

Bulletin:

Ratings On U.K.-Based Hedge Fund Manager Man Group PLC Unchanged Despite Decline In Assets Under Management

Primary Credit Analyst:

Dhruv Roy, London (44) 20-7176-6709; dhruv_roy@standardandpoors.com

Secondary Contact:

Richard Barnes, London (44) 20-7176-7227; richard_barnes@standardandpoors.com

LONDON (Standard & Poor's) Sept. 30, 2011--Standard & Poor's Ratings Services said today that the ratings and outlook on U.K.-based hedge fund manager Man Group PLC were unaffected by the 8.5% decline in assets under management (AUM) during the quarter ended Sept. 30, 2011, which was below our base-case expectation of broadly flat AUM growth. Man's preclose trading update, released on Sept. 28, 2011, indicated a decline in AUM from \$71 billion at June 30, 2011 to \$65 billion. This was due to weak investment performance, net outflows, and the impact of foreign exchange movements on reported AUM.

In our view, the quarterly decline in AUM is a result of market volatility and near-term macroeconomic uncertainty. While we expect the difficult operating environment to weigh on Man's investment performance and net flows for the remainder of 2011, our ratings on Man, as well as other hedge fund managers, recognize the potential for some volatility in investment performance and investor flows. Man acquired hedge fund manager GLG Partners Inc. in 2010. Notwithstanding our expectation of near-term volatility, we continue to view the acquisition as a net positive for its business profile.

Almost half (\$2.9 billion) of the quarter's fall in AUM was caused by negative investment performance and net outflows on lower-margin, long-only products, which tend to follow broad market movements. A further one-third of the decline in AUM stemmed from foreign exchange movements, which could reverse in subsequent quarters. While GLG's negative contribution to net flows has reversed recent trends at GLG, we view the decline in the context of general

investor risk aversion and Man's focus on liquid investment formats.

We consider that Man continues to maintain strong balance sheet liquidity. Its total available liquidity resources stand at \$3.4 billion and capital in excess of regulatory requirements is \$1 billion. Furthermore, we expect Man's debt service metrics and leverage ratio to improve over the medium term because it has recently bought back some of its debt to reduce its gross interest expense and leverage.

Additional Contact:

Financial Institutions Ratings Europe; FIG_Europe@standardandpoors.com

Copyright © 2011 by Standard & Poors Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.