# Press Release

**02 August 2022**

## Half year results for the six months ended 30 June 2022

### Differentiated business model drives strong results

### Key points

- Assets under management (AUM) of $142.3 billion (31 December 2021: $148.6 billion)
  - Net inflows of $3.2 billion
  - Positive investment performance of $2.1 billion from alternative strategies
  - Despite generating strong alpha, market beta resulted in negative investment performance of $7.0 billion from long-only strategies
  - Negative FX and other movements of $4.6 billion
- Core earnings per share (EPS) increased by 28% to 24.0¢ (H1 2021: 18.7¢)
  - Core management fee EPS increased by 23% to 9.1¢ (H1 2021: 7.4¢)
  - Core performance fee EPS increased by 32% to 14.9¢ (H1 2021: 11.3¢)
- Statutory EPS (diluted) increased by 44% to 22.7¢ (H1 2021: 15.8¢)
- Run rate net management fee revenue of $937 million as at 30 June 2022 (31 December 2021: $939 million)
- Balance sheet strength and liquidity position support long-term growth
- Recommended interim dividend of 5.6¢ per share, as per guidance (H1 2021: 5.6¢ per share)
- At 29 July 2022 we had completed $39 million of the $125 million share buyback announced in June 2022

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

“The first half of 2022 was yet another strong period for Man Group. Amidst a volatile market environment, we delivered for our clients and shareholders alike, demonstrating the value that active, uncorrelated investment strategies and solutions can bring to portfolios.

“Strong performance from our absolute return strategies, positive alpha from our long-only strategies, net inflows 2.7% ahead of the industry, and a 28% increase in core earnings per share reflect the quality of our people, the benefit of our technology, and the attractiveness of our differentiated business model.

“We enter the second half with high performance fee potential and a good level of client engagement. While we expect some volatility in flows in the near term, as clients access liquidity and rebalance their portfolios due to market movements, we remain focused on the long term. We are confident that our diversified range of investment strategies and continued focus on alpha generation position us well for future growth.”

‘Core’ measures are alternative performance measures. For a detailed description of our alternative performance measures, including non-core items, please refer to pages 28-33.

## Summary financials

| | Six months ended 30 Jun 2022 | Year ended 31 Dec 2021 | Six months ended 30 Jun 2021 |
|---|---|---|---|
| **Assets under management (end of period), $ billions** | **142.3** | **148.6** | **135.3** |

| *$ millions* | | | |
|---|---|---|---|
| Core net management fee revenue | 469 | 877 | 417 |
| Core performance fees | 404 | 569 | 284 |
| Core (losses)/gains on investments | (21) | 27 | 17 |
| Core sub-lease rental and lease surrender income | 3 | 13 | 10 |
| **Core net revenue** | **855** | **1,486** | **728** |
| Asset servicing costs | (30) | (58) | (29) |
| Compensation costs | (343) | (596) | (293) |
| Core other costs | (81) | (161) | (77) |
| Core net finance expense | (6) | (13) | (6) |
| **Core profit before tax** | **395** | **658** | **323** |
| Non-core items | (15) | (68) | (43) |
| **Statutory profit before tax** | **380** | **590** | **280** |

| *¢* | | | |
|---|---|---|---|
| Statutory EPS (diluted) | 22.7 | 33.8 | 15.8 |
| Core EPS | 24.0 | 38.7 | 18.7 |
| Core management fee EPS | 9.1 | 15.7 | 7.4 |
| Dividend per share | 5.6 | 14.0 | 5.6 |

| **Financial key performance indicators**[1] | | | |
|---|---|---|---|
| Relative investment performance | 0.3% | 1.9% | 1.3% |
| Relative net flows | 2.7% | 9.8% | 0.8% |
| Core EPS | 24.0¢ | 38.7¢ | 18.7¢ |
| Core management fee EPS growth[2] | 23% | 52% | 51% |

## Dividend and share repurchase

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 repurchases when advantageous.

In line with this policy, the Board announced a share buyback of $125 million on 30 June and has declared an interim dividend of 5.6¢ per share (30 June 2021: 5.6¢). The interim dividend of 5.6¢ per share is in line with the guidance communicated at our full year results that we intend to keep our interim dividend flat until such time as the ratio of interim to final dividend gets closer to 1:2, in line with the broader UK market. We will fix and announce the US dollar to sterling dividend currency conversion rate on 25 August 2022, in advance of payment.

## Dates for the 2022 interim dividend

| | |
|---|---|
| Ex-dividend date | 11 August 2022 |
| Record date | 12 August 2022 |
| Sterling conversion date | 25 August 2022 |
| Payment date | 09 September 2022 |

1. For details of key performance indicators refer to the 2021 Annual Report.
2. Growth measured against comparative prior period.

## Conference call and presentation for investors and analysts

A conference call with management including an opportunity to ask questions will commence at 09.30am (London) on 02 August 2022. A copy of the presentation will be available on the investor relations section of www.man.com from 09.25am.

The conference call can be accessed at:
https://mangroup.webex.com/mangroup/j.php?MTID=mc46d3c24a62eb799094b6f602922659a

Webinar number:
2367 571 7229

Webinar password:
NevWCK24wK6 (63892524 from phones)

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

Access code: 2367 571 7229

Please note:

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

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## About Man Group

Man Group is a global, technology-empowered active investment management firm focused on delivering alpha and portfolio solutions for clients. Headquartered in London, we manage $142.3 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

## Forward looking statements and other important information

This document contains forward-looking statements with respect to the financial condition, results, and business of Man Group plc. By their nature, forward-looking statements involve risk and uncertainty and there may be subsequent variations to estimates. Man Group plc's actual future results may differ materially from the results expressed or implied in these forward-looking statements.

The content of the websites referred to in this announcement is not incorporated into and does not form part of this announcement. Nothing in this announcement should be construed as or is intended to be a solicitation for or an offer to provide investment advisory services or to invest in any investment products mentioned herein.

1. As at 30 June 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 (GPM).

# Assets under management

## AUM movements for the six months ended 30 June 2022

| $bn | AUM at 31 Dec 2021 | Net flows | Investment performance | FX & other | AUM at 30 Jun 2022 |
|---|---|---|---|---|---|
| Absolute return | **41.2** | 4.0 | 3.4 | 0.7 | **49.3** |
| Total return | **35.4** | 0.5 | (2.1) | (2.6) | **31.2** |
| Multi-manager solutions | **15.0** | 0.3 | 0.8 | 0.2 | **16.3** |
| **Alternative** | **91.6** | **4.8** | **2.1** | **(1.7)** | **96.8** |
| Systematic long-only | **36.1** | (1.4) | (5.4) | (1.1) | **28.2** |
| Discretionary long-only | **20.9** | (0.2) | (1.6) | (1.8) | **17.3** |
| **Long-only** | **57.0** | **(1.6)** | **(7.0)** | **(2.9)** | **45.5** |
| **Total** | **148.6** | **3.2** | **(4.9)** | **(4.6)** | **142.3** |

## AUM movements for the three months ended 30 June 2022

| $bn | AUM at 31 Mar 2022 | Net flows | Investment performance | FX & other | AUM at 30 Jun 2022 |
|---|---|---|---|---|---|
| Absolute return | **46.0** | 2.2 | 1.6 | (0.5) | **49.3** |
| Total return | **35.0** | (0.3) | (1.5) | (2.0) | **31.2** |
| Multi-manager solutions | **15.9** | (0.1) | 0.4 | 0.1 | **16.3** |
| **Alternative** | **96.9** | **1.8** | **0.5** | **(2.4)** | **96.8** |
| Systematic long-only | **34.3** | (1.2) | (4.0) | (0.9) | **28.2** |
| Discretionary long-only | **20.2** | (0.5) | (1.1) | (1.3) | **17.3** |
| **Long-only** | **54.5** | **(1.7)** | **(5.1)** | **(2.2)** | **45.5** |
| **Total** | **151.4** | **0.1** | **(4.6)** | **(4.6)** | **142.3** |

## AUM by product category

| $bn | 30 Jun 2021 | 30 Sep 2021 | 31 Dec 2021 | 31 Mar 2022 | 30 Jun 2022 |
|---|---|---|---|---|---|
| **Absolute return** | **38.3** | **39.9** | **41.2** | **46.0** | **49.3** |
| AHL Alpha | 8.3 | 7.9 | 8.6 | 11.4 | 13.0 |
| Man Institutional Solutions[1] | 9.5 | 11.1 | 11.0 | 11.9 | 12.7 |
| AHL Dimension | 5.5 | 5.4 | 5.5 | 5.7 | 5.9 |
| AHL Evolution | 4.6 | 4.5 | 4.7 | 4.9 | 5.3 |
| GLG equity | 4.9 | 5.1 | 5.5 | 5.3 | 4.8 |
| AHL Diversified | 1.4 | 1.4 | 1.3 | 1.4 | 1.5 |
| Other[2] | 4.1 | 4.5 | 4.6 | 5.4 | 6.1 |
| **Total return** | **32.5** | **34.6** | **35.4** | **35.0** | **31.2** |
| AHL TargetRisk | 14.3 | 16.6 | 18.7 | 17.8 | 15.1 |
| Alternative Risk Premia | 9.1 | 8.8 | 8.9 | 9.1 | 8.2 |
| CLOs and other | 4.7 | 4.8 | 3.7 | 3.8 | 3.9 |
| Global Private Markets | 2.7 | 2.8 | 3.0 | 3.3 | 3.1 |
| Emerging markets fixed income | 1.7 | 1.6 | 1.1 | 1.0 | 0.9 |
| **Multi-manager solutions** | **13.4** | **14.1** | **15.0** | **15.9** | **16.3** |
| Infrastructure & direct access | 7.5 | 8.1 | 9.1 | 9.5 | 9.6 |
| Segregated | 5.3 | 5.4 | 5.4 | 5.9 | 6.1 |
| Diversified and thematic FoHF | 0.6 | 0.6 | 0.5 | 0.5 | 0.6 |
| **Systematic long-only** | **30.7** | **30.0** | **36.1** | **34.3** | **28.2** |
| Global equity | 13.4 | 13.3 | 18.9 | 17.7 | 13.8 |
| International equity | 7.5 | 7.6 | 8.0 | 8.0 | 6.9 |
| Emerging markets equity | 8.0 | 7.4 | 7.4 | 7.0 | 6.1 |
| US equity | 1.8 | 1.7 | 1.8 | 1.6 | 1.4 |
| **Discretionary long-only** | **20.4** | **20.9** | **20.9** | **20.2** | **17.3** |
| Credit and convertibles | 4.1 | 5.0 | 5.5 | 5.4 | 4.8 |
| UK equity | 4.6 | 4.7 | 4.7 | 4.5 | 4.0 |
| Japan equity | 4.2 | 4.2 | 3.7 | 4.3 | 4.0 |
| Europe ex-UK equity | 3.5 | 3.0 | 3.2 | 2.5 | 1.7 |
| Emerging markets fixed income | 1.9 | 1.9 | 1.9 | 1.8 | 1.5 |
| Other[3] | 2.1 | 2.1 | 1.9 | 1.7 | 1.3 |
| **Total** | **135.3** | **139.5** | **148.6** | **151.4** | **142.3** |

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 30 Jun 2022 | 6 months to 30 Jun 2022 | 3 years to 30 Jun 2022 | 5 years to 30 Jun 2022 | Inception to 30 Jun 2022 |
| **Absolute return** | | | | | | |
| AHL Alpha | 1 | 4.0% | 11.3% | 8.7% | 7.7% | 10.7% |
| AHL Dimension | 2 | 4.5% | 6.1% | 2.3% | 3.8% | 4.8% |
| AHL Evolution | 3 | 6.7% | 10.9% | 11.9% | 11.1% | 13.1% |
| AHL Diversified | 4 | 4.8% | 17.2% | 10.9% | 9.0% | 11.1% |
| GLG Alpha Select Alternative | 5 | 1.0% | 3.8% | 6.8% | 7.3% | 4.7% |
| GLG Event Driven Alternative | 6 | -1.6% | -1.2% | - | - | 6.6% |
| GLG Global Credit Multi Strategy | 7 | -1.1%* | -0.1%* | 4.7%* | 4.9%* | 11.2%* |
| **Total return** | | | | | | |
| AHL TargetRisk | 8 | -10.1% | -14.8% | 3.3% | 7.5% | 7.6% |
| Alternative Risk Premia | 9 | 1.7% | 5.0% | 1.8% | 3.4% | 3.7% |
| GLG Global Emerging Markets Debt Total Return | 10 | 4.8% | 4.4% | 2.2% | 0.9% | 2.2% |
| **Multi-manager solutions** | | | | | | |
| FRM Diversified II | 11 | -0.1% | 0.7% | 5.3% | 3.8% | 4.1% |
| **Systematic long-only** | | | | | | |
| Numeric Global Core | 12 | -16.5% | -19.8% | 6.5% | 5.8% | 8.9% |
| *Relative return* | | *-0.3%* | *0.7%* | *-0.4%* | *-1.8%* | *0.5%* |
| Numeric Europe Core | 13 | -10.2% | -15.3% | 4.6% | 4.3% | 8.2% |
| *Relative return* | | *-1.2%* | *-1.4%* | *0.4%* | *0.3%* | *2.2%* |
| Numeric Emerging Markets Core | 14 | -14.7% | -15.0% | 12.9% | 7.2% | 7.7% |
| *Relative return* | | *1.7%* | *5.0%* | *7.1%* | *3.7%* | *5.0%* |
| **Discretionary long-only** | | | | | | |
| GLG Continental European Growth | 15 | -14.6% | -27.3% | 2.0% | 4.1% | 8.5% |
| *Relative return* | | *-5.9%* | *-12.3%* | *-1.5%* | *-0.1%* | *3.0%* |
| GLG Japan CoreAlpha Equity | 16 | 3.6% | 14.5% | 10.0% | 4.9% | 4.5% |
| *Relative return* | | *7.3%* | *19.3%* | *1.0%* | *-0.5%* | *1.9%* |
| GLG Undervalued Assets | 17 | -5.9% | -6.3% | -0.4% | 1.7% | 5.5% |
| *Relative return* | | *-0.9%* | *-1.7%* | *-2.9%* | *-1.6%* | *0.6%* |
| GLG High Yield Opportunities | 18 | -9.0% | -11.4% | 4.8% | - | 6.3% |
| *Relative return* | | *1.7%* | *4.4%* | *7.4%* | - | *7.0%* |
| **Indices** | | | | | | |
| HFRX Global Hedge Fund Index | 19 | -3.7% | -5.0% | 3.1% | 1.9% | |
| HFRI Fund of Funds Conservative Index | 19 | -1.7% | -1.5% | 4.6% | 4.0% | |
| HFRI Equity Hedge (Total) Index | 19 | -8.0% | -12.0% | 6.5% | 5.5% | |
| HFRX EH: Equity Market Neutral Index | 19 | -2.5% | -2.4% | -2.1% | -1.9% | |
| Barclay BTOP 50 Index | 20 | 6.8% | 16.5% | 10.9% | 7.4% | |

*Estimated

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 AHL TargetRisk class I USD.
9. Represented by Man Alternative Risk Premia Class A USD.
10. Represented by Man GLG Global Emerging Markets Debt Total Return Class I USD; AUM included within Emerging markets fixed income under the total return product category.
11. Represented by FRM Diversified II Fund SPC - Class A USD ('the fund') until April 2018 then Class A JPY hedged to USD thereafter. However, prior to Jan 2004, FRM has created the FRM Diversified II pro forma using the following methodology: i) for the period Jan 1998 to Dec 2003, by using the returns of Absolute Alpha Fund PCC Limited – Diversified Series Share Cell ('AA Diversified - USD') adjusted for fees and/or currency, where applicable. For the period Jan 2004 to Feb 2004, the returns of the fund's master portfolio have been used, adjusted for fees and/or currency, where applicable. Post Feb 2004, the fund's actual performance has been used, which may differ from the calculated performance of the track record. There have been occasions where the 12-months' performance to date of FRM Diversified II has differed materially from that of AA Diversified. Strategy and holdings data relates to the composition of the master portfolio; AUM included within Diversified and thematic fund of hedge funds (FoHF) under the multi-manager product category.
12. Performance relative to the MSCI World. This reference index is intended to best represent the strategy's universe. Investors may choose to compare returns for their accounts to different reference indices, resulting in differences in relative return information. Comparison to an index is for informational purposes only, as the holdings of an account managed by Numeric will differ from the securities which comprise the index and may have greater volatility than the holdings of an index.
13. Performance relative to the MSCI Europe (EUR). This reference index is intended to best represent the strategy's universe. Investors may choose to compare returns for their accounts to different reference indices, resulting in differences in relative return information. Comparison to an index is for informational purposes only, as the holdings of an account managed by Numeric will differ from the securities which comprise the index and may have greater volatility than the holdings of an index; AUM included within International equity under the systematic long-only product category.
14. Performance relative to MSCI Emerging Markets. This reference index is intended to best represent the strategy's universe. Investors may choose to compare returns for their accounts to different reference indices, resulting in differences in relative return information. Comparison to an index is for informational purposes only, as the holdings of an account managed by Numeric will differ from the securities which comprise the index and may have greater volatility than the holdings of an index.
15. Represented by Man GLG Continental European Growth Fund Class C Accumulation Shares. Relative return shown vs FTSE World Europe Ex UK (GBP, GDTR); AUM included within Europe ex-UK equity under the discretionary long-only product category.
16. Represented by Man GLG Japan CoreAlpha Fund - Class C converted to JPY until 28 January 2010. From 1 February 2010 Man GLG Japan CoreAlpha Equity Fund - Class I JPY is displayed. Relative return shown vs TOPIX (JPY, GDTR); AUM included within Japan equity under the discretionary long-only product category.
17. Represented by Man GLG Undervalued Assets Fund - C Accumulation Shares. Relative return shown vs FTSE All Share (GBP, NDTR); AUM included within UK equity under the discretionary long-only product category.
18. Represented by Man GLG High Yield Opportunities I EUR. Relative return is shown vs against ICE BofA Global High Yield Index (EUR, TR) Hedged benchmark. AUM included within Credit and convertibles under the discretionary long-only product category.
19. HFRI and HFRX index performance over the past 4 months is subject to change.
20. The historical Barclay BTOP 50 Index data is subject to change.

# Chief Executive Officer's review

## Overview

I am delighted to deliver a very strong set of financial results for the first half of 2022. These results reflect the value of investing in liquid alternatives, the demand for the broad range of investment strategies we offer and the strengths of the diversified firm we have built. Our ability to deliver positive outcomes for our clients and shareholders during volatile periods, and continued focus on investing in talent and technology, positions us well for growth in the future.

Most major asset classes ended the first half of 2022 in negative territory, with the combination of Russia's invasion of Ukraine, rising inflation, anticipated monetary policy changes and fears of an economic slowdown towards the end of the period weighing significantly on financial markets. Bond markets recorded their worst six-month period since records began in 1900, while the S&P500 recorded its worst first half since 1970, resulting in the toughest six-month period for a traditional 60-40 portfolio since 1932.

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 absolute return strategies were able to make significant gains for our clients. Investment performance of +8.8% was driven by strong returns across flagship AHL strategies, with particularly notable performance from AHL Alpha (+11.3%) and AHL Evolution (+10.9%), demonstrating the value liquid alternatives can add to client portfolios.

Our total return and long-only strategies were impacted significantly by market beta, with overall investment performance of -6.9% and -12.5%, respectively. AHL TargetRisk performance (-14.8%) reflected its long-only exposure to fixed income and equity markets. Investment performance in our systematic long-only strategies was negatively impacted by broad exposure to global equities and while performance in our discretionary long-only strategies was more mixed overall, GLG Continental Europe (-27.3%) suffered in particular as a result of its growth-bias.

On an asset-weighted basis, relative investment performance across the firm was positive in the first half. Our long-only strategies outperformed by 2.9%, with notably strong outperformance from GLG High Yield Opportunities (+4.4%) and Numeric Emerging Markets (+5.0%). GLG Japan CoreAlpha continued its run of strong performance, delivering returns for clients on an absolute (+14.5%) and relative (+19.3%) basis during the first half.

After two record quarters for net flows during 2021, we made further progress building long-term relationships with global asset allocators and distributors while helping our existing clients navigate the market volatility during the first half of 2022. We recorded net inflows of $3.2 billion during the first six months, or 2.7% above the industry on an asset-weighted basis, highlighting the continued confidence clients have in our ability to manage, protect and grow their assets during difficult periods for markets. While subscriptions continued at their normal pace, we saw a pickup in redemptions from May onwards as clients realised gains to manage other issues in their portfolios.

Assets under management as at 30 June 2022 were $142.3 billion. This was 4% lower than at 31 December 2021 as net inflows during the period were offset by negative investment performance of $4.9 billion from market beta, and negative FX and other movements of $4.6 billion owing to a stronger US dollar. We grew core net management fees by 12% compared with the first half of 2021, and generated core performance fees of $404 million from strong gains in our absolute return strategies.

Growth in core management fee and performance fee profits, together with 82 million shares repurchased during the first half of the year, resulted in core EPS growth of 28% versus the first half of 2021. Statutory EPS on a diluted basis also increased to 22.7¢ (H1 2021: 15.8¢). On 30 June 2022, we announced a new $125 million share buyback, which was 31% complete as at 29 July 2022. In line with our previous guidance, the Board has declared an interim dividend of 5.6¢ per share (H1 2021: 5.6¢).

## Business development

Since I was appointed CEO in 2016, we have made it a key priority for the firm to adopt an intensely client-centric mindset; to build long-term partnerships with institutions and distributors through a single point of contact, to understand their needs and offer solutions to meet their risk and return objectives. I am pleased that we continued to make strong progress on this strategic objective. This year, our clients have continued to invest in more strategies across the firm, with 80% of AUM as at 30 June 2022 from clients invested in two or more products, compared with 78% as at 31 December 2021. Our top 50 clients invest in an average of six products with us.

Man Institutional Solutions is a great example of how we have responded to evolving client needs. These are customised mandates that combine our investment capabilities based on clients' unique requirements, delivered via our efficient, technology-enabled operating platform. Our solutions business has grown to $12.7 billion as at 30 June 2022, recording $0.4 billion of net inflows during the first half. The ability to provide a bespoke solution is differentiating in asset management; it allows us to appeal to a wide range of clients, remain relevant during market cycles and build long-term partnerships.

We remain focused on innovation to steadily grow the range of products we offer and diversify our business for the future. Innovation strengthens our business by diversifying our revenue streams, providing development opportunities for our people and, most importantly, maintaining and extending our relevance with clients. Our seed capital programme continues to be a key way for us to support product launches and during the first half of the year we seeded 12 new strategies across our business, leaving our seeding book at $628 million as at 30 June 2022, following investments into new products that are extensions of AHL TargetRisk, and inflation-aware strategies, to name a few.

Over the past few years, we have strengthened our credit and fixed income capabilities, and the hires we have made continue to deliver excellent results. GLG High Yield Opportunities has grown to $2.5 billion of AUM, ranks first among peers for its performance since inception, and continues to see good traction from clients.

At Man Group, we believe in the absolute necessity of addressing the climate crisis and view the climate transition not only as a risk, but also as an important driver of growth and opportunity for our business. In February, we announced a joint venture with Bouwinvest to build around 1,000 net zero energy build-to-rent properties across various US metropolitan areas over the next several years. As at 30 June 2022, $45.5 billion of our total AUM was invested in strategies that integrate ESG into the investment process. We draw upon the diverse expertise and specialist knowledge across the firm to create innovative, data-driven investment solutions for our clients and look forward to adding to our climate-focused offerings in the future.

## Financial review

Higher core net management fee and core performance fee revenue in the period drove an increase in core profit before tax to $395 million from the $323 million achieved in the six months ended 30 June 2021. Statutory profit before tax increased from $280 million to $380 million. Core earnings per share were 24.0¢ for the six months ended 30 June 2022 compared with 18.7¢ for the comparative period, with statutory earnings per share up from 15.8¢ in H1 2021 to 22.7¢. Core management fee profit before tax increased to $149 million (H1 2021: $126 million) and core management fee earnings per share increased 23% to 9.1¢.

Core net revenue of $855 million was comprised primarily of $469 million of core net management fee revenue and $383 million of core performance fees net of core losses on investments. Core net management fee revenue was 12% higher than the comparative period due to continued net inflows, despite lower average AUM from market beta and FX headwinds owing to a stronger US dollar. Core performance fees of $404 million were $120 million higher than in the same period last year, including $187 million from AHL Evolution and $217 million from other strategies, most notably Man Institutional Solutions mandates. Core losses on investments of $21 million, compared with gains of $17 million in the first half of 2021, primarily related to mark-to-market losses on our CLO positions.

The run rate net management fee margin at 30 June 2022 increased by three basis points to 66 basis points, from 63 basis points at 31 December 2021, as a result of AUM mix shift between categories. In the period, within the categories, the average absolute return net management fee margin decreased by six basis points to 113 basis points as new inflows were directed at lower margin strategies. The average net management fee margin of long-only strategies continued its gradual decline due to continued margin pressure and mix effects, decreasing to 37 basis points overall compared with 40 basis points for the year ended 31 December 2021. Average net management fee margins in the other categories were broadly in line with those for the year ended 31 December 2021.

**Run rate net management fee margins and net management fee revenue**[1]

| $m | Run rate net mgmt. fees 30 Jun 2022 ($m) | Run rate margin 30 Jun 2022 (bps) | Run rate net mgmt. fees 31 Dec 2021 ($m) | Run rate margin 31 Dec 2021 (bps) |
|---|---|---|---|---|
| Absolute return | **539** | **109** | 474 | 115 |
| Total return | **192** | **62** | 220 | 62 |
| Multi-manager solutions | **35** | **21** | 36 | 24 |
| Systematic long-only | **71** | **25** | 89 | 25 |
| Discretionary long-only | **100** | **58** | 121 | 58 |
| Core net management fee revenue | **937** | **66** | 939 | 63 |

Compensation costs were $343 million (H1 2021: $293 million), comprising $110 million of fixed compensation costs (H1 2021: $104 million) and $233 million of variable compensation costs (H1 2021: $189 million). The increase in fixed compensation was largely due to an increase in headcount to support business growth, with the impact on costs partially mitigated by the more favourable sterling to US dollar exchange rates. Variable compensation costs increased due to stronger management and performance fees generated in the period. This performance is reflected in our compensation ratio of 40%, in line with H1 2021, at the bottom end of our guided range.

Core other costs, including asset servicing and depreciation, were $111 million compared with $106 million for H1 2021, with the increase driven by the removal of COVID-19 travel restrictions, an increase in depreciation and amortisation following the fitout of our London office and continued investment in technology, partially offset by the stronger US dollar versus sterling. Net finance expense of $6 million was consistent with the comparative period (H1 2021: $6 million).

Operating net cash inflows were $146 million for H1 2022 (H1 2021: $53 million), with the comparative increase reflecting the increase in profit in the period. We had operating net cash inflows before working capital, interest and tax of $479 million for the period (H1 2021: $386 million), reflecting our strongly cash-generative business model.

## Capital management

Our robust balance sheet and liquidity positions allow us to weather crises whilst continuing to invest in the business to support our long-term growth prospects, and maximising shareholder value by returning capital to shareholders that we consider to be in excess of our medium-term requirements. In H1 2022, we completed the $250 million share repurchase announced in December 2021 and on 30 June 2022 announced our intention to repurchase a further $125 million of shares. The interim dividend of 5.6¢ per share is in line with the guidance communicated at our full year results. We intend to keep our interim dividend flat until such time as the ratio of interim to final dividend gets closer to 1:2, in line with the broader UK market. Our business is highly cash-generative, and these cash flows support a growing dividend over time. As at 30 June 2022, we had $582 million of core net financial assets (31 December 2021: $907 million) including $132 million of cash (31 December 2021: $323 million), partly offset by the $120 million drawn on our revolving credit facility (31 December 2021: undrawn). We will continue to manage our liquidity dynamically going forward, within our existing parameters, and deploy capital to invest in new products to assist in the growth of the business. These seed investments will be redeemed as practicable as funds are marketed to clients. Seeding investments decreased slightly to $628 million at 30 June 2022 (31 December 2021: $648 million), primarily as a result of the decrease in the valuation of our CLOs, with the additional $138 million of total return swap exposure up from $108 million at 31 December 2021.

## Outlook

We enter the second half with high performance fee potential and a good level of client engagement. While we expect some volatility in flows in the near term, as clients access liquidity and rebalance their portfolios due to market movements, we remain focused on delivering superior risk-adjusted performance and offering a breadth of investment capabilities that perform in various market environments. We are a global leader in liquid alternatives and have built a diversified business that is well-placed to withstand difficult periods. I remain confident in our ability to thrive over time, with our talent and technology driving our competitive advantage.

1. Run rate net management fee margin is calculated as core net management fee revenue divided by average AUM on a fund-by-fund basis for the period specified. Run rate revenue applies the run rate margin to closing AUM. It is for illustrative purposes and not a forecast.

'Core' measures are alternative performance measures. For a detailed description of our alternative performance measures, including non-core items, please refer to pages 28-33.
Past performance is not an indication of future performance. All returns shown are net of fees.

## Risk management

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

The principal and emerging risks faced by Man Group are set out on pages 34 to 37 of our 2021 Annual Report and include: investment underperformance risk; key person risk; credit/counterparty risk; liquidity risk; investment book risk; pension risk; risk of internal or external process failure; information security and cybercrime security risk; information technology and business continuity risk; legal and regulatory risk; reputational risk; and climate change risk. These will continue to be our principal risks for the second half of the financial year.

Our risk framework operated effectively in the six months to 30 June 2022, with systems and controls functioning as designed. We have not identified any new operational risks, but have recognised some heightened underlying risk drivers associated with the remote/agile working framework adopted in 2021 and an increased dependence on technology.

## Statement of directors' responsibilities

The directors confirm that, to the best of their knowledge, this condensed set of financial statements in respect of Man Group plc for the six-month period ended 30 June 2022 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the United Kingdom, and that this interim report includes a fair review of the information required by the Financial Conduct Authority's Disclosure Guidance and Transparency Rules 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the six months ended 30 June 2022 and their impact on the condensed interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year ending 31 December 2022; and
- material related party transactions in the six months ended 30 June 2022 and any material changes in the related party transactions described in the last Annual Report.

The directors of Man Group plc are:

John Cryan - Board Chair
Luke Ellis - Chief Executive Officer
Antoine Forterre - Chief Financial Officer
Richard Berliand - Senior Independent Director
Dame Katharine Barker - Independent Non-executive Director
Lucinda Bell - Independent Non-executive Director
Jacqueline Hunt - Independent Non-executive Director
Ceci Kurzman - Independent Non-executive Director
Anne Wade - Independent Non-executive Director

By order of the board

**Luke Ellis**
Chief Executive Officer
01 August 2022

**Antoine Forterre**
Chief Financial Officer
01 August 2022

## Independent review report to Man Group Plc

### Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half year results announcement for the six months ended 30 June 2022 which comprises the Group income statement, the Group statement of comprehensive income, the Group balance sheet, the Group statement of changes in equity, the Group cash flow statement and related condensed notes 1 to 14.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### Basis for conclusion

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

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

### Conclusion relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE (UK), however future events or conditions may cause the entity to cease to continue as a going concern.

### Responsibilities of the directors

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

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

## Use of our report

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

**Deloitte LLP**
Statutory Auditor
London, UK
01 August 2022

## Interim financial statements

### Group income statement

| $m | Note | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|---|
| Management and other fees | | **483** | 434 |
| Performance fees | | **404** | 284 |
| **Revenue** | | **887** | 718 |
| Income or (losses)/gains on investments and other financial instruments | 8 | **(19)** | 21 |
| Third-party share of losses/(gains) relating to interests in consolidated funds | 8 | **19** | (4) |
| Sub-lease rental income | | **3** | 3 |
| Distribution costs | | **(16)** | (19) |
| **Net revenue** | | **874** | 719 |
| Asset servicing costs | | **(30)** | (29) |
| Compensation costs | 2 | **(343)** | (293) |
| Other costs | 3 | **(83)** | (78) |
| Finance income | 4 | **1** | 1 |
| Finance expense | 4 | **(7)** | (7) |
| Impairment of right-of-use lease assets – investment property | | **-** | (3) |
| Amortisation of acquired intangible assets | | **(30)** | (30) |
| Share of post-tax loss of associate | | **(2)** | - |
| **Statutory profit before tax** | | **380** | 280 |
| Tax expense | 5 | **(72)** | (52) |
| **Statutory profit for the period attributable to owners of the Company** | | **308** | 228 |
| | | | |
| **Statutory earnings per share:** | 12 | | |
| Basic | | **23.3¢** | 16.1¢ |
| Diluted | | **22.7¢** | 15.8¢ |

### Group statement of comprehensive income

| $m | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|
| Statutory profit for the period attributable to owners of the Company | **308** | 228 |
| **Other comprehensive income/(expense):** | | |
| Remeasurements of post-employment benefit obligations | **-** | 12 |
| Current tax credited on pension plans | **-** | 2 |
| Deferred tax debited on pension plans | **(1)** | (5) |
| **Items that will not be reclassified to profit or loss** | **(1)** | 9 |
| Cash flow hedges: | | |
| Valuation (losses)/gains taken to equity | **(1)** | 5 |
| Realised gains transferred to Group income statement | **(1)** | (4) |
| Net investment hedge | **3** | 1 |
| Foreign currency translation | **(3)** | (2) |
| **Items that may be reclassified to profit or loss** | **(2)** | - |
| **Other comprehensive (expense)/income for the period (net of tax)** | **(3)** | 9 |
| **Total comprehensive income for the period attributable to owners of the Company** | **305** | 237 |

**Group balance sheet**

| $m | Note | **At 30 June 2022** | At 31 December 2021 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 6 | **228** | 387 |
| Fee and other receivables | | **674** | 485 |
| Investments in fund products and other investments | 8 | **1,024** | 974 |
| Investment in associate | | **16** | 18 |
| Leasehold improvements and equipment | | **47** | 43 |
| Leasehold property – right-of-use lease assets | | **92** | 61 |
| Investment property – right-of-use lease assets | | **73** | 77 |
| Goodwill and acquired intangibles | | **648** | 678 |
| Other intangibles | | **45** | 45 |
| Deferred tax assets | | **121** | 128 |
| Pension asset | | **24** | 27 |
| **Total assets** | | **2,992** | 2,923 |
| | | | |
| **Liabilities** | | | |
| Borrowings | 6 | **120** | - |
| Trade and other payables | | **674** | 702 |
| Provisions | 11 | **13** | 14 |
| Current tax liabilities | | **24** | 15 |
| Third-party interest in consolidated funds | 8 | **324** | 254 |
| Lease liability | 10 | **253** | 250 |
| Deferred tax liabilities | | **17** | 37 |
| **Total liabilities** | | **1,425** | 1,272 |
| **Net assets** | | **1,567** | 1,651 |
| | | | |
| **Equity** | | | |
| **Capital and reserves attributable to owners of the Company** | | **1,567** | 1,651 |

**Group cash flow statement**

| $m | Note | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 7 | **223** | 104 |
| Interest paid | | **(2)** | (1) |
| Finance charges paid on lease liability | 10 | **(5)** | (6) |
| Income tax paid | | **(70)** | (44) |
| **Cash flows from operating activities** | | **146** | 53 |
| | | | |
| **Cash flows from investing activities** | | | |
| Interest received | | **1** | 1 |
| Purchase of leasehold improvements and equipment: leasehold property | | **(10)** | (16) |
| Purchase of other intangible assets | | **(11)** | (9) |
| Purchase of interest in associate | | **-** | (19) |
| **Cash flows used in investing activities** | | **(20)** | (43) |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayments of lease liability principal | 10 | **(10)** | (11) |
| Purchase of own shares | | **(47)** | (19) |
| Proceeds from sale of Treasury shares | | **-** | 1 |
| Share repurchase programmes (including costs) | | **(234)** | (39) |
| Ordinary dividends paid to Company shareholders[1] | | **(110)** | (81) |
| Drawdown of revolving credit facility | 6 | **120** | - |
| **Cash flows used in financing activities** | | **(281)** | (149) |
| | | | |
| **Net decrease in cash and cash equivalents** | | **(155)** | (139) |
| | | | |
| Cash and cash equivalents at beginning of the period | | **387** | 351 |
| Effect of foreign exchange movements | | **(4)** | (2) |
| **Cash and cash equivalents at end of the period[2]** | 6 | **228** | 210 |

Notes:
1. Relates to the final dividend for the year to 31 December 2021 (H1 2021: final dividend for the year to 31 December 2020).
2. Includes $96 million (H1 2021: $93 million) of restricted cash relating to consolidated fund entities (Note 8).

**Group statement of changes in equity**

| $m | Share capital | Reorg-anisation reserve | Profit and loss account | Own 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 | - | - | 228 | - | - | - | - | 228 |
| Other comprehensive income/ (expense) | - | - | 9 | - | - | (1) | 1 | 9 |
| Total comprehensive income attributable to owners of the Company | - | - | 237 | - | - | (1) | 1 | 237 |
| Share-based payment charge | - | - | 14 | - | - | - | - | 14 |
| Deferred tax credited on share-based payments | - | - | 2 | - | - | - | - | 2 |
| Purchase of own shares by Employee Trust | - | - | - | (19) | - | - | - | (19) |
| Disposal of own shares by Employee Trust | - | - | (17) | 18 | - | - | - | 1 |
| Transfer to Treasury shares | - | - | 39 | - | (39) | - | - | - |
| Transfer from Treasury shares | - | - | (6) | - | 4 | - | 2 | - |
| Disposal of Treasury shares for Sharesave | - | - | - | - | 1 | - | - | 1 |
| Dividends paid | - | - | (81) | - | - | - | - | (81) |
| At 30 June 2021 | 53 | (1,688) | 3,480 | (61) | (182) | 43 | 7 | 1,652 |
| | | | | | | | | |
| At 1 January 2022 | **51** | **(1,688)** | **3,477** | **(61)** | **(178)** | **41** | **9** | **1,651** |
| Statutory profit | **-** | **-** | **308** | **-** | **-** | **-** | **-** | **308** |
| Other comprehensive expense | **-** | **-** | **(1)** | **-** | **-** | **-** | **(2)** | **(3)** |
| **Total comprehensive income attributable to owners of the Company** | **-** | **-** | **307** | **-** | **-** | **-** | **(2)** | **305** |
| Share-based payment charge | **-** | **-** | **14** | **-** | **-** | **-** | **-** | **14** |
| Current tax credited on share-based payments | **-** | **-** | **4** | **-** | **-** | **-** | **-** | **4** |
| Purchase of own shares by Employee Trust | **-** | **-** | **-** | **(47)** | **-** | **-** | **-** | **(47)** |
| Disposal of own shares by Employee Trust | **-** | **-** | **(28)** | **28** | **-** | **-** | **-** | **-** |
| Share repurchases | **-** | **-** | **(250)** | **-** | **-** | **-** | **-** | **(250)** |
| Cancellation of Treasury shares | **(2)** | **-** | **(143)** | **-** | **143** | **-** | **2** | **-** |
| Transfer to Treasury shares | **-** | **-** | **234** | **-** | **(234)** | **-** | **-** | **-** |
| Transfer from Treasury shares | **-** | **-** | **(24)** | **-** | **22** | **-** | **2** | **-** |
| Dividends paid | **-** | **-** | **(110)** | **-** | **-** | **-** | **-** | **(110)** |
| **At 30 June 2022** | **49** | **(1,688)** | **3,481** | **(80)** | **(247)** | **41** | **11** | **1,567** |

## 1. Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with United Kingdom-adopted International Accounting Standard 34 'Interim Financial Reporting', the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and Article 106 of the Companies (Jersey) Law 1991. The consolidated group is Man Group plc (the Company) and its subsidiaries (together Man Group).

The Group income statement, Group cash flow statement and Group statement of changes in equity in these interim financial statements present the six months ended 30 June 2022 (H1 2022) together with the comparative period for the six months ended 30 June 2021 (H1 2021). The balance sheet is presented as at 30 June 2022 together with comparatives as at 31 December 2021.

The financial information contained herein is unaudited and does not constitute accounts within the meaning of Article 105 of the Companies (Jersey) Law 1991. Statutory accounts for the year ended 31 December 2021, which were prepared in accordance with International Financial Reporting Standards (IFRS) and relevant IFRIC interpretations issued by the International Accounting Standards Board (IASB) and adopted by the United Kingdom and upon which the auditor has given an unqualified and unmodified report, have been delivered to the Jersey Registrar of Companies and were posted to shareholders on 11 March 2022.

The accounting policies applied in these interim financial statements are consistent with those applied in Man Group's Annual Report for the year ended 31 December 2021 (the '2021 Annual Report').

### Going concern

We continue to deliver strong results and operate effectively despite the ongoing volatility in financial markets driven by geopolitical tensions, the war in Ukraine, inflationary pressures and monetary and fiscal policy changes. Growth in management fee profitability in 2021 has continued into the first half of 2022, and performance fee earnings for the half are strong. The directors consider that we are well placed to manage business and financial risks in the current economic environment and have concluded that there is a reasonable expectation that we have sufficient resources to continue in operation for the foreseeable future. Accordingly, these interim financial statements have been prepared on a going concern basis.

### Judgemental areas and accounting estimates

Man Group acts as the investment manager/advisor to fund entities. The most significant area of judgement relates to whether we control certain of those fund entities to which we are exposed via either direct investment holdings, total return swaps or sale and repurchase arrangements. We assess such relationships on an ongoing basis to determine whether we control each fund entity and therefore consolidate them into our results (Note 8).

The directors have considered the estimates and assumptions used in the preparation of the interim financial statements, which include estimates and assumptions used in the assessment for impairment of right-of-use lease assets, pension and deferred tax assets, and in the valuation of certain tax liabilities and provisions. The directors have also considered the possible impact of climate change on such estimates and assumptions with no material adjustments required. Other than the estimated amount of accrued discretionary variable compensation and the valuation of the net pension asset (as further described in Note 24 of the 2021 Annual Report), the directors have concluded that there are no key assumptions concerning the future or other sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The determination of discretionary variable compensation is an annual process undertaken at the calendar year end, therefore the accrual at 30 June 2022 is an estimated amount based on the financial performance and absolute levels of our performance fees in the year to date.

### Impact of new accounting standards

There were no new or amendments to existing accounting standards issued by the International Accounting Standards Board (IASB) that have had a significant impact on these interim financial statements.

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

## 2. Compensation costs

| $m | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|
| Salaries | **91** | 85 |
| Variable cash compensation | **168** | 133 |
| Deferred compensation: share-based payment charge | **14** | 14 |
| Deferred compensation: fund product-based payment charge | **33** | 28 |
| Social security costs | **29** | 25 |
| Pension costs | **8** | 8 |
| **Total compensation costs** | **343** | 293 |
| Comprised of: | | |
| Fixed compensation: salaries and associated social security costs, and pension costs | **110** | 104 |
| Variable compensation: variable cash compensation, deferred compensation and associated social security costs | **233** | 189 |

The unamortised deferred compensation at 30 June 2022 is $144 million (30 June 2021: $103 million) and has a weighted average remaining vesting period of 2.1 years (30 June 2021: 2.0 years).

## 3. Other costs

| $m | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|
| Technology and communications | **11** | 11 |
| Audit, tax, legal and other professional fees | **10** | 12 |
| Occupancy | **8** | 8 |
| Staff benefits | **7** | 7 |
| Temporary staff, recruitment, consultancy and managed services | **8** | 6 |
| Insurance | **3** | 3 |
| Marketing and sponsorship | **2** | 1 |
| Travel and entertainment | **3** | - |
| Other cash costs, including irrecoverable VAT | **6** | 7 |
| **Total other costs before depreciation and amortisation** | **58** | 55 |
| Depreciation of leasehold improvements and equipment, and amortisation of other intangibles | **16** | 14 |
| Depreciation of right-of-use lease assets | **9** | 9 |
| **Total other costs** | **83** | 78 |

## 4. Finance expense and finance income

| $m | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|
| **Finance expense:** | | |
| Unwind of lease liability discount (Note 10) | **(5)** | (6) |
| Other finance expense | **(2)** | (1) |
| **Total finance expense** | **(7)** | (7) |
| **Finance income:** | | |
| Interest on cash deposits | **1** | 1 |
| **Total finance income** | **1** | 1 |
| | | |
| **Net finance expense** | **(6)** | (6) |

## 5. Tax

The tax expense for the period of $72 million (H1 2021: $52 million) results in a statutory effective tax rate of 19% (H1 2021: 19%). The majority of our profit is earned in the UK, Switzerland and the US. The forecast full year effective tax rate is consistent with this profit mix.

We have recognised net accumulated deferred tax assets in the US of $71 million (31 December 2021: $74 million) which comprise accumulated operating losses from existing operations, future amortisation of goodwill and intangible assets generated from acquisitions and other timing differences that will be available to offset future taxable profits in the US. These US deferred tax assets include $13 million (31 December 2021: $14 million) in relation to state and city tax losses.

We do not currently expect to pay federal tax on any profits we may earn in the US until 2024. Accordingly, any movements in the deferred tax asset in the Group income statement are classified as a non-core item (page 32).

## 6. Cash and liquidity

| $m | **At 30 June 2022** | At 31 December 2021 |
|---|---|---|
| Cash held by banks | **66** | 189 |
| Short-term deposits | **34** | 24 |
| Money market funds | **32** | 110 |
| Cash held by consolidated fund entities (Note 8) | **96** | 64 |
| **Cash and cash equivalents** | **228** | 387 |
| Less: cash held by consolidated fund entities (Note 8) | **(96)** | (64) |
| **Available cash and cash equivalents** | **132** | 323 |
| Undrawn committed revolving credit facility | **380** | 500 |
| **Total liquidity** | **512** | 823 |

Our $500 million committed revolving credit facility (RCF) incorporates an ESG target-linked interest rate component. It does not include any financial covenants to maintain maximum operational flexibility. $120 million was drawn down at 30 June 2022 and we have no other borrowings (31 December 2021: undrawn). The RCF is scheduled to mature in December 2026.

## 7. Reconciliation of statutory profits to cash generated from operations

| $m | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|
| Statutory profit | **308** | 228 |
| Adjustments for: | | |
| Share-based payment charge | **14** | 14 |
| Fund product-based payment charge | **33** | 28 |
| Net finance expense | **6** | 6 |
| Tax expense | **72** | 52 |
| Depreciation of leasehold improvements and equipment | **6** | 6 |
| Depreciation of right-of-use lease assets | **9** | 9 |
| Impairment of right-of-use lease assets – investment property | **-** | 3 |
| Amortisation of acquired intangible assets | **30** | 30 |
| Amortisation of other intangibles | **10** | 8 |
| Share of post-tax loss of associate | **2** | - |
| Foreign exchange movements | **(12)** | 9 |
| Realised gains on cash flow hedges recycled from equity | **(1)** | (4) |
| Other non-cash movements | **2** | (3) |
| | **479** | 386 |
| Changes in working capital[1]: | | |
| Increase in fee and other receivables | **(176)** | (227) |
| Increase in other financial assets[2] | **(4)** | (64) |
| (Decrease)/increase in trade and other payables | **(76)** | 9 |
| **Cash generated from operations** | **223** | 104 |

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 or are adjusted elsewhere in the Group cash flow statement, such as movements relating to the fund product-based payment charge (within cash flows from operating activities) and the share repurchase liability (within financing activities).
2. Includes $32 million of restricted net cash inflows (H1 2021: $31 million) relating to consolidated fund entities (Note 8).

## 8. Investments in fund products and other investments

| $m | **At 30 June 2022** | At 31 December 2021 |
|---|---|---|
| Investments in fund products | **375** | 422 |
| Investment in consolidated funds: transferrable securities | **649** | 549 |
| Other investments | **-** | 3 |
| **Investments in fund products and other investments** | **1,024** | 974 |
| | | |
| Less: | | |
| Fund investments held for deferred compensation arrangements | **(152)** | (119) |
| Investments in consolidated funds: exclude gross-up of net investment | **(244)** | (204) |
| Other investments | **-** | (3) |
| **Seeding investments portfolio** | **628** | 648 |

## 8. Investments in fund products and other investments continued

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

| $m | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|
| Net (losses)/gains on seeding investments portfolio | **(19)** | 13 |
| Consolidated fund entities: gross-up of net (losses)/gains on investments | **(15)** | 7 |
| Foreign exchange movements | **17** | (2) |
| Net (losses)/gains on fund investments held for deferred compensation arrangements and other investments | **(2)** | 3 |
| **Income or (losses)/gains on investments and other financial instruments** | **(19)** | 21 |

**Consolidation of investments in funds**

In H1 2022, 33 (31 December 2021: 26) funds in which we have an investment met the control criteria and have therefore been consolidated on a line-by-line basis.

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

| $m | **At 30 June 2022** | At 31 December 2021 |
|---|---|---|
| **Balance sheet** | | |
| Cash and cash equivalents | **96** | 64 |
| Transferrable securities[1] | **649** | 549 |
| Fees and other receivables | **20** | 5 |
| Trade and other payables | **(36)** | (19) |
| Net assets of consolidated fund entities | **729** | 599 |
| Third-party interest in consolidated funds | **(324)** | (254) |
| **Net investment held by Man Group** | **405** | 345 |

| $m | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|
| **Income statement** | | |
| Net (losses)/gains on investments[2] | **(53)** | 18 |
| Management fee expenses[3] | **(2)** | (2) |
| Other costs | **(2)** | (1) |
| Net (losses)/gains of consolidated fund entities | **(57)** | 15 |
| Third-party share of losses/(gains) relating to interests in consolidated funds | **19** | (4) |
| **(Losses)/gains attributable to net investment held by Man Group** | **(38)** | 11 |

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

## 9. Fair value of financial assets/liabilities

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

| | **At 30 June 2022** | | | |
|---|---|---|---|---|
| $m | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial assets held at fair value: | | | | |
| Investments in fund products and other investments (Note 8) | **–** | **214** | **161** | **375** |
| Investments in consolidated funds (Note 8) | **–** | **614** | **35** | **649** |
| Derivative financial instruments | **–** | **16** | **–** | **16** |
| | **–** | **844** | **196** | **1,040** |
| Financial liabilities held at fair value: | | | | |
| Derivative financial instruments | **–** | **4** | **–** | **4** |
| | **–** | **4** | **–** | **4** |

| | At 31 December 2021 | | | |
|---|---|---|---|---|
| $m | Level 1 | Level 2 | Level 3 | Total |
| Financial assets held at fair value: | | | | |
| Investments in fund products and other investments (Note 8) | 3 | 243 | 179 | 425 |
| Investments in consolidated funds (Note 8) | – | 538 | 11 | 549 |
| Derivative financial instruments | – | 5 | – | 5 |
| | 3 | 786 | 190 | 979 |
| Financial liabilities held at fair value: | | | | |
| Derivative financial instruments | – | 5 | – | 5 |
| | – | 5 | – | 5 |

Level 1, 2 and 3 financial assets and liabilities are defined in Note 15 of the 2021 Annual Report. During the period, there were no significant changes in the business or economic circumstances that affected the fair value of our financial assets and no significant transfers of financial assets or liabilities held at fair value between categories.

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

| | **At 30 June 2022** | | At 31 December 2021 | |
|---|---|---|---|---|
| $m | **Assets** | **Liabilities** | Assets | Liabilities |
| At beginning of the period | **190** | **–** | 179 | (2) |
| Transfers into Level 3 | **–** | **–** | 9 | – |
| Purchases | **15** | **–** | 17 | – |
| Charge to Group income statement | **(27)** | **–** | (7) | 2 |
| Sales or settlements | **(6)** | **–** | (2) | – |
| Change in consolidated fund entities held | **24** | **–** | (6) | – |
| **At end of the period** | **196** | **–** | 190 | – |

## 10. Leases

Our lease arrangements relate to business premises property leases. Right-of-use (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.

Movements in our lease liability during the period are as follows:

| $m | **At 30 June 2022** | At 31 December 2021 |
|---|---|---|
| At beginning of the period | **250** | 272 |
| Additions | **36** | 4 |
| Disposals | **-** | (1) |
| Cash payments | **(15)** | (33) |
| Unwind of lease liability discount (Note 4) | **5** | 12 |
| Remeasurement | **-** | (2) |
| Unrealised foreign exchange gain | **(23)** | (2) |
| **At end of the period** | **253** | 250 |

## 11. Provisions

| $m | **At 30 June 2022** | At 31 December 2021 |
|---|---|---|
| At beginning of the period | **14** | 9 |
| Charged to the income statement | **-** | 6 |
| Utilised during the period | **-** | (1) |
| Currency translation | **(1)** | - |
| **At end of the period** | **13** | 14 |

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

## 12. Earnings per share (EPS)

| | **Six months to 30 June 2022 (million)** | Six months to 30 June 2021 (million) |
|---|---|---|
| Basic weighted average number of shares | **1,322** | 1,420 |
| Dilutive impact of: | | |
| Employee share awards | **28** | 24 |
| Employee share options | **3** | 1 |
| Dilutive weighted average number of shares | **1,353** | 1,445 |

| | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|
| Statutory profit ($m) | **308** | 228 |
| Basic EPS | **23.3¢** | 16.1¢ |
| Diluted EPS | **22.7¢** | 15.8¢ |

## 13. Related party transactions

The related party transactions during the period are consistent with the categories disclosed in the 2021 Annual Report. Related parties comprise key management personnel, associates and fund entities which we are deemed to control (Note 8). All transactions with related parties were carried out on an arm's length basis.

## 14. 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 Man Group employee and a former third-party intermediary. The subject matter of these allegations dates back over a period of 20 years. PIFSS is seeking compensation of $156 million (plus compound interest) and certain other remedies which are unquantified in the claim. Man Group disputes the allegations and considers there is no merit to the claim (in respect of liability and quantum). We will therefore vigorously and robustly defend the proceedings.

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

## Alternative performance measures

We assess our performance using a variety of alternative performance measures (APMs). We discuss our results on a statutory as well as a 'core' basis. 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 directors 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 period are set out below.

Our APMs also reclassify all income and expenses relating to our consolidated fund entities (Note 8), 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 period, 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 directors consider 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.

**Core measures: reconciliation to statutory equivalents**

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

| **Six months to 30 June 2022**<br>$m | **Core measure** | **Reclassification of amounts relating to consolidated fund entities** | **Non-core items** | **Per Group income statement** |
|---|---|---|---|---|
| Management and other fees[APM] | **485** | **(2)** | **–** | **483** |
| Distribution costs | **(16)** | **–** | **–** | **(16)** |
| **Net management fee revenue[APM]** | **469** | **(2)** | **–** | **467** |
| Performance fees[APM] | **404** | **–** | **–** | **404** |
| Income or losses on investments and other financial instruments[APM] | **(21)** | **(15)** | **17** | **(19)** |
| Third-party share of losses relating to interests in consolidated funds | **–** | **19** | **–** | **19** |
| Sub-lease rental income[APM] | **3** | **–** | **–** | **3** |
| **Net revenue[APM]** | **855** | **2** | **17** | **874** |
| Asset servicing costs | **(30)** | **–** | **–** | **(30)** |
| Compensation costs | **(343)** | **–** | **–** | **(343)** |
| Other costs[APM] | **(81)** | **(2)** | **–** | **(83)** |
| Net finance expense[APM] | **(6)** | **–** | **–** | **(6)** |
| Amortisation of acquired intangible assets | **–** | **–** | **(30)** | **(30)** |
| Share of post-tax loss of associate | **–** | **–** | **(2)** | **(2)** |
| **Profit before tax[APM]** | **395** | **–** | **(15)** | **380** |
| Tax expense[APM] | **(70)** | **–** | **(2)** | **(72)** |
| **Profit[APM]** | **325** | **–** | **(17)** | **308** |
| | | | | |
| **Core EPS[1]** | **24.0¢** | | | |

Note:
1. Calculated using the dilutive weighted average number of shares (Note 12).
[APM] The core equivalents of these statutory measures are defined as Alternative Performance Measures.

**Core measures: reconciliation to statutory equivalents** continued

| Six months to 30 June 2021<br>$m | Core measure | Reclassification of amounts relating to consolidated fund entities | Non-core items | Per Group income statement |
|---|---|---|---|---|
| Management and other fees[APM] | 436 | (2) | – | 434 |
| Distribution costs | (19) | – | – | (19) |
| **Net management fee revenue[APM]** | 417 | (2) | – | 415 |
| Performance fees[APM] | 284 | – | – | 284 |
| Income or gains on investments and other financial instruments[APM] | 17 | 7 | (3) | 21 |
| Third-party share of gains relating to interests in consolidated funds | – | (4) | – | (4) |
| Sub-lease rental and lease surrender income[APM] | 10 | – | (7) | 3 |
| **Net revenue[APM]** | 728 | 1 | (10) | 719 |
| Asset servicing costs | (29) | – | – | (29) |
| Compensation costs | (293) | – | – | (293) |
| Other costs[APM] | (77) | (1) | – | (78) |
| Net finance expense[APM] | (6) | – | – | (6) |
| Impairment of right-of-use lease asset – investment property | – | – | (3) | (3) |
| Amortisation of acquired intangible assets | – | – | (30) | (30) |
| **Profit before tax[APM]** | 323 | – | (43) | 280 |
| Tax expense[APM] | (52) | – | – | (52) |
| **Profit[APM]** | 271 | – | (43) | 228 |

| | | | | |
|---|---|---|---|---|
| **Core EPS[1]** | 18.7¢ | | | |

Note:
1. Calculated using the dilutive weighted average number of shares (Note 12).
[APM] The core equivalents of these statutory measures are defined as Alternative Performance Measures.

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

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

| $m | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|
| Amortisation of acquired intangible assets | **(30)** | (30) |
| Share of post-tax loss of associate | **(2)** | - |
| Impairment of right-of-use lease assets – investment property | **-** | (3) |
| Lease surrender income relating to future periods | **-** | (7) |
| Foreign exchange movements | **17** | (3) |
| **Non-core items** | **(15)** | (43) |

**Core measures: reconciliation to statutory equivalents** continued

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

| **At 30 June 2022**<br>$m | **Core measure** | **Reclassification of amounts relating to consolidated fund entities** | **Per Group balance sheet** |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents[APM] | **132** | **96** | **228** |
| Fee and other receivables[APM] | **654** | **20** | **674** |
| Investments in fund products and other investments[APM] | **780** | **244** | **1,024** |
| Investment in associate | **16** | **–** | **16** |
| Leasehold improvements and equipment | **47** | **–** | **47** |
| Leasehold property – right-of-use lease assets | **92** | **–** | **92** |
| Investment property – right-of-use lease assets | **73** | **–** | **73** |
| Goodwill and acquired intangibles | **648** | **–** | **648** |
| Other intangibles | **45** | **–** | **45** |
| Deferred tax assets | **121** | **–** | **121** |
| Pension asset | **24** | **–** | **24** |
| **Total assets** | **2,632** | **360** | **2,992** |
| | | | |
| **Liabilities** | | | |
| Borrowings | **120** | **–** | **120** |
| Trade and other payables[APM] | **638** | **36** | **674** |
| Provisions | **13** | **–** | **13** |
| Current tax liabilities | **24** | **–** | **24** |
| Third-party interest in consolidated funds | **–** | **324** | **324** |
| Lease liability | **253** | **–** | **253** |
| Deferred tax liabilities | **17** | **–** | **17** |
| **Total liabilities** | **1,065** | **360** | **1,425** |
| | | | |
| **Net assets** | **1,567** | **–** | **1,567** |

| At 31 December 2021<br>$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 |
| Investment in associate | 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 and core performance fee profit**

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

| **Six months to 30 June 2022**<br>$m | **Core measure** | **Reclassification of amounts relating to consolidated fund entities** | **Non-core items** | **Per Group income statement** |
|---|---|---|---|---|
| Net management fee revenue | **469** | **(2)** | **–** | **467** |
| Sub-lease rental income | **3** | **–** | **–** | **3** |
| Asset servicing costs | **(30)** | **–** | **–** | **(30)** |
| Compensation costs (management fee) | **(207)** | **–** | **–** | **(207)** |
| Other costs | **(81)** | **(2)** | **–** | **(83)** |
| Net finance expense (management fee) | **(5)** | **–** | **–** | **(5)** |
| **Management fee profit before tax** | **149** | **(4)** | **–** | **145** |
| Tax expense | **(26)** | | | |
| **Management fee profit** | **123** | | | |
| | | | | |
| **Core management fee EPS[1]** | **9.1¢** | | | |
| | | | | |
| Performance fees | **404** | **–** | **–** | **404** |
| Income or losses on investments and other financial instruments | **(21)** | **(15)** | **17** | **(19)** |
| Compensation costs (performance fee) | **(136)** | **–** | **–** | **(136)** |
| Net finance expense (performance fee) | **(1)** | **–** | **–** | **(1)** |
| **Performance fee profit before tax** | **246** | **(15)** | **17** | **248** |
| Tax expense | **(44)** | | | |
| **Performance fee profit** | **202** | | | |
| | | | | |
| **Core performance fee EPS[1]** | **14.9¢** | | | |

| Six months to 30 June 2021<br>$m | Core measure | Reclassification of amounts relating to consolidated fund entities | Non-core items | Per Group income statement |
|---|---|---|---|---|
| Net management fee revenue | 417 | (2) | – | 415 |
| Sub-lease rental and lease surrender income | 10 | – | (7) | 3 |
| Asset servicing costs | (29) | – | – | (29) |
| Compensation costs (management fee) | (189) | – | – | (189) |
| Other costs | (77) | (1) | – | (78) |
| Net finance expense (management fee) | (6) | – | – | (6) |
| **Management fee profit before tax** | 126 | (3) | (7) | 116 |
| Tax expense | (19) | | | |
| **Management fee profit** | 107 | | | |
| | | | | |
| **Core management fee EPS[1]** | 7.4¢ | | | |
| | | | | |
| Performance fees | 284 | – | – | 284 |
| Income or gains on investments and other financial instruments | 17 | 7 | (3) | 21 |
| Compensation costs (performance fee) | (104) | – | – | (104) |
| **Performance fee profit before tax** | 197 | 7 | (3) | 201 |
| Tax expense | (33) | | | |
| **Performance fee profit** | 164 | | | |
| | | | | |
| **Core performance fee EPS[1]** | 11.3¢ | | | |

Note:
1. Calculated using the dilutive weighted average number of shares (Note 12).

### 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 on a consistent basis, combining both consolidated and unconsolidated fund entities. 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 statutory Group income statement as follows:

| $m | Note | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|---|
| Net (losses)/gains on seeding investments portfolio | 8 | **(19)** | 13 |
| Net (losses)/gains on fund investments held for deferred compensation and other | 8 | **(2)** | 4 |
| **Core (losses)/gains on investments** | | **(21)** | 17 |
| Non-core items: | | | |
| Consolidated fund entities: gross-up of net (losses)/gains on investments | 8 | **(15)** | 7 |
| Foreign exchange movements | | **17** | (3) |
| **Income or (losses)/gains on investments and other financial instruments** | | **(19)** | 21 |

### Core tax rate

The core tax rate is the effective tax rate on core profit before tax and is equal to the tax expense on core profit divided by core profit before tax. The tax expense on core profit before tax is calculated by excluding the tax benefit/expense related to non-core items from the statutory tax expense, together with amounts relating to the utilisation or recognition of available US deferred tax assets (Note 5). Therefore, tax on core profit is a proxy for our cash taxes payable.

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

| $m | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|
| Statutory tax expense | **72** | 52 |
| Tax on non-core items: | | |
| Amortisation of acquired intangible assets | **4** | 3 |
| Foreign exchange movements | **(4)** | 1 |
| Non-core tax item on US deferred tax assets | **(2)** | (4) |
| **Core tax expense** | **70** | 52 |
| Comprised of: | | |
| Tax expense on core management fee profit before tax | **26** | 19 |
| Tax expense on core performance fee profit before tax | **44** | 33 |

The core tax rate is 18% for H1 2022 compared with 16% in H1 2021. The core rate in 2022 is higher largely due to the mix of where profits are earned by jurisdiction and non-recurring items that reduced the tax rate in 2021, most significantly the movement in deferred tax assets due to the increase in the UK tax rate.

### Core cash flows from operations excluding working capital movements

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

| $m | **Six months to 30 June 2022** | Six months to 30 June 2021 |
|---|---|---|
| Cash flows from operating activities | **146** | 53 |
| Plus: changes in working capital | | |
| Increase in fee and other receivables | **176** | 227 |
| Increase in other financial assets | **4** | 64 |
| Decrease/(increase) in trade and other payables | **76** | (9) |
| **Core cash flows from operations excluding working capital movements** | **402** | 335 |

### Core net financial assets

Core 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:

| $m | Note | **At 30 June 2022** | At 31 December 2021 |
|---|---|---|---|
| Seeding investments portfolio | 8 | **628** | 648 |
| Available cash and cash equivalents | 6 | **132** | 323 |
| Payables under repo arrangements | | **(58)** | (64) |
| Borrowings | 6 | **(120)** | - |
| **Core net financial assets** | | **582** | 907 |