

# Press Release



24 March 2010

## PRE-CLOSE TRADING UPDATE for the financial year ending 31 March 2010

### Key points – operating

- Funds under Management (FUM) at 31 March 2010 currently estimated at \$39.1 billion (31 December 2009: \$42.4 billion; 31 March 2009: \$46.8 billion)
- Fourth quarter sales remain subdued at an estimated \$1.0 billion; redemption levels stable (\$2.5 billion in Q4)
- Mandate wins for the multi-manager business of around \$1.5 billion during the fourth quarter – to be included in FUM over the coming quarters
- Trading conditions for the managed futures style have improved, giving positive AHL performance for the calendar year to date.

### Key points - financial

- Profit before tax and adjusting items for the year ending 31 March 2010 estimated at \$530 million
- Diluted earnings per share of an estimated 23 cents
- Financial position remains strong, with a regulatory capital surplus of \$1.5 billion and net cash of \$1.5 billion.

### Dividend

- Board intends to recommend a final dividend of 24.8 cents per share, giving an unchanged total dividend for the year of 44 cents per share.

### Summary financials

	Estimates for year ending 31 March 2010	Estimates for six months ending 31 March 2010	Six months ended 30 Sept 2009	Year ended 31 March 2009
	\$	\$	\$	\$
Funds under management (end of period)	39.1bn	39.1bn	44.0bn	46.8bn
Net management fee income	450m	205m	245m	885m
Net performance fee income	80m	33m	47m	358m
Profit before tax and adjusting items	530m	238m	292m	1,243m
Adjusting items*	(20m)	(30m)	10m	(500m)
Total profit before tax	510m	208m	302m	743m

\* For the six months to 31 March 2010, adjusting items include a one off property cost of over \$20 million, plus redundancy and other restructuring costs.

**Peter Clarke, Chief Executive of Man, said:**

“The fourth quarter of the financial year has seen a decline in funds under management, driven principally by the negative performance of AHL in December. Reflecting that, private investor sales in the quarter were lower, although redemptions have continued to fall back towards their historically low levels. This dynamic is something we have observed in previous periods following negative AHL performance. The catalyst for improved sales will be material positive performance in the managed futures style and from AHL, and it is pleasing to note that we have seen both a positive calendar year so far and a strong March performance month-to-date.

“On the institutional side, we have seen continued redemptions from some products and segments, but also strong investor appetite for solutions which offer flexible investment strategies, transparency and detailed risk and return reporting. At Man we have focussed on catering to these needs, largely through managed accounts. As anticipated, our new multi-manager business has been a beneficiary of these investor requirements, winning mandates for around \$1.5 billion of institutional assets during the quarter and there is a strong forward pipeline of prospects. This progress is a signal of strength in future asset flows. Although redemptions are reflected immediately in FUM, these mandate wins do not yet form part of our assets, as the investment is only made as each managed account is structured and opened, a process which can take some months to complete.

“The lower levels of assets and performance across the period have resulted in reduced management and performance fee income for the year ending 31 March. We took steps to mitigate the impact by reducing costs in the period, whilst being mindful of the need to maintain our leading product structuring and distribution franchise to take advantage of the opportunities arising from improved sentiment.

“We continue to expand our onshore product range to serve the strong investor demand for liquid, regulated investment products, and to access new markets worldwide. We have also continued significant investment in people and systems at AHL and have a strong research pipeline to apply AHL’s trading methodology to a wider range of systematic strategies.

“Our financial strength and operational depth allow us to provide a flexible and comprehensive approach to the changed requirements of investors. This strength continues to be a key differentiator in our industry and will be a critical component of our success as investor assets flow back into liquid, diversifying sources of return such as those provided by Man.”

**Dividend**

The Board intends to recommend a final dividend of 24.8 cents per share, giving an unchanged total dividend for the year of 44 cents per share.

**Conference call**

A conference call for investors and analysts will be held at 08:00 UK time this morning. Dial in details are included at the end of this release.

**Full year results**

Man Group will announce its full year results on Thursday 27 May 2010.

## **FUNDS UNDER MANAGEMENT**

### **Private investor asset flows**

Private investor sales are estimated to be \$6.7 billion for the year ending 31 March 2010. Sales remained muted in the fourth quarter, reflecting generally subdued private investor appetite across the industry as well as the associated effects of negative AHL performance. The majority of the fourth quarter flows came from open-ended AHL formats, where investors have seen buying opportunities at attractive entry levels. Looking forward, there is a strong pipeline of private investor opportunities in Japan, in the continued build-out of the UCITS III range in Europe and in regulated onshore product initiatives in Asia Pacific territories and the Americas.

Private investor redemptions are expected to remain low in the fourth quarter, demonstrating the inherent resilience of the franchise. As a result, the private investor net inflow for the financial year ending 31 March 2010 is expected to be \$2.1 billion.

Taking into account investment movement, FX and other effects, private investor FUM is expected to be \$26.7 billion at 31 March 2010 (31 March 2009: \$27.8 billion).

### **Institutional investor asset flows**

Institutional sales are estimated to be \$1.5 billion for the year ending 31 March 2010. Although the level of sales realised in the fourth quarter is consistent with previous periods, there have been around \$1.5 billion of new mandates awarded in the period, which are expected to register as inflows over the coming quarters. These include mandates from a UK pension fund, an Italian insurance company and a German private bank.

Institutional redemptions were the most significant factor in fund outflows for the year as a whole and resulted largely from client demand for liquidity. Second half redemptions are expected to be significantly lower than in the first half, with fourth quarter redemptions of \$1.4 billion. The institutional net outflow is expected to be \$1.0 billion for the quarter and \$6.6 billion for the year ending 31 March 2010.

In total, institutional investor FUM at 31 March 2010 is expected to be \$12.4 billion (31 March 2009: \$19.0 billion).

Quarterly institutional redemptions to be paid on 1 April 2010 are expected to remain low, at around \$350 million.

### **Investment performance**

Trading conditions were difficult throughout the 2009 calendar year for trend-following strategies including AHL, with gains in stock indices and metals more than offset by sudden market reversals in currencies and bonds. These difficult conditions drove a 6% performance decline in AHL in December, which has affected sales and investment exposure in the financial fourth quarter. In the 2010 year to 22 March AHL is up over 2%, driven by positive performance in currencies and interest rates. AHL is up over 5% for the month to 22 March 2010.

Man's multi-manager business continues to deliver performance in line with its targeted low-beta, diversified style, which saw it underperform in the beta-driven markets of 2009 but outperform in 2008, giving an annualised three year performance broadly in line with its peer group, but with lower levels of volatility. Thematic funds have delivered strong performance, with the Emerging Market Opportunities Fund and the Energy Fund recently winning industry awards.

Overall investment movement is expected to be slightly positive for the fourth quarter. For the financial year to 31 March 2010, investment movement is expected to be \$2.1 billion negative for private investors and \$0.7 billion positive for institutional investors.

### **FX and other movements**

The weakening Euro drove a negative fourth quarter currency movement of \$0.4 billion. Currency movements for the year had a positive \$1.4 billion effect on FUM.

The fourth quarter saw other movements of a negative \$1.8 billion, reflecting routine re-balancing of investment exposure in the guaranteed product range, principally in response to negative AHL performance in December 2009. This effect can reverse following periods of positive performance.

### **FINANCIAL SUMMARY**

#### **Income statement**

Pre-tax profit\* for the year to 31 March 2010 is expected to be around \$530 million (2009: \$1,243 million). Gross management fee income\*\* is estimated to be around \$1.3 billion (2009: \$1.9 billion). Net management fee income is estimated to be around \$450 million, reflecting lower average funds under management as well as around \$30 million in non-recurring items of sales commission in the second half. Net performance fee income is estimated to be around \$80 million.

Diluted earnings per share on total operations is expected to be around 23 cents and underlying EPS, which excludes performance fee income and exceptional items, is expected to be around 20 cents.

*\* Stated before adjusting items*

*\*\* Includes management fee income from associates*

#### **Financial position**

Man's financial position remains strong, with a regulatory capital surplus of \$1.5 billion and net cash of \$1.5 billion.

On 18 February 2010 Man issued EUR 600,000,000 of senior fixed rate notes at a 6% coupon, as part of the routine management of its funding sources and debt maturity profile.

## Funds under management analysis

### Estimated 3 months to 31 March 2010

	Private investor \$bn			Institutional \$bn	Total \$bn
	Guaranteed	Open-ended	Total		
<b>FUM at 31 December 2010</b>	<b>15.9</b>	<b>12.8</b>	<b>28.7</b>	<b>13.7</b>	<b>42.4</b>
Sales	0.0	0.6	0.6	0.4	1.0
Redemptions	(0.3)	(0.8)	(1.1)	(1.4)	(2.5)
<b>Net inflows/(outflows)</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>(0.5)</b>	<b>(1.0)</b>	<b>(1.5)</b>
Investment movement	0.0	0.4	0.4	0.0	0.4
FX	0.0	(0.1)	(0.1)	(0.3)	(0.4)
Other	(1.7)	(0.1)	(1.8)	0.0	(1.8)
<b>FUM at 31 March 2010</b>	<b>13.9</b>	<b>12.8</b>	<b>26.7</b>	<b>12.4</b>	<b>39.1</b>

### Estimated 12 months to 31 March 2010

	Private investor \$bn			Institutional \$bn	Total \$bn
	Guaranteed	Open-ended	Total		
<b>FUM at 31 March 2009</b>	<b>16.4</b>	<b>11.4</b>	<b>27.8</b>	<b>19.0</b>	<b>46.8</b>
Sales	1.4	5.3	6.7	1.5	8.2
Redemptions	(1.6)	(3.0)	(4.6)	(8.1)	(12.7)
<b>Net inflows/(outflows)</b>	<b>(0.2)</b>	<b>2.3</b>	<b>2.1</b>	<b>(6.6)</b>	<b>(4.5)</b>
Investment movement	(1.2)	(0.9)	(2.1)	0.7	(1.4)
FX	0.9	0.4	1.3	0.1	1.4
Other	(2.0)	(0.4)	(2.4)	(0.8)	(3.2)
<b>FUM at 31 March 2010</b>	<b>13.9</b>	<b>12.8</b>	<b>26.7</b>	<b>12.4</b>	<b>39.1</b>

## Funds by manager

	<b>31 March 2010 (estimated) \$bn</b>	31 December 2009 \$bn	31 March 2009 \$bn
AHL	<b>21.1</b>	21.7	20.4
Multi-Manager	<b>14.6</b>	17.1	23.0
Ore Hill / Pemba	<b>3.4</b>	3.6	3.4
<b>Total</b>	<b>39.1</b>	42.4	46.8

## Investment performance

	Total return		Annualised return	
	Calendar year to 28 February 2010	Financial year to 28 February 2010	3 years to 28 February 2010	5 years to 28 February 2010
<b>Fund of funds</b>				
Man Four Seasons <sup>1</sup>	(0.8)%	7.0%	(1.5)%	2.4%
Man RMF Diversified <sup>2</sup>	(0.4)%	7.0%	(0.7)%	3.2%
Man RMF Dynamic Select <sup>3</sup>	(0.8)%	4.0%	3.0%	n/a
<b>Structured – principal protected</b>				
Man-IP 220 <sup>4</sup>	1.8%	(7.2)%	3.8%	6.8%
<b>Single managers</b>				
Man AHL Diversified plc <sup>5</sup>	(3.0)%	(12.5)%	7.2%	10.4%
Ore Hill <sup>6</sup>	13.9%	62.4%	(3.1)%	3.0%
World Stocks <sup>7</sup>	(2.0)%	35.0%	(9.1)%	(0.5)%
HFRI Fund Weighted Composite Index <sup>8</sup>	(0.1)%	19.5%	1.6%	5.3%
HFRI Fund of Funds Composite Index <sup>8</sup>	(0.2)%	10.8%	(1.9)%	2.4%
Corporate bonds <sup>9</sup>	1.3%	19.2%	4.4%	4.6%

<sup>1</sup> Represented Man Four Seasons Strategies USD I.

<sup>2</sup> Represented by Man RMF Investments SICAV - Class D Man RMF Diversified – USD Shares.

<sup>3</sup> Represented Man Dynamic Selection USD I.

<sup>4</sup> Represented by Man-IP 220 Ltd from 28 February 2005 to 31 December 2005 and Man-IP 220 Ltd - USD class bonds from 1 January 2006.

<sup>5</sup> Man AHL Diversified plc is valued weekly, but for comparative purposes the last weekly valuation of the month has been used. As of 22 March 2010, Man AHL Diversified (Guernsey) USD, which targets a similar volatility to Man AHL Diversified plc, has achieved a year to date return of 2.4%

<sup>6</sup> Represented by Ore Hill International II Ltd.

<sup>7</sup> Represented by MSCI World Index price return hedged to USD (price return).

<sup>8</sup> HFRI index data as published on 15 March 2010. HFRI index performance over the past 4 months is subject to change.

<sup>9</sup> Represented by Citigroup High Grade Corporate Bond index (total return).

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## Conference call details

A conference call for investors and analysts will be held at 08:00 UK time this morning.

UK Access Number	+44 207 906 8509
UK Toll Free* Number	0808 238 7387

Playback	
UK Toll Access Number	+44 203 364 5943
UK Toll Free* Access Number	0808 238 9699
US Toll Free* Access Number	1 866 286 6997
Conference Reference	260606#

\*If you are calling from a mobile phone your provider may charge you when connected to our toll free number.

## **About Man**

Man is a world-leading alternative investment management business. With a broad range of funds for institutional and private investors globally, it is known for its performance, innovative product design and investor service. Man manages around \$40 billion.

The original business was founded in 1783. Today, Man Group plc is listed on the London Stock Exchange and is a member of the FTSE 100 Index with a market capitalisation of around £4 billion.

Man Group is a member of the Dow Jones Sustainability World Index and the FTSE4Good Index. Man also supports many awards, charities and initiatives around the world, including sponsorship of the Man Booker literary prizes. Further information can be found at [www.mangrouplc.com](http://www.mangrouplc.com).

## **Forward looking statements**

This document contains forward-looking statements with respect to the financial condition, results and business of Man Group plc. It also contains estimates of various financial data to 31 March 2010. 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.