

Press Release



29 March 2011

PRE-CLOSE TRADING UPDATE for the financial year ending 31 March 2011

Key points – operating

- Funds under Management (FUM) at 31 March 2011 currently estimated at \$69.0 billion (31 December 2010: \$68.6 billion)
- Q4 expected to see net inflows of approximately \$0.7 billion, reflecting \$5.3 billion sales (predominantly in open ended alternatives and long only) and \$4.6 billion redemptions
- Investment movement flat across the firm in January and February, with positive performance at GLG counterbalancing a negative period for AHL; performance turned sharply down with markets after the Japanese earthquake but has since partially recovered
- Good progress on strategic objectives: integration of GLG; sale of BlueCrest stake; significant Multi-Manager mandate win
- Definitive agreement to acquire the remaining 50% of Ore Hill and integrate into GLG.

Key points - financial

- Statutory profit before tax from continuing operations of an estimated \$280 million including the impairment of Multi-Manager goodwill (2010: \$541 million); adjusted profit before tax estimated at \$560 million (2010: \$560 million)
- Diluted statutory EPS from continuing operations of an estimated 7.5 cents per share (2010: 24.8 cents per share); adjusted EPS of an estimated 24 cents per share (2010: 25.5 cents per share)
- Financial position remains strong; regulatory capital surplus of around \$350 million increases to around \$850 million with BlueCrest proceeds; net cash including the BlueCrest proceeds of \$900 million.

Summary financials

	Estimates for year ending 31 March 2011 \$	Estimates for six months ending 31 March 2011 \$	Six months ended 30 Sept 2010 \$	Year ended 31 March 2010 \$
Funds under management (end of period)	69.0bn	69.0bn	40.5bn	39.4bn
Net management fee income	415m	205m	210m	463m
Net performance fee income	145m	128m	17m	97m
Profit before tax and adjusting items	560m	333m	227m	560m
Adjusting items	(280m)	(233m)	(47m)	(19m)
Profit before tax from continuing operations	280m	100m	180m	541m
Discontinued operations	(67m)	(34m)	(33m)	-
Total profit before tax	213m	66m	147m	541m

Adjusting items

	Estimates for year ending 31 March 2011 \$m	Estimates for six months ending 31 March 2011 \$m	Six months ended 30 Sept 2010 \$m
Profit before tax from continuing operations	280	100	180
Adjusting items:			
Restructuring costs – compensation	53	42	11
Restructuring costs – other	17	6	11
GLG acquisition costs	35	10	25
Gain on disposal of BlueCrest stake	(250)	(250)	-
Impairment of original Ore Hill equity interest	22	22	-
Impairment of Multi-Manager goodwill	375	375	-
GLG intangible amortisation (provisional)	28	28	-
Adjusted profit before tax from continuing operations	560	333	227

Peter Clarke, Chief Executive of Man, said:

“In the course of our 2011 financial year, we have fundamentally reshaped our business and delivered positive performance across a comprehensive range of liquid alternative investment styles. We have made excellent progress with the integration of GLG, sold our stake in BlueCrest to focus our resources on in-house capabilities, secured a major mandate win for our re-focused Multi-Manager business and returned to positive flows.

“The calendar year started with markets generally positioned for recovery and economic growth, although subject to frequent reversals. March brought an extraordinary concentration of macro shocks. Chief among these was the Japanese earthquake, which led to decreased risk appetite and increased volatility in markets. I would like to take this opportunity to pay tribute to the extraordinary professionalism and commitment of our staff and partners in Japan despite the very difficult circumstances they have endured.

“Recent market events may affect private investor demand in the short term. However, the work we have done this year to expand the range of investment styles and solutions we offer our investors, coupled with strong performance, broad distribution and a sound financial base, continue to position us well to meet investor demand globally in the coming quarters.”

Conference call

Peter Clarke (Chief Executive) and Kevin Hayes (Finance Director) will host a conference call for investors and analysts at 08:00 UK time this morning.

UK Access Number + 44 (0)20 3140 0724
UK Toll Free Number 0800 368 1918

Playback

UK Toll Access Number +44 (0)20 3140 0698
UK Toll Free Number 0800 368 1890
US Toll Free Number +1 877 846 3918
Conference Reference 376592#

Full year results

Man will announce its full year results on Thursday 26 May 2011.

FOURTH QUARTER FUM COMMENTARY

Asset flows

In the fourth quarter, Man expects to record a net inflow of \$0.7 billion, reflecting an estimated \$5.3 billion sales (predominantly in open ended alternatives and long only strategies) and \$4.6 billion redemptions.

Open-ended alternatives registered estimated net inflows of \$0.6 billion, \$0.2 billion of which came from AHL and \$0.4 billion from GLG, where there were good flows into the Emerging Markets, Alpha Select, European Alpha and European Opportunities strategies.

Guaranteed products are expected to see similar redemptions to previous quarters, but registered an improvement in sales after the launch of Man Synergy in the third quarter. The net result was a reduced outflow of \$0.2 billion in the fourth quarter.

Institutional fund of funds are expected to see a net outflow of \$0.5 billion. Quarterly institutional redemptions on 1 April 2011 are likely to be around \$400 million, and there is a pipeline of over \$2 billion to fund over time from the Bayerische Versorgungskammer (BVK) and Universities Superannuation Scheme (USS) mandates.

Long only funds saw an estimated net inflow of \$0.8 billion, driven by demand in January and February for the GLG Japan CoreAlpha funds. To date, the Japan earthquake has not had any material effect on Japan CoreAlpha flows.

Investment performance

Investment performance swung from flat across the firm at the end of February to an estimated \$2.1 billion negative at the end of March.

AHL Diversified plc was down 2.4% in the two months to 28 February and is down an estimated 4.0% in March to date, leaving AHL approximately 10% below peak on a weighted average basis. AHL's portfolios have been generally positioned to benefit from continuing global economic recovery, so suffered as the Japan earthquake triggered significant reversals across equity, commodity and currency markets but have pared back losses since.

Performance for GLG's range of alternative investment styles was broadly positive for the two months to the end of February, with the Global Opportunity Fund up 1.6%, but lost some ground in absolute terms during the turbulent weeks of March.

Long only performance, driven by the Japan CoreAlpha funds, had been positive in the first two months of the year, but was tested by the Japan earthquake. Japan CoreAlpha is a multi award-winning strategy. The team have used their detailed industry knowledge to remain in close touch with the Japanese markets throughout recent events, and remain fully invested in Japan.

Other movements

A positive FX contribution of \$1.3 billion is expected in the fourth quarter, reflecting the strengthening Euro.

The routine rebalancing of investment exposure in guaranteed products following strong AHL performance in December was the main contributor to a positive other movement of an estimated \$0.5 billion in the quarter. This effect is expected to reverse in April, given negative AHL performance in March.

2011 FINANCIAL SUMMARY

Income statement

Pre-tax profit before adjusting items from continuing operations for the year to 31 March 2011 is expected to be around \$560 million (2010: \$560 million). Net management fee income is estimated to be around \$415 million (2010: \$463 million), with the principal cause of the reduction compared to last year being the increase in net finance costs. Net performance fee income is estimated to be around \$145 million (2010: \$97 million), reflecting positive investment performance both at AHL and GLG.

Diluted earnings per share before adjusting items from continuing operations is expected to be around 24 cents per share (2010: 25.5 cents per share). Diluted statutory EPS is expected to be around 7.5 cents per share (2010: 24.8 cents per share).

Man expects to record three major adjusting items in the second half of FY2011.

- A compensation-related restructuring cost of \$42 million, which includes \$25 million related to redundancies arising from the GLG integration as well as severance arrangements for certain key GLG employees established prior to the acquisition announcement.
- The sale of Man's interest in BlueCrest which was completed on 22 March, and is expected to generate a pre-tax profit on disposal of around \$250 million.
- The decision has also been taken to record a goodwill impairment on Man's Multi-Manager business. Although the business is profitable and making good operational progress, particularly with its managed account based solutions, the key sensitivity in the regular impairment review of this business (as noted in Man's 2010 Annual Report and the 2011 Interim Report) is the outlook for sales. Man's structured products are now expected to use GLG strategies in place of Multi-Manager content, which means that sales booked to the Multi-Manager business will be lower than previously expected. This has triggered a goodwill impairment of around \$375 million. This impairment is a non cash item and does not affect Man's regulatory capital position.

The \$34 million recorded in discontinued operations in the second half of the current financial year is Man's contribution to the settlement of an MF Global Class Action, together with legal costs, which was announced in Man's January 2011 Interim Management Statement.

Financial position

Man's financial position remains strong. The regulatory capital surplus of around \$350 million increases to around \$850 million with the addition of the proceeds from the sale of Man's interest in BlueCrest. Net cash including the BlueCrest proceeds stands at around \$900 million.

As announced in May 2010, the Board intends to recommend a total dividend for full financial year 2011 of at least 22 cents per share.

ORE HILL

On 28 March 2011, through its US subsidiaries, Man entered into a definitive agreement to take full ownership of Ore Hill. The total consideration of approximately \$18 million (subject to post-completion adjustments) is intended to be satisfied through the issuance of new shares in Man with a current market value of \$15 million, the assumption of certain operating liabilities and a de minimis amount of cash. On this basis, Ore Hill's principals Ben Nickoll and Fritz Wahl will receive a total of 3,770,185 new shares in Man. The transaction is subject to obtaining applicable consents, but completion is scheduled for the second quarter. The acquisition is expected to be earnings enhancing in the first full year.

Ore Hill manages a series of hedge funds with FUM of approximately \$800 million as of 28 February 2011, which had previously been 50% consolidated by Man. Upon completion, these funds will be fully consolidated into Man's funds under management.

Ore Hill will be integrated into GLG to spearhead GLG's expansion into the US credit markets, and will remain as an investment advisor. Nickoll and Wahl, Ore Hill's co-founders, as well as Alok Makhija, will continue to manage the Ore Hill portfolios.

The \$22 million impairment of Man's original equity interest in Ore Hill recorded in adjusting items brings its carrying value in line with the valuation of the overall business.

REPORTING CHANGES

As previously announced, Man is moving to a December year end to align its reporting cycle with that generally adopted in the asset management industry. The current financial year will conclude in March 2011, and will be followed by a nine month period to December 2011, which will include an interim report for the first six months of the shortened period.

From 5 April 2011, the weekly RNS reporting AHL performance will reference Man AHL Diversified (Guernsey) USD instead of Man AHL Diversified Futures Ltd. The purpose of this change is to align weekly reporting with the daily estimates published on mangroupplc.com, and to report on a fund whose performance provides a reliable benchmark for AHL as a whole.

FUNDS UNDER MANAGEMENT ANALYSIS

	Guaranteed	Open-ended alternative	Institutional FoF and other ¹	Long only	Total
FUM at 31 December 2010	15.3	26.7	13.3	13.3	68.6
Sales	0.3	2.4	0.5	2.1	5.3
Redemptions	(0.5)	(1.8)	(1.0)	(1.3)	(4.6)
Net inflows/(outflows)	(0.2)	0.6	(0.5)	0.8	0.7
Investment movement	(0.5)	(1.2)	(0.1)	(0.3)	(2.1)
FX	0.1	0.5	0.4	0.3	1.3
Other	0.3	0.5	(0.2)	(0.1)	0.5
FUM at 31 March 2011	15.0	27.1	12.9	14.0	69.0

1) Includes Pemba/Ore Hill and Man Convertibles (\$3.1 billion and \$1.2 billion at 31/12/2010; est. \$3.2 billion and \$1.3 billion at 31/3/2011)

	Guaranteed	Open-ended alternative	Institutional FoF and other ¹	Long only	Total
FUM at 31 March 2010	14.0	12.8	12.6	-	39.4
Acquired 14 October 2010²	-	11.5	0.7	13.2	25.4
Sales	0.6	5.8	1.8	3.3	11.5
Redemptions	(2.4)	(4.5)	(2.9)	(3.6)	(13.4)
Net inflows/(outflows)	(1.8)	1.3	(1.1)	(0.3)	(1.9)
Investment movement	0.3	0.9	0.3	0.9	2.4
FX	0.5	0.6	0.8	0.3	2.2
Other	2.0	-	(0.4)	(0.1)	1.5
FUM at 31 March 2011	15.0	27.1	12.9	14.0	69.0

1) Includes Pemba/Ore Hill and Man Convertibles (\$3.4 billion and \$1.1 billion at 31/3/2010; est. \$3.2 billion and \$1.3 billion at 31/3/2011)

2) GLG data as at acquisition close on 14 October 2010

FUNDS BY MANAGER

	31 March 2011 \$bn	31 December 2010 \$bn	31 March 2010 \$bn
AHL	22.8	23.6	21.2
GLG			
Long only	14.0	13.3	-
Alternatives			
- Equity	8.3	7.9	4.5
- Credit and Convertibles ¹	6.5	6.0	-
- Emerging markets	2.6	2.6	-
- Macro and special situations	0.6	0.5	-
Multi-Manager	14.2	14.7	13.7
Total	69.0	68.6	39.4

1) Includes Pemba/Ore Hill and Man Convertibles (\$3.4 billion and \$1.1 billion at 31/3/2010; \$3.1 billion and \$1.2 billion at 31/12/2010; est. \$3.2 billion and \$1.3 billion at 31/3/2011)

INVESTMENT PERFORMANCE

	Total return		Annualised return	
	2011 year to 28 Feb 11	Financial year to 28 Feb 11	3 years to 28 Feb 11	5 years to 28 Feb 11
Fund of funds				
Man Absolute Return Strategies ¹	0.6%	6.4%	0.3%	3.2%
Man Dynamic Selection ²	-0.4%	5.6%	1.1%	5.1%
Structured - principal protected				
Man-IP 220 ³	-3.3%	12.9%	-1.0%	5.7%
AHL				
Man AHL Diversified plc ⁴	-2.4%	9.7%	4.4%	8.9%
AHL Alpha plc ⁵	-1.7%	9.1%	5.0%	7.7%
Ore Hill⁶	3.4%	11.2%	3.8%	3.5%
GLG Alternative				
GLG Alpha Select Fund ⁷	2.4%	6.5%	11.5%	12.0%
GLG Atlas Macro Fund ⁸	0.5%	16.8%	n/a	n/a
GLG Emerging Markets Fund ⁹	0.3%	3.7%	-2.0%	12.7%
GLG European Distressed Fund ¹⁰	6.0%	17.2%	n/a	n/a
GLG European Long Short Fund ¹¹	2.1%	9.8%	4.7%	6.3%
GLG European Opportunity Fund ¹²	0.3%	2.2%	7.6%	9.2%
GLG Global Convertible Fund ¹³	2.8%	5.1%	5.0%	4.7%
GLG Global Opportunity Fund ¹⁴	1.6%	6.1%	0.7%	4.7%
GLG Market Neutral Fund ¹⁵	5.6%	20.2%	7.6%	9.4%
GLG North American Opportunity Fund ¹⁶	2.4%	10.5%	8.9%	4.7%
Alternative UCITS III				
GLG Alpha Select UCITS Fund ¹⁷	2.2%	5.2%	n/a	n/a
GLG Atlas Macro Alternative UCITS Fund ¹⁸	-0.4%	n/a	n/a	n/a
GLG Emerging Markets UCITS Fund ¹⁹	0.6%	-0.6%	n/a	n/a
GLG European Alpha Alternative UCITS Fund ²⁰	3.2%	4.8%	n/a	n/a
GLG Global Corporate Bond UCITS Fund ²¹	-0.5%	3.6%	18.6%	11.0%
GLG Global Convertible UCITS Fund ²²	2.8%	5.8%	3.3%	3.9%
Man AHL Diversity ²³	-1.6%	6.1%	n/a	n/a
Man AHL Trend ²⁴	-2.2%	7.7%	n/a	n/a
Long only UCITS III				
GLG Japan Core Alpha Equity Fund ²⁵	6.8%	-0.2%	-1.7%	-2.6%
GLG Performance Fund ²⁶	4.3%	10.1%	-4.3%	0.7%
GLG UK Select Fund ²⁷	2.1%	12.1%	n/a	n/a
Indices				
World stocks ²⁸	5.9%	15.1%	0.3%	3.3%
World bonds ²⁹	-0.5%	1.7%	3.4%	4.3%
Corporate bonds ³⁰	-0.4%	10.0%	8.0%	5.8%
Hedge fund indices				
HFRI Fund Weighted Composite Index ³¹	1.8%	9.6%	3.4%	5.4%
HFRI Fund of Funds Composite Index ³¹	0.9%	5.2%	-1.7%	2.0%

Investment performance contd

	Total return		Annualised return	
	2011 year to 28 Feb 11	Financial year to 28 Feb 11	3 years to 28 Feb 11	5 years to 28 Feb 11
Style indices				
Barclay BTOP 50 Index	-0.7%	5.0%	2.4%	5.3%
HFRI Equity Hedge (Total) Index ³¹	1.8%	9.5%	2.1%	4.1%
HFRI Event-Driven (Total) Index ³¹	3.2%	10.3%	4.8%	5.8%
HFRI Macro (Total) Index ³¹	0.7%	9.1%	4.2%	7.0%
HFRI Relative Value (Total) Index ³¹	2.1%	9.8%	6.0%	6.9%

Source: Man database and Bloomberg. There is no guarantee of trading performance and past or projected performance is not a reliable indicator of future performance. Returns may increase or decrease as a result of currency fluctuations

- 1) Represented by Man Absolute Return Strategies II - Class ARS211
- 2) Represented by Man Dynamic Selection - Class ISI12
- 3) Represented by Man-IP 220 Ltd from 18 December 1996 to 31 December 2005 and Man-IP 220 Ltd - USD class bonds from 1 January 2006
- 4) Man AHL Diversified plc is valued weekly, but for comparative purposes the last weekly valuation of the month has been used.
- 5) AHL Alpha plc is valued weekly, but for comparative purposes the last weekly valuation of the month has been used.
- 6) Represented by Ore Hill International Fund II Ltd.
- 7) Represented by GLG Alpha Select Fund - Class C – EUR
- 8) Represented by GLG Atlas Macro Fund - Class A – USD
- 9) Represented by GLG Emerging Markets Fund - Class A Restricted to Unrestricted (31/08/2007) – USD
- 10) Represented by GLG European Distressed Fund - Class A – USD
- 11) Represented by GLG European Long Short Fund - Class D Restricted to Unrestricted (29/06/2007) – EUR
- 12) Represented by GLG European Opportunity Fund - Class D Restricted to Unrestricted (31/08/2007) – EUR
- 13) Represented by GLG Global Convertible Fund - Class A – USD
- 14) Represented by GLG Global Opportunity Fund - Class Z – USD
- 15) Represented by GLG Market Neutral Fund - Class Z Restricted to Unrestricted (31/08/2007) – USD
- 16) Represented by GLG North American Opportunity Fund - Class A Restricted to Unrestricted (29/06/2007) – USD
- 17) Represented by GLG Alpha Select UCITS III Fund - Class C - EUR
- 18) Represented by GLG Atlas Macro Alternative UCITS Fund - Class E – GBP
- 19) Represented by GLG Emerging Markets UCITS III Fund - Class A – USD
- 20) Represented by GLG European Alpha Alternative UCITS Fund - Class C – EUR
- 21) Represented by GLG Global Corporate Bond Fund - Class C – GBP
- 22) Represented by GLG Global Convertible UCITS Fund - Class A – USD
- 23) Represented by Man AHL Diversity - Class MUSD34 - GBP and is valued weekly, but for comparative purposes the last weekly valuation of the month has been used.
- 24) Represented by Man AHL Trend - Class MUSI20 - EUR and is valued weekly, but for comparative purposes the last weekly valuation of the month has been used.
- 25) Represented by GLG Japan Core Alpha Equity Fund - Class C to Class AAX (28/01/2010) – JPY
- 26) Represented by GLG Performance Fund Class A - USD
- 27) Represented by GLG UK Select Fund - Class AX - GBP
- 28) Represented by MSCI World (total return) Index USD
- 29) Represented by Citigroup World Government Bond Index hedged to USD (total return)
- 30) Represented by Citigroup High Grade Corp Bond TR
- 31) HFRI index performance over the past 4 months is subject to change.

Enquiries

Miriam McKay
Head of Investor Relations and Financial Communications
+44 20 7144 3809
miriam.mckay@mangroupplc.com

David Waller
Head of Media Relations
+44 20 7144 2121
david.waller@mangroupplc.com

Maitland PR
George Trefgarne / Anthony Silverman
+44 20 7379 5151

About Man

Man is a world-leading alternative investment management business. It has expertise in a wide range of liquid investment styles including managed futures, equity, credit and convertibles, emerging markets, global macro and multi-manager, combined with powerful product structuring, distribution and client service capabilities. Man manages \$69.0 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 over £4.5 billion.

Man 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.mangroupplc.com.

Forward looking statements and other important information

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

The content of the websites referred to in this announcement is not incorporated into and does not form part of this announcement.

Nothing in this announcement should be construed as or is intended to be a solicitation for or an offer to provide investment advisory services.