

Press Release



01 August 2023

Half year results for the six months ended 30 June 2023

Key points

Net inflows reflect continued demand for our range of investment strategies and solutions

- Record assets under management (AUM) of \$151.7 billion (31 December 2022: \$143.3 billion)
- Net inflows of \$2.6 billion for the six months ended 30 June 2023, 2.5% ahead of the industry^[KPI]
- Positive investment performance of \$5.1 billion, 0.6% ahead of peers^[KPI]

Resilient core management fee EPS (diluted) of 8.7¢ demonstrates the benefit of our diversified model

- Run-rate net management fee revenue of \$946 million as at 30 June 2023 (31 December 2022: \$917 million)
- \$32 million of core performance fees reflect a difficult first quarter for trend-following absolute return strategies
- Core EPS (diluted) of 8.9¢^[KPI] (H1 2022: 24.0¢) and statutory EPS (diluted) of 6.8¢ (H1 2022: 22.7¢)

Strategic acquisition to support our long-term growth prospects and consistent shareholder returns

- Announced the acquisition of Varagon Capital Partners, a leading US middle-market private credit manager
- Completed the \$125 million share buyback announced in March 2023
- Recommended interim dividend of 5.6¢, in line with guidance (H1 2022: 5.6¢ per share)

Robyn Grew to take over from Luke Ellis as Chief Executive Officer on 1 September 2023

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

“The first half of 2023 was a period of sustained organic growth for Man Group and I'm delighted to report record assets under management of \$151.7 billion, and net inflows of \$2.6 billion. These flows were 2.5% ahead of the industry, highlighting the broad-based demand we are seeing for the range of differentiated investment strategies and solutions that we offer, as well as the quality of our longstanding relationships with allocators around the world.

“It has been a great privilege leading Man Group during a period of major evolution and progression; through our unwavering focus on investment performance and client service, alongside investing strategically in our technology, the business has grown and diversified significantly since my appointment. I have no doubt that the firm will continue to go from strength to strength under Robyn's leadership, building on our position at the forefront of the industry.”

Robyn Grew, Incoming Chief Executive Officer of Man Group, said:

“I want to say again how honoured I feel to be the next CEO of Man Group. I have huge confidence in the talented group of people here and our ability to continue to deliver for clients and shareholders. We have built a tremendous business with a fantastically collegiate culture over the past few years, one that is truly a global leader in active investment management.

“Diversifying our client offering has been a priority for the firm and last month we were pleased to announce the acquisition of Varagon Capital Partners. As the private credit market continues to grow in relevance for the world's largest institutions, this transaction adds a US-focused direct lending strategy designed to provide consistent risk-adjusted outperformance at scale and in a highly customisable format. Varagon has a strong track record of underwriting discipline, risk management and generating differentiated returns for investors; this gives us confidence in our ability to support their continued growth as a part of Man Group.”

^{*}Core measures are alternative performance measures. For a detailed description of our alternative performance measures, including non-core items, please refer to pages 27-32.

[KPI] For details of key performance indicators refer to the 2022 Annual Report.

Summary financials

<i>\$ millions, unless otherwise stated</i>	Six months to 30 Jun 2023	Six months to 30 Jun 2022
AUM, end of period	\$151.7bn	\$142.3bn
Core net management fee revenue	460	469
Core performance fees	32	404
Core net revenue	513	855
Core profit before tax	137	395
Statutory profit after tax	83	308
<i>¢</i>		
Core management fee EPS (diluted)	8.7	9.1
Statutory EPS (diluted)	6.8	22.7
Interim dividend per share	5.6	5.6
Financial key performance indicators^[KPI]		
Relative investment performance	0.6%	0.3%
Relative net flows	2.5%	2.7%
Core EPS (diluted)	8.9¢	24.0¢
Core management fee EPS growth ¹	(4)%	23%

Dividend

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 has declared an interim dividend of 5.6 cents per share (30 June 2022: 5.6 cents). The interim dividend of 5.6 cents 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 01 September 2023, in advance of payment.

Dates for the 2023 interim dividend

Ex-dividend date	10 August 2023
Record date	11 August 2023
Sterling conversion date	01 September 2023
Payment date	22 September 2023

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.

[KPI] For details of key performance indicators refer to the 2022 Annual Report.

1. 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 10.00am (London) on 01 August 2023. A copy of the presentation will be available on the investor relations section of www.man.com from 09.55am. Please note: We recommend connecting to the meeting 5-10 minutes prior to the start time and to ask a question during the Q&A session you will need to access the meeting via the link below.

The conference call can be accessed at:

<https://mangroup.webex.com/mangroup/j.php?MTID=m92a4e1ca582e6f08767b6cedcd14bbd6>

Webinar number:

2367 905 6020

Webinar password:

ManH12023Results (62641202 from phones and video systems)

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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 \$151.7 billion¹ 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>

1. As at 30 June 2023. 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 2023

\$bn	AUM at 31 Dec 2022	Net flows	Investment performance	FX & other ¹	AUM at 30 Jun 2023
Absolute return	46.0	1.0	0.1	0.2	47.3
Total return	28.8	0.3	0.7	(0.4)	29.4
Multi-manager solutions	20.2	0.0	0.1	0.0	20.3
Alternative	95.0	1.3	0.9	(0.2)	97.0
Systematic long-only	31.6	0.7	3.1	0.3	35.7
Discretionary long-only	16.7	0.6	1.1	0.6	19.0
Long-only	48.3	1.3	4.2	0.9	54.7
Total	143.3	2.6	5.1	0.7	151.7

AUM movements for the three months ended 30 June 2023

\$bn	AUM at 31 Mar 2023	Net flows	Investment performance	FX & other ¹	AUM at 30 Jun 2023
Absolute return	44.7	(0.3)	1.9	1.0	47.3
Total return	29.4	(0.1)	0.3	(0.2)	29.4
Multi-manager solutions	20.0	0.1	0.2	0.0	20.3
Alternative	94.1	(0.3)	2.4	0.8	97.0
Systematic long-only	33.0	1.2	1.4	0.1	35.7
Discretionary long-only	17.6	0.6	0.6	0.2	19.0
Long-only	50.6	1.8	2.0	0.3	54.7
Total	144.7	1.5	4.4	1.1	151.7

1. Other movements principally relate to maturities and leverage movements.

AUM by product category

\$bn	30 Jun 2022	30 Sep 2022	31 Dec 2022	31 Mar 2023	30 Jun 2023
Absolute return	49.3	49.0	46.0	44.7	47.3
Man Institutional Solutions ¹	12.7	12.5	14.4	13.4	14.7
AHL Alpha	13.0	11.6	7.7	8.2	9.0
AHL Dimension	5.9	6.1	5.9	5.4	6.0
AHL Evolution	5.3	5.5	5.4	5.1	5.3
GLG equity	4.8	4.7	4.9	4.9	4.7
AHL Diversified	1.5	1.6	1.5	1.3	1.4
Other ²	6.1	7.0	6.2	6.4	6.2
Total return	31.2	29.0	28.8	29.4	29.4
AHL TargetRisk	15.1	13.9	13.4	13.7	13.2
Alternative Risk Premia	8.2	7.6	7.8	8.3	8.9
CLOs and other	3.9	3.7	3.9	3.6	3.5
Global Private Markets	3.1	3.0	3.0	3.2	3.2
Emerging markets fixed income	0.9	0.8	0.7	0.6	0.6
Multi-manager solutions	16.3	19.8	20.2	20.0	20.3
Infrastructure & direct access	9.6	12.9	12.7	12.5	12.7
Segregated	6.1	6.2	6.9	6.9	7.0
Diversified and thematic FoHF	0.6	0.7	0.6	0.6	0.6
Systematic long-only	28.2	25.8	31.6	33.0	35.7
Global equity	13.8	12.8	16.9	17.5	19.2
Emerging markets equity	6.1	5.8	6.4	6.7	7.7
International equity	6.9	6.2	7.1	7.5	7.5
US equity	1.4	1.0	1.2	1.3	1.3
Discretionary long-only	17.3	14.8	16.7	17.6	19.0
Credit and convertibles	4.8	4.3	5.2	5.7	6.6
Japan equity	4.0	3.6	4.1	4.3	4.8
UK equity	4.0	3.3	3.8	3.9	3.9
Europe ex-UK equity	1.7	1.2	1.3	1.3	1.3
Emerging markets fixed income	1.5	1.2	0.9	1.0	1.0
Other ³	1.3	1.2	1.4	1.4	1.4
Total	142.3	138.4	143.3	144.7	151.7

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 2023	6 months to 30 Jun 2023	3 years to 30 Jun 2023	5 years to 30 Jun 2023	Inception to 30 Jun 2023
Absolute return						
AHL Alpha	1	5.9%	2.0%	8.0%	7.3%	10.3%
AHL Dimension	2	7.8%	3.6%	6.4%	4.7%	4.9%
AHL Evolution	3	5.9%	-1.5%	8.9%	8.1%	11.9%
AHL Diversified	4	8.4%	1.0%	9.1%	8.0%	10.6%
GLG Alpha Select Alternative	5	2.7%	5.3%	7.1%	6.4%	4.8%
GLG Event Driven Alternative	6	-0.4%	1.3%	6.9%	—	6.1%
GLG Global Credit Multi Strategy	7	-0.5%	0.3%	3.8%	3.7%	10.9%
Man Strategies 1783	8	2.9%	1.5%	7.2%	—	5.2%
Total return						
AHL TargetRisk	9	2.3%	7.3%	3.2%	5.8%	7.3%
Alternative Risk Premia	10	2.8%	1.8%	7.6%	3.1%	4.3%
GLG Global Emerging Markets Debt Total Return	11	-2.0%	-3.7%	-2.3%	-0.5%	1.1%
Multi-manager solutions						
FRM Diversified II	12	1.3%	1.0%	8.0%	3.5%	4.0%
Systematic long-only						
Numeric Global Core	13	6.8%	13.0%	12.1%	7.4%	9.8%
<i>Relative return</i>		-0.1%	-2.1%	-0.1%	-1.7%	0.5%
Numeric Europe Core	14	3.9%	12.0%	12.0%	6.1%	8.6%
<i>Relative return</i>		1.6%	0.8%	0.3%	-0.5%	2.2%
Numeric Emerging Markets Core	15	1.9%	7.4%	5.6%	2.0%	4.6%
<i>Relative return</i>		1.0%	2.6%	3.3%	1.1%	2.4%
Discretionary long-only						
GLG Continental European Growth	16	4.6%	13.7%	5.0%	6.6%	9.2%
<i>Relative return</i>		4.0%	4.4%	-4.8%	-0.9%	3.2%
GLG Japan CoreAlpha Equity	17	16.0%	23.4%	27.8%	9.3%	5.7%
<i>Relative return</i>		1.5%	0.7%	11.4%	0.9%	1.9%
GLG Undervalued Assets	18	1.4%	3.5%	12.1%	1.3%	6.3%
<i>Relative return</i>		1.9%	0.9%	2.1%	-1.8%	1.1%
GLG High Yield Opportunities	19	1.1%	3.7%	7.1%	—	5.9%
<i>Relative return</i>		0.2%	0.1%	6.9%	—	5.1%
Indices						
HFRX Global Hedge Fund Index	20	0.6%	0.6%	2.5%	1.7%	
HFRI Fund of Funds Conservative Index	20	0.9%	1.8%	6.0%	3.9%	
HFRI Equity Hedge (Total) Index	20	2.9%	5.5%	8.9%	5.4%	
HFRX EH: Equity Market Neutral Index	20	1.2%	0.9%	1.0%	-1.5%	
Barclay BTOP 50 Index	21	3.7%	-0.2%	10.9%	7.0%	

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 a 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% 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 Strategies 1783 Class F1 USD until 31st December 2021. From 1 January 2022 Man Strategies 1783 Class A USD; AUM included within the corresponding product category.
9. Represented by Man AHL TargetRisk class I USD.
10. Represented by Man Alternative Risk Premia Class A USD.
11. 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.
12. 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 FoHF under the multi-manager product category.
13. 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.
14. 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.
15. 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.
16. 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.
17. 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.
18. 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.
19. Represented by Man GLG High Yield Opportunities I EUR. Relative return is shown vs ICE BofA Global High Yield Index (EUR, TR) Hedged benchmark. AUM included within Credit and convertibles under the discretionary long-only product category.
20. HFR1 and HFRX index performance over the past 4 months is subject to change.
21. The historical Barclay BTOP 50 Index data is subject to change.

Chief Executive Officer's review

Overview

With higher and increasing interest rates implemented by monetary policymakers in their fight against inflation, turmoil in the banking sector, the US government debt ceiling stand-off, and continued geopolitical uncertainty, global equity markets powered past a series of challenges to deliver positive returns in the first half of 2023. The S&P 500 was up 15% in the period, with the technology giants putting wind in the sails of the rally as investors flocked to companies that they expect will benefit from the growth of artificial intelligence, resulting in the Nasdaq Composite recording its best first half of the year (+32%) since 1983.

The client-led growth in our business remained strong over the period, with total net inflows of \$2.6 billion during the first half of the year. Pleasingly, we recorded net inflows across alternative and long-only strategies, which highlights the broad-based demand for the range of differentiated investment strategies and solutions that we offer at Man Group. On a relative basis, total net inflows were 2.5% ahead of the industry, reflecting the merits of our client-centric distribution model and the quality of our longstanding relationships with allocators around the world, and I am delighted that we continued to grow our market share in the first six months of 2023.

We ended the first half of the year with positive investment performance of \$5.1 billion, across all product categories.

March proved to be a challenging month for trend-following absolute return strategies as the collapse of the regional lenders in the US led to a rapid flight to safety, with the yield on the 2-year US Treasury note registering its biggest fall since the 1980s. This was a significant reversal of the market trends that began in November 2022, and negatively affected investment performance in our flagship AHL strategies. Investment performance has rebounded since, with AHL Alpha (+2.0%) and AHL Dimension (+3.6%) ending the period in positive territory. Overall investment performance for our absolute return strategies was +0.3%, with particularly strong returns from our discretionary strategy GLG Alpha Select (+5.3%).

Our total return and long-only strategies performed well over the period, helped by positive momentum in equity markets, delivering overall investment performance of +3.8% and +9.1%, respectively. On an asset-weighted basis, relative investment performance across the firm was positive in the first half of the year. Our judicious approach to risk management and powerful central platform meant we were able to reduce positions quickly during the market volatility in March, driving outperformance of 0.4% from our alternative strategies. Our long-only strategies also outperformed by 1.0%, with notably strong relative returns from GLG Continental European Growth (+4.4%) and Numeric Emerging Markets Core (+2.6%).

Net inflows of \$2.6 billion and positive investment performance of \$5.1 billion, together with FX and other impacts of \$0.7 billion, increased total assets under management to \$151.7 billion as at 30 June 2023. This was 6% higher compared with 31 December 2022, reflecting another good period of organic growth and a new record for the firm. Core net management fees of \$460 million were 2% lower compared with the first six months of 2022, primarily driven by the mix of assets under management during the period. Core performance fees of \$32 million during the first half of the year reflect a more difficult first quarter for our trend-following absolute return strategies.

Core management fee earnings per share (diluted) of 8.7 cents (H1 2022: 9.1 cents) reflects higher fixed cost guidance considering planned investment to support growth. Core earnings per share (diluted) of 8.9 cents (H1 2022: 24.0 cents) and statutory earnings per share (diluted) of 6.8 cents (H1 2022: 22.7 cents) reflect lower revenue from performance fees in the first half of the year, as well as the accounting charge for deferred variable compensation awards made in prior periods. In line with our previous guidance, the Board has declared an interim dividend of 5.6 cents per share (H1 2022: 5.6 cents).

Business development

We remain focused on innovation to add to the range of investment strategies we offer, diversify our revenue streams further and create multiple dimensions for future growth. Our seed capital programme continues to be a key way for us to support the launch of new investment strategies and during the first half of the year we seeded six new strategies across our business, leaving our seeding book at \$634 million as at 30 June 2023.

We have said before that M&A is a core part of our strategy and last month, we were delighted to announce the acquisition of Varagon Capital Partners, a US-based private credit manager with \$11.8 billion of assets under management as at 31 December 2022. Varagon has established itself as a leading provider of differentiated capital solutions in the core middle-market since its inception in 2014 and shares our vision to deliver alpha at scale for clients. The acquisition reflects our long-term strategy to diversify our client offering and to grow our presence in the US. Our extensive distribution network and operational expertise, together with Varagon's scalable suite of strategies, will support its continued growth. Over the past few years, we have strengthened our liquid credit capabilities with team hires in the high yield and investment grade space and as client demand for credit strategies is increasing, we see a significant growth opportunity in direct lending. We expect the acquisition to complete in Q3 2023.

We also announced a strategic partnership with Fideuram – Intesa Sanpaolo Private Banking (F-ISPB). F-ISPB is the leading private bank in Italy with a pan-European reach and one of Man Group's key clients in the country. The new venture will focus on building a diverse range of technology-enabled alternative and long-only investment strategies and solutions, combining our own capabilities with F-ISPB's private banking expertise, financial adviser network and client base in Europe. We have grown successfully in the intermediated retail channel through partnerships in the US and Japan, and we hope this venture will help to grow our presence in the Italian market.

Financial review

Statutory profit before tax decreased to \$114 million from the \$380 million achieved in the six months ended 30 June 2022 due to significantly lower performance fee revenue in H1 2023, primarily as the result of the sharp reversal in markets around the March banking crisis. Similarly, core profit before tax decreased from \$395 million to \$137 million. Statutory earnings per share on a diluted basis were 6.8 cents for the six months ended 30 June 2023 compared with 22.7 cents in H1 2022, with core earnings per share (diluted) down from 24.0 cents in H1 2022 to 8.9 cents. Core management fee profit before tax decreased to \$133 million (H1 2022: \$149 million) and core management fee earnings per share (diluted) decreased 4% to 8.7 cents, with run rate core net management fees of \$946 million at 30 June 2023 (31 December 2022: \$917 million).

Core net revenue of \$513 million (H1 2022: \$855 million) primarily comprised \$460 million of core net management fee revenue (H1 2022: \$469 million) and \$51 million (H1 2022: \$383 million) of core performance fee revenue, including core gains on investments of \$19 million (H1 2022: losses of \$21 million). Core net management fee revenue was 2% lower than the comparative period due to a relative decrease in total return AUM. Core performance fees of \$32 million comprised \$30 million from alternative strategies and \$2 million from long-only strategies.

Average net management fee margins across absolute return, total return and systematic long-only categories were broadly in line with those for the year ended 31 December 2022. The average net management fee margin of multi-manager solutions decreased by three basis points to 17 basis points in the period, as a result of the ongoing shift towards infrastructure solutions from traditional fund of fund strategies. The average discretionary long-only net management fee margin increased to 60 basis points compared with 57 basis points for the year ended 31 December 2022 due to underlying product mix.

The overall run rate net management fee margin at 30 June 2023 decreased by two basis points to 62 basis points, down from 64 basis points at 31 December 2022, as a result of AUM mix shift between categories, in particular a relative increase in the AUM of lower margin long-only strategies.

Net management fees and margins

	Average net management fee margin (bps)		Run rate core net management fees (\$m) ¹		Run rate net management fee margin (bps) ¹	
	Six months to 30 Jun 2023	12 months to 31 Dec 2022	At 30 Jun 2023	At 31 Dec 2022	At 30 Jun 2023	At 31 Dec 2022
Absolute return	114	112	535	526	113	114
Total return	61	63	178	177	61	61
Multi-manager solutions	17	20	37	38	18	19
Systematic long-only	24	25	83	77	23	24
Discretionary long-only	60	57	113	99	59	59
Total	63	65	946	917	62	64

We signed two sub-leases for a substantial portion of the vacant space in our London office in the period. The derecognition of the associated portion of our right-of-use lease asset resulted in a gain on disposal of \$8 million, classified as a non-core item.

Compensation costs in the period were \$257 million (H1 2022: \$343 million), comprising \$118 million of fixed compensation costs (H1 2022: \$110 million) and \$139 million of variable compensation costs (H1 2022: \$233 million). The increase in fixed compensation was largely due to a previously planned increase in headcount to support business growth. Variable compensation costs decreased due to lower performance fees generated in the period with the compensation ratio increasing to 50% from 40% in the comparative period, at the top end of our guided range.

Core other costs, including asset servicing and depreciation, were \$113 million compared with \$111 million for H1 2022, with the increase driven by an increase in utility costs and property rates. While most currencies, particularly sterling, have strengthened against the USD in the first half of 2023, they have remained weaker on average than in the first half of 2022 (1.23 USD:GBP in H1 2023 compared with 1.30 USD:GBP in H1 2022), resulting in a reduction in fixed compensation and core other costs which partially offsets the underlying increases noted above. Net finance expense of \$6 million was consistent with the comparative period.

Operating net cash inflows of \$102 million for H1 2023 (H1 2022: inflows of \$146 million) decreased from the comparative period due to the decrease in profit in the period. Even with a decline in profits in the period, we were still able to generate operating net cash inflows before working capital, interest and tax of \$206 million (H1 2022: \$479 million).

Capital management

Our robust balance sheet and liquidity positions allow us to invest in the business, support our long-term growth prospects and maximise shareholder value. They also enable us to withstand periods of stress. In H1 2023, we completed both \$125 million share repurchases announced in each of December 2022 and March 2023, and signed an agreement to purchase a 51% interest in the Swiss asset manager Asteria (as part of the strategic partnership with F-ISPB). On 6 July 2023, we signed an agreement to acquire a controlling interest in Varagon Capital Partners, a leading US middle-market private credit manager with \$11.8 billion of assets under management and \$15.4 billion of total client commitments as at 31 December 2022. The consideration payable on completion of these transactions will be funded using existing internal resources. Total acquisition-related costs incurred in the period of \$10 million are classified as a non-core item.

The interim dividend of 5.6 cents per share is in line with the guidance communicated previously. 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 2023, we had \$618 million of net financial assets (31 December 2022: \$983 million) including \$101 million of cash (31 December 2022: \$349 million), partly offset by the \$65 million drawn on our revolving credit facility (31 December 2022: 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 when practicable as funds are marketed to clients. Seeding investments decreased to \$634 million at 30 June 2023 (31 December 2022: \$688 million) as a result of net redemptions, partially offset by mark to market gains in the period, with the additional \$191 million of total return swap exposure up from \$138 million at 31 December 2022.

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

Outlook

We continue to believe that the current environment presents a significant opportunity for active investment managers, particularly those with the ability to offer alpha irrespective of prevailing market conditions and in liquid and customisable format. We have built a diversified and resilient business, with a compelling range of investment strategies and solutions, underpinned by high-performing talent and cutting-edge technology.

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 30 to 34 of our 2022 Annual Report and include: investment performance risk; key person risk; counterparty risk; liquidity risk; investment book risk; pension risk; risk of internal or external process failure; model and data integrity risk; information and cybercrime security risk; information technology and business continuity risk; legal, compliance 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 2023, with systems and controls functioning as designed.

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 2023 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 2023 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 2023; and
- material related party transactions in the six months ended 30 June 2023 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
Lucinda Bell - Independent Non-executive Director
Ceci Kurzman - Independent Non-executive Director
Alberto Musalem - Independent Non-executive Director
Anne Wade - Independent Non-executive Director

By order of the board

Luke Ellis
Chief Executive Officer
31 July 2023

Antoine Forterre
Chief Financial Officer
31 July 2023

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-yearly financial report for the six months ended 30 June 2023 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 notes 1 to 15.

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 2023 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 (ISRE (UK) 2410). 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 Man 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 ISRE (UK) 2410; 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 Man 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 Company 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 ISRE (UK) 2410. 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
31 July 2023

Interim financial statements

Group income statement

\$m	Note	Six months to 30 June 2023	Six months to 30 June 2022
Management and other fees		474	483
Performance fees		32	404
Revenue		506	887
Net income or gains/(losses) on investments and other financial instruments	8	30	(19)
Third-party share of (gains)/losses relating to interests in consolidated funds	8	(12)	19
Sub-lease rental income		2	3
Distribution costs		(16)	(16)
Net revenue		510	874
Asset servicing costs		(27)	(30)
Compensation costs	2	(257)	(343)
Other costs	3	(101)	(83)
Finance expense	4	(14)	(7)
Finance income	4	8	1
Gain on disposal of investment property – right-of-use lease assets	10	8	–
Amortisation of acquired intangible assets		(11)	(30)
Share of post-tax loss of associates		(2)	(2)
Statutory profit before tax		114	380
Tax expense	5	(31)	(72)
Statutory profit for the period attributable to owners of the Company		83	308
Statutory earnings per share:	12		
Basic		6.9¢	23.3¢
Diluted		6.8¢	22.7¢

Group statement of comprehensive income

\$m	Six months to 30 June 2023	Six months to 30 June 2022
Statutory profit for the period attributable to owners of the Company	83	308
Other comprehensive income/(loss):		
Remeasurements of post-employment benefit obligations	(4)	–
Deferred tax on pension plans	1	(1)
Items that will not be reclassified to profit or loss	(3)	(1)
Cash flow hedges:		
Valuation gains/(losses) taken to equity	8	(1)
Realised gains transferred to Group income statement	(6)	(1)
Net investment hedges	2	3
Foreign currency translation	1	(3)
Items that may be reclassified to profit or loss	5	(2)
Other comprehensive income/(loss) for the period	2	(3)
Total comprehensive income for the period attributable to owners of the Company	85	305

Group balance sheet

\$m	Note	At 30 June 2023	At 31 December 2022
Assets			
Cash and cash equivalents	6	212	457
Fee and other receivables		383	570
Investments in fund products and other investments	8	1,724	1,209
Investments in associates		12	14
Current tax assets		3	–
Finance lease receivable	10	36	–
Leasehold improvements and equipment		54	53
Leasehold property – right-of-use lease assets		88	92
Investment property – right-of-use lease assets		41	71
Investment property – consolidated fund entities	8	33	34
Other intangibles		52	50
Deferred tax assets		104	105
Pension asset		19	22
Goodwill and acquired intangibles		616	627
Total assets		3,377	3,304
Liabilities			
Borrowings	6	65	–
Trade and other payables		598	942
Provisions	11	14	14
Current tax liabilities		–	37
CLO liabilities – consolidated fund entities	8	479	–
Third-party interest in consolidated funds	8	455	359
Lease liability		256	253
Total liabilities		1,867	1,605
Net assets		1,510	1,699
Equity			
Capital and reserves attributable to owners of the Company		1,510	1,699

Group cash flow statement

\$m	Note	Six months to 30 June 2023	Six months to 30 June 2022
Operating activities			
Cash generated from operations	7	179	223
Interest paid		(9)	(2)
Payment of lease interest		(5)	(5)
Tax paid		(63)	(70)
Cash flows from operating activities		102	146
Investing activities			
Interest received		8	1
Purchase of leasehold improvements and equipment		(8)	(10)
Purchase of other intangible assets		(10)	(11)
Cash flows used in investing activities		(10)	(20)
Financing activities			
Repayments of lease liability principal		(7)	(10)
Purchase of Man Group plc shares by the Employee Trust		(56)	(47)
Share repurchase programmes (including costs)		(223)	(234)
Ordinary dividends paid to Company shareholders		(118)	(110)
Drawdown of revolving credit facility	6	65	120
Cash flows used in financing activities		(339)	(281)
Net decrease in cash and cash equivalents		(247)	(155)
Cash and cash equivalents at beginning of the period		457	387
Effect of foreign exchange movements		2	(4)
Cash and cash equivalents at end of the period	6	212	228
Less: restricted cash held by consolidated fund entities	8	(111)	(96)
Available cash and cash equivalents at the end of the period		101	132

Group statement of changes in equity

\$m	Share capital	Reorg-anisation reserve	Profit and loss account	Man Group plc shares held by Employee Trust	Treasury shares	Cumulative translation adjustment	Other reserves	Total
At 1 January 2022	51	(1,688)	3,477	(61)	(178)	41	9	1,651
Statutory profit for the period	–	–	308	–	–	–	–	308
Other comprehensive loss	–	–	(1)	–	–	–	(2)	(3)
Total comprehensive income	–	–	307	–	–	–	(2)	305
Share-based payment charge	–	–	14	–	–	–	–	14
Current tax on share-based payments	–	–	4	–	–	–	–	4
Purchase of Man Group plc shares by the Employee Trust	–	–	–	(47)	–	–	–	(47)
Disposal of Man Group plc shares by the Employee Trust	–	–	(28)	28	–	–	–	–
Share repurchases	–	–	(250)	–	–	–	–	(250)
Transfer to Treasury shares	–	–	234	–	(234)	–	–	–
Transfer from Treasury shares	–	–	(24)	–	22	–	2	–
Cancellation of Treasury shares	(2)	–	(143)	–	143	–	2	–
Dividends paid	–	–	(110)	–	–	–	–	(110)
At 30 June 2022	49	(1,688)	3,481	(80)	(247)	41	11	1,567
At 1 January 2023	46	(1,688)	3,590	(80)	(225)	41	15	1,699
Statutory profit for the period	–	–	83	–	–	–	–	83
Other comprehensive income	–	–	(3)	–	–	3	2	2
Total comprehensive income	–	–	80	–	–	3	2	85
Share-based payment charge	–	–	20	–	–	–	–	20
Current tax on share-based payments	–	–	5	–	–	–	–	5
Purchase of Man Group plc shares by the Employee Trust	–	–	–	(56)	–	–	–	(56)
Disposal of Man Group plc shares by the Employee Trust	–	–	(30)	30	–	–	–	–
Share repurchases	–	–	(125)	–	–	–	–	(125)
Transfer to Treasury shares	–	–	223	–	(223)	–	–	–
Transfer from Treasury shares	–	–	(18)	–	15	–	3	–
Cancellation of Treasury shares	(1)	–	(103)	–	103	–	1	–
Dividends paid	–	–	(118)	–	–	–	–	(118)
At 30 June 2023	45	(1,688)	3,524	(106)	(330)	44	21	1,510

1. Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2023 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 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 2022, which were prepared in accordance with International Financial Reporting Standards (IFRS) and relevant IFRIC interpretations issued by the International Accounting Standards Board (IASB) adopted by the United Kingdom, 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 14 March 2023.

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 2022 (the '2022 Annual Report').

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 interim financial statements.

Going concern

The Board has determined that there is a reasonable expectation that Man Group has sufficient resources to continue in operation for a period of at least twelve months from the date of approval of these interim financial statements. Accordingly, the 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 is 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.

Man Group's key sources of estimation uncertainty are the valuation of the net pension asset (as further described in Note 22 of the 2022 Annual Report) and the estimated amount of accrued discretionary variable compensation. The determination of discretionary variable compensation is an annual process undertaken at the calendar year end, therefore the accrual at 30 June 2023 is an estimated amount based on the financial performance, including absolute levels of performance fees, in the year to date. The Board has also considered the assumptions used in the assessments for impairment of right-of-use lease assets and the recoverability of deferred tax assets. They have concluded that these assumptions do not have a significant risk of causing a material adjustment to the carrying amounts of our assets or liabilities at the balance sheet date.

The Board has also considered the impact of climate change on the interim financial statements, in particular in relation to the going concern assessment, the cash flow forecasts used in the impairment assessments of non-current assets and the assumptions around future life expectancies used in the valuation of the net pension asset. The impact of climate change on the interim financial statements is not currently expected to be material.

2. Compensation costs

\$m	Six months to 30 June 2023	Six months to 30 June 2022
Salaries	98	91
Variable cash compensation	67	168
Deferred compensation: share-based payment charge	20	14
Deferred compensation: fund product-based payment charge	40	33
Social security costs	23	29
Pension costs	9	8
Total compensation costs	257	343
Comprising:		
Fixed compensation: salaries and associated social security costs, and pension costs	118	110
Variable compensation: variable cash compensation, deferred compensation and associated social security costs	139	233

The unamortised deferred compensation at 30 June 2023 is \$184 million (30 June 2022: \$144 million) and has a weighted average remaining vesting period of 2.3 years (30 June 2022: 2.1 years).

3. Other costs

\$m	Six months to 30 June 2023	Six months to 30 June 2022
Technology and communications	12	11
Audit, tax, legal and other professional fees	11	10
Occupancy	11	8
Staff benefits	8	7
Temporary staff, recruitment, consultancy and managed services	6	8
Travel and entertainment	5	3
Insurance	2	3
Marketing and sponsorship	2	2
Other cash costs, including irrecoverable VAT	10	6
Acquisition related costs	10	–
Total other costs before depreciation and amortisation	77	58
Depreciation of leasehold improvements and equipment, and amortisation of other intangibles	17	16
Depreciation of right-of-use lease assets	7	9
Total other costs	101	83

4. Finance expense and finance income

\$m	Six months to 30 June 2023	Six months to 30 June 2022
Finance expense:		
Unwind of lease liability discount	(5)	(5)
Other finance expense	(9)	(2)
Total finance expense	(14)	(7)
Finance income:		
Interest on cash deposits	8	1
Total finance income	8	1
Net finance expense	(6)	(6)

5. Tax

The tax expense for the period of \$31 million (H1 2022: \$72 million) results in a statutory effective tax rate of 27% (H1 2022: 19%). The increase in rate is primarily due to the increase in the UK corporation tax rate from 19% to 25% on 1 April 2023 together with the impact of non-deductible expenses and the derecognition of a portion of the available deferred tax assets in relation to US state and city tax losses. 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 \$59 million (31 December 2022: \$64 million) that will be available to offset future taxable profits. At 30 June 2023, \$20 million of the available deferred tax assets (31 December 2022: \$18 million) in relation to US state and city tax losses are unrecognised as we do not expect to realise sufficient future taxable profits against which these losses can be offset before they expire.

The OECD has published an Inclusive 'Pillar 2' Framework (the Framework) to support the introduction of a global minimum tax rate of 15%. The UK has enacted its legislation in Finance (No. 2) Act 2023, effective from 2024, with legislation and regulations in most other jurisdictions also expected to take effect from 2024. Pending final conclusions as to potential outcomes, it is not currently practicable to assess fully the impact of the Framework on our future tax charges. We expect to be subject to the global minimum top-up tax in certain jurisdictions in which we operate, however the impact is not expected to be significant.

6. Cash, liquidity and borrowings

\$m	At 30 June 2023	At 31 December 2022
Cash held with banks	37	124
Short-term deposits	24	95
Money market funds	40	130
Cash held by consolidated fund entities (Note 8)	111	108
Cash and cash equivalents	212	457
Less: cash held by consolidated fund entities (Note 8)	(111)	(108)
Available cash and cash equivalents	101	349
Undrawn committed revolving credit facility	435	500
Total liquidity	536	849

Borrowings

Our \$500 million committed revolving credit facility (RCF) is immediately accessible and incorporates an environmental, social and governance (ESG) target-linked interest rate component. It does not include any financial covenants to maintain maximum operational flexibility. \$65 million was drawn down at 30 June 2023 and we have no other borrowings (31 December 2022: 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 2023	Six months to 30 June 2022
Statutory profit for the period	83	308
Adjustments for:		
Share-based payment charge	20	14
Fund product-based payment charge	40	33
Net finance expense	6	6
Tax expense	31	72
Depreciation of leasehold improvements and equipment	6	6
Depreciation of right-of-use lease assets	7	9
Gain on disposal of investment property – right-of-use lease assets	(8)	–
Amortisation of acquired intangible assets	11	30
Amortisation of other intangibles	11	10
Share of post-tax loss of associates	2	2
Foreign exchange movements	5	(12)
Realised gains on cash flow hedges	(6)	(1)
Other non-cash movements	(2)	2
	206	479
Changes in working capital ¹ :		
Decrease/(increase) in fee and other receivables	208	(176)
Decrease/(increase) in other financial assets including consolidated fund entities ²	32	(4)
Decrease in trade and other payables	(267)	(76)
Cash generated from operations	179	223

Notes:

- 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 (Note 8) 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).
- Includes \$3 million of restricted net cash inflows (H1 2022: \$32 million) relating to consolidated fund entities (Note 8).

8. Investments in fund products and other investments

\$m	At 30 June 2023	At 31 December 2022
Investments in fund products	314	304
Investments in consolidated funds: transferrable securities	1,410	905
Investments in fund products and other investments	1,724	1,209
Less:		
Fund investments held for deferred compensation arrangements	(193)	(153)
Investments in consolidated funds: exclude gross-up of net investment	(897)	(368)
Seeding investments portfolio	634	688

8. Investments in fund products and other investments continued

Net income or gains/(losses) on investments and other financial instruments comprises the following:

\$m	Six months to 30 June 2023	Six months to 30 June 2022
Net gains/(losses) on seeding investments portfolio	18	(19)
Consolidated fund entities: gross-up of net gains/(losses) on investments	19	(15)
Foreign exchange movements	(8)	17
Net gains/(losses) on fund investments held for deferred compensation arrangements and other investments	1	(2)
Net income or gains/(losses) on investments and other financial instruments	30	(19)

Consolidation of investments in funds

In H1 2023, our interests in 39 (31 December 2022: 43) funds met the definition of control and therefore have been consolidated on a line-by-line basis. Certain of our collateralised loan obligations (CLOs) have been consolidated for the first time in the period following the purchase of the majority holding in the subordinated tranches.

Consolidated fund entities are included within the Group balance sheet and income statement as follows:

\$m	At 30 June 2023	At 31 December 2022
Balance sheet		
Cash and cash equivalents	111	108
Transferrable securities ^{1,2}	1,410	905
Fees and other receivables	48	29
Investment property	33	34
Trade and other payables	(155)	(180)
CLO liabilities	(479)	–
Net assets of consolidated fund entities	968	896
Third-party interest in consolidated funds	(455)	(359)
Net investment held by Man Group	513	537

\$m	Six months to 30 June 2023	Six months to 30 June 2022
Income statement		
Net gains/(losses) on investments ³	47	(53)
Management fee expenses ⁴	(2)	(2)
Other costs ⁵	(5)	(2)
Net gains/(losses) of consolidated fund entities	40	(57)
Third-party share of (gains)/losses relating to interests in consolidated funds	(12)	19
Gains/(losses) attributable to net investment held by Man Group	28	(38)

Notes:

1. Includes assets held by consolidated CLOs.
2. Included within investments in fund products and other investments.
3. Included within net income or gains/(losses) on investments and other financial instruments.
4. 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.
5. Includes depreciation and impairment of investment property held by consolidated fund entities.

Trade and other payables and CLO liabilities relating to consolidated fund entities can be analysed according to their contractual maturity date as follows:

\$m	At 30 June 2023		At 31 December 2022	
	Trade and other payables	CLO liabilities	Trade and other payables	CLO liabilities
Within one year	155	6	142	–
Between one and five years	–	154	38	–
More than five years	–	319	–	–
	155	479	180	–

9. Fair value of financial assets/liabilities

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

\$m	At 30 June 2023			
	Level 1	Level 2	Level 3	Total
Financial assets held at fair value				
Investments in fund products (Note 8)	–	302	12	314
Investments in consolidated funds: transferrable securities (Note 8)	–	1,410	–	1,410
Derivatives	–	2	–	2
	–	1,714	12	1,726
Financial liabilities held at fair value				
Derivatives	–	6	–	6
CLO liabilities – consolidated fund entities (Note 8)	–	479	–	479
	–	485	–	485

\$m	At 31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets held at fair value				
Investments in fund products and other investments (Note 8)	–	284	20	304
Investments in consolidated funds (Note 8)	–	905	–	905
Derivatives	–	9	–	9
	–	1,198	20	1,218
Financial liabilities held at fair value				
Derivatives	–	(6)	–	(6)
	–	(6)	–	(6)

Level 1, 2 and 3 financial assets and liabilities are defined in Note 13 of the 2022 Annual Report. The assets held by the CLOs we control and therefore consolidate are priced using independent pricing sources and are classified as Level 2. Other than subordinated notes, the debt liabilities of consolidated CLOs are valued at par plus accrued interest, which is considered to be equivalent to fair value, and are therefore also classified as Level 2. The subordinated notes of these CLOs are priced using an intrinsic valuation approach, excluding any potential future value. As the valuation is equal to the net of the other assets and liabilities in the structure, these notes are also classified as Level 2.

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

\$m	At 30 June 2023	At 31 December 2022
At beginning of the period	20	190
Transfers out of Level 3	(11)	(154)
Purchases	2	1
Credit/(charge) to Group income statement ^{1,2}	1	(5)
Sales or settlements	–	(1)
Change in consolidated fund entities held	–	(11)
At end of the period	12	20

Notes:

1. Included within net income or gains/(losses) on investments and other financial instruments.
2. Includes net unrealised gains of \$1m (2022: losses of \$5m).

10. Leases

In the period we signed and commenced sub-leases with two new tenants for a substantial portion of the vacant space in our London office. These sub-leases meet the definition of a finance lease under IFRS 16 'Leases', and therefore on lease commencement we recognised a disposal of the associated portion of our investment property right-of-use (ROU) lease asset of \$28 million and recognised a finance lease receivable of \$36 million (31 December 2022: nil). The excess of the value of the finance lease receivable over that of the derecognised ROU lease asset of \$8 million (30 June 2022: nil) has been recognised as a gain on disposal of the ROU lease asset in the Group income statement.

11. Provisions

\$m	At 30 June 2023	At 31 December 2022
At beginning of the period	14	14
Charge to Group income statement	–	1
Foreign currency translation	–	(1)
At end of the period	14	14

Provisions relate to ongoing claims and leasehold property dilapidations.

12. Earnings per share (EPS)

	Six months to 30 June 2023 (million)	Six months to 30 June 2022 (million)
Basic weighted average number of shares	1,190	1,322
Dilutive impact of:		
Employee share awards	25	28
Employee share options	2	3
Dilutive weighted average number of shares	1,217	1,353

	Six months to 30 June 2023	Six months to 30 June 2022
Statutory profit for the period (\$m)	83	308
Basic EPS	6.9¢	23.3¢
Diluted EPS	6.8¢	22.7¢

13. Related party transactions

The related party transactions during the period are consistent with the categories disclosed in the 2022 Annual Report. Related parties comprise key management personnel, associates and fund entities which we control. All transactions with related parties were carried out on an arm's length basis.

14. Acquisitions

On 29 June 2023, we signed an agreement to purchase 51% of the issued share capital of Asteria Obviam SA (Asteria), an ESG-oriented Swiss asset management company, and its existing fund range.

On 6 July 2023, we signed an agreement to acquire a controlling interest in Varagon Capital Partners, L.P. (Varagon), a leading US middle-market private credit manager with \$11.8 billion of assets under management and \$15.4 billion of total client commitments at 31 December 2022. At completion, we will pay \$183 million in cash consideration for the acquisition of our interest in Varagon, subject to closing adjustments, funded from existing internal resources.

Both transactions are subject to customary regulatory approvals and are expected to be completed by the end of 2023.

15. 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 employee of Man Group 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. We dispute the allegations and consider there is no merit to the claim (in respect of liability and quantum) and 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 Board does 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 Board 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, 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 to be a proxy for cash taxes paid.

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.

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

\$m	Six months to 30 June 2023	Six months to 30 June 2022
Acquisition and disposal related:		
Amortisation of acquired intangible assets	(11)	(30)
Acquisition related costs	(10)	–
Share of post-tax loss of associates	(2)	(2)
Gain on disposal of investment property – right-of-use lease assets	8	–
Foreign exchange movements	(8)	17
Non-core items	(23)	(15)

Core measures: reconciliation to statutory equivalents

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

Six months to 30 June 2023 \$m	Core measure	Reclassification of amounts relating to consolidated fund entities		Per Group income statement
		Non-core items		
Management and other fees ^[APM]	476	(2)	–	474
Performance fees ^[APM]	32	–	–	32
Revenue^[APM]	508	(2)	–	506
Net income or gains/(losses) on investments and other financial instruments ^[APM]	19	19	(8)	30
Third-party share of gains relating to interests in consolidated funds	–	(12)	–	(12)
Sub-lease rental income	2	–	–	2
Distribution costs	(16)	–	–	(16)
Net revenue^[APM]	513	5	(8)	510
Asset servicing costs	(27)	–	–	(27)
Compensation costs	(257)	–	–	(257)
Other costs ^[APM]	(86)	(5)	(10)	(101)
Net finance expense	(6)	–	–	(6)
Gain on disposal of investment property – right-of-use lease assets	–	–	8	8
Amortisation of acquired intangible assets	–	–	(11)	(11)
Share of post-tax loss of associates	–	–	(2)	(2)
Profit before tax^[APM]	137	–	(23)	114
Tax expense ^[APM]	(29)	–	(2)	(31)
Profit^[APM]	108	–	(25)	83
Core basic EPS	9.1¢			
Core diluted EPS	8.9¢			

Six months to 30 June 2022 \$m	Core measure	Reclassification of amounts relating to consolidated fund entities		Per Group income statement
		Non-core items		
Management and other fees ^[APM]	485	(2)	–	483
Performance fees ^[APM]	404	–	–	404
Net management fee revenue^[APM]	889	(2)	–	887
Net income or (losses)/gains 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	3	–	–	3
Distribution costs	(16)	–	–	(16)
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	(6)	–	–	(6)
Amortisation of acquired intangible assets	–	–	(30)	(30)
Share of post-tax loss of associates	–	–	(2)	(2)
Profit before tax^[APM]	395	–	(15)	380
Tax expense ^[APM]	(70)	–	(2)	(72)
Profit^[APM]	325	–	(17)	308
Core basic EPS	24.6¢			
Core diluted EPS	24.0¢			

[APM] The core equivalents of these statutory measures are defined as Alternative Performance Measures.

Core measures: reconciliation to statutory equivalents continued

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

At 30 June 2023		Reclassification of amounts relating to consolidated fund entities	Per Group balance sheet
\$m	Core measure		
Assets			
Cash and cash equivalents ^[APM]	101	111	212
Fee and other receivables ^[APM]	335	48	383
Investments in fund products and other investments ^[APM]	827	897	1,724
Investment in associates	12	–	12
Current tax assets	3	–	3
Finance lease receivable	36	–	36
Leasehold improvements and equipment	54	–	54
Leasehold property – right-of-use lease assets	88	–	88
Investment property – right-of-use lease assets	41	–	41
Investment property – consolidated fund entities	–	33	33
Other intangibles	52	–	52
Deferred tax assets	104	–	104
Pension asset	19	–	19
Goodwill and acquired intangibles	616	–	616
Total assets	2,288	1,089	3,377
Liabilities			
Borrowings	65	–	65
Trade and other payables ^[APM]	443	155	598
Provisions	14	–	14
CLO liabilities – consolidated fund entities	–	479	479
Third-party interest in consolidated funds	–	455	455
Lease liability	256	–	256
Total liabilities	778	1,089	1,867
Net assets	1,510	–	1,510
At 31 December 2022			
\$m	Core measure	Reclassification of amounts relating to consolidated fund entities	Per Group balance sheet
Assets			
Cash and cash equivalents ^[APM]	349	108	457
Fee and other receivables ^[APM]	541	29	570
Investments in fund products and other investments ^[APM]	841	368	1,209
Investment in associates	14	–	14
Leasehold improvements and equipment	53	–	53
Leasehold property – right-of-use lease assets	92	–	92
Investment property – right-of-use lease assets	71	–	71
Investment property – consolidated fund entities	–	34	34
Other intangibles	50	–	50
Deferred tax assets	105	–	105
Pension asset	22	–	22
Goodwill and acquired intangibles	627	–	627
Total assets	2,765	539	3,304
Liabilities			
Trade and other payables ^[APM]	762	180	942
Provisions	14	–	14
Current tax liabilities	37	–	37
Third-party interest in consolidated funds	–	359	359
Lease liability	253	–	253
Total liabilities	1,066	539	1,605
Net assets	1,699	–	1,699

Core management fee and core performance fee profit

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

Six months to 30 June 2023	Core measure	Reclassification of amounts relating to		Per Group income statement
\$m		consolidated fund entities	Non-core items	
Management and other fees	476	(2)	–	474
Distribution costs	(16)	–	–	(16)
Net management fee revenue	460	(2)	–	458
Sub-lease rental income	2	–	–	2
Asset servicing costs	(27)	–	–	(27)
Compensation costs (management fee)	(215)	–	–	(215)
Other costs	(86)	(5)	(10)	(101)
Net finance expense (management fee)	(1)	–	–	(1)
Management fee profit before tax	133	(7)	(10)	116
Tax expense	(28)	–	–	–
Management fee profit	105			
Core basic management fee EPS	8.9¢			
Core diluted management fee EPS	8.7¢			
Performance fees	32	–	–	32
Net income or gains/(losses) on investments and other financial instruments	19	19	(8)	30
Performance fee revenue	51	19	(8)	62
Compensation costs (performance fee)	(42)	–	–	(42)
Net finance expense (performance fee)	(5)	–	–	(5)
Performance fee profit before tax	4	19	(8)	15
Tax expense	(1)	–	–	–
Performance fee profit	3			
Core basic performance fee EPS	0.2¢			
Core diluted performance fee EPS	0.2¢			
Six months to 30 June 2022	Core measure	Reclassification of amounts relating to consolidated fund entities		Per Group income statement
\$m		consolidated fund entities	Non-core items	
Management and other fees	485	(2)	–	483
Distribution costs	(16)	–	–	(16)
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 basic management fee EPS	9.3¢			
Core diluted management fee EPS	9.1¢			
Performance fees	404	–	–	404
Net income or gains/(losses) on investments and other financial instruments	(21)	(15)	17	(19)
Performance fee revenue	383	(15)	17	385
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 basic performance fee EPS	15.3¢			
Core diluted performance fee EPS	14.9¢			

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

\$m	Note	Six months to 30 June 2023	Six months to 30 June 2022
Net gains/(losses) on seeding investments portfolio	8	18	(19)
Net gains/(losses) on fund investments held for deferred compensation and other investments	8	1	(2)
Core gains/(losses) on investments		19	(21)
Non-core items:			
Consolidated fund entities: gross-up of net gains/(losses) on investments	8	19	(15)
Foreign exchange movements	8	(8)	17
Net income or gains/(losses) on investments and other financial instruments		30	(19)

Core tax rate

The core tax rate is the effective tax rate on core profit before tax and is equal to the tax 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. Therefore, tax on core profit is considered 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 2023	Six months to 30 June 2022
Statutory tax expense	31	72
Tax on non-core items:		
Amortisation of acquired intangible assets	1	4
Gain on disposal of investment property – right-of-use lease assets	(2)	–
Foreign exchange movements	3	(4)
Non-core tax item on US deferred tax assets	(4)	(2)
Core tax expense	29	70
Comprising:		
Tax expense on core management fee profit before tax	28	26
Tax expense on core performance fee profit before tax	1	44

The core tax rate is 21% for H1 2023 (H1 2022: 18%). The increase in the core tax rate is largely due to the increase in the statutory UK tax rate in the period.

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 2023	Six months to 30 June 2022
Cash flows from operating activities	102	146
Plus changes in working capital (Note 7):		
(Decrease)/increase in fee and other receivables	(208)	176
(Decrease)/increase in other financial assets	(32)	4
Decrease in trade and other payables	267	76
Core cash flows from operations excluding working capital movements	129	402

Net financial assets

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 2023	At 31 December 2022
Seeding investments portfolio	8	634	688
Available cash and cash equivalents	6	101	349
Borrowings	6	(65)	–
Payables under repo arrangements		(52)	(54)
Net financial assets		618	983