

Review of Hedge Fund Managers: Appendix 2

Man Group

Mandate	Multi strategy fund of hedge funds
Inception date & initial investment	31 July 2007; £102m
Current mandate size (30 June 2010)	£92m
% of Fund	c. 4.5%
Performance target	LIBOR + 5.75-8.5% p.a.
Volatility target	4.25-6.5% p.a.
Fees	See JLT Report

Man have the highest return target and highest volatility target of the Fund's 5 FoHF managers. They also have the highest allocation, managing c.45% of the Fund's allocation to hedge funds.

1. Organisation

Founded in 1783 with origins in the sugar trade, Man Group plc as it is now called went into alternative investments funds in 1983 and has since become a specialist alternative investment management company, principally in hedge funds. They have 3 business units: multi manager (their fund of hedge funds business), single manager hedge funds, and a managed futures business (a strategy that takes long and short positions in futures contracts). The Fund is invested with their multi manager business which has c.£8.9bn under management in Fund of Hedge Funds at 30 June 2010. Man Group plc listed on the FSTE in 1994 and are a constituent of the FTSE 100.

2. Structure and Key Facts

The Fund's investments with Man are in 4 of their funds, each of which invest in a portfolio of underlying managers. The core fund is the Four Seasons Strategies fund which is a multi strategy fund, diversified across all strategies, this comprises c 40% of the allocation. Three other funds with more targeted strategies were included to achieve the target returns. These are Commodity Strategies Fund (c. 30%), Asian Opportunities Fund (c. 20%) and Distressed Strategies Fund (c. 10%).

The Fund's portfolio is invested across c. 150 underlying managers.

Redemption terms are quarterly with 95 days notice.

The Fund is registered in the Cayman Islands, and the firm is regulated by regulated by 21 regulatory authorities in respective global territories.

3. Philosophy & Process

Man utilise a wide spectrum of hedge fund styles and strategies that have a large variety of risk/return profiles. The investment team aims to construct portfolios that produce consistent absolute returns with low levels of risk through adopting a multi-manager approach that seeks to combine lowly correlated hedge fund strategies. RMF combines a top down (asset allocation) and bottom up (manager selection) approach across all of its products.