thesharecentre:

press release

28 September 2011

Man Group suffers as investors lose appetite in the markets

- Man Group's funds under management fall by 8%
- Weak investor sentiment sees lower sales
- The Share Centre reviews its Man Group recommendation

As the world's largest listed hedge-fund group releases disappointing Q2 figures Graham Spooner, investment adviser at The Share Centre, explains what it means for investors.

"Man Group's share price fell by 20% this morning following the release of its Q2 figures that were worse than expected. The group's estimated pre-tax profit of $145m for the six months to 30 September fell far short of analyst forecasts.

"The performance of its flagship fund AHL has improved recently generating $1.5bn of positive investment for Q2. Although this means the group is now close to being able to make back past losses and boost revenues going forward, it is no longer enough to turn the group around in the short term.

"Growth seeking investors will be disappointed to see the group's funds under management fall by more than 8% to $65bn. In the present environment there is a growing chance this will continue to decline as recent market volatility has weakened investor sentiment. Loss of investor appetite has also impacted sales which have fallen from $9bn in Q1 to just $4.5bn in Q2.

"Contrarian investors who think the market volatility will settle relatively quickly may still want to look at Man Group as a potential higher risk recovery play. However we are seeing little signs of this at the moment and the markets remain unstable; we are therefore putting our Man Group recommendation under review."

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The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPPs are also available.

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