Technology empowered
Performance focused

Man Group plc Interim Report
for the six months ended 30 June 2017

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

Key points

- Funds under management (FUM)[1] of $95.9 billion (31 December 2016: $80.9 billion)
  - Net inflows of $8.2 billion (H1 2016: net inflows $1.0 billion)
  - Investment movement of $3.8 billion (H1 2016: negative $2.2 billion)
  - Aalto acquisition added $1.8 billion
  - FX translation and other movements of $1.2 billion (H1 2016: negative $1.1 billion)
- Run rate net management fees[1] up 6% to $720 million ($677 million at 31 December 2016)
- 7 basis point reduction in the Group run rate net management fee margin[1] compared to 31 December 2016 reflecting strong asset growth in lower margin strategies driving material mix effects at the Group level and in particular two large FRM institutional flows
- Adjusted profit before tax (PBT)[1] of $145 million (H1 2016: $98 million), up 48%:
  - Adjusted net management fee PBT[1] of $94 million (H1 2016: $90 million)
  - Adjusted net performance fee PBT[1] of $51 million (H1 2016: $8 million)
- Statutory PBT of $76 million (H1 2016: $55 million); reflecting acquired intangibles amortisation ($42 million), charges relating to the movement in the contingent consideration liability ($23 million) and restructuring costs ($4 million)
- Statutory diluted EPS of 3.8 cents (H1 2016: 2.9 cents); Adjusted diluted EPS[1,2] of 7.5 cents (H1 2016: 4.9 cents); adjusted diluted management fee EPS[1,2] of 5.0 cents (H1 2016: 4.5 cents)
- Completed around $93 million of the $100m share repurchase programme announced on 14 October 2016 equating to 56.2 million shares
- Interim dividend of 5.0 cents per share (H1 2016: 4.5 cents per share), up 11%

Summary financials	Page ref.	Six months ended 30 June 2017 $	Year ended 31 December 2016 $	Six months ended 30 June 2016 $
Funds under management (end of period)[1]	8	**95.9bn**	**80.9bn**	**76.4bn**
Net management fee revenue[3]	32	355m	691m	347m
Performance fees[4]	35	106m	112m	42m
Net revenues		**461m**	**803m**	**389m**
Compensation[5]	23	(212m)	(388m)	(186m)
Other costs[5]	17,23	(99m)	(199m)	(100m)
Net finance expense	24	(5m)	(11m)	(5m)
Adjusted profit before tax[1]	33	**145m**	**205m**	**98m**
Adjusting items[6]	33	(69m)	(477m)	(43m)
Statutory profit / (loss) before tax	17	**76m**	**(272m)**	**55m**

1 For definitions and explanations of our alternative performance measures, please refer to pages 32-36
2 The reconciliation of diluted statutory EPS to adjusted diluted EPS is included in the alternative performance measures (page 34)
3 Includes gross management and other fees, distribution costs and share of post-tax profit from associates
4 Includes income or gains/(losses) on investments and other financial instruments and third party share of losses relating to interests in consolidated funds
5 Excludes adjusting items. Other costs includes asset servicing costs
6 Adjusting items primarily relate to amortisation of purchased intangible assets. Refer to the alternative performance measures section (page 33) for further detail

Luke Ellis, Chief Executive Officer of Man, said:

"The first half of 2017 has been one of solid performance with 4% growth in management fee profits and a 48% increase in total adjusted profits as performance fees improved, with positive contributions from across the group. We saw strong inflows from clients during the half and a 19% increase in funds under management with growth across all our investment managers. However our revenue margin has compressed during the half as we have won several large, low margin mandates, meaning our management fees have grown at a much steadier pace.

The first half was unusual in both the scale of net inflows, and the level of margin compression. We would expect both to moderate in the second half, particularly given the uneven nature of institutional flows. As ever, we are committed to seeking opportunities to invest in talent, research and technology. Our priority remains focusing on delivering superior risk adjusted performance for our clients, which will translate into the delivery of value for our shareholders."

Dividend and share repurchase

Man's dividend policy is to pay at least 100% of adjusted net management fee earnings per share (EPS) in each financial year by way of ordinary dividend. In addition, Man expects to generate significant surplus capital over time, primarily from net performance fee earnings. Available capital surpluses will be distributed to shareholders over time by way of higher dividend payments and/or share repurchases, while maintaining a prudent balance sheet and taking into account required capital (including liabilities for future earn-out payments) and potential strategic opportunities.

In line with this policy the Board has declared an interim dividend for the year to 31 December 2017 of 5.0 cents per share, being the adjusted management fee earnings per share for the six months to 30 June 2017 (refer to the Alternative Performance Measures section (page 34)). The interim dividend will be paid at the rate of 3.79 pence per share.

In October 2016, the Board decided to carry out a share repurchase programme for up to $100 million to return surplus capital to shareholders. Currently, around $93 million worth of shares have been repurchased and cancelled, and we expect to complete the programme in the coming months.

Dates for the 2017 interim dividend

Ex-dividend date	17 August 2017
Record date	18 August 2017
Dividend paid	6 September 2017

CHIEF EXECUTIVE OFFICER'S REVIEW

Positive momentum in markets in the first six months of 2017 resulted in market gains across our long only strategies. Absolute performance across our alternative strategies was not as strong but we are pleased to have delivered solid relative performance, particularly at GLG. Strong client demand for Emerging Market debt, FRM managed accounts and quant strategies led to record net inflows of $8.2 billion for the half, albeit the flows were typically lower margin. Funds under management increased by 19% to $95.9 billion in the half driven by the strong net inflows, a supportive market backdrop, and the acquisition of Aalto which completed in January and added $1.8 billion of assets.

Adjusted profit before tax increased by 48% to $145 million, compared to H1 2016, principally due to higher performance fees from AHL, GLG and Numeric. Adjusted management fee profit before tax was up 4% versus H1 2016 with the increase in average FUM partially offset by the decline in the Group management fee margin due to strong asset growth in lower margin strategies. Statutory profit before tax was $76 million, up 38% compared to the six months ended 30 June 2016, less than the increase in adjusted profit. The increased level of adjusting items in the period was due to higher than expected Numeric FUM which has increased the related contingent consideration liability.

Investment performance[1]

AHL

Man AHL's programmes entered 2017 with a predominantly bullish stance, responding to the impetus given to equity markets following the election of President Trump. Stocks rose throughout the half, proving relatively immune to obstacles such as the UK and French elections, or the continuing political events in Brazil. Traditional energy markets such as oil and natural gas saw numerous peaks and troughs. Fixed income markets sold off substantially during the last week of the half on perceived co-ordinated central bank signalling of the likelihood of tighter future monetary policy.

This environment proved difficult for many trend following strategies, as illustrated by the Barclays BTOP 50 Index's performance of -4.7%. AHL's flagship trend following programme, AHL Alpha, fared noticeably better and finished the half down 0.9% and the higher volatility programme, AHL Diversified was down 2.8% for the period. Profits in equities and credit trading did not quite offset losses in energies and fixed income. The AHL Evolution Programme, which trades a range of non-traditional markets not typically traded by commodity trading advisers, had a strong half, finishing up 7.1% thanks to strong performance trading credit and equity sectors. AHL Dimension, with its broad allocation to a range of AHL's strategies, ended H1 2017 with flat performance overall. The majority of Evolution's performance fees crystallise annually in June and this resulted in AHL earning $50 million of gross performance fees in the period (compared to $35 million in H1 2016).

Numeric

Numeric's range of strategies had mixed performance in the first half of the year, with asset weighted performance relative to benchmarks (net of fees) of -0.1%[2]. Positive alpha was generated by International strategies including Emerging Markets Core (outperforming its reference index by 2.3%) and Global Core (outperforming its reference index by 0.7%). This positive performance was broadly offset by weaker alpha in US stocks resulting in negative performance for strategies including Small Cap Core (underperforming its reference index by 4.7%) and Large Cap Core (underperforming its reference index by 2.1%). The stronger performance in Emerging markets Core resulted in gross performance fees of $10 million being earned in the half (compared to $2 million in H1 2016).

1 Past performance is not an indication of future performance. All returns shown are net of fees.

2 Numeric's net asset weighted alpha for the six months to 30 June 2017 is calculated using the asset weighted average of the performance relative to the benchmark for all strategy composites available net of the highest management fees and, as applicable, performance fees that can be charged.

GLG

Performance of GLG's discretionary alternative strategies improved in the first half of 2017 with the GLG Alternatives composite performance up 3.9%, 1.3% ahead of the HFRX Global Hedge fund index. The stronger performing strategies included Market Neutral (+6.8%) and the European Mid-Cap Equity Alternative strategy (+4.2%). The Equity Long Short strategy was up 1.2% for the period, broadly in line with the HFRX Equity Market Neutral index. This performance resulted in GLG recording $22 million of gross performance fees in the first half (compared to $1 million in H1 2016) with the majority of the fees being earned from credit and the UK and European Mid-cap Equity strategies.

Most of GLG's long only strategies had good absolute and relative performance in the period. The flagship Emerging Market debt total return strategy which launched in 2016 was up 3.5% for the period, the Continental European Equity strategy was up 13.6% (outperforming the FTSE World Europe index by 0.6%), the UK Undervalued Assets strategy was up 15.1% (outperforming the FTSE all share by 9.6%), and the Strategic Bond strategy was up 7.3% in the six months to 30 June 2017 outperforming its LIBOR benchmark by 7.1%. The largest individual strategy, Japan CoreAlpha, was up 2.9% for the period underperforming the Topix by 4.4%.

FRM

FRM's strategies had reasonable investment performance in the first six months of the year. Actively managed diversified portfolios with exposure across strategies, such as FRM Diversified II, had positive performance of 1.9% (in line with the HFRX FOF Conservative index). FRM earned gross performance fees of $1 million in the six months to 30 June 2017 (compared to $2 million in H1 2016).

Strong client relationships

Sales in the first half of 2017 were $17.5 billion, up 79% compared to the first half of 2016, driven by strong flows into FRM managed accounts and Emerging Market Debt strategies in particular. Whilst it is encouraging to see such strong growth in sales it is important to note the margins on these sales were lower than the average for the group. Redemptions were $9.3 billion in the six months to 30 June 2017, slightly up from $8.8 billion in the first half of 2016 and were across a range of strategies with no single redemption larger than $400 million.

The majority of the demand continues to come from institutions with sales in the period constituting 74% of total sales and larger individual mandates accounting for around 45% of our total inflows. We continue to see the trend of clients investing into products across our investment engines with 61% of FUM at 30 June 2017 relating to clients invested into products across more than one of our investment engines, around 77% of FUM relating to clients invested into more than one product and 56% of FUM relating to clients invested in more than 3 products. This demonstrates the strength of our client relationships with clients having a single point of contact who understand them and their needs.

From a geographical perspective, whilst EMEA continues to be our biggest market, we have seen strong growth in the US market over the last 5 years with gross sales from the Americas accounting for 37% of the total in H1 2017 compared to 9% in 2012. At 30 June 2017, 29% of FUM was from clients domiciled in the Americas (compared to 8% at 31 December 2012).

Business Development

Quant (AHL)

AHL continues to make progress in innovating and building a more diversified business, with net inflows of $0.8 billion in H1 2017. AHL has played a core role in Man Group's investment solutions initiative and now has $1.4 billion of assets in its Institutional Solutions offering which was launched in 2016 and provides bespoke solutions for institutional clients, allowing flexible combinations of AHL's different strategies. There were sales of $450 million into the AHL Evolution strategy in the period following the

opening of $500m of additional capacity earlier this year. Due to capacity constraints the Dimension and Evolution strategies are now soft closed.

AHL's research effort continues to focus on adding new markets and models to our existing strategies, as well as developing new strategies to further diversify and broaden the quant product offering. AHL has also expanded the focus of their research in machine learning and data analytics, to provide growth opportunities from utilising new research techniques and forms of data. While this initiative is still very much in the research phase, a number of new machine learning-based signals have been added to the Dimension, Alpha and Diversified programmes this year.

Quant (Numeric)

The Numeric business is now well integrated onto the Man platform and continues to benefit from the Group's relationships with institutions around the world, with net inflows of $1.5 billion in H1 2017. The cumulative gross sales since the 2014 acquisition have been $14.7 billion, of which around 50% has come through Man's existing sales force channels.

As well as expanding geographic coverage, Numeric continues to work on diversifying its client offering into a number of newer strategies. Towards the end of 2016, Numeric launched a mutual fund Integrated Alpha strategy which expanded Numeric's hedge fund offering into the US market. This has progressed well with sales of $350 million into the strategy in the period. Numeric has also been working closely with other parts of the Group, in particular AHL and FRM, to develop Alternative Beta strategies and we are starting to see good traction in these strategies given the growing client interest in cost effective risk premia return streams.

Discretionary (GLG)

GLG assets increased by 17% driven by strong growth in the long only part of the business and we saw an improvement in performance across a number of strategies. The CIO role we created in 2016 supports our focus on delivering more consistent performance across our strategies.

GLG continued to see excellent growth in the Emerging Market Debt strategies with $3.4 billion raised in the first half and $4.4 billion raised since the strategies were launched in the second quarter of 2016. There were net inflows into the Japan CoreAlpha strategy following a strong H2 2016 and some of the smaller strategies including Undervalued Assets, Continental Europe and Euro Mid-cap continued to raise assets. There were continued outflows in alternatives and we will need to see a more sustained period of improved performance to return to net inflows.

GLG continues to seek out new opportunities to strengthen the strategy range and to maximise the growth opportunities of existing strategies and teams by ensuring they are available in a range of formats. Looking forward we see machine learning and deep learning techniques as areas that could help improve the analysis of data, and thereby improve decision making.

Fund of Hedge Funds (FRM)

FRM assets grew 27% in the first half of the year, driven by net inflows of $3.0 billion. FRM continues to use its managed accounts platform to develop deep relationships with new and existing clients, seeing ongoing interest from around the world, particularly the US. A previously awarded infrastructure mandate from a large US-based State Pension Plan funded in the second quarter, adding $1.5 billion and existing clients added $400 million to their portfolios throughout the half. We are also seeing interest in advisory and portfolio services from clients looking to build bespoke hedge fund portfolios using FRM's full toolkit, and in the first half of 2017 an existing client allocated $1.3 billion to FRM to provide portfolio services. FRM redemptions for the half were $1.0 billion, with the majority from traditional fund of fund assets.

FRM's business model continues to shift to that of a solutions provider, with particular emphasis on developing services which can leverage off the scale and wide reaching capabilities of the whole of the Group. This shift in business model is also reflected in a lower run rate net management fee margin of 49

basis points, and this means that overall run rate revenues declined slightly despite the strong FUM growth.

Global Private Markets

In January we launched Man Global Private Markets with the acquisition of Aalto. The acquisition completed on 1 January 2017 adding $1.8 billion to funds under management. Assets grew to $2.0 billion in the first half of 2017 with net inflows of $300 million.

Since the Aalto acquisition, we have launched three new mandates within our US real estate debt strategy, upsized an existing real estate equity mandate, and launched a new US residential real estate equity separate account mandate. We are encouraged by the new capital commitments from existing clients and the level of long term interest shown by our clients and prospects for this new asset class within Man.

Efficient and effective operations

In October we will move our London teams together at the same location in the City. This will generate significant advantages for the Group and our clients, with enhanced opportunities to collaborate and to further leverage our collective investment expertise. We reiterate our fixed cost guidance for 2017 at around $325 million, with some of the additional costs incurred in relation to regulatory implementation being skewed towards H2 2017.

Our balance sheet remains strong and liquid with net tangible assets of $600 million or 36 cents per share at 30 June 2017 (compared to $633 million and 38 cents per share at 31 December 2016). The Group had operating cash net inflows of $36 million for the six months to 30 June 2017 (outflows of $2 million for the six months to 30 June 2016) primarily as a result of cash profits generated in the period partially offset by the payment of the Group's variable compensation in February. The Group had operating cash net inflows (before working capital, interest and tax) of $189 million for the period (H1 2016: $144 million). At 30 June 2017, the Group had total cash of $270 million excluding the cash balances related to consolidated funds (30 June 2016: $434 million, 31 December 2016: $389 million).

As explained in previous periods, we have a seed capital programme to help to grow the business as we launch new products over time. The book is sized in accordance with a Value at Risk (VaR) limit of $75 million and in aggregate stood at $636 million at 30 June 2017 ($642 million at 31 December 2016, see Note 11 to the financial statements for further detail). The seed book consists of fund and other investments that will be redeemed as soon as practicable, typically within 12 months, as funds are marketed to clients. The asset weighted performance of the seeding book (excluding illiquid assets) for the six months to 30 June 2017 was 3.6% (-0.9% for six months to 30 June 2016).

Surplus regulatory capital at 30 June 2017 was $333 million, which is lower than the 31 December 2016 position of $392 million, primarily due to the Aalto Acquisition. Surplus regulatory capital is around $375 million, after taking into account the receipt of the performance fees that crystallised in June 2017, the impact of interim profits and other reserve movements, which are not included in the 30 June 2017 figure until they have been verified, and the payment of the interim dividend.

KEY PERFORMANCE INDICATORS (KPIs)

The definition and calculation of our financial KPIs are presented on pages 16-17 of our Annual Report for the year ended 31 December 2016. They illustrate and measure the relationship between the investment experience of our fund investors, our financial performance and the creation of shareholder value over time. The KPIs are used on a regular basis to evaluate progress against our four key priorities: research and innovation, efficient and effective operations, strong client relationships and capital management. The results of our KPIs for the six month period to 30 June 2017 reflect mixed relative performance across our range of strategies, strong client inflows, good cost control and solid net management fee growth.

Investment performance

For the six months to 30 June 2017 AHL Diversified's performance of -2.8% exceeded two of the three relevant peer benchmarks of -6.6%,-4.0% and -0.7%. GLG had performance of 3.9% which was higher than the relevant benchmark of 2.6%. FRM had performance of 1.9% which was in-line with the relevant benchmark at 1.9%. Numeric's asset weighted performance relative to a blend of applicable benchmark (net of fees) across Numeric's product range was approximately -0.1%[1] for the six month period.

Net flows

The target for this KPI is 0%-10% net inflows each year. Net flows are above the target range, with a net inflow of 10.1% for the six months to 30 June 2017, compared to a net inflow of 2.4% for the year to 31 December 2016. Net inflows in quant, discretionary long only and fund of funds strategies are marginally offset by net outflows in discretionary alternative strategies.

Adjusted management fee EBITDA margin

The target for this KPI is 25%-40%. Our adjusted management fee EBITDA margin is a measure of our underlying profitability. The adjusted management fee EBITDA margin of 27.5% is within the target range for the six months to 30 June 2017 and is slightly improved from the 26.1% for the year to 31 December 2016.

Adjusted management fee EPS growth

The target for this KPI is growth of 0%-20% plus RPI each year. The adjusted management fee EPS growth of 11.1% is within the target range for the six months to 30 June 2017, as a result of an increase in management fee profits due to higher average funds under management, partially offset by lower associated net fee margins.

1. Numeric's net asset weighted alpha for the six months to 30 June 2017 is calculated using the asset weighted average of the performance relative to the benchmark for all strategy composites available net of the highest management fees and, as applicable, performance fees that can be charged.

FUNDS UNDER MANAGEMENT (FUM), FLOWS AND NET MANAGEMENT FEE MARGINS[1]

In the six months to 30 June 2017, FUM increased 19% to $95.9 billion.

Six months to 30 June 2017

$bn	FUM at 31 December 2016	Sales	Redemptions	Net inflows/ (Outflows)	Investment movement	FX	Other	FUM at 30 June 2017
Alternative	**46.3**	**8.2**	**(4.5)**	**3.7**	**0.4**	**1.2**	**1.2**	**52.8**
Quant (AHL / Numeric)	**19.6**	2.6	(1.3)	**1.3**	0.1	0.4	(0.3)	**21.1**
Discretionary (GLG)	**13.9**	1.3	(2.2)	**(0.9)**	0.2	0.5	(0.2)	**13.5**
Fund of funds (FRM)	**12.8**	4.0	(1.0)	**3.0**	0.1	0.3	-	**16.2**
Global Private Markets	**-**	0.3	-	**0.3**	-	-	1.7	**2.0**
Long Only	**34.2**	**9.3**	**(4.8)**	**4.5**	**3.4**	**0.7**	**-**	**42.8**
Quant (AHL / Numeric)	**21.4**	3.0	(2.0)	**1.0**	2.6	0.1	-	**25.1**
Discretionary (GLG)	**12.8**	6.3	(2.8)	**3.5**	0.8	0.6	-	**17.7**
Guaranteed	**0.4**	**-**	**-**	**-**	**-**	**-**	**(0.1)**	**0.3**
Total	**80.9**	**17.5**	**(9.3)**	**8.2**	**3.8**	**1.9**	**1.1**	**95.9**

In aggregate, our total net margin has decreased from 87 basis points for the year ended 31 December 2016 to 79 basis points for the six months ended 30 June 2017. This reduction is due to the continued mix shift towards lower margin strategies, the increasing proportion of solutions business in the fund of fund category and the reduced level of guaranteed product FUM. The run rate net management fee margin has decreased by 7 basis points compared to 31 December 2016 due to the same factors but also due to strong market and FX moves in our lower margin long only business in the first half. This mix shift and consequent reduction in overall margin is likely to continue as we grow our institutional business.

Net management fee margins and run rate net management fee revenues

	Margin for the Year ended 31 December 2016 (bps)	*Run rate margin at 31 December 2016 (bps)*	Margin for the Six months ended 30 June 2017 (bps)	*Run rate margin at 30 June 2017 (bps)*	*Run rate net management fees at 30 June 2017[2] $m*
Alternative	**105**	***101***	**97**	***91***	***482***
Quant (AHL / Numeric)	140	*133*	135	*130*	*273*
Discretionary (GLG)	93	*90*	86	*86*	*116*
Fund of funds (FRM)	68	*64*	57	*49*	*80*
Global Private Markets	-	*-*	65	*65*	*13*
Long only	**52**	***51***	**52**	***51***	***220***
Quant (AHL / Numeric)	35	*36*	36	*34*	*86*
Discretionary (GLG)	78	*75*	75	*76*	*134*
Guaranteed	**428**	***425***	**457**	***469***	***12***
Total	**87**	***81***	**79**	***74***	***714***
Associate income					***6***
Total					***720***

1. For definitions and explanations of our alternative performance measures, please refer to pages 32-36.
2. Run rate revenue applies internal analysis of run rate margin to 30 June 2017 FUM. It is for illustrative purposes and not a forecast. Run rate associate income of $6m is equal to the actual associate income from Nephila for the period from 1 July 2016 to 30 June 2017

Alternatives

Funds under management in alternative strategies increased by 14% in the period to $52.8 billion.

Quant (AHL / Numeric)

Quant alternatives FUM (AHL / Numeric) increased by 8% to $21.1 billion in the six months to 30 June 2017. Net inflows were $1.3 billion. Performance amongst AHL's strategies was mixed on an absolute basis with Evolution up 7.1% and Diversified down 2.8% for the period, resulting in slightly positive investment performance. FX movements were positive $0.4 billion for the period, primarily due to the US Dollar weakening against the Euro and Australian Dollar. Other movements primarily relate to investment exposure adjustments. As at 30 June 2017, 39% of AHL performance fee eligible FUM, or $7.0 billion, was at high watermark and 24%, or $4.3 billion, was within 5% of high watermark.

The quant alternatives (AHL / Numeric) net margin decreased by 5 basis points compared to the year ended 31 December 2016 as a result of the continued mix shift. The run rate net margin at 30 June 2017 was 130 basis points and we would expect the overall margin to decline further, albeit at a slower rate, due to the growth of lower margin strategies such as Alternative Beta, and higher fee strategies such as Evolution being at or close to capacity.

Discretionary (GLG)

FUM in discretionary alternatives (GLG) decreased by 3% in the period with net outflows partially offset by positive investment and FX movements. Net outflows of $0.9 billion included $0.4 billion from equity alternative strategies and $0.2 billion from convertibles. Investment performance across GLG's range of alternative strategies was slightly positive for the period, increasing FUM by $0.2 billion. FX movements, mainly due to the US Dollar weakening against the Euro, increased FUM by $0.5 billion. Other movements relate to Pemba and Silvermine maturities of $0.2 billion. Of the GLG performance fee eligible funds (including long only) of $11.5 billion, 59% were at peak at 30 June 2017 and 33% were within 5% of peak.

The discretionary alternatives net margin decreased by 7 basis points compared to the year ended 31 December 2016 due to a reduction in the proportion of higher margin Equity alternative assets in this category. The run rate net margin at 30 June 2017 was 86 basis points and we would expect the margin to remain broadly at this level going forward.

Fund of funds (FRM)

Funds under management in the alternatives fund of fund (FRM) category increased 27% to $16.2 billion driven by strong net inflows in the period. Net inflows were $3.0 billion. Investment performance in the six months was mixed across FRM's strategies increasing FUM by $0.1 billion. Positive FX movements increased FUM by $0.3 billion, mainly in relation to the weakening of the US Dollar against the Japanese Yen and Australian Dollar.

The net margin in the alternatives fund of fund category decreased by 11 basis points in the period due to the continued mix shift towards managed account mandates and the decline in legacy fund of fund assets. The net management fee run rate margin decreased by 15 basis points impacted in particular by the institutional mandate wins which were at a lower margin than the average for the category. We would expect this product mix shift to continue and the revenue margins to decline further, albeit at a slower rate.

Global Private Markets

The acquisition of Aalto completed in 1 January 2017, which added $1.8 billion to funds under management. Net flows were $0.3 billion in the period and the equity long/short focused Talomon Value Fund was disposed of on 21 April 2017 which reduced FUM by $0.1 billion.

The net margin in the global private markets category was 65 basis points for the six months to 30 June 2017.

Long only

Long only funds under management increased by 25% to $42.8 billion in the six month period, representing 45% of our total FUM.

Quant (Numeric / AHL)

Quant long only assets increased by $3.7 billion to $25.1 billion, as a result of net inflows and market movements. Net inflows were $1.0 billion, mainly driven by flows into the Global Core and Emerging markets strategies. The positive momentum in equity markets in the first six months of the year, particularly in the US drove a $2.6 billion investment performance movement in Numeric's long only FUM in the period. The net margin in this category remained reasonably stable, at 36 basis points, compared to the year ended 31 December 2016.

Discretionary (GLG)

Discretionary long only FUM increased by 38% to $17.7 billion. Net inflows were $3.5 billion, driven by very strong flows into Emerging Market Debt strategies. The main drivers of the investment performance movement of $0.8 billion in the half were the Japan Core Alpha strategy which was up 2.9% and the Emerging Market Debt strategy which was up 3.5%. Positive FX movements increased FUM by $0.6 billion due to the weakening of the US Dollar against Sterling and the Euro. The net margin in this category remained broadly stable at 75 basis points compared to the year ended 31 December 2016.

Guaranteed products

Guaranteed product funds under management dropped from $0.4 billion to $0.3 billion in the six months to 30 June 2017. Investment movement was broadly flat in the period. De-gearing reduced FUM by $0.1 billion. The guaranteed net margin increased by 29 basis points compared to the year ended 31 December 2016.

Three months to 30 June 2017

$bn	FUM at 31 March 2017	Sales	Redemptions	Net inflows/ (Outflows)	Investment movement	FX	Other	FUM at 30 June 2017
Alternative	**50.9**	**4.1**	**(2.3)**	**1.8**	**-**	**0.7**	**(0.6)**	**52.8**
Quant (AHL / Numeric)	**20.5**	1.3	(0.8)	**0.5**	-	0.2	(0.1)	**21.1**
Discretionary (GLG)	**14.0**	0.5	(1.2)	**(0.7)**	-	0.4	(0.2)	**13.5**
Fund of funds (FRM)	**14.5**	2.1	(0.3)	**1.8**	-	0.1	(0.2)	**16.2**
Global Private Markets	**1.9**	0.2	-	**0.2**	-	-	(0.1)	**2.0**
Long Only	**37.5**	**5.4**	**(2.0)**	**3.4**	**1.5**	**0.4**	**-**	**42.8**
Quant (AHL / Numeric)	**22.7**	1.8	(0.5)	**1.3**	1.0	0.1	-	**25.1**
Discretionary (GLG)	**14.8**	3.6	(1.5)	**2.1**	0.5	0.3	-	**17.7**
Guaranteed	**0.3**	**-**	**-**	**-**	**0.1**	**-**	**(0.1)**	**0.3**
Total	**88.7**	**9.5**	**(4.3)**	**5.2**	**1.6**	**1.1**	**(0.7)**	**95.9**

Three months to 31 March 2017

$bn	FUM at 31 December 2016	Sales	Redemptions	Net inflows/ (Outflows)	Investment movement	FX	Other	FUM at 31 March 2017
Alternative	**46.3**	**4.1**	**(2.2)**	**1.9**	**0.4**	**0.5**	**1.8**	**50.9**
Quant (AHL / Numeric)	**19.6**	1.3	(0.5)	**0.8**	0.1	0.2	(0.2)	**20.5**
Discretionary (GLG)	**13.9**	0.8	(1.0)	**(0.2)**	0.2	0.1	-	**14.0**
Fund of funds (FRM)	**12.8**	1.9	(0.7)	**1.2**	0.1	0.2	0.2	**14.5**
Global Private Markets	**-**	0.1	-	**0.1**	-	-	1.8	**1.9**
Long Only	**34.2**	**3.9**	**(2.8)**	**1.1**	**1.9**	**0.3**	**-**	**37.5**
Quant (AHL / Numeric)	**21.4**	1.2	(1.5)	**(0.3)**	1.6	-	-	**22.7**
Discretionary (GLG)	**12.8**	2.7	(1.3)	**1.4**	0.3	0.3	-	**14.8**
Guaranteed	**0.4**	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**0.3**
Total	**80.9**	**8.0**	**(5.0)**	**3.0**	**2.2**	**0.8**	**1.8**	**88.7**

FUM by manager

$bn	30 Jun 2016	30 Sep 2016	31 Dec 2016	31 Mar 2017	30 Jun 2017
AHL	**18.8**	**19.0**	**18.3**	**18.8**	**19.2**
AHL Dimension	4.5	4.9	5.2	5.2	5.1
AHL Alpha	4.0	4.0	4.1	4.2	4.0
AHL Diversified (inc. Guaranteed)	4.0	3.7	3.4	3.3	3.2
AHL Evolution	2.9	2.8	2.8	3.0	3.3
Other specialist styles	1.8	1.9	1.8	1.9	2.2
Institutional Solutions	0.8	1.0	1.0	1.2	1.4
Europe and Asia Plus	0.8	0.7	-	-	-
Numeric	**19.7**	**22.3**	**23.1**	**24.7**	**27.3**
Global	10.2	11.0	12.2	13.0	14.9
Emerging markets	2.8	4.3	4.2	5.3	5.7
US	5.2	5.4	5.0	4.5	4.5
Alternatives	1.5	1.6	1.7	1.9	2.2
GLG	**26.0**	**26.6**	**26.7**	**28.8**	**31.2**
Alternatives	**14.9**	**14.6**	**13.9**	**14.0**	**13.5**
Europe equity	3.8	3.6	3.1	3.0	3.2
North America equity	1.1	1.0	1.2	1.3	1.1
Other equity	0.6	0.6	0.5	0.6	0.4
Convertibles	3.5	3.5	3.3	3.5	3.4
Market Neutral	0.5	0.5	0.5	0.5	0.5
CLO	4.6	4.5	4.6	4.4	4.3
Multi-strategy	0.8	0.9	0.7	0.7	0.6
Long only	**11.1**	**12.0**	**12.8**	**14.8**	**17.7**
Japan equity	5.9	6.5	7.1	7.3	7.9
Europe equity*	0.8	0.9	0.9	1.0	1.3
UK equity	0.8	0.8	0.7	0.7	0.9
Other equity*	0.8	0.8	0.7	0.9	1.0
Multi Asset*	1.2	1.2	1.2	1.2	1.1
Fixed income	1.6	1.8	2.2	3.7	5.5
FRM	**11.9**	**12.8**	**12.8**	**14.5**	**16.2**
Infrastructure and direct access	4.1	5.0	5.3	5.5	7.4
Segregated	3.0	2.9	3.0	4.5	4.7
Diversified FoHF	3.9	3.8	3.6	3.4	3.0
Thematic FoHF	0.8	1.0	0.9	1.0	1.1
Guaranteed	0.1	0.1	-	0.1	-
Man Global Private Markets		**-**	**-**	**1.9**	**2.0**
Total	**76.4**	**80.7**	**80.9**	**88.7**	**95.9**

*Balanced and Stock Market Managed were reclassified from Other equity to Multi Asset for presentation purposes at 30 June 2017
*Global Equity MAC re-classified from Europe equity to Other equity for presentation purposes as at 31 March 2017

Investment performance

		Total Return		Annualised Return		
		3 months to Jun 17	6 months to Jun 17	3 years to Jun 17	5 years to June 17	Since Inception to 30 Jun 17
AHL						
AHL Dimension	1	0.1%	-0.2%	4.7%	5.2%	5.2%
AHL Alpha	2	0.0%	-0.9%	4.2%	3.9%	11.4%
AHL Evolution	3	4.2%	7.1%	7.6%	13.5%	14.0%
AHL Diversified	4	-1.0%	-2.8%	2.5%	3.0%	11.6%
GLG						
European Equity						
GLG European Long Short	5	1.2%	1.2%	2.5%	1.8%	7.6%
Man GLG European Mid-Cap Equity	6	2.5%	4.2%	n/a	n/a	7.2%
Credit						
Man GLG Select Opportunities	7	0.8%	6.1%	n/a	n/a	5.6%
Man GLG Global Convertible	8	1.7%	4.2%	2.8%	5.7%	5.8%
GLG Market Neutral	9	1.4%	6.9%	2.7%	6.1%	12.8%
Man GLG European Distressed	10	-2.3%	2.7%	-1.7%	3.7%	10.9%
Multi-strategy						
Man Multi-Strategy	11	2.0%	5.5%	3.7%	3.2%	4.4%
Long Only						
Man GLG Japan Core Alpha Equity	12	3.6%	2.9%	10.3%	19.9%	4.3%
Man GLG Undervalued Assets	13	6.1%	15.1%	10.2%	n/a	10.8%
Man GLG Continental European Growth	14	8.2%	13.6%	22.6%	23.6%	9.7%
Man GLG Global EM Debt Total Return	15	0.5%	3.5%	n/a	n/a	8.0%
FRM						
FRM Diversified II	16	-0.6%	1.9%	0.1%	1.8%	4.1%
Indices						
HFRX Global Hedge Fund Index	17	0.9%	2.6%	-0.3%	1.9%	n/a
HFRI Fund of Funds Conservative Index	17	0.5%	1.7%	1.5%	3.6%	n/a
Barclay BTOP 50 Index	18	-3.0%	-4.7%	0.3%	0.1%	n/a
HFRI EH: Equity Market Neutral Index	17	-0.5%	0.8%	2.9%	3.8%	n/a
NUMERIC						
Alternative						
Numeric World Market Neutral		-1.0%	-0.6%	4.1%	5.1%	1.3%
Long only						
Numeric Global Core		4.1%	11.4%	7.0%	n/a	12.6%
MSCI World®#		4.0%	10.7%	5.2%	n/a	9.2%
Relative Return		*0.1%*	*0.8%*	*1.8%*	*n/a*	*3.4%*
Numeric Large Cap Core		2.5%	7.2%	8.7%	16.2%	8.9%
S&P 500®#		3.1%	9.3%	9.6%	14.6%	8.0%
Relative Return		*-0.6%*	*-2.2%*	*-1.0%*	*1.5%*	*0.9%*
Numeric Emerging Markets Core		5.4%	20.7%	4.7%	n/a	6.3%
MSCI Emerging Markets®#		6.3%	18.4%	1.1%	n/a	2.5%
Relative Return		*-0.9%*	*2.3%*	*3.7%*	*n/a*	*3.8%*

Source: Man database, Bloomberg, MSCI and Source. 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 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.
2) 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 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.
3) Represented by AHL Evolution Limited adjusted for the fee structure (2% p.a. 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 GLG European Long Short Fund - Class D Restricted – EUR until 29 June 2007. From 1 July 2007 the performance of GLG European Long Short Fund - Class D Unrestricted is displayed.
6) Represented by Man GLG European Mid-Cap Equity Alternative IN H USD.
7) Represented by Man GLG Select Opportunities Class FN USD Unrestricted.
8) Represented by Man GLG Global Convertible UCITS Fund - Class IL T USD until 7 June 2009. From 8 June 2009 the performance of Man GLG Global Convertible UCITS Fund - Class IM USD is displayed.
9) Represented by GLG Market Neutral Fund - Class Z Restricted – USD until 31 August 2007. From the 1 September 2007 GLG Market Neutral Fund - Class Z Unrestricted – USD is displayed.
10) Represented by Man GLG European Distressed Fund - Class A – USD.
11) Represented by the gross return of Man GLG Multi-Strategy Fund – Class A – USD Shares until 31 December 2012. From 1 January 2013 the performance of Man Multi-Strategy Fund – Class G – USD Shares is displayed.
12) 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.
13) Represented by Man GLG Undervalued Assets Fund - C Accumulation Shares.
14) Represented by Man GLG Continental European Growth Fund Class C Accumulation Shares.
15) Represented by Man GLG Global Emerging Markets Debt Total Return Class I USD.
16) Represented by FRM Diversified II Fund SPC - Class A USD ('the fund') but 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.
17) HFRI and HFRX index performance over the past 4 months is subject to change.
18) The historic Barclay BTOP 50 Index data is subject to change.

#The reference index listed by Numeric 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.

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.

RISK MANAGEMENT

It is a key objective of Man to remain a leader in risk management and governance. As such, 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'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. Our approach is to identify, quantify and manage risk throughout the Group, in accordance with the Board's risk appetite. We maintain surplus capital and liquidity to give us strategic and tactical flexibility, both in terms of corporate and fund management.

The principal risks faced by Man are set out on pages 38 to 39 of our 2016 Annual Report. These remain our principal risks for the second half of the financial year being: investment underperformance risk; regulatory risk; balance sheet market risk; operational risk; information security risk; discretionary trading risk; credit/counterparty risk; legal risk; reputational risk; and key staff retention risk. Our risk framework operated as expected in the six months to 30 June 2017, with systems and controls functioning as designed despite volatile markets.

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 2017 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, and that this interim report includes a fair review of the information required by the Financial Conduct Authority's Disclosure 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 2017 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 2017; and

- material related party transactions in the six months ended 30 June 2017 and any material changes in the related party transactions described in the last annual report.

The Directors of Man Group plc are as listed in the Annual Report for the year ended 31 December 2016, with the exception of Dame Katharine (Kate) Barker, who joined the Board on 1 April 2017.

By order of the board

Luke Ellis
Chief Executive Officer
1 August 2017

Mark Jones
Chief Financial Officer
1 August 2017

INDEPENDENT REVIEW REPORT TO MAN GROUP PLC

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 2017 which comprises the group income statement, the group statement of comprehensive income, the group balance sheet, the group cash flow statement and the group statement of changes in equity and related notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. 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.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. 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.

Conclusion

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 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
London, UK
1 August 2017

INTERIM FINANCIAL STATEMENTS

Group income statement

$m	Note	**Six months to 30 June 2017**	Six months to 30 June 2016
Revenue:			
Gross management and other fees	2	**378**	381
Performance fees	2	**83**	40
		461	421
Income or gains/(losses) on investments and other financial instruments	11	**39**	(3)
Third party share of (gains)/losses relating to interests in consolidated funds	11	**(15)**	5
Revaluation of contingent consideration	13	**(11)**	14
Distribution costs	3	**(28)**	(34)
Asset servicing	3	**(17)**	(17)
Amortisation of acquired intangible assets	9	**(42)**	(47)
Compensation	4	**(216)**	(186)
Other costs	5	**(82)**	(84)
Share of after tax profit of associates		**4**	-
Finance expense	6	**(18)**	(15)
Finance income	6	**1**	1
Profit before tax		**76**	55
Taxation expense	7	**(14)**	(6)
Statutory profit for the period attributable to owners of the Parent Company		**62**	49
Earnings per share:	8		
Basic (cents)		**3.8**	2.9
Diluted (cents)		**3.8**	2.9

Group statement of comprehensive income

$m	**Six months to 30 June 2017**	Six months to 30 June 2016
Statutory profit for the period attributable to owners of the Parent Company	**62**	49
Other comprehensive income/(expense):		
Remeasurements of post-employment benefit obligations	**(6)**	12
Current tax debited on pension scheme	**(1)**	-
Deferred tax credited/(debited) on pension scheme	**2**	(3)
Items that will not be reclassified to profit or loss	**(5)**	9
Cash flow hedges:		
Valuation gains/(losses) taken to equity	**12**	(20)
Transfer to Group income statement	**11**	5
Deferred tax (debited)/credited on cash flow hedge movements	**(4)**	3
Net investment hedge	**(3)**	-
Foreign currency translation	**9**	1
Recycling of FX revaluation on liquidation of subsidiaries	**-**	1
Items that may be subsequently reclassified to profit or loss	**25**	(10)
Other comprehensive income/(expense) for the period (net of tax)	**20**	(1)
Total comprehensive income for the period attributable to owners of the Parent Company	**82**	48

Group balance sheet

$m	Note	**At 30 June 2017**	At 31 December 2016
Assets			
Cash and cash equivalents	10	**321**	426
Fee and other receivables		**334**	257
Investments in fund products and other investments	11	**711**	794
Pension asset		**23**	27
Investments in associates		**29**	31
Leasehold improvements and equipment		**40**	44
Goodwill and acquired intangibles	9	**1,065**	1,024
Other intangibles		**18**	17
Deferred tax assets		**58**	63
		2,599	2,683
Non-current assets held for sale	11	**203**	263
Total assets		**2,802**	2,946
Liabilities			
Trade and other payables		**603**	647
Provisions	12	**54**	51
Current tax liabilities		**20**	6
Third-party interest in consolidated funds	11	**169**	240
Borrowings	10	**149**	149
Deferred tax liabilities		**44**	47
		1,039	1,140
Non-current liabilities held for sale	11	**80**	132
Total liabilities		**1,119**	1,272
Net assets		**1,683**	1,674
Equity			
Share capital and capital reserves		**1,218**	1,205
Revaluation reserves and retained earnings		**465**	469
Capital and reserves attributable to owners of the Parent Company		**1,683**	1,674

Group cash flow statement

$m	Note	**Six months to 30 June 2017**	Six months to 30 June 2016
Cash flows from operating activities			
Statutory profit		**62**	49
Adjustments for:			
Income tax		**14**	6
Net finance expense		**17**	14
Share of post-tax profits of associates		**(4)**	-
Revaluation of contingent consideration		**11**	(14)
Depreciation of leasehold improvements and equipment		**6**	6
Amortisation of acquired intangible assets		**42**	47
Amortisation of other intangible assets		**3**	2
Share-based payment charge		**9**	12
Fund product based payment charge		**19**	17
Defined benefit pension plans (including contributions)		**-**	(3)
Other non-cash movements		**10**	8
		189	144
Changes in working capital:			
Increase in receivables[1]		**(119)**	(13)
Decrease in other financial assets [2]		**52**	25
Decrease in payables[1]		**(78)**	(125)
Cash generated from operations		**44**	31
Interest paid		**(5)**	(5)
Income tax paid		**(3)**	(28)
Cash flows from operating activities		**36**	(2)
Cash flows from investing activities			
Purchase of leasehold improvements and equipment		**(2)**	(6)
Purchase of other intangible assets		**(5)**	(4)
Cash acquired on the completion of Aalto acquisition		**2**	-
Payment of contingent consideration in relation to acquisitions		**(6)**	(21)
Interest received		**1**	1
Proceeds from sale of associate		**2**	-
Dividends received from associates		**5**	1
Cash flows from investing activities		**(3)**	(29)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**5**	5
Purchase of own shares by the Employee Trusts and Partnerships		**(18)**	(19)
Share repurchase programme (including costs)		**(53)**	-
Dividends paid to Company shareholders		**(77)**	(83)
Cash flows from financing activities		**(143)**	(97)
Net decrease in cash		**(110)**	(128)
Cash at beginning of the period		**426**	607
Effect of foreign exchange movements		**5**	(2)
Cash at period end [3]	10	**321**	477

Notes:

1 The comparative figures have been restated to exclude the effect of foreign exchange movements, which have now been included separately at the bottom of the statement.

2 Includes $14 million (H1 2016: $22 million) of restricted net cash inflows relating to consolidated fund entities (Note 11).

3 Includes $51 million (H1 2016 $43 million) of restricted cash relating to consolidated fund entities (Note 11).

Group statement of changes in equity

Share capital and capital reserves

$m	Share capital	Share premium account	Capital redemption reserve	Merger reserve	Reorganisation reserve	Total
At 1 January 2017	**58**	**19**	**5**	**491**	**632**	**1,205**
Purchase and cancellation of own shares	**(1)**	**-**	**1**	**-**	**-**	**-**
Issue of ordinary shares: Aalto acquisition	**-**	**8**	**-**	**-**	**-**	**8**
Issue of ordinary shares: Partnership Plans and Sharesave	**-**	**5**	**-**	**-**	**-**	**5**
At 30 June 2017	**57**	**32**	**6**	**491**	**632**	**1,218**
At 1 January 2016	59	14	4	491	632	1,200
Purchase and cancellation of own shares	(1)	-	1	-	-	-
Issue of ordinary shares: Partnership Plans and Sharesave	-	5	-	-	-	5
At 31 December 2016	58	19	5	491	632	1,205

Revaluation reserves and retained earnings

$m	Profit and loss account	Own shares held by Employee Trusts	Cumulative translation adjustment	Cash flow hedge reserve	Available-for-sale reserve	Total
At 1 January 2017	**564**	**(43)**	**(39)**	**(15)**	**2**	**469**
Other comprehensive (expense)/income	**(5)**	**(2)**	**8**	**19**	**-**	**20**
Share-based payments charge	**4**	**-**	**-**	**-**	**-**	**4**
Purchase of own shares by the Employee Trusts	**-**	**(13)**	**-**	**-**	**-**	**(13)**
Disposal of own shares by the Employee Trusts	**(14)**	**14**	**-**	**-**	**-**	**-**
Dividends	**(77)**	**-**	**-**	**-**	**-**	**(77)**
Statutory profit	**62**	**-**	**-**	**-**	**-**	**62**
At 30 June 2017	**534**	**(44)**	**(31)**	**4**	**2**	**465**
At 1 January 2016	1,105	(62)	(25)	(5)	2	1,015
Other comprehensive (expense)/income	(10)	10	(14)	(10)	-	(24)
Share-based payments charge	17	-	-	-	-	17
Current tax credited of share-based payments	1	-	-	-	-	1
Deferred tax debited on share-based payments	(2)	-	-	-	-	(2)
Purchase of own shares by the Employee Trusts	-	(13)	-	-	-	(13)
Disposal of own shares by the Employee Trusts	(22)	22	-	-	-	-
Share repurchases	(101)	-	-	-	-	(101)
Dividends	(158)	-	-	-	-	(158)
Statutory loss	(266)	-	-	-	-	(266)
At 31 December 2016	564	(43)	(39)	(15)	2	469

Total equity

$m	**At 30 June 2017**
Share capital and capital reserves	**1,218**
Revaluation reserves and retained earnings	**465**
Capital and reserves attributable to owners of the Parent Company	**1,683**

	At 31 December 2016
Share capital and capital reserves	1,205
Revaluation reserves and retained earnings	469
Capital and reserves attributable to owners of the Parent Company	1,674

The final dividend for the year ended 31 December 2016 of $77 million was approved and paid in May 2017 and was therefore deducted from the retained earnings reserve in the six months ended 30 June 2017.

1. Basis of preparation

The interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union, and the Disclosure and Transparency Rules of the Financial Conduct Authority.

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the interim financial statements.

The financial information contained herein is unaudited and does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2016, which were prepared in accordance with International Financial Reporting Standards (IFRS) and relevant IFRIC interpretations issued by the International Accounting Standards Board (IASB) and IFRIC Committee respectively and adopted by the European Union (EU) and upon which the auditor has given an unqualified and unmodified report and which contained no statement under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies and were posted to shareholders on 15 March 2017.

The accounting policies applied in these interim financial statements are consistent with those applied in Man's Annual Report for the year ended 31 December 2016 ('2016 Annual Report').

Man acts as the investment manager/advisor to fund entities. Man assesses such relationships on an ongoing basis to determine whether each fund entity is controlled and therefore consolidated into the Group's results. Assessment of the control characteristics for all relationships with fund entities led to the consolidation of 10 fund entities at 30 June 2017 (31 December 2016: 11), which are classified as either held for sale or consolidated on a line by line basis. Based on their nature, interests of third parties in funds that are consolidated are classified as liabilities, as detailed in Note 11.

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily available from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, on a case-by-case basis. Actual results may differ from these estimates. The judgements, estimates and associated assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant area of judgement relates to whether the Group controls certain funds through its investments in fund products and is required to consolidate them (Note 11). In addition, we have used judgement in assessing the purchase price of the Aalto acquisition, which completed in January 2017, in order to determine whether each component should be accounted for as purchase consideration or as post-acquisition compensation costs. In assessing the key criteria as set out in IFRS 3 'Business Combinations' we have concluded that all of the purchase price, including the deferred components, should be accounted for as purchased consideration for the following primary reasons: (i) the sellers will receive all of the purchase price whether they remain employed by Man or not (subject to certain industry standard non-complete clauses); and (ii) Aalto management will be compensated for services at market rates, in addition to deferred purchase consideration, for their services provided to Man as part of their employment contracts.

Furthermore, the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include the determination of fair values for contingent consideration in relation to acquisitions, the estimated amount of accrued discretionary variable compensation, the valuation of goodwill and acquired intangibles and recognition of deferred tax assets in relation to US losses. The valuation of contingent consideration has been updated as at 30 June 2017; see Note 13 of these financial statements. The determination of the discretionary variable compensation accrual is an annual process undertaken at the calendar year-end, therefore the accrual at 30 June 2017 is an estimated amount based on the financial performance and absolute levels of performance fees of the Group in the year to date. The other estimates are primarily based on discounted future cash flow models as at 31 December 2016 and are disclosed within the 2016 Annual Report. The key assumptions and range of possible outcomes are discussed in Note 11 for goodwill and acquired intangibles and Note 8 for deferred tax assets, in the 2016 Annual Report.

There have been no significant changes in the business in the year to date, and the directors are confident that the assumptions in the Board's three year financial plan, approved in February 2017, remain appropriate over the forecast period.

The income statement and cash flow statement presentation in these interim financial statements shows the six months ended 30 June 2017 (H1 2017) together with the six months ended 30 June 2016 (H1 2016). The balance sheet is presented as at 30 June 2017 together with comparatives as at 31 December 2016.

Impact of new accounting standards and interpretations

There have been no new or revised standards or interpretations which have become effective or been early adopted in the six months to 30 June 2017.

The following standards and interpretations relevant to the Group's operations have been issued by the IASB but are not yet mandatory:

- IFRS 9: Financial Instruments
- IFRS 15: Revenue from Contracts with Customers
- IFRS 16: Leases

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. As the Group predominantly holds financial assets and liabilities that that are either short term or are classified on the balance sheet as 'Fair value through profit and loss', the Group does not anticipate that the implementation of IFRS 9 will have a material impact on the reported results.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Group have considered the key changes posed by IFRS 15, within the terms of the existing investment management agreements and as a result the Group does not anticipate that the implementation of IFRS 15 will have a material impact on the reported results.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group's preliminary assessment of the anticipated impact of adoption of IFRS 16 on its reported results and financial position is ongoing. We expect that, largely as a result of the Riverbank House premises lease, this will result in a significant gross up of the Group's reported assets and liabilities. We intend to report on the quantification of the impact of adoption of IFRS 16 in our 2017 Annual Report.

The impact of these accounting standards is discussed further in Note 1 of the 2016 Annual Report.

No other standards or interpretations issued and not yet effective are expected to have an impact on the Group's financial statements.

2. Revenue

Revenue for the six months to 30 June 2017 was $461 million, which is 10% higher than the $421 million in H1 2016.

Gross management and other fees for the period were $378 million, compared to $381 million in H1 2016, as a result of a decrease in gross management fee margins due to the continued mix shift towards lower margin strategies, the increasing proportion of solutions business for FRM and the reduced level guaranteed product FUM.

Revenue from performance fees has increased from $40 million in H1 2016 to $83 million in the six months to 30 June 2017, as a result of stronger investment performance achieved across our investment managers over the period, largely for GLG.

3. Distribution costs and asset servicing

Distribution costs were $28 million for the period (H1 2016: $34 million), comprising investor servicing fees of $27 million (H1 2016: $32 million) and product placement fees of $1 million (H1 2016: $2 million). Distribution costs have decreased largely as a result of the continued mix shift towards institutional funds under management and the roll off of guaranteed product funds under management.

Asset servicing includes custodial, valuation, fund accounting and registrar functions performed by third parties under contract to Man, on behalf of the funds. Asset servicing costs for the period were $17 million (H1 2016: $17 million).

4. Compensation

$m	**Six months to 30 June 2017**	Six months to 30 June 2016
Salaries	**74**	78
Variable cash compensation	**90**	61
Share-based payment charge	**9**	12
Fund product based payment charge	**19**	17
Social security costs	**15**	13
Pension costs	**5**	5
Total compensation costs – before adjusting items	**212**	186
Restructuring costs (page 33)	**4**	-
Total compensation costs	**216**	186

Salaries have decreased in H1 2017 compared to H1 2016 due to a more favourable Pound Sterling to US Dollar fixed costs hedged exchange rate in H1 2017 (1.43) compared to the rate secured in H1 2016 (1.51). Variable compensation and social security costs have increased principally as a result of higher performance fee related bonus accruals in the period.

The unamortised deferred compensation at 30 June 2017 was $77 million (30 June 2016: $76 million), which has a weighted average remaining vesting period of 2.3 years (30 June 2016: 2.0 years).

5. Other costs

$m	**Six months to 30 June 2017**	Six months to 30 June 2016
Occupancy	**16**	17
Technology and communications	**14**	14
Temporary staff, recruitment, consultancy and managed services	**10**	10
Legal fees and other professional fees	**6**	8
Benefits	**7**	7
Travel and entertainment	**6**	5
Audit, accountancy, actuarial and tax fees	**4**	4
Insurance	**2**	3
Marketing and sponsorship	**3**	3
Other cash costs, including irrecoverable VAT	**5**	5
Total other costs before depreciation, amortisation and adjusting items	**73**	76
Depreciation and amortisation	**9**	7
Other costs - before adjusting items	**82**	83
Recycling of FX revaluation on liquidation of subsidiaries (page 33)	**-**	1
Total other costs	**82**	84

Other costs before depreciation, amortisation and adjusting items were $73 million, compared to $76 million in H1 2016 and $78 million for H2 2016. The decrease of $3 million largely reflects the impact of the more favourable fixed costs Pound Sterling to US Dollar hedged exchange rate in H1 2017 (1.43) compared to the rate secured in H1 2016 (1.51).

6. Finance expense and finance income

$m	**Six months to 30 June 2017**	Six months to 30 June 2016
Finance expense:		
Interest payable on borrowings	**(4)**	(4)
Revolving credit facility costs and other	**(2)**	(2)
Total finance expense - before adjusting items	**(6)**	(6)
Unwind of contingent consideration discount (Note 13)	**(12)**	(9)
Total finance expense	**(18)**	(15)
Finance income:		
Interest on cash deposits and US treasury bills	**1**	1
Total finance income	**1**	1

In the current and prior period the interest payable on borrowings includes $4 million relating to the fixed rate reset callable guaranteed subordinated notes issued in September 2014 (Note 10).

7. Taxation

The tax charge for the period is $14 million (H1 2016: $6 million), giving a statutory effective tax rate of 18% (H1 2016 11%). The effective tax rate on profits before adjusting items of 14% (H1 2016: 15%) reflects the estimated rate for the year ending 31 December 2017. The majority of the Group's profit is earned in the UK, Switzerland and the US. The forecast full year effective tax rate is consistent with this profit mix.

Tax liabilities are recognised based on the best estimates of probable outcomes, with regard to external advice where appropriate. The principal factors which may influence our future tax rate are changes to tax regulation in the territories in which we operate, the mix of income and expenses by jurisdiction, and the timing of recognition of available tax losses.

As a result of available deferred tax assets in the US, Man does not expect to pay federal tax on any taxable profits it may earn in the US for a number of years. Based on the Group's three year forecast US taxable profits, a deferred tax asset of $25 million is recognised on the balance sheet at 30 June 2017 (31 December 2016: $25 million).

8. Earnings per share (EPS)

The calculation of basic earnings per ordinary share is based on: a basic post-tax profit for the period of $62 million (H1 2016: $49 million); and ordinary shares of 1,648,618,222 (H1 2016: 1,680,269,040), being the weighted average number of ordinary shares in issue during the period after excluding the shares owned by the Man Employee Trusts. For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, being ordinary shares of 1,662,245,222 (H1 2016: 1,694,811,481). The decrease in the weighted average number of shares relates to the execution of share repurchases in H1 2017.

The reconciliation of basic and diluted weighted average number of shares is provided below:

	Six months to 30 June 2017 (million)	Six months to 30 June 2016 (million)
Basic weighted average number of shares	**1,648.6**	1,680.3
Dilutive potential ordinary shares:		
Share awards under incentive schemes	**12.8**	13.1
Employee share options	**0.8**	1.4
Dilutive weighted average number of shares	**1,662.2**	1,694.8

The basic and diluted earnings per share figure are provided below. For a reconciliation of earnings per share to adjusted earnings per share, please see the alternative performance measures section at the end of this report.

	Basic and diluted post-tax earnings $m	Basic earnings per share cents	Diluted earnings per share cents
Earnings per share H1 2017	**62**	**3.8**	**3.8**
Earnings per share H1 2016	49	2.9	2.9

9. Goodwill and acquired intangibles

$m	Goodwill	Investment management agreements	Distribution channels	Brand names	Total
Net book value at 1 January 2017	**588**	**405**	**16**	**15**	**1,024**
Acquisition of business	**55**	**10**	**14**	**-**	**79**
Currency translation	**4**	**-**	**-**	**-**	**4**
Amortisation	**-**	**(38)**	**(3)**	**(1)**	**(42)**
Net book value at 30 June 2017	**647**	**377**	**27**	**14**	**1,065**
Made up as follows:					
AHL	**458**	**-**	**-**	**-**	**458**
GLG	**-**	**212**	**14**	**10**	**236**
FRM	**-**	**25**	**-**	**1**	**26**
GPM	**55**	**10**	**13**	**-**	**78**
Numeric	**134**	**130**	**-**	**3**	**267**

Allocation of goodwill to cash generating units and calculation of recoverable amounts

The Group has identified five cash generating units (CGUs) for impairment review purposes: AHL, GLG, FRM, Numeric and GPM. As a result of the recent acquisition of Aalto, the Group formally identified a new CGU, Global Private Markets ('GPM'). Details of this acquisition are detailed on page 26.

In line with IFRS 3 'Business Combinations' goodwill and acquired intangibles must be tested for impairment at least annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of the Group's CGUs are assessed each year using a value in use calculation.

We continue to assess whether there are any indicators of impairment by considering each of the five CGUs for the year to date, and note that the operating environment in the year to date has been positive despite ongoing political uncertainty in certain regions, which has delivered positive performance across many of Man's funds and resulted in net inflows across all CGUs (including GPM). There have been no significant changes in the business in the year to date, and the directors are confident that the assumptions in the Board's three year financial plan, approved in February 2017, remain appropriate over the forecast period.

AHL cash generating unit

For the six months to 30 June 2017, AHL's FUM is slightly higher than that modelled in the value in use calculation at 31 December 2016, although margins have marginally decreased over the six months. As there was significant headroom as at 31 December 2016, it was deemed that there were no indicators of impairment.

GLG cash generating unit

For the six months to 30 June 2017, GLG's FUM is higher than the modelled FUM in the value in use calculation at 31 December 2016 as a result of higher than forecast performance and net flows. Margins have marginally decreased over the six months. Given the positive developments in the GLG CGU since 31 December 2016, it was deemed that there were no indicators of impairment. The goodwill balance for GLG was impaired to nil at 31 December 2016.

FRM cash generating unit

For the six months to 30 June 2017, as FRM's FUM is higher, following higher than expected net inflows, and margins are largely in line with that modelled in the value in use calculation at 31 December 2016, it was deemed that there were no indicators of impairment. The goodwill balance for FRM was impaired to nil at 31 December 2016.

Numeric cash generating unit

For the six months to 30 June 2017, Numeric's FUM is slightly higher than that modelled in the value in use calculation at 31 December 2016, as a result of positive performance. As margins are largely as expected, it was deemed that there were no indicators of impairment.

Acquisition of Aalto

On 1 January 2017, Man acquired the entire issued share capital of Aalto, a US and Europe-based real asset focused investment manager with $1.8 billion of funds under management at the date of acquisition. The acquisition consideration is structured to align Aalto's interests with those of Man, and comprised an upfront payment of $18 million in cash, including $1 million for acquired working capital, $8 million in shares and four earn-out payments. The earn-out payments are dependent of levels of run rate management fees measured following one, four, six and eight years from completion and are capped at $207 million in aggregate. The net present value of the aggregate earn-out payments at completion was $52 million.

The deferred consideration payable is equivalent to an earn-out and deemed to be a financial liability measured initially at fair value with any subsequent fair value movements recognised through the Group income statement.

Values for the acquired business at the date of acquisition are set out below:

$m	Book value	Fair value adjustments	Provisional fair value
Intangible assets	-	24	24
Cash and receivables	5	-	5
Loans and payables	(4)	-	(4)
Deferred tax liability	-	(2)	(2)
Net assets acquired	**1**	**22**	**23**
Goodwill on acquisition			55
Net assets acquired including goodwill			**78**
Contingent consideration			52
Cash consideration			18
Value of shares issued			8
Total consideration			**78**

The fair value adjustments relate to the recognition of investment management contracts of $10 million and customer relationships of $14 million. These intangible assets are recognised at the present value of the expected future cash flows generated from the assets and are amortised on a straight-line basis over their expected lives of eight, eight and six years respectively. The goodwill balance of $55 million primarily represents direct and efficient access to the private real estate markets, the highly skilled and experienced Aalto team and the tailor made infrastructure and strong relationships to expand Man's current offering, to its existing clients.

Provisional fair values have been used and it is expected that these numbers will be finalised in the Annual Report for the year ended 31 December 2017. We do not expect any material differences from the provisional numbers reported.

None of the goodwill recognised is expected to be deductible for tax purposes.

The fair value of the 5.7 million ordinary shares issued as part of the contingent consideration paid for Aalto ($8 million) was measured on the basis of quoted prices at the time of issue.

Acquisition related costs included in the Group's income statement for the period ended 30 June 2017 amounted to less than $1 million. Aalto contributed $6 million revenue and $2 million to the Group's profit for the period ended 30 June 2017.

We have made preliminary assessments on the new GPM CGU for the year-to-date, and given the FUM position is in-line with the forecasted position, it was deemed that there are no indicators of impairment. The value-in-use model will be run on the GPM CGU at the year ended 31 December 2017.

10. Cash, liquidity and borrowings

Cash and cash equivalents at period end comprises $144 million (31 December 2016: $222 million) of cash at bank on hand, $126 million (31 December 2016: $102 million) in short-term deposits, and treasury bills were nil (31 December 2016: $65 million). In addition, $51 million (31 December 2016: $37 million) of cash at bank on hand held on the balance sheet relates to the cash and cash equivalents held by funds which have been consolidated into the Group at 30 June 2017 (Note 11).

Total liquidity resources were $770 million at 30 June 2017 (31 December 2016: $889 million) and comprised cash and cash equivalents of $270 million (31 December 2016: $389 million), and the undrawn committed revolving credit facility of $500 million (31 December 2016: $500 million).

During the period the maturity date of the $500 million revolving credit facility was extended to June 2022 for $490 million of the facility, with the remaining $10 million maturing in June 2020.

During 2014 the Group issued $150 million ten year fixed rate reset callable guaranteed subordinated notes (Tier 2 notes), with associated issuance costs of $1 million. The Tier 2 notes were issued with a fixed coupon of 5.875% until 15 September 2019. The notes may be redeemed in whole at the Group's option in September 2019 at their principal amount, subject to FCA approval. If the notes are not redeemed at this time then the coupon will reset to the five year mid-swap rate plus 4.076% and the notes will be redeemed in September 2024 at their principal amount.

The net cash position, excluding cash relating to consolidated fund entities of $51 million (Note 11), at 30 June 2017 was $121 million, compared to $240 million at 31 December 2016. The decrease of $119 million in net cash position during the period is primarily the result of the payment of the final dividend for 2016 of $77 million and payments relating to the share repurchase programme of $53 million.

The following table summarises the Group's available liquidity at the end of the period:

$m	**As at 30 June 2017**	As at 31 December 2016
Borrowings: 2024 fixed rate reset callable guaranteed subordinated notes	**149**	149
Cash and cash equivalents [1]	**270**	389
Undrawn committed revolving credit facility	**500**	500
Total liquidity	**770**	889

Note:
1 Excludes $51 million of cash held by fund entities which have been consolidated (2016: $37 million), as outlined in Note 11.

11. Investments in fund products and other investments

$m	**At 30 June 2017**	At 31 December 2016
Loans to fund products	**18**	26
Investments in fund products	**229**	275
Other investments	**64**	3
Investment in line-by-line consolidated funds	**400**	490
Investments in fund products and other investments	**711**	794
Net non-current assets held for sale	**123**	131
Total investments	**834**	925

The increase in other investments relates to a $60 million origination investment in GLG CLO III, which launched in July 2017.

Man's seeding investments are included in various Group balance sheet line items. In summary, the total seeding investments portfolio is made up as follows:

$m	**At 30 June 2017**	At 31 December 2016
Loans to fund products	**18**	26
Investments in fund products and other investments	**289**	275
Less those used to hedge deferred compensation awards	**(75)**	(75)
Consolidated investments in funds - held for sale	**123**	131
Consolidated investments in funds - line-by-line consolidation	**281**	285
Seeding investment portfolio	**636**	642

Investments in fund products, excluding those which are held against outstanding deferred compensation arrangements, relate to seeding investments made to grow the business as we launch new products.

Income or gains/(losses) on investments and other financial instruments of $39 million primarily relate to gains on seeding investments (H1 2016: $3 million loss). These largely relate to net gains/(losses) on line-by-line consolidated fund entities.

Consolidation of investments in funds

Seed capital invested into funds may at times be significant, and therefore the fund may be deemed to be controlled by the Group (Note 1).

Held for sale

Where the Group acquired the controlling stake and actively markets the products to third party investors, allowing the Group to redeem their share, and it is considered highly probable that it will relinquish control within one year from the date of initial investment, the investment in the controlled fund is classified as held for sale.

The seeded funds are recognised in the Group balance sheet as non-current assets and liabilities held for sale, with the interests of any other parties included within non-current liabilities held for sale.

The non-current assets and liabilities held for sale are as follows:

$m	**At 30 June 2017**	At 31 December 2016
Non-current assets held for sale	**203**	263
Non-current liabilities held for sale	**(80)**	(132)
Investments in fund products held for sale	**123**	131

Investments cease to be classified as held for sale when the fund is no longer controlled by the Group, at which time the investment is classified as financial assets at fair value through profit or loss (see Note 14.1 of the 2016 Annual Report). Loss of control may eventuate through sale of the investment or a dilution in the Group's holding.

If a held for sale fund remains under the control of the Group for more than one year, and it is unlikely that the Group will reduce or no longer control its investment in the short-term, it will cease to be classified as held for sale and will be consolidated on a line-by-line basis. One investment previously classified as held for sale at 31 December 2016 has been consolidated on a line by line basis in the six months to 30 June 2017 (six months to 30 June 2016: two).

Line-by-line consolidation
Seed investments which are controlled and where it is not expected that control will be relinquished within one year from the date of initial investment relate to five funds at 30 June 2017 (31 December 2016: six), which have therefore been consolidated on a line-by-line basis as follows:

$m	**At 30 June 2017**	At 31 December 2016
Balance Sheet		
Cash and cash equivalents	**51**	37
Fees and other receivables	**1**	-
Transferrable securities [1]	**400**	490
Trade and other payables	**(2)**	(2)
Net assets of line-by-line consolidated fund entities	**450**	525
Third party interest in consolidated funds	**(169)**	(240)
Net investment held by Man	**281**	285

Note:
1 Included within Investments in fund products and other investments.

$m	**Six months to 30 June 2017**	Six months to 30 June 2016
Income statement		
Net gains/(losses) on investments [1]	**32**	(3)
Management fee expenses [2]	**(3)**	(4)
Other costs	**(1)**	(1)
Net gains/(losses) of line-by-line consolidated fund entities	**28**	(8)
Third party share of (profits)/losses relating to interests in consolidated funds	**(15)**	5
Gains/(losses) attributable to net investment held by Man	**13**	(3)

Notes:
1 Included within Income or gains/(losses) on investments and other financial instruments.
2 Relates to management fees paid by the funds to Man during the year, and is eliminated within Gross management and other fees in the Group income statement. The management fees elimination includes $1 million in relation to third-party share of these investments and therefore represents externally generated management fees (H1 2016: $2 million).

12. Provisions

$m	**Onerous property lease contracts**	**Litigation**	**Restructuring**	**Total**
As 1 January 2017	**27**	**24**	**-**	**51**
Charged to the income statement:				
Charge in the period	**-**	**-**	**4**	**4**
Exchange differences	**2**	**-**	**-**	**2**
Used during the period/settlements	**(1)**	**-**	**(2)**	**(3)**
At 30 June 2017	**28**	**24**	**2**	**54**

The onerous property lease contracts largely relate to the Riverbank House office premises.

13. Fair value of financial assets/liabilities

The fair value of financial assets and liabilities can be analysed as follows:

	30 June 2017			
$m	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held at fair value:				
Investments in fund products and other investments	**4**	**159**	**130**	**293**
Investment in line-by-line consolidated funds	**-**	**400**	**-**	**400**
Derivative financial instruments	**-**	**8**	**-**	**8**
	4	**567**	**130**	**701**
Financial liabilities held at fair value:				
Derivative financial instruments	**-**	**7**	**-**	**7**
Contingent consideration	**-**	**-**	**230**	**230**
	-	**7**	**230**	**237**

$m	31 December 2016 Level 1	Level 2	Level 3	Total
Financial assets held at fair value:				
Investments in fund products and other investments	3	207	68	278
Investment in funds relating to consolidated fund entities	-	490	-	490
Derivative financial instruments	-	2	-	2
	3	699	68	770
Financial liabilities held at fair value:				
Derivative financial instruments	-	22	-	22
Contingent consideration	-	-	161	161
	-	22	161	183

Level 1, 2 and 3 financial assets and liabilities are defined in Note 26 to the financial statements in the 2016 Annual Report.

During the period, there were no significant changes in the business or economic circumstances that affected the fair value of Man's financial assets and no significant transfers of financial assets or liabilities held at fair value between categories.

The basis of measuring the fair value of investments in fund products is outlined in Note 14 in the 2016 Annual Report.

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

$m	**Six months to 30 June 2017** **Financial assets at fair value through profit or loss**	**Financial liabilities at fair value through profit or loss**	**Total**
Level 3 financial assets/liabilities held at fair value			
At beginning of the period	**68**	**(161)**	**(93)**
Purchases	**57**	**(52)**	**5**
Total gains/(losses) in Group statement of comprehensive income	**7**	**(23)**	**(16)**
Profit/(loss) included in income statement	**7**	**(23)**	**(16)**
Included in other comprehensive income	**-**	**-**	**-**
Sales or settlements	**(2)**	**6**	**4**
At period end	**130**	**(230)**	**(100)**
Total gains/(losses) for the period included in the Group statement of comprehensive income for assets/liabilities held at period end	**7**	**(23)**	**(16)**

The fair value of level 3 financial liabilities can be analysed as follows:

$m	**Six months to 30 June 2017** **Numeric**	**Aalto**	**Other**	**Total**
Contingent consideration payable				
At the beginning of the period:	**150**	**-**	**11**	**161**
Purchases	**-**	**52**	**-**	**52**
Revaluation of contingent consideration	**12**	**-**	**(1)**	**11**
Unwind of contingent consideration	**8**	**4**	**-**	**12**
Sales or settlements	**(5)**	**-**	**(1)**	**(6)**
At 30 June 2017	**165**	**56**	**9**	**230**

The Numeric contingent consideration relates to an ongoing 18.3% equity interest in Numeric held by management in the business and profit interests of 15.5%, pursuant to a call and put option arrangement. The call and put options structure means that it is virtually certain that Man will elect to, or be obliged to, purchase the interests held by Numeric management at five (September 2019: call option) or five and a half (March 2020: put option) years post-closing. The maximum aggregate amount payable by Man in respect of the option consideration is capped at $275 million.

The Aalto contingent consideration is dependent on levels of run rate management fees measured following one, four, six and eight year from completion. The maximum aggregate amount payable by Man in respect of the consideration is capped at $207 million.

The fair values are based on discounted cash flow calculations, which represent the expected future profits of each business as per the earn-out arrangements. The fair values are determined using a combination of inputs, such as weighted average cost of capital, net management fee margins, performance, operating margins and the growth in FUM, as applicable. The discount rates applied are 11% for management fees and 17% for performance fees for Numeric and Other and 15% for Aalto.

The most significant inputs into the valuations at 30 June 2017 are as follows:

	Numeric	Aalto
Weighted average net management fee margin	0.4%	0.6%
Compound growth in average FUM	8%	20%

Changes in inputs would result in the following increase/(decrease) of the contingent consideration creditor at 30 June 2017:

Weighted average net management fee margin		
0.1% increase	30	3
0.1% decrease	(30)	(7)[1]
Compound growth in average FUM		
1% increase	4	3
1% decrease	(4)	(3)

Note:

1. The initial calculations for the earn out for Aalto show the first earn out payment close to the threshold amount ($30 million). Therefore, any increase in margins, increasing management fees, would have less of an impact on increasing the contingent consideration, whereas a decrease in margins would impact the contingent consideration to a greater amount. The effect of this situation will have less of an impact for future earn out payments.

14. Related party transactions

The related party transactions during the period are consistent with the categories disclosed in the 2016 Annual Report. Related parties comprise key management personnel, associates and fund entities which we are deemed to control. All transactions with related parties were carried out on an arm's length basis.

Commission income relating to sales of Nephila Capital Ltd (an associate) products totalled $4 million for the six months ended 30 June 2017 (H1 2016: $6 million), and is included within gross management and other fees in the Group income statement. This arrangement between Man and Nephila Capital ceased at the end of April 2017.

Management fees earned from fund entities in which Man holds a controlling interest are detailed in Note 11. Contingent consideration paid and payable to Numeric management and the previous owners of Aalto is detailed in Note 13.

15. Other matters

Man Group is subject to various other claims, assessments, regulatory enquiries and investigations in the normal course of its business. The directors do not expect such matters to have a material adverse effect on the financial position of the Group.

Alternative performance measures

We assess the performance of the group using a variety of alternative performance measures. We discuss the Group's results on an 'adjusted' basis as well as a statutory basis. The rationale for using adjusted measures is explained below.

We also explain financial performance using measures that are not defined under IFRS and are therefore termed 'non-GAAP' measures. These non-GAAP measures are explained below. The alternative performance measures we use may not be directly comparable with similarly titled measures by other companies.

Funds under management (FUM)
FUM is the assets that the Group manages for investors in fund entities. FUM is a key indicator of our performance as an investment manager and our ability to remain competitive and build a sustainable business. FUM is measured based on management fee earning capacity. Average FUM multiplied by our net management fee margin (see below) equates to our management fee earning capacity. Funds under management are shown by product groupings that have similar margin and investor characteristics (as shown on page 8). Management focus on the movements in FUM split between the following categories:

– Net inflows/outflows
Net inflows/outflows are a measure of our ability to attract and retain investor capital. Net flows are calculated as sales less redemptions. Further details are included on page 8.

– Investment movement
Investment movement is a measure of our ability to manage the performance of our funds for our investors. It is calculated as the fund performance of each strategy multiplied by the FUM in that strategy. Further details are included on page 8.

– FX and other movements
Some of the Group's FUM is denominated in currencies other than USD. FX movements represent the impact of translating non-USD denominated FUM into USD. Other movements principally relate to maturities and leverage movements.

Net management fee revenue and margins
Margins are an indication of the revenue margins negotiated with our institutional and retail investors net of any distribution costs paid to intermediaries and are a primary indicator of future revenues. The net management fee margin is calculated as net management fee revenue (gross management fee revenue and income from associates less distribution costs) divided by average FUM.

$m	**Six months to 30 June 2017**		**Six months to 30 June 2016**	
	$m	**Net margin**	$m	Net margin
Quant alternatives	**138**	**1.4%**	126	1.4%
Discretionary alternatives	**57**	**0.9%**	73	1.0%
Fund of fund alternatives	**42**	**0.6%**	41	0.7%
Quant long only	**41**	**0.4%**	32	0.4%
Discretionary long only	**56**	**0.8%**	49	0.8%
Global Private Markets	**6**	**0.7%**	-	-
Net management fee revenues from core activities	**340**		321	
Guaranteed	**8**	**4.6%**	21	4.2%
Other income	**3**		5	
Net management fee revenues before share of after tax profit of associates	**351**	**0.8%**	347	0.9%
Share of post-tax profit of associates	**4**		-	
Net management fee revenues[1,2]	**355**		347	

Notes:

1 Net management fee revenue also includes $1 million (H1 2016: nil) of management fee revenue relating to line-by-line consolidated fund entities for the third-party share.

2 The amount includes $28 million (H1 2016: $34 million) of distribution costs which have been deducted from gross management and other fees of $378 million (H1 2016: $381 million).

– Run rate net management fee revenue and margins
In addition to the net management fee revenue and margins for the period, as detailed above, we also use run rate net management fee revenue and run rate margins as at the end of the period (page 8). These measures give the most up to date indication of our revenue streams at the period end date. The run rate net management fee margin is calculated as net management fee revenue for the last quarter divided by the average FUM for the last quarter. Run rate net management fee revenue is calculated as the run rate net management fee margin applied to the closing FUM as at the period end, plus our share of profits from associates for the previous 12 months.

Adjusted profit before tax and adjusted earnings per share

Adjusted profit before tax is a measure of the Group's underlying profitability. The directors consider that in order to assess underlying operating performance, the Group's profit period on period is most meaningful when considered on a basis which excludes acquisition and disposal related items, impairment of assets, restructuring costs and certain non-recurring gains or losses (which are included in the statutory profit before tax). This therefore reflects the recurring revenues and costs that drive the Group's cash flows and inform the base on which the Group's variable compensation is assessed. The directors are consistent in their approach to the classification of adjusting items period to period, maintaining an appropriate symmetry between losses and gains and the reversal of any accruals previously classified as adjusting items.

The reconciliation of statutory profit before tax to adjusted profit before tax, and the reconciliation of diluted statutory EPS to the adjusted EPS measures is shown below.

$m	Note	**Six months to 30 June 2017**	Six months to 30 June 2016
Statutory profit before tax		**76**	55
Adjusting items:			
Acquisition and disposal related:			
Amortisation of acquired intangible assets	9	**42**	47
Revaluation of contingent consideration		**11**	(14)
Unwind of contingent consideration discount	6	**12**	9
Recycling of FX revaluation on liquidation of subsidiaries		**-**	1
Restructuring – compensation costs		**4**	-
Adjusted profit before tax		**145**	98
Tax on adjusted profit		**(20)**	(15)
Adjusted profit after tax		**125**	83

Amortisation of acquired intangibles primarily relates to investment management contracts and brands recognised on the acquisition of GLG, Numeric, FRM, as well as Aalto which was acquired in January 2017. This has decreased from H1 2016 primarily due to the impairment of FRM and GLG at 31 December 2016.

The revaluation of contingent consideration of $11 million during the period primarily relates to higher than expected funds under management position of Numeric.

The unwind of the contingent consideration has increased from H1 2016 due to the unwind on the contingent consideration for the acquisition of Aalto.

The restructuring costs relate to the restructuring plan costs of $21 million announced at the time of the prior year-end results on 1 March 2017, $17 million of which was recognised in 2016 with the remaining $4 million recognised in H1 2017.

The reconciliation from EPS to adjusted EPS is given below:

	Six months to 30 June 2017		
	Basic and diluted earnings $m	**Basic earnings per share cents**	**Diluted earnings per share cents**
Earnings per share	**62**	**3.8**	**3.8**
Items for which EPS has been adjusted	**69**	**4.2**	**4.1**
Tax adjusting items	**(6)**	**(0.4)**	**(0.4)**
Adjusted EPS	**125**	**7.6**	**7.5**
Less: adjusted net performance fee profit before tax	**(51)**	**(3.1)**	**(3.0)**
Tax on adjusted net performance fee profits	**8**	**0.5**	**0.5**
Adjusted net management fee EPS	**82**	**5.0**	**5.0**

	Six months to 30 June 2016		
	Basic and diluted earnings $m	Basic earnings per share cents	Diluted earnings per share cents
Earnings per share	49	2.9	2.9
Items for which EPS has been adjusted	43	2.6	2.6
Tax adjusting items	(9)	(0.6)	(0.6)
Adjusted EPS	83	4.9	4.9
Less: adjusted net performance fee profit before tax	(8)	(0.5)	(0.5)
Tax on adjusted net performance fee profits	1	0.1	0.1
Adjusted net management fee EPS	76	4.5	4.5

– Adjusted net management fee profit before tax and net adjusted management fee EPS

Adjusted profit before tax is split between adjusted net management fee profit before tax and adjusted net performance fee profit before tax to separate out the variable performance fee related earnings of the business from the underlying management fee earnings of the business. Adjusted net management fee profit before tax is calculated as adjusted profit before tax excluding net performance fee profit before tax. The detailed calculation of adjusted net management fee profit before tax is shown below.

Man's dividend policy is disclosed on page 35 in the 2016 Annual Report. Dividends paid to shareholder (or adjusted net management fee EPS) are determined based on the adjusted net management fee profit before tax.

Adjusted net management fee EPS is calculated using post-tax profits excluding net performance fees and adjusting items, divided by the weighted average diluted number of shares.

– Adjusted net performance fee profit before tax

The detailed calculation of adjusted net performance fee profit before tax is shown below.

Adjusted net management and performance fee profit before tax

$m	**Six months to 30 June 2017**	Six months to 30 June 2016
Gross management and other fees	**378**	381
Third party share of management fees[1]	**1**	-
Share of post-tax profit of associates	**4**	-
Less:		
Distribution costs	**(28)**	(34)
Asset servicing	**(17)**	(17)
Compensation	**(161)**	(156)
Other costs	**(82)**	(83)
Net finance expense	**(1)**	(1)
Adjusted net management fee profit before tax	**94**	90
Performance fees	**83**	40
Income or gains on investments and other financial instruments	**24**	2
Adjustment to gains on investments relating to third party share of management fees[1]	**(1)**	-
Less Compensation	**(51)**	(30)
Finance expense (Note 6)	**(4)**	(4)
Adjusted net performance fee profit before tax	**51**	8
Adjusting items	**(69)**	(43)
Statutory profit before tax	**76**	55

Note:

1 This is the third-party share of management fee revenues relating to the line-by-line consolidated fund entities which reduces the gains/(losses) on investments upon consolidation.

Adjusted EBITDA

As the Group has a number of non-cash items in the income statement, we believe that cash earnings assist in measuring the earnings generated by the Group. Adjusted EBITDA represents our profitability excluding non-cash items. The table below gives a reconciliation of adjusted profit before tax to adjusted EBITDA. The main differences are net finance expense, depreciation and amortisation, and deferred compensation charges relating to deferred awards.

– Reconciliation of adjusted PBT to adjusted EBITDA

$m	**Six months to 30 June 2017**	Six months to 30 June 2016
Adjusted PBT (refer to page 33)	**145**	98
Add back:		
Net finance expense	**5**	5
Depreciation	**6**	6
Amortisation of capitalised computer software and placement fees	**4**	3
Current year amortisation of deferred compensation	**28**	29
Less:		
Deferred compensation awards relating to the current year	**(38)**	(27)
Adjusted EBITDA	**150**	114

– Adjusted management fee EBITDA margin

The adjusted management fee EBITDA margin is a measure of the underlying profitability of the Group. It is calculated as a percentage of net management fee revenues (gross management fee revenue and income from associates less cash distribution costs). Further details on this measure are included on page 7.

Compensation ratio
The compensation ratio measures our compensation costs relative to our revenues. The Group's compensation ratio is generally between 40% and 50% of net revenues, depending on the mix and level of revenue. It is calculated as total compensation divided by net revenues (gross management fee revenue and income from associates less cash distribution costs). Details of the current year compensation ratio are included on page 33 of the 2016 Annual Report.