	**54**	64
Payables to OEIC funds	**18**	25
Tax and social security	**30**	5
Derivatives (Note 13)	**6**	5
Other payables	**13**	17
Payables relating to consolidated fund entities (Note 12.2)	**180**	19
	942	702

Payables under repo arrangements relate to obligations to repurchase seed investments.

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

	2022 $m	2021 $m
Within one year	**871**	674
Between one and three years	**71**	28
	942	702

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 income or gains on investments and other financial instruments. The fair values of investments in fund products 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 collateralised loan obligation (CLO) risk retention assets are priced using a bottom-up valuation method. We use third-party valuations to price the securities within the underlying portfolios and then apply the percentage of the CLO notes we hold to these valuations. Holdings in subordinated tranches of CLOs are valued using an average of third-party 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.

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. 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.

Investment property held by consolidated fund entities comprises land and buildings held to earn rent or for capital appreciation, 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).

Fund 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.

Financial assets at fair value through profit or loss	**2022 $m**	2021 $m
Investments in fund products	**304**	422
Investments in consolidated funds: transferrable securities (Note 12.2)	**905**	549
Other investments	**–**	3
Investments in fund products and other investments	**1,209**	974
Less:		
Fund investments held for deferred compensation arrangements	**(153)**	(119)
Investments in consolidated funds: exclude consolidation gross-up of net investment	**(368)**	(204)
Other investments	**–**	(3)
Seeding investments portfolio	**688**	648

12.1. Investments in fund products

At 31 December 2022, 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 $54 million (2021: $64 million). Additional exposure via TRS was $138 million (2021: $108 million). The largest single investment in fund products at 31 December 2022 was $61 million (2021: $45 million).

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

	2022 $m	2021 $m
Net (losses)/gains on seeding investments portfolio	**(12)**	24
Consolidated fund entities: gross-up of net gains on investments	**–**	12
Foreign exchange movements	**22**	3
Net (losses)/gains on fund investments held for deferred compensation arrangements and other investments	**(3)**	3
Net income or gains on investments and other financial instruments	**7**	42

12.2. Consolidation of investments in funds

In 2022, our interests in 43 (2021: 26) funds met the definition of control and have therefore been consolidated on a line-by-line basis.

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

	2022 $m	2021 $m
Balance sheet		
Cash and cash equivalents	**108**	64
Transferable securities[1]	**905**	549
Investment property	**34**	–
Fees and other receivables	**29**	5
Trade and other payables	**(180)**	(19)
Net assets of consolidated fund entities	**896**	599
Third-party interest in consolidated funds	**(359)**	(254)
Net investment held by Man Group	**537**	345
Income statement		
Net (losses)/gains on investments[2]	**(31)**	32
Management fee expenses[3]	**(4)**	(3)
Performance fee expenses[3]	**(1)**	(2)
Other costs[4]	**(9)**	(4)
Net (losses)/gains of consolidated fund entities	**(45)**	23
Third-party share of losses/(gains) relating to interests in consolidated funds	**14**	(3)
Net (losses)/gains attributable to net investment held by Man Group	**(31)**	20

Notes:
1 Included within investments in fund products and other investments.
2 Included within income or gains on investments and other financial instruments.
3 Relate to management and performance fees paid by the funds to Man Group during the year, which are eliminated within management and other fees and performance fees respectively in the Group income statement.
4 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:

	2022 $m	2021 $m
Cost at beginning of the year	**–**	–
Additions	**38**	–
Cost at end of the year	**38**	–
Accumulated depreciation and impairment at beginning of the year	**–**	–
Depreciation	**(1)**	–
Impairment	**(3)**	–
Accumulated depreciation and impairment at end of the year	**(4)**	–
Net book value at beginning of the year	**–**	–
Net book value at end of the year	**34**	–

The fair value of investment property held by consolidated fund entities of $34 million at 31 December 2022 (2021: nil) is based on independent third-party valuations. The carrying value has been impaired to its fair value during the year, resulting in an impairment charge of $3 million (2021: nil) being recognised in the Group income statement within other costs.

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.

We assess the observability of the inputs used in the valuations of our financial assets and liabilities on an annual basis.

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

	2022				2021			
$m	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets held at fair value:								
Investments in fund products and other investments (Note 12)	**–**	**284**	**20**	**304**	3	243	179	425
Investments in consolidated funds (Note 12)	**–**	**905**	**–**	**905**	–	538	11	549
Derivatives (Note 10)	**–**	**9**	**–**	**9**	–	5	–	5
	–	**1,198**	**20**	**1,218**	3	786	190	979
Financial liabilities held at fair value:								
Derivatives (Note 11)	**–**	**(6)**	**–**	**(6)**	–	(5)	–	(5)
	–	**(6)**	**–**	**(6)**	–	(5)	–	(5)

During the year, CLO risk retention assets of $154 million which were previously classified within the Level 3 category were transferred to Level 2 following a change in valuation methodology as all inputs used in the valuation of those assets are now observable. The change in valuation methodology does not have a material impact on the fair value of the assets year-on-year.

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

	2022		2021	
$m	**Assets**	**Liabilities**	Assets	Liabilities
At beginning of the year	**190**	**–**	179	(2)
Transfers (out of)/into Level 3	**(154)**	**–**	9	–
Purchases	**1**	**–**	17	–
(Charge)/credit to Group income statement	**(5)**	**–**	(7)	2
Sales or settlements	**(1)**	**–**	(2)	–
Change in consolidated fund entities held	**(11)**	**–**	(6)	–
At end of the year	**20**	**–**	190	–

The $2 million credit to the Group income statement in 2021 relates to the revaluation of contingent consideration, being an adjustment to the fair value of acquisition earn-out payments.

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 have elected to apply cash flow hedge accounting to fund investments related to deferred fund product awards granted from 1 January 2020, whereby the offsetting gains or losses on these fund products are matched against the corresponding fund product-based payment compensation charge in the Group income statement pro rata over the vesting period. 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 2021, 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 $43 million at 31 December 2022 (2021: $42 million).

Market risk hedges	2022 $m	2021 $m
Notional value of derivatives at 31 December		
Assets	**149**	148
Liabilities	**(71)**	(112)
Net assets	**78**	36
For the year ended 31 December		
Gain/(loss) recognised in the Group income statement	**39**	(9)

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

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, to hedge the risk associated with foreign exchange movements.

During the year, there were $22 million (2021: $3 million) of net realised and unrealised foreign exchange gains recognised in the Group income statement through income or gains on investments and other financial instruments, including the effects of hedging. This primarily comprises a $25 million (2021: $2 million) unrealised gain relating to the revaluation of our $200 million (2021: $238 million) unhedged GBP lease liability.

Foreign exchange hedges	2022 $m	2021 $m
Notional value of derivatives at 31 December		
Assets	**82**	123
Liabilities	**(235)**	(364)
Net liabilities	**(153)**	(241)
For the year ended 31 December		
Gain/(loss) before the impact of hedging	**5**	(10)
Total gain on hedging instruments	**17**	13
Gain recognised in the Group income statement after the impact of hedging	**22**	3

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

	2022 $m	2021 $m
Sterling	**(155)**	(208)
Australian dollar	**41**	–
Japanese yen	**19**	–
Other	**10**	–
Total	**(85)**	(208)

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 $9 million (2021: $21 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 2022 a 100 basis point (2021: 50 basis point) increase/decrease in these rates, with all other variables held constant, would have resulted in a $1 million (2021: $1 million) increase/decrease in net interest income.

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.

	2022			2021		
$m	**Leasehold improvements**	**Equipment**	**Total**	Leasehold improvements	Equipment	Total
Cost at beginning of the year	**70**	**64**	**134**	58	59	117
Additions	**11**	**10**	**21**	14	12	26
Disposals	**(13)**	**(13)**	**(26)**	–	(7)	(7)
Transfer to/(from) leasehold improvements from/(to) investment property (Note 16)	**2**	**–**	**2**	(2)	–	(2)
Cost at end of the year	**70**	**61**	**131**	70	64	134
Accumulated depreciation and impairment at beginning of the year	**(45)**	**(46)**	**(91)**	(44)	(43)	(87)
Disposals	**13**	**13**	**26**	–	7	7
Transfer (to)/from leasehold improvements (from)/to investment property (Note 16)	**(1)**	**–**	**(1)**	2	–	2
Depreciation	**(3)**	**(9)**	**(12)**	(3)	(10)	(13)
Accumulated depreciation and impairment at end of the year	**(36)**	**(42)**	**(78)**	(45)	(46)	(91)
Net book value at beginning of the year	**25**	**18**	**43**	14	16	30
Net book value at end of the year	**34**	**19**	**53**	25	18	43

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	2022 Leasehold property	2022 Investment property	2022 Total	2021 Leasehold property	2021 Investment property	2021 Total
Cost at beginning of the year	**146**	**256**	**402**	168	240	408
Additions	**41**	**2**	**43**	4	5	9
Disposals	**(22)**	**(10)**	**(32)**	(15)	–	(15)
Transfer between leasehold property and investment property	**4**	**(4)**	**–**	(9)	9	–
Transfer (from)/to investment property (to)/from leasehold improvements (Note 15)	**–**	**(2)**	**(2)**	–	2	2
Remeasurement of lease liability	**–**	**–**	**–**	(2)	–	(2)
Cost at end of the year	**169**	**242**	**411**	146	256	402
Accumulated depreciation and impairment at beginning of the year	**(85)**	**(179)**	**(264)**	(94)	(162)	(256)
Disposals	**22**	**10**	**32**	14	–	14
Transfer between leasehold property and investment property	**(4)**	**4**	**–**	4	(4)	–
Transfer from/(to) investment property to/(from) leasehold improvements (Note 15)	**–**	**1**	**1**	–	(2)	(2)
Impairment	**–**	**–**	**–**	–	(3)	(3)
Depreciation (Note 5)	**(10)**	**(7)**	**(17)**	(9)	(8)	(17)
Accumulated depreciation and impairment at end of the year	**(77)**	**(171)**	**(248)**	(85)	(179)	(264)
Net book value at beginning of the year	**61**	**77**	**138**	74	78	152
Net book value at end of the year	**92**	**71**	**163**	61	77	138

Lease liability

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

	2022 $m	2021 $m
Within one year	**25**	25
Between one and five years	**97**	103
Between five and ten years	**125**	138
Between ten and 15 years	**74**	105
After 15 years	**–**	5
Undiscounted lease liability at end of the year	**321**	376
Discounted lease liability at end of the year	**253**	250

At 31 December 2022, $200 million (2021: $236 million) of the total discounted lease liability relates to our main premises in London (expiring in 2035) and is denominated in GBP.

Movements in the lease liability are as follows:

	2022 $m	2021 $m
At beginning of the year	**250**	272
Additions	**41**	4
Disposals	**–**	(1)
Cash payments	**(23)**	(33)
Unwind of lease liability discount (Note 6)	**10**	12
Remeasurement	**–**	(2)
Foreign exchange movements	**(25)**	(2)
At end of the year	**253**	250

16.2. Man Group as lessor

Accounting policy

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-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.

Finance leases

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 expenses of $5 million (2021: $6 million) arising from investment property that did not generate rental income during the period are included within other costs.

At 31 December 2022, the contractual undiscounted minimum operating lease payments receivable are as follows:

	2022 $m	2021 $m
Within one year	**5**	6
Between one and two years	**5**	6
Between two and three years	**5**	6
Between three and four years	**–**	5
	15	23

Fair value of investment property

	2022 $m	2021 $m
Value in use	**82**	94
Less:		
Carrying value	**(71)**	(77)
Headroom	**11**	17

17. Goodwill and acquired intangibles

Accounting policy

Goodwill

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

Goodwill does not generate cash flows independently of other groups of assets and thus is assigned to a CGU or group of CGUs for the purposes of impairment testing. The groups of CGUs are based upon how management monitors the business and represent the lowest level to which goodwill can be allocated on a reasonable basis. For impairment review purposes, we have identified one group of CGUs, comprising our liquid asset managers.

The value in use calculation at 31 December 2022 uses cash flow projections based on the Board-approved financial plan for the year to 31 December 2023 and a further two years of projections (2024 and 2025), 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 2025 and applying the mid-point of a range of historical multiples to the forecast cash flows associated with management and performance fee profits.

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

Acquired intangibles

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

$m	2022 Goodwill	2022 IMAs	2022 Distribution channels	2022 Brand names	2022 Total	2021 Goodwill	2021 IMAs	2021 Distribution channels	2021 Brand names	2021 Total
Cost at beginning of the year	**2,425**	**838**	**56**	**40**	**3,359**	2,429	857	58	41	3,385
Disposals	**–**	**(4)**	**–**	**–**	**(4)**	–	(19)	(2)	(1)	(22)
Foreign currency translation	**–**	**–**	**–**	**–**	**–**	(4)	–	–	–	(4)
Cost at end of the year	**2,425**	**834**	**56**	**40**	**3,355**	2,425	838	56	40	3,359
Accumulated amortisation and impairment at beginning of the year	**(1,836)**	**(758)**	**(49)**	**(38)**	**(2,681)**	(1,837)	(721)	(47)	(38)	(2,643)
Amortisation	**–**	**(47)**	**(3)**	**(1)**	**(51)**	–	(56)	(4)	(1)	(61)
Disposals	**–**	**4**	**–**	**–**	**4**	–	19	2	1	22
Foreign currency translation	**–**	**–**	**–**	**–**	**–**	1	–	–	–	1
Accumulated amortisation and impairment at end of the year	**(1,836)**	**(801)**	**(52)**	**(39)**	**(2,728)**	(1,836)	(758)	(49)	(38)	(2,681)
Net book value at beginning of the year	**589**	**80**	**7**	**2**	**678**	592	136	11	3	742
Net book value at end of the year	**589**	**33**	**4**	**1**	**627**	589	80	7	2	678

Goodwill impairment assumptions

Key assumptions at 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		**4%**

Key assumptions at 31 December 2021	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	21%	17%
Terminal value (mid-point of range of historical multiples)		
– Management fee earnings		13.0x
– Performance fee earnings		5.5x
– Implied terminal growth rate		4%

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.

	2022 $m	2021 $m
Value in use	**4,950**	4,140
Less:		
Carrying value of CGUs	**(720)**	(760)
Headroom	**4,230**	3,380

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)				**120**	**(120)**	**400**	**(400)**

Sensitivity analysis at 31 December 2021	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 ($m)	3,380	2,940	1,340	3,480	3,280	3,690	3,070
Increase/(reduction) in value in use ($m)				100	(100)	310	(310)

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.

18. Other intangibles

Accounting policy

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

	2022 $m	2021 $m
Cost at beginning of the year	**130**	112
Additions	**27**	22
Disposals	**(9)**	(4)
Cost at end of the year	**148**	130
Accumulated amortisation at beginning of the year	**(85)**	(73)
Amortisation	**(18)**	(16)
Disposals	**5**	4
Accumulated amortisation at end of the year	**(98)**	(85)
Net book value at beginning of the year	**45**	39
Net book value at end of the year	**50**	45

19. 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 the Group intends 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
1 January 2021	29	15	11	41	(14)	12	94
Credit/(charge) to Group income statement (Note 7)	17	3	(5)	(12)	(8)	1	(4)
Credit to other comprehensive income and equity	3	–	–	–	–	–	3
Other balance sheet movements	–	–	–	–	–	(1)	(1)
Foreign currency translation	–	–	–	–	–	(1)	(1)
31 December 2021	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**

Deferred tax balances after offset, as presented in the Group balance sheet, are as follows:

	2022 $m	2021 $m
Deferred tax assets	**105**	128
Deferred tax liabilities	**–**	(37)
	105	91

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

The gross amount of UK non-trading losses for which a deferred tax asset has not been recognised is $25 million (2021: $25 million). These losses are not subject to an expiration period. The gross amount of other future taxable income deductions for which a deferred tax asset has not been recognised is $12 million (2021: $62 million). These deductions expire in 2024.

US deferred tax assets

We have recognised accumulated deferred tax assets in the US of $64 million (2021: $74 million) that will be available to offset future taxable profits. As the result of a decrease in forecast future taxable profits in the US, we derecognised $7 million of the available deferred tax assets in relation to state and city tax losses in 2022 (2021: recognised $2 million). At 31 December 2022, $18 million of the available US deferred tax assets (2021: $11 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 majority expire in 2035. We do not currently expect to pay federal tax on any profits we may earn in the US until 2024.

US net deferred tax assets	2022 $m	2021 $m
Recognised		
At beginning of the year	**74**	81
(Charge)/credit to Group income statement:		
(Derecognition)/recognition of available tax assets (Note 7)	**(7)**	2
Other movements: consumption	**–**	(12)
(Charge)/credit to equity	**(3)**	5
Other balance sheet movements	**–**	(2)
At end of the year	**64**	74
Unrecognised		
At beginning of the year	**11**	14
Charge/(credit) to Group income statement:		
Derecognition/(recognition) of available tax assets (Note 7)	**7**	(2)
Other movements	**–**	(1)
At end of the year	**18**	11

The gross amount of US losses for which a deferred tax asset has not been recognised is $258 million (2021: $158 million).

20. 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.

	2022 $m	2021 $m
At beginning of the year	**14**	9
Charge to Group income statement	**1**	6
Utilised	**–**	(1)
Foreign currency translation	**(1)**	–
At end of the year	**14**	14

Provisions relate to ongoing claims and leasehold property dilapidations.

21. 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.

	2022 $m	2021 $m
At beginning of the year	**18**	–
Acquisitions/contributions	**1**	20
Share of post-tax loss	**(5)**	(2)
At end of the year	**14**	18

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.

22. 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.

23. 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 US$100,000,000 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 therefore deducted from equity and included within the Treasury share reserve) and, as they are no longer outstanding, they are excluded for earnings per share and voting rights purposes.

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

	2022			2021		
	Total number	**Weighted average**	**Nominal value $m**	Total number	Weighted average	Nominal value $m
Number of shares at beginning of year	**1,473,107,813**	**1,473,107,813**	**51**	1,541,794,770	1,541,794,770	53
Cancellation of own shares held in Treasury	**(122,551,031)**	**(52,130,209)**	**(5)**	(68,686,957)	(9,611,929)	(2)
Number of shares at end of the year	**1,350,556,782**	**1,420,977,604**	**46**	1,473,107,813	1,532,182,841	51
Shares held in Treasury share reserve	**(80,604,707)**	**(99,038,830)**		(79,040,317)	(98,674,820)	
Man Group plc shares held by Employee Trust	**(33,745,908)**	**(33,453,409)**		(30,611,905)	(31,044,822)	
Basic number of shares	**1,236,206,167**	**1,288,485,365**		1,363,455,591	1,402,463,199	
Dilutive impact of employee share awards		**36,356,550**			35,415,800	
Dilutive impact of Sharesave share options		**2,467,128**			2,165,726	
Dilutive number of shares		**1,327,309,043**			1,440,044,725	

	2022	2021
Statutory profit ($m)	**608**	487
Basic EPS	**47.2¢**	34.7¢
Diluted EPS	**45.8¢**	33.8¢

Share buybacks	**2022**	2021
Shares repurchased during the year ($m)	**386**	180
Average purchase price (pence)	**227.7**	199.9
Shares repurchased (million)	**135**	66
Accretive impact on earnings per share (%)	**6.0**	1.7

The $386 million of shares repurchased in the year comprise the completion of the remaining $234 million of the share repurchase programme announced in December 2021, the completion of the $125 million share repurchase announced in June 2022 and $27 million of the $125 million share repurchase announced in December 2022. 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 10.6% of issued share capital (excluding Treasury shares) as at 31 December 2022 and shares held in Treasury which were cancelled during the year represent 9.7% of issued share capital (excluding Treasury shares). At 24 February 2023, we had an unexpired authority to repurchase up to 38,049,057 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 124,190,442 ordinary shares, representing 10% of the issued share capital (excluding Treasury shares) at 24 February 2023.

In 2022, we funded $91 million via contribution or loan (2021: $33 million) to enable the Employee Trust to meet its current period obligations. At 31 December 2022, the net assets of the Employee Trust amounted to $146 million (2021: $103 million). These assets include 33,745,908 (2021: 30,611,905) ordinary shares in the Company, and $65 million of fund product investments (2021: $41 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.

24. 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.

	¢/share	**2022 $m**	¢/share	2021 $m
Ordinary shares				
Final dividend paid for the previous financial year to 31 December	**8.4**	**110**	5.7	81
Interim dividend paid for the six months to 30 June	**5.6**	**69**	5.6	79
Dividends paid		**179**		160
Proposed final dividend for the current financial year to 31 December	**10.1**	**125**	8.4	115

25. 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	2022 $m	2021 $m
Salaries and other short-term employee benefits[1]	**80**	64
Share-based payment charge	**24**	25
Fund product-based payment charge	**21**	15
Pension costs (defined contribution)	**1**	1
Total	**126**	105

Note:
1 Includes salary, benefits and cash bonus.

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

26. 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.

27. Subsequent events

In February 2023, we signed a sub-lease with a new tenant for a substantial portion of the vacant space in our London office. The sub-lease meets the definition of a finance lease under IFRS 16 'Leases' and therefore on lease commencement we derecognised the associated portion of our ROU lease asset of $17 million and recognised a finance lease receivable of $20 million. The excess of the finance lease receivable over the derecognised ROU lease asset of $3 million has been recognised as a gain on disposal of the ROU lease asset in 2023.

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, the definition of non-core items has been revised to treat all foreign exchange gains and losses arising on non-functional currency balances consistently, rather than only adjusting for those which relate to specific balance sheet items which are realised over longer timeframes. The Board considers this revised classification to be both simpler and more consistent in its application. Comparative amounts have not been restated as the impact is immaterial. 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

	Note to the Group financial statements	**2022 $m**	2021 $m
Acquisition and disposal related:			
Revaluation of contingent consideration	13	**–**	(2)
Amortisation of acquired intangible assets	17	**51**	61
Share of post-tax loss of associates	21	**5**	2
Impairment of right-of-use lease assets – investment property	16	**–**	3
Lease surrender income		**–**	7
Foreign exchange movements	12.1	**(22)**	(3)
Non-core items (net expense)		**34**	68

Core measures: reconciliation to statutory equivalents

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

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**
Distribution costs	**(31)**	**–**	**–**	**(31)**
Net management fee revenue[APM]	**927**	**(4)**	**–**	**923**
Performance fees[APM]	**779**	**(1)**	**–**	**778**
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**
Sub-lease rental income	**5**	**–**	**–**	**5**
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 intangible assets	**–**	**–**	**(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¢**			

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

Core basic EPS	39.7¢			
Core diluted EPS	38.7¢			

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

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

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

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**
Goodwill and acquired intangibles	**627**	**–**	**627**
Other intangibles	**50**	**–**	**50**
Deferred tax assets	**105**	**–**	**105**
Pension asset	**22**	**–**	**22**
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**

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

[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.

2022 $m	**Core measure**	**Reclassification of amounts relating to consolidated fund entities**	**Non-core items**	**Per Group income statement**
Net management fee revenue	**927**	**(4)**	**–**	**923**
Sub-lease 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¢**			

2021 $m	Core measure	Reclassification of amounts relating to consolidated fund entities	Non-core items	Per Group income statement
Net management fee revenue	877	(3)	–	874
Sub-lease rental and lease surrender income	13	–	(7)	6
Asset servicing costs	(58)	–	–	(58)
Compensation costs (management fee)	(393)	–	–	(393)
Other costs	(161)	(4)	–	(165)
Net finance expense (management fee)	(12)	–	–	(12)
Management fee profit before tax	266	(7)	(7)	252
Tax expense	(39)			
Management fee profit	227			
Core basic management fee EPS	16.1¢			
Core diluted management fee EPS	15.7¢			
Performance fees	569	(2)	–	567
Net income or gains on investments and other financial instruments	27	12	3	42
Compensation costs (performance fee)	(203)	–	–	(203)
Net finance expense (performance fee)	(1)	–	–	(1)
Performance fee profit before tax	392	10	3	405
Tax expense	(62)			
Performance fee profit	330			
Core basic performance fee EPS	23.6¢			
Core diluted performance fee EPS	23.0¢			

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:

	2022 $m	2021 $m
Net (losses)/gains on seeding investments portfolio (Note 12.1)	**(12)**	24
Net (losses)/gains on fund investments held for deferred compensation arrangements and other investments (Note 12.1)	**(3)**	3
Core (losses)/gains on investments	**(15)**	27
Non-core items:		
Consolidated fund entities: gross-up of net gains on investments (Note 12.2)	**–**	12
Foreign exchange movements (Note 12.1)	**22**	3
Net income or gains on investments and other financial instruments	**7**	42

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:

	2022 $m	2021 $m
Statutory tax expense	**137**	103
Tax on non-core items:		
Amortisation of acquired intangible assets	**6**	7
Impairment of right-of-use lease assets – investment property	**–**	1
Foreign exchange movements	**(4)**	–
Non-core tax item on US deferred tax assets (Note 19)	**(7)**	(10)
Non-core tax items	**(5)**	(2)
Core tax expense	**132**	101
Comprised of:		
Tax expense on core management fee profit before tax	**46**	39
Tax expense on core performance fee profit before tax	**86**	62

The core tax rate is 17% for 2022 (2021: 15%), which has increased largely due to a higher weighting of profits in the UK where the applicable statutory tax rate is 19%. The increase in the UK corporation tax rate to 25% on 1 April 2023 will result in an increase in our core tax rate in future periods.

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:

	2022 $m	2021 $m
Cash flows from operating activities	**737**	484
Add back changes in working capital (Note 9):		
Increase in fee and other receivables	**68**	102
Increase in other financial assets including consolidated fund entities	**45**	163
Increase in trade and other payables	**(40)**	(49)
Core cash flows from operations excluding working capital movements	**810**	700

Net financial assets

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

	Note to the Group financial statements	**2022 $m**	2021 $m
Seeding investments portfolio	12	**688**	648
Available cash and cash equivalents	8	**349**	323
Payables under repo arrangements	11	**(54)**	(64)
Net financial assets		**983**	907