

# Man Group plc

**Annual General Meeting**

**Introduction**

**Jon Aisbitt, Chairman**

**9 May 2014**

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[www.man.com](http://www.man.com)

- Decent progress made against strategic objectives in 2013
- Reasonable performance on a relative basis, mixed on an absolute basis
- Flows showed modest recovery towards the end of the year after a weaker first half
- Result was a 5% reduction in FUM to \$54.1bn at 31 December 2013, broadly flat excluding guaranteed products
- Adjusted profits increased by 8% to \$297 million
- Proposed final dividend of 5.3 cents per share (3.19 pence per share)
- \$115 million share repurchase

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**Business update**

**Manny Roman, Chief Executive Officer**

**9 May 2014**

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# Key strategic priorities

Good progress made in positioning the firm for growth



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1. Investment performance
2. Building options for growth
3. Distribution effectiveness
4. Efficiency

# Performance and growth: AHL/MSS

Building a broader based quant platform with trend and non-trend following products



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		Strategy	Comment
Trend Following	Managed Futures (\$7.8bn)	<b>Diversified</b>	<ul style="list-style-type: none"> <li>Momentum trading on a highly diverse range of instruments, targeting a fixed level of return volatility</li> <li>Re-launch of UCITS products</li> </ul>
		<b>Alpha</b>	<ul style="list-style-type: none"> <li>Similar to the Diversified strategy but targeting a lower level of volatility and hence with lower fees</li> <li>Restructuring of the product to make it more accessible to a broader client base</li> </ul>
		<b>Evolution</b>	<ul style="list-style-type: none"> <li>Momentum trading on instruments not traditionally accessed by CTAs, such as Interest Rate Swaps, CDS, power, and options</li> <li>\$1bn sold in 2013. Additional \$750m to be marketed in 2014</li> </ul>
Non-Trend Following	Multi-strategy (\$1.2bn)	<b>Dimension</b>	<ul style="list-style-type: none"> <li>Multi-strategy quant, with a blend of technical, systematic fundamental and momentum strategies</li> <li>Started marketing in 2014, \$200m raised to date</li> </ul>
	Sector Funds (\$2.3bn)	<b>Equity Index Plus</b>	<ul style="list-style-type: none"> <li>Systematic alpha capture of proprietary fundamentally-based trade ideas</li> <li>Asia and Continental Europe ETFs launched in 2013 and raised \$150m in total. Further products to be launched in 2014</li> </ul>
		<b>Tail Protect</b>	<ul style="list-style-type: none"> <li>Systematic tail risk strategies investing in long only volatility instruments</li> </ul>

# Performance and growth: GLG

Built out key teams and launched a number of new, scalable investment strategies during 2013



	Strategy	Comment
<b>GLG Alternatives</b> (\$18.2bn)	<b>Equities</b>	<ul style="list-style-type: none"> <li>Global Long-Short Equity strategy launched in October 2013, over \$800m raised since launch</li> <li>Asia Long-Short Equity strategy launched in September 2012. Up 7.2% in 2013. A UCITS version was launched in December 2013</li> <li>New teams added to create further capacity in the European Long Short strategy</li> </ul>
	<b>Credit</b>	<ul style="list-style-type: none"> <li>\$400m CLO closed in August in the US, our first one since the crisis and we are looking to grow our CLO business during 2014</li> </ul>
	<b>Macro &amp; relative value</b>	<ul style="list-style-type: none"> <li>Global Rates strategy launched in October 2013. Pursues a fixed income absolute return strategy</li> </ul>
	<b>Multi-strategy</b>	<ul style="list-style-type: none"> <li>Neil Mason hired in October 2013 to be portfolio manager of the GLG Multi-strategy portfolio</li> </ul>
	<b>Japan</b>	<ul style="list-style-type: none"> <li>Strong asset raising in 2013</li> </ul>
<b>GLG Long Only</b> (\$14.5bn)	<b>Other</b>	<ul style="list-style-type: none"> <li>Henry Dixon hired in September 2013 to run a UK Undervalued Asset fund and to take over management of the UK Equity Income Fund</li> <li>Flexible Bond Fund launched in early 2013. Over \$900 million of assets now in the Strategic Bond &amp; Flexible Bond strategies</li> <li>James Ind joined in July 2013 to lead the portfolio management of the Total Return Fund</li> </ul>

# Performance and growth: FRM

## Focus on offering resources of FRM as a service to investors



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	Description
<b>Managed Accounts</b> (\$5.4bn)	<b>Infrastructure</b> <ul style="list-style-type: none"> <li>Offers investor access to FRM's risk, operational and administrative services for custom managed account solutions</li> <li>Existing mandates include BVK and USS</li> <li>Increasing interest from US institutions who are looking for control and transparency</li> </ul>
	<b>Direct Access</b> <ul style="list-style-type: none"> <li>Provides investors with access to FRM's approved manager list, leveraging FRM's research and risk management capabilities</li> <li>Existing mandates include OFI</li> </ul>
	<b>Advisory</b> <ul style="list-style-type: none"> <li>Bespoke, thematic and structured portfolios that are designed to meet the specific objectives of investors</li> <li>Launch of a number of managed account only diversified portfolios in 2013 initially focussed on the Japanese market</li> </ul>
<b>Fund of funds</b> (\$5.0bn)	<b>Diversified FoHFs</b> <ul style="list-style-type: none"> <li>Diversified Fund of Hedge funds, the majority of which is from Japanese clients including Sumi Trust</li> <li>Eg. AA Diversified, FRM Diversified II, Man Dynamic Selection</li> <li>Includes legacy multi-manger business</li> </ul>
	<b>Thematic FoHFs</b> <ul style="list-style-type: none"> <li>Strategy specific fund of hedge funds eg. statistical arbitrage and managed futures</li> </ul>

# Distribution effectiveness

Changes made to the sales team aimed at making it leaner and more focussed on institutions

## EMEA

- 73% of FUM – 21% UK, 39% from the Continent, 13% Middle East
- \$12.7bn of sales in 2013 (79% of gross sales)
- New head of sales in Italy
- Restructure of sales team in Middle East

## Americas

- 7% of FUM
- \$1.4bn of sales in 2013 (9% of gross sales)
- Majority of 2013 sales were into European Long-Short and the US CLO
- US remains a key focus
- Significant progress may not be seen for some time
- Assessing capabilities in mutual fund space

## Asia-Pacific

- 20% of FUM
- \$2.0bn of sales in 2013 (12% of gross sales)
- Region which historically was focused on retail investors
- Japan offices consolidated
- China: QDLP

## Globally

- London-based global head of consultant relationships
- An additional 4 strong buy ratings achieved in 2013 with positive momentum on 7 additional strategies
- Representation on 10 global private banking platforms covering 60 funds
- New marketing incentive scheme now in place providing improved alignment with shareholders while attracting, incentivising and retaining our sales people

## Efficiency: cost reduction

Cost saves on track for delivery by end of 2015



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- Cost savings announced during 2012 and 2013 total \$270 million
  
- 2013 cost targets beaten
  - Quicker than expected reduction in non-compensation costs
  - Headcount reductions at above average compensation per head
  
- No further reductions expected unless material change in operating performance / business environment
  
- 1,115 FTEs in total at 31 December 2013, 532 in front office functions and 583 in group business functions

## Efficiency: balance sheet

Significant progress made in 2013 in improving balance sheet efficiency and capital position



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- Balance sheet remains largely clean, liquid and unlevered
- Change in regulatory status from Full Scope to Limited Licence agreed with FCA reducing the Group's capital requirement by around \$550m
- Repayment of all outstanding debt completed in August 2013
- Surplus capital of \$760 million at 31 December 2013
- Proforma for final dividend and the share repurchase the surplus capital is \$550 million

- Performance down overall in Q1
- Flows are better in places but are noticeably more lumpy
- FUM at 31 March 2014 is \$55.0 bn vs. \$54.1bn at 31 December 2013
- Remain cautious in our outlook
- Continue to concentrate on:
  - Generating superior risk adjusted returns for our clients
  - Building and developing options for growth
  - Running our business efficiently



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**9 May 2014**

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1. Receive the report and financial statements	11. Reappoint Nina Shapiro as a director
2. Approve the directors' remuneration policy	12. Reappoint Jonathan Sorrell as a director
3. Approve the annual report on remuneration	13. Appoint Deloitte LLP as auditors
4. Declare a final dividend	14. Determine the remuneration of the auditors
5. Reappoint Jon Aisbitt as a director	15. Authorise the directors to allot shares
6. Reappoint Phillip Colebatch as a director	16. Authorise the directors to allot shares for cash other than on a pro-rata basis to existing shareholders*
7. Reappoint Andrew Horton as a director	17. Authorise the Company to purchase its own shares*
8. Reappoint Matthew Lester as a director	18. Authorise the directors to call general meetings on 14 clear days' notice*
9. Reappoint Emmanuel Roman as a director	19. Approve the adoption of the Man Group Executive Incentive Plan
10. Reappoint Dev Sanyal as a director	

\*Special resolution



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