

Man Group plc

Full Rating Report

Ratings

Foreign-Currency Long-Term IDR	BBB
Senior unsecured	BBB
Subordinated	BBB-
Hybrid	BB+

Sovereign Risk

Long-Term Foreign Currency IDR	AAA
Long-Term Local Currency IDR	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign Currency IDR	Stable
Sovereign Long-Term Local Currency IDR	Stable

Financial Data

Man Group Plc

	31 Mar 11	31 Mar 10
Total assets (USDm)	6,818	6,032
Tangible equity (USDm)	1,724	2,852
Net income (USDm)	211	445
Operating profit (USDm)	552	478
EBITDA (USDm)	817	714
Operating return on equity (%)	12.4	12.0
Gross debt/tangible equity (x)	0.9	0.5
Gross debt/EBITDA (x)	1.8	2.1

Financial year-end 31 March

Key Rating Drivers

Strong Track Record: Man Group plc's ratings reflect its strong franchise in alternative investment fund management, prudent liquidity management, a long track record of solid, if volatile, cash generation, and the expected synergies arising from its acquisition of GLG Partners, Inc. The ratings consider the market, credit and liquidity risks arising from exposures Man takes to its funds, although these have been significantly reduced.

GLG Reduced Financial Strength: The ratings also reflect Man's reduced financial flexibility and net cash position following the acquisition of GLG and the challenges facing the wider hedge fund industry over fund performance and fund flows.

Leverage Acceptable: After the USD1.7bn acquisition of GLG in October 2010, Man's regulatory capital surplus and strong net cash position have both weakened, but remain satisfactory. Leverage has increased, but is tolerable at the current rating level. Outstanding debt is fairly substantial at USD1.1bn, but did not rise on the acquisition.

GLG Increases Earnings Volatility: Fitch Ratings believes the acquisition of GLG should reinforce Man's strong franchise through the diversification of its client base, geographical reach and investment products, and its improved scale. However, the acquisition has also increased earnings volatility in the overall performance of the Group.

Risks Well Managed: Man has substantially reduced its risk appetite for, and levels of, loans to its funds and seed capital investments since FY09. Fitch views this as a positive move to cut exposure to credit and market risks. Man remains exposed to some contingent liquidity risk from uncommitted credit lines to its funds. The integration of GLG appears to have been well managed, with no material loss of funds under management (FUM) or key staff.

Reduction in RCF Acceptable: The USD2.4bn revolving credit facility (RCF) was replaced by a 5-year committed USD1.5bn RCF in July 2011. It is mainly used to extend short-term liquidity to funds during redemptions. The reduction is acceptable as it reflects the fall in Man's stressed funding requirement due to relatively low need in the crisis and the shift towards more liquid content.

Improved FY11 Operating Performance: Operating profits rose in the year ending 31 March 2011 (FY11). FUM margins remain stable, reflecting Man's strong franchise and track record. FY11 net income was affected by significant exceptional items.

Market Volatility Impacts FY12: Profitability will continue to be adversely affected by the ongoing market volatility (net outflows of USD2.6bn in Q212). However, this is partly mitigated by Man's strong sales ability as evidenced by the addition of some large new institutional mandates and the benefits of cost restructuring during H112. Sales remained strong in Q212 (USD4.5bn).

What Could Trigger a Rating Action

Damage to Franchise: A downgrade would occur if Man suffers major losses of FUM or key staff, from persistent poor fund performance and any subsequent reputational damage or as the result of sector-wide developments.

Increased Leverage: Downward pressure would arise from a material increase in leverage.

Analysts

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- Leading provider of alternative investment products to private and institutional clients
- GLG acquisition strengthens Man's scale, product and geographical reach and reduces reliance on AHL
- Integration of GLG progressing according to plan

Profile

Man is a FTSE-100 listed provider of alternative and long-only investment products for private and institutional investors. With FUM of USD65bn at end-H112, Man is a major player in the hedge fund industry.

GLG Acquisition Boosted Scale and Increased Diversification

Fitch believes that the acquisition of GLG has boosted Man's scale. GLG managed USD27.4bn of FUM at end-H112, so the acquisition has resulted in a significant increase in FUM for Man, greater diversification in products, distribution channels and geography.

Whereas previously, Man had a bias towards private investor FUM, this is now balanced between private and institutional investors. Man gained a more diverse customer base, adding retail, high-net-worth, ultra-high-net-worth and sovereign wealth fund customers to Man's existing mass affluent private client base. GLG's funds also are largely complementary to Man's and reduce reliance on AHL, which now constitutes around a third of FUM.

The acquisition has also broadened Man's geographic reach, with a strengthened presence in the UK, France, Italy and the Middle East. Man's sophisticated managed accounts (MACs) offering is a major draw for institutional investors, where GLG products may now also be sold.

Synergies driven more by revenues than costs

Man has identified cost synergies resulting from the acquisition of USD50m annually. However, Fitch notes that these are not the transaction's primary rationale. Fitch believes that earnings will benefit in FY12/FY13 from the integration of Man and GLG's distribution channels, the combined product mix and economies of scale. Man distributes guaranteed and open-ended products to private investors through a global network of over 2,000 distributors; this significant scale should help in selling GLG products. The two companies' distribution networks and product offerings did not overlap materially, providing opportunities for business growth. Whilst risks to the realisation of management's revenue growth plan remain meaningful, particularly as investor demand is affected by market volatility, Fitch believes that these are partly mitigated by the group's strong sales ability.

Integration risks high but appear well managed

Fitch believes that the execution risks surrounding the acquisition appear to have been well managed, particularly the challenging integration of the companies' distinct cultures and retention of key staff and FUM. GLG's investment environment appears intact. GLG's three principals, Noam Gottesman, Manny Roman and Pierre Lagrange, own 11% of Man and are tied in for three years. The portfolio management team also remains intact. Fitch understands that no material outflows occurred from clients of both Man and GLG following the acquisition due to client concerns on concentration risk.

GLG transaction details

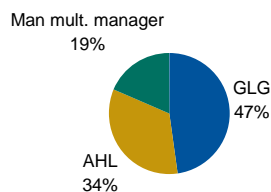
On 14 October 2010, Man finalised the acquisition of GLG for a consideration of USD1.7bn, consisting of USD1bn in cash for GLG's public shareholders, USD600m of equity for GLG's three principals and senior employees, and USD100m to extinguish GLG's outstanding debt. The transaction was funded through internal resources, resulting in a weakening in Man's previously strong capital and liquidity positions. Fitch notes that GLG suffered from poor profitability due to a lack of scale relative to its cost base; the integration of GLG should help address this. The acquisition valued GLG equivalent to a high 6.75% of its FUM at 31 March 2010.

Strategy Now Focused on Organic Growth

Man's strategy is to provide both on- and off-shore alternative and long-only investment products to private and institutional investors. Man is diversified by investment styles but with a focus on more liquid strategies, where investor demand is also greater. Man's investment

Figure 1

FUM by Manager



Source: Man, FYE11

Figure 2

FUM Split by Private/ Institutional Investor



Source: Man, FYE11

Related Criteria

- [Global Financial Institutions Rating Criteria \(August 2011\)](#)
- [Investment Manager and Alternative Funds Criteria \(December 2010\)](#)

Presentation of Accounts

Man's financial statements are prepared in line with IFRS. The financial year-end is 31 March. References to FY11 relate to the year ended 31 March 2011, H111 to the six months to 30 September 2010 and Q112 to the three months to 30 June 2011. Man will change its year-end to 31 December in 2011 so FY12 will be a nine-month reporting period.

content is provided by AHL, Man Multi-Manager and GLG. Future growth is likely to be organic. Fitch believes that Man's scale leaves it better placed to manage increasing demand among institutional investors for risk management functionality and to manage the evolving regulatory environment.

AHL: quantitative managed futures platform

AHL is one of the largest managed futures managers globally, with USD24.9bn of FUM at end-H112. AHL is primarily directional and trend-following in nature, and trades mainly highly liquid futures, FX derivatives and metal contracts. Man's prior reliance on AHL has reduced in terms of revenues, FUM and performance fees with the addition of GLG. AHL had generated as much as 90% of Man's gross performance fees in the past three years. The bulk of AHL's investor base consists of higher-margin private investors. Large allocations to AHL are also made by Man Multi-Manager as part of its flagship guaranteed private investor product IP-220. Fitch notes that AHL has a higher volatility/return profile than other in-house investment managers, but long-term performance has been robust.

Man Multi-Manager: multi-manager platform

Man Multi-Manager had USD12.7bn of FUM at end-H112. MACs are a key part of its multi-manager business, where heavy investment has been made in the development of capability. This gives institutional investors greater control over allocations and liquidity and provides risk management functionality not available at smaller hedge fund houses. Man Multi-Manager was launched in 2009 as a combination of Man's three multi-strategy operations: RMF, Glenwood and MGS. MGS was taken over by Man Multi-Manager following the de-leveraging and de-risking of this previously material platform (end-H109 FUM: USD8.6bn) after a period of poor returns.

Other investments rationalised to support preference for full control

Man rationalised its investments in independent managers with the acquisition of GLG; it acquired the 50% of Ore Hill (a US credit manager to be run within GLG) it did not own for USD18m and sold its 25% stake in BlueCrest for a USD250m gain.

Performance

FUM Under Pressure Due To Market Volatility

Figure 7 shows FUM trends in FY07-H112. FUM growth was very rapid until FY08, driven by consistent net inflows and a generally positive, if fluctuating, performance. Man reported significant net outflows (particularly on the institutional side) and weakened investment performance through the crisis, with a concurrent increase in investor risk aversion and preference for liquidity.

Man benefited from net inflows in Q112 (USD3.7bn); demand was particularly strong for onshore AHL products in Japan. However there were significant net outflows in Q212 (USD2.6bn). Fitch believes FUM will continue to be volatile due to market conditions.

Figure 3
Management Fees and Margins

	FY11			FY10		
	Average FUM (USDbn)	Revenue (USDm)	Margin (bp)	Average FUM (USDbn)	Revenue (USDm)	Margin (bp)
Average total FUM	52.4	1,452	277	43.0	1,293	304
Guaranteed			470			463
AHL open ended			360			356
GLG alternatives ^a			156			155
Institutional			115			93
Long only ^a			75			83

^a FY10 GLG alternatives and long only margins based on the period from 1 October 2009 to 31 March 2010
Source: Man

- Operating performance improving on FY10 cyclical low
- GLG should be earnings accretive in FY12
- Cost synergies on track
- Compensation ratio higher as GLG is integrated
- FY11 performance affected by significant exceptional items
- FY12 Performance is under pressure from FUM outflows due to market volatility

Fitch notes that sales trends are highly correlated to fund performance, with a lag; good performance usually results in material inflows in the following half year. Whilst performance in 2011 has been volatile across different products, nearly all had positive returns on an annualised three and five year basis. AHL remains below high watermark for performance fees (5% at H112) but its strong track record (15.9% annualised returns since March 1996) is supportive of sales.

Fitch believes that the key for improved EBITDA is strengthened net inflows. Man's greater distribution and product capabilities following the GLG acquisition should help to support FUM levels. However, recent volatile markets mean Man is more likely to experience net outflows as this is inevitably affected by investor appetite.

Operating Results Underpinned by Sound Margins

Operating profits improved 15% in FY11 driven by rising management fees which resulted in a 20% rise in revenue. Man's solid EBITDA, cash generation and profitability are underpinned by higher fees relative to traditional investment managers and high margins on private investor products. The longstanding stability in Man's sound margins is reflective of its strong franchise and track record, in Fitch's view. Management fees underpin Man's earnings. These rose by 12% in FY11 with the addition of GLG, but will be under pressure in FY12 if net FUM outflows continue

Performance fees are volatile

The contribution of performance fees in Man's earnings leads to inherent earnings volatility. Net performance fees have been substantial (eg, USD1bn in FY08) but fell significantly (H112: USD30m; FY11:USD168m). AHL was still 5% below its high watermark at end-H112. Two thirds of GLG funds were eligible for performance fees at FYE11. GLG funds contributed almost half of the group's USD148m net performance fees in FY11 with the balance mainly from AHL; prior to the GLG acquisition, the group was reliant on AHL for performance fees.

Costs controlled despite higher compensation costs

Fitch believes Man benefits from substantial economies of scale compared with smaller alternative fund managers. Man is on track to achieve planned cost synergies of USD50m/year on the GLG acquisition. Compensation costs will be higher as GLG is integrated; this is natural given its different portfolio manager-led business model. The steep rise in compensation in FY11 reflects a near doubling of variable compensation (USD165m). The cost income ratio was flat in FY11 as rising revenue offset growing costs. Man's operating profits are affected by revaluations of its investments in funds; Man made small gains on these in FY11/FY10 and Fitch does not expect further significant losses on these revaluations (eg, FY09: USD260m loss) due to the group's markedly reduced investments in funds.

Exceptional items from reshaping business lowered net results

Whilst Man's operating result is up yoy, net income halved in FY11 due to several significant exceptional items. Man wrote down Man Multi-Manager's franchise value in large part due to the greater role GLG is likely to play in the group's structured products, at the expense of Man Multi-Manager content. Significant non-recurring costs arose from restructuring and other costs arising from the GLG acquisition. This was partly offset by a gain on the sale of the stake in BlueCrest.

Risk Management

Market Risk Affects Seed Investments and FUM Performance

Like any asset manager, Man is exposed to market risk as fee income is dependent on fund performance and FUM. However, the diversity of the fund strategies and the low-beta returns of AHL offer some mitigation. Direct market risk exposure arises from Man's seed investments in its funds (end-FY11: USD366m). Fitch understands that Man will maintain a reduced appetite for market risk exposure through such investments. Nevertheless, a certain level of investment

- Risk management sophisticated and well executed
- Reductions in credit and market risk exposures reflect a reduced appetite for such risks
- Integration risks from GLG appear well managed

will continue and is inherent in its business model, to seed funds (USD5m-USD10m) and test investment strategies and managers before committing client funds. Small working-capital facilities (USD2m-3m) may also be provided.

Man uses value at risk (VaR) to measure market risk, to a 95% confidence level and based on a one month time horizon. The average VaR was USD30m in FY11 (a moderate 2% of end-FY11 tangible equity); this has fallen with Man's lower appetite for investments in funds. Man has adjusted its internal processes to charge business units for capital use, to more closely align its activities with risk management. FX risk arises due to the group earning most of its income in US dollars, but incurring a large proportion of its overheads in UK pounds and Swiss francs. There were significant negative FX translation effects of USD1.9bn on FUM in Q212 (USD1.1bn in H112).

Credit Risk Mainly Arises from Loans to Funds

Man's credit risk arises mainly from uncommitted short-term loans to its funds. These are always senior to monies invested by clients, are on a fully discretionary basis and are repayable on demand. Man's guaranteed products generally require leverage, at least at the outset. Loans are made whilst external funding is sourced, to cover switches in investment allocations between funds, and to fund operational requirements, eg, margin calls. Sound risk management practices, conservative de-leveraging points and a focus on liquid investment styles mean that neither Man nor any third-party provider of finance has ever lost money on these credit exposures. External financing for funds has declined (end-FY11: USD2.6bn; end-FY08: USD12.4bn) reflecting a focus on liquid investment styles and deleveraging. The group's strong relationships with its banks means external funding should remain available.

Fitch notes that Man's appetite for lending to funds has materially reduced. Average loans to funds were USD559m in FY11 with a peak of almost USD1bn. Amounts lent have fallen significantly following the de-gearing of the MGS funds.

Operational and Reputational Risks Heightened by GLG Acquisition

Reputation risk is fundamental for a business like Man and is inherently linked to fund performance, the ability to evade allocations to high profile managers that collapse and maintaining a sound compliance track record. Fitch believes that Man's reputation was strengthened by it not imposing any restrictions on redemptions from any of its funds, unlike many of its competitors. GLG has imposed gates on redemptions from certain of its funds in the past. Fitch notes that key man risks are heightened with the GLG acquisition but Man attempts to mitigate this.

The de-risking of MGS, after which a small number of funds moved into comatose "guarantee" mode, would have negatively affected Man's reputation among some investors but the impact was mitigated by Man's offer to switch client investments to other Man funds. Man's funds had some exposure to the high profile scandals of 2008, which resulted in some losses; the company did not reimburse the funds but has strengthened internal controls.

Operational risks arise mainly from trading in AHL, continuity and resilience of IT systems, administration and valuation services for investors and intermediary sales practices.

Funding and Liquidity

Funding: Wholesale Funded With Large Committed Bank Facility

Man does not face near-term refinancing pressures (see Figure 5). Gross debt rose significantly in FY10 following the issuance of EUR600m notes in February 2010, but was unchanged on the GLG acquisition. The USD2.4bn RCF was replaced by a USD1.5bn five year RCF in July 2011 and is mainly used to extend short-term liquidity to funds during redemptions. Man's borrowings do not contain financial covenants.

- Leverage higher on GLG acquisition but remains moderate
- Substantial available liquidity despite a reduction in the RCF to USD1.5bn in July 2011
- Funds' stress liquidity requirements decreased in line with the group's greater focus on liquid strategies and experience through the crisis

Gross debt did not rise on the GLG acquisition, hence the gross debt/EBITDA ratio improved in FY11. However, considerable cash was used to fund the acquisition; the net cash position has roughly halved. Fitch believes that this lower net cash position is adequate at this rating level and that this position will be maintained in the medium term. A temporary low net debt position does not appear likely in the near term. Gross debt and cash reduced by approximately USD345m following completion of the senior debt buyback in September 2011 (see Figure 4, Proforma FY11).

Fitch notes that Man's balance sheet has strengthened since the GLG acquisition but a return to Man's pre-acquisition balance sheet strength is unlikely. Interest coverage ratios have deteriorated, with an increase in gross debt and funding costs, but EBITDA/interest expense of 9.5x in FY11 remains strong. Despite the performance pressures, Fitch expects debt service capacity to remain strong as interest repayments reduced by around USD20m following the debt buyback in September 2011.

Figure 4

Leverage and Debt Service

(USDm)	Proforma FY11 ^a	FY11	FY10	FY09	FY08
Gross debt	1,133	1,478	1,489	643	402
External debt to funds	2,900	2,900	2,600	3,500	12,400
Equity	4,436	4,436	3,987	4,192	4,711
Tangible equity	1,724	1,724	2,852	3,052	3,435
EBITDA	837	817	714	1,002	2,157
Interest payable	66	86	36	38	55
Ratios					
Debt/tangible equity (x)	0.7	0.9	0.5	0.2	0.1
Debt/EBITDA (x)	1.4	1.8	2.1	0.6	0.2
EBITDA/interest (x)	12.7	9.5	19.8	26.4	39.2
Net cash/(debt)	881	881	1,740	1,718.0	1,474.0

^a Proforma FY11 is adjusted for debt buyback completed in September 2011

Source: Fitch and Man

Liquidity: Funds Are Stressed For Liquidity Needs

Man's available liquidity has fallen with the GLG acquisition but remains substantial. Usage of the committed facility is low; in FY11 it was drawn on 61 days with average usage around UD350m. The RCF was reduced in July 2011, reflecting the relatively low need experienced through the crisis and the shift towards more liquid content by the reshaping of the business, and is in line with the reduction in Man's stressed funding requirement.

Funds require leverage

Many of Man's funds require leverage and hence external funding, nearly all of which is provided by third-party banks on a non-recourse basis and with no guarantee from Man. Third-party financing of funds, although relatively long-term, is subject to covenants and does not perfectly match the life of the funds. This gives rise to potential rollover risk, where, unless Man is able to find alternative funding, it would be forced to de-gear funds (with inevitable adverse consequences for fund performance) or replace the funding with loans off its own balance sheet. Man's lending to its funds is material but has fallen, in line with a reduced appetite for such activity, and mainly arises from short-term positions to facilitate redemptions. However, in the past this has expanded and contracted with its FUM.

Stressed funding requirement has fallen

Man stress-tests the funding requirements of its funds. This stressed funding requirement has fallen due to greater demand for more liquid investment strategies from investors as well as a relatively low need experienced through the crisis. Man continues to be able to comfortably meet its stressed liquidity requirement following the GLG acquisition.

Man's support for funds is reducing

Fitch believes that it is extremely unlikely that Man would use its own liquidity to support fund redemptions to a level detrimental to its own balance sheet strength. In a severe crisis, Fitch

Figure 5

Funding

2013 senior fixed rate notes	229
2015 senior fixed rate notes	847
2015 subordinated floating rate notes	171
2017 subordinated fixed rate notes	231
Funded debt	1,478
Undrawn committed revolving loan facility (maturity USD630m June 2012, balance June 2013)	2,430
Total available funding	3,908
Cash and cash equivalents	2,359
Total available liquidity (cash and cash equivalents + committed undrawn loan facility)	4,789

Source: Fitch and Man, FYE11, USDm

believes that it is more likely that gates would be placed on funds by the funds' independent boards of directors to allow time for positions to unwind to meet redemptions. Man has never had restrictions imposed on its funds for investor redemptions but GLG funds have been gated.

Man also provides committed purchase agreements (CPAs) to certain fund products to support liquidity between investor redemptions and redemption proceeds from underlying managers. CPAs pose additional liquidity risk but calls under these agreements have been very low. No new CPAs have been undertaken since 2004 and outstanding CPAs (end-FY11: USD550m) continue to run off.

Capital

Man is regulated by the FSA and is required to adhere to a regulatory capital requirement calculated in a similar manner to that of banks. This differentiates Man from most other alternative asset managers, and Fitch believes this is positive for creditors; unlike Man, many asset managers have obtained waivers from consolidated capital requirements from the FSA.

After the acquisition of GLG in October 2010, the capital surplus dropped to USD300m. Man's board decided during the acquisition of GLG that this USD300m surplus is sufficient for the efficient management of the company's capital structure and operational needs. Whilst Man's capital resources reduced by USD1.1bn on the acquisition, Fitch believes that this is adequate for its current rating level, in light of the company's reduced risk appetite, strong cash generation and lower dividends. Man's financial resources totalled USD1.7bn at end-FY11, comfortably above its capital requirement of USD1.0bn. The surplus has materially increased since then but in light of the company's target of USD300m, Fitch believes this may be used for opportunistic small acquisitions or higher dividends.

- Lower but adequate target capital surplus of USD300m, revised on GLG acquisition

Figure 6

Financial Statements

(USDm)	FY11	FY10	FY09	FY08
Income statement				
Mgt and other fees	1,452	1,293	1,861	2,030
Performance fees	203	91	367	1,141
Total operating revenues	1,655	1,384	2,228	3,171
Personnel expenses	-501	-349	-500	-639
General and administrative	-402	-391	-514	-461
Amortisation and depreciation	-200	-166	-279	-168
Total operating expenses	-1,103	-906	-1,293	-1,268
Operating profit^a	552	478	935	1,903
Finance income	40	29	58	145
Finance expense	-86	-36	-38	-55
Income from associates etc	65	70	-212	86
Gain on disposal of Bluecrest	257	0	0	0
Impairment of Man multi manager	-397	0	0	0
Restructuring costs	-72	0	0	0
GLG acquisition costs	-35	0	0	0
Profit before tax from continuing operations	324	541	743	2,079
Taxation	-51	-96	-240	-362
Profit after tax from continuing operations and exceptional items	273	445	503	1,717
Discontinued operations - brokerage	-62	0	0	1,753
Net income	211	445	503	3,470
Other comprehensive income	71	101	-345	24
Comprehensive Income	282	546	158	3,494
Balance sheet				
Assets				
Cash and cash equivalents	2,359	3,229	2,361	1,876
Fees and other receivables	522	320	413	773
Investments in fund products	917	784	1,091	1,648
Other investments	11	72	184	322
Deferred tax	-	-	-	22
Investments in joint ventures & associates	68	351	317	267
Leasehold improvements and equipment	138	72	64	52
Pension asset	91	69	-	-
Other intangible assets	873	337	366	463
Goodwill	1,839	798	774	813
Total assets	6,818	6,032	5,570	6,236
Liabilities				
Trade and other payables	647	376	476	746
Current tax liabilities	157	180	246	353
Borrowings	1,478	1,489	643	402
Pension obligations	-	-	13	24
Deferred tax	100	-	-	-
Total liabilities	2,382	2,045	1,378	1,525
Share capital and premium	3,046	2,326	2,308	2,125
Hybrid	300	300	300	0
Retained earnings	1,090	1,530	1,894	2,440
Other reserves	0	-169	-310	145
Minority interests in consolidated subsidiaries	0	0	0	1
Total equity	4,436	3,987	4,192	4,711
Summary analytics				
EBITDA ^a	817	714	1,002	2,157
EBIT ^a	617	548	723	1,989
Profitability				
Operating return on equity	12.44	11.99	22.30	41.60
EBITDA margin (%)	49.37	51.59	44.97	68.02
EBIT margin (%)	37.28	39.60	32.45	62.72
Management fees/average FUM (%)	2.77	3.04	2.86	2.93
Performance fees/average FUM (%)	2.10	2.13	1.99	1.83
Operating costs/average FUM (%)	3.16	3.25	3.42	4.58
Cost/income (%)	66.65	65.46	58.03	39.99
Leverage				
Gross debt/tangible equity (x)	0.86	0.52	0.21	0.12
Gross debt/EBITDA (x)	1.81	2.09	0.64	0.19
EBITDA/interest expense (x)	9.50	19.83	26.37	39.22
Gross debt/EBIT (x)	2.40	2.72	0.89	0.20
EBIT/interest expense (x)	7.17	15.22	19.03	36.16

^a Adjusted for exceptional items (Bluecrest gain, Man multi-manager impairment, restructuring and acquisition costs)

Source: Man

Figure 7
Funds Under Management

Flows	H112 ^a	Q212 ^a	Q112 ^a	FY11	H211	H111	FY10	H210	H110	FY09	H209	H109	FY08	H208	H108	FY07
At start of period	69.1	71.0	69.1	39.4	40.5	39.4	46.8	44.0	46.8	74.6	67.6	74.6	61.7	68.6	61.7	49.9
Sales	13.5	4.5	9.0	11.7	9.6	2.1	8.3	2.6	5.7	14.9	4.7	10.2	15.9	7.9	8.0	15.9
Redemptions	-12.4	-7.1	-5.3	-13.7	-10.0	-3.7	-12.8	-5.2	-7.6	-17.0	-11.0	-6.0	-10.7	-6.3	-4.4	-6.6
Investment movement	-2.6	-1.5	-1.1	2.8	1.1	1.7	-1.1	-0.5	-0.6	-6.6	-0.7	-5.9	5.6	2.7	2.9	1.1
Net manager acquisitions/(disposals)	0.3		0.3	25.4	25.4	0.0	0.0	0.0	0.0	0.8	1.4	-0.6	0.0	0.0	0.0	0.0
Maturities			0.0	-0.1	0.0	-0.1	0.0	0.0	0.0	-0.4	-0.1	-0.3	-0.3	-0.1	-0.2	-0.3
De-risking			0.0	0.0	0.0	0.0	0.0	0.0	0.0	-12.1	-10.4	-1.7	0.0	0.0	0.0	0.0
FX and other	-2.9	-1.9	-1.0	3.6	2.5	1.1	-1.8	-1.5	-0.3	-7.4	-4.7	-2.7	2.4	1.8	0.6	1.7
At close of period	65.0	65.0	71.0	69.1	69.1	40.5	39.4	39.4	44.0	46.8	46.8	67.6	74.6	74.6	68.6	61.7
Sales																
Guaranteed			0.5	0.6	0.3	0.3	1.4	0.1	1.3	6.1	2.4	3.7	4.5	1.3	3.2	6.9
Open-ended			6.2	5.9	5.1	0.8	5.3	1.6	3.7	5.2	1.8	3.4	3.3	2.3	1.0	1.7
Total private investor			6.7	6.5	5.4	1.1	6.7	1.7	5.0	11.3	4.2	7.1	7.8	3.6	4.2	8.6
Institutional			0.8	1.8	0.8	1.0	1.6	0.9	0.7	3.6	0.5	3.1	8.1	4.3	3.8	7.3
Long-only			1.5	3.4	3.4											
Total sales	13.5	4.5	9.0	11.7	9.6	2.1	8.3	2.6	5.7	14.9	4.7	10.2	15.9	7.9	8.0	15.9
Redemptions																
Guaranteed			-0.6	-2.4	-1.1	-1.3	-1.6	-0.7	-0.9	-4.6	-2.6	-2.0	-3.2	-1.2	-0.8	-1.1
Open-ended			-2.0	-4.4	-3.3	-1.1	-3.1	-1.7	-1.4	-4.5	-3.5	-1.0	-2.0	-3.1	-2.1	-3.3
Total private investor			-2.6	-6.8	-4.4	-2.4	-4.7	-2.4	-2.3	-9.1	-6.1	-3.0	-5.2	-3.2	-2.3	-3.3
Institutional			-0.8	-3.2	-1.9	-1.3	-8.1	-2.8	-5.3	-7.9	-4.9	-3.0	-5.5			
Long-only			-1.9	-3.7	-3.7									-6.3	-4.4	-6.6
Total redemptions	-12.4	-7.1	-5.3	-13.7	-10.0	-3.7	-12.8	-5.2	-7.6	-17.0	-11.0	-6.0	-10.7			
Investment management																
AHL	24.9		23.9	22.7		22.6		21.2	22.3		20.4	24.4		45.6	44.2	
Man multi-manager	12.7		13.2	14.4		14.7		14.8	17.8		23.0	39.7		4.3	3.5	
Other			0.0	0.0		3.2		3.4	3.9		3.4	3.5				
GLG	27.4		33.9	32.0										74.6	68.6	
Total	65.0		71.0	69.1		40.5		39.4	44.0		46.8	67.6				
Funds under management																
Private (period end)				35.9	35.9	28.0	26.8	26.8	29.1	27.8	27.8	40.8	43.5			36.6
Institutional (period end)				33.2	33.2	12.5	12.6	12.6	14.7	19.0	19.0	26.8	31.1			25.1
Total (period end)	65.0			69.1	69.1	40.5	39.4	39.4	43.8	46.8	46.8	67.6	74.6			61.7
Private (average)						27.2	27.8			38.4		44.2	39.6			38.2
Institutional (average)						11.7	14.8			26.7		31.5	29.7			28.2
Total (average)						38.9	42.6			65.1		75.9	69.3			57.2

^a Preliminary results, USDbn
Source: Man, financial year-end 31 March

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