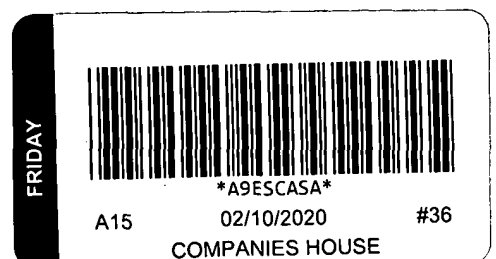

MAN STRATEGIC HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



MAN STRATEGIC HOLDINGS LIMITED

COMPANY INFORMATION

Directors	G E R Wood (resigned 29 March 2019) J E H Sorrell (resigned 28 May 2019) F J C Blakemore (resigned 12 December 2019) T I M Cruickshank (appointed 28 May 2019) S L Ellis (resigned 28 May 2019) M R Grew (resigned 28 May 2019) M D Jones V C Balshaw (appointed 1 July 2019)
Company secretary	E A Woods T I M Cruickshank (appointed 13 September 2019)
Registered number	2921462
Registered office	Riverbank House 2 Swan Lane London EC4R 3AD
Independent auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom

MAN STRATEGIC HOLDINGS LIMITED

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MAN STRATEGIC HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report, together with the Strategic Report and audited financial statements of Man Strategic Holdings Limited (the "Company") for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to \$481,197,000 (2018: \$359,320,000).

During the year the Company paid dividends totalling \$1,357,453,000 (2018: \$357,620,000).

Directors

The following individuals served as directors of the Company for the duration of the year and up to the date of approval of this report except where indicated otherwise:

G E R Wood (resigned 29 March 2019)
J E H Sorrell (resigned 28 May 2019)
F J C Blakemore (resigned 12 December 2019)
T I M Cruickshank (appointed 28 May 2019)
S L Ellis (resigned 28 May 2019)
M R Grew (resigned 28 May 2019)
M D Jones
V C Balshaw (appointed 1 July 2019)

Qualifying third party indemnity provisions

During the year the existing and former directors benefitted from a qualifying third party indemnity provision, in accordance with section 232 of the Companies Act 2006, and this remains in force at the date of this report. The indemnity is provided by another company within Man Group of companies (the "Group") and covers, to the extent permitted by law, any third party liabilities which directors may incur as a result of their service on the Board.

Future developments

The directors do not expect any development in the Company's business in the current year to be significantly different from its present activities.

Post balance sheet events

Events affecting the Company which have occurred since 31 December 2019 are disclosed in Note 19 to the financial statements.

Financial instruments

The directors consider the financial risks of the Company to be consistent with those identified at Group level and managed by the directors of Man Group plc. For this reason, the Company's directors believe that a discussion of the Company's financial risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal financial risks of Man Group plc, which include those of the Company, are discussed in notes 12 and 26 of the Group's 2019 Annual Report on pages 126 and 141-142 respectively (which do not form part of this report).

MAN STRATEGIC HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Auditor

Deloitte LLP was appointed as auditor of the Company and the Group for the year ended 31 December 2019. Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the Board and signed on its behalf.



Vanessa Balshaw (Sep 18, 2020 10:50 GMT+1)

V C Balshaw
Director

Date: 18 September 2020

MAN STRATEGIC HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Principal activities and review of the business

During the year there were no significant changes to the principal activities of the Company, which consisted of those of an investment holding company.

As stated in the Directors' Report, the profit for the year, after taxation amounted to \$481,197,000 (2018: \$359,320,000). As at 31 December 2019 the Company had net assets of \$2,838,637,000 (2018: 3,714,893,000).

An overview of the strategy of the Group is set out in the Group's 2019 Annual Report (which does not form part of this report) in the Strategic Report section on pages 7-17. Consideration of the impact of Brexit to the Group and its subsidiaries is set out in the Group's 2019 Annual Report on pages 34, 36 and 39. As at the date of signing, no change is required to this assessment.

Going Concern

After making reasonable enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Principal risks and uncertainties

The directors consider the principal risks of the Company to be consistent with those identified at Group level and managed by the directors of Man Group plc. For this reason, the Company's directors believe that a discussion of the Company's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of Man Group plc, which include those of the Company, are discussed in the Group's 2019 Annual Report on pages 37-39 (which does not form part of this report).

During the period between 31 December 2019 and the date of approval of the financial statements, the coronavirus (COVID-19) pandemic has caused extensive disruption to businesses and economic activities globally. The situation as impacts the Company's operating arrangements, including its access to capital and liquidity, is subject to ongoing review by the Company's directors and senior management. This assessment includes assessing company-specific factors and an assessment of the Group's Medium-Term Plan which is built by aggregating the expected business performance across the Group, and then stressing key business assumptions (particularly investment performance and fund flows) and includes rigorous downside scenario testing. At this time, the directors consider that the Company's longer-term success and sustainability will not be materially affected by the effects of the pandemic.

Key performance indicators ("KPIs")

The directors of the Company consider its operations to be consistent with those at Group level which are managed by the directors of Man Group plc. For this reason, the Company's directors believe that an analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group's asset management business, which includes the Company, is discussed in the Chief Executive Officer's Review on pages 18-21, and in the Chief Financial Officer's Review on pages 26-33 of the Group's 2019 Annual Report (which does not form part of this report).

MAN STRATEGIC HOLDINGS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

This report was approved by the Board and signed on its behalf.



Vanessa Balshaw (Sep 18, 2020 10:50 GMT+1)

V C Balshaw
Director

Date: 18 September 2020

MAN STRATEGIC HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MAN STRATEGIC HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAN STRATEGIC HOLDINGS LIMITED

Report on the audit of financial statements

Opinion

In our opinion the financial statements of Man Strategic Holdings Limited ('the Company')

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 19

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in

MAN STRATEGIC HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAN STRATEGIC HOLDINGS LIMITED (CONTINUED)

our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report or the Strategic Report.

MAN STRATEGIC HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAN STRATEGIC HOLDINGS LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter van Daesdonk (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

22 September 2020

MAN STRATEGIC HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$000	2018 \$000
Administrative expenses		(8)	(173)
Other operating income	4	68	211
Operating profit	5	<u>60</u>	<u>38</u>
Income from shares in group undertakings	12	1,357,453	357,620
Impairment of fixed asset investments	12	(878,199)	-
Interest receivable and similar income	8	2,338	2,063
Interest payable and similar expenses	9	-	(2)
Profit before tax		<u>481,652</u>	<u>359,719</u>
Tax on profit	10	(455)	(399)
Profit for the financial year		<u><u>481,197</u></u>	<u><u>359,320</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for the current and prior year other than those included in the Profit and Loss account and hence a statement of comprehensive income has not been prepared.


The notes on pages 12 to 26 form part of these financial statements.

MAN STRATEGIC HOLDINGS LIMITED
REGISTERED NUMBER: 2921462

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 \$000	2018 \$000
Fixed assets			
Investments	12	2,764,266	3,642,465
		<u>2,764,266</u>	<u>3,642,465</u>
Current assets			
Debtors: amounts falling due within one year	13	74,834	72,827
		<u>74,834</u>	<u>72,827</u>
Creditors: amounts falling due within one year	14	(463)	(399)
		<u>(463)</u>	<u>(399)</u>
Net current assets		<u>74,371</u>	<u>72,428</u>
Total assets less current liabilities		<u>2,838,637</u>	<u>3,714,893</u>
Net assets		<u><u>2,838,637</u></u>	<u><u>3,714,893</u></u>
Capital and reserves			
Called up share capital	15	500	500
Profit and loss account		2,838,137	3,714,393
		<u>2,838,637</u>	<u>3,714,893</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:


 Vanessa Balshaw (Sep 18, 2020 10:50 GMT+1)

V C Balshaw
 Director

Date: 18 September 2020

The notes on pages 12 to 26 form part of these financial statements.

MAN STRATEGIC HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called-up share capital (Note 15) \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2018	500	3,712,693	3,713,193
Comprehensive income for the year			
Profit for the year	-	359,320	359,320
Total comprehensive income for the year	-	359,320	359,320
Dividends: Equity capital (Note 11)	-	(357,620)	(357,620)
At 1 January 2019	500	3,714,393	3,714,893
Comprehensive income for the year			
Profit for the year	-	481,197	481,197
Total comprehensive income for the year	-	481,197	481,197
Dividends: Equity capital (Note 11)	-	(1,357,453)	(1,357,453)
At 31 December 2019	500	2,838,137	2,838,637

The notes on pages 12 to 26 form part of these financial statements.

MAN STRATEGIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

The Company was incorporated under the Companies Act 2006 and registered in England and Wales as a private company limited by shares on 22 April 1994. The Company's registered office address is Riverbank House, 2 Swan Lane, London EC4R 3AD.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 3.

2. Basis of preparation of financial statements

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

2.1 Basis of preparation of financial statements

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Company has prepared the financial statements in line with FRS 101 (Financial Reporting Standard 101) as issued by the Financial Reporting Council ("FRC") and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of Man Group plc. The group accounts of Man Group plc are available to the public and can be obtained as set out in Note 18.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Man Group plc, which prepares consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, Man Group plc includes the Company in its consolidated financial statements. The consolidated financial statements of Man Group plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are publically available and may be obtained from the address given in Note 18.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis.

MAN STRATEGIC HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Basis of preparation of financial statements (continued)

2.2 Adoption of new and revised Standards

The following standards relevant to the Company's operations became effective in the year to 31 December 2019, none of which have a significant impact on the financial statements:

IFRIC 23 Uncertainty over Income Tax Treatments

Amendments included in the Annual Improvements to IFRS Standards 2015-2017 Cycle including amendments to IFRS3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

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

2.3 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Investments

Fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment.

MAN STRATEGIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Basis of preparation of financial statements (continued)

2.5 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.6 Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

In specie distributions of assets other than cash, such as receivables and investments in indirect subsidiaries, are accounted for as dividend income in the Profit and Loss Account unless they represent a recovery of part of the cost of the investment in the subsidiary making the distribution. Dividend income is accounted for at the fair value of the assets transferred.

MAN STRATEGIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Basis of preparation of financial statements (continued)

2.7 Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.8 Other operating income

Other operating income comprises amounts charged to other group undertakings in respect of services performed on their behalf, and foreign exchange gains and losses. Other operating income is recognised as earned.

2.9 Foreign currency

The financial statements are presented in United States Dollars (USD), which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

2.10 Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

The Company's financial assets are measured subsequently at amortised cost.

MAN STRATEGIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Basis of preparation of financial statements (continued)

2.10 Financial Instruments (continued)

Financial assets subsequently measured at amortised cost

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

The Company considers a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtor's general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

Write off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any subsequent recoveries are recognised in profit or loss.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the date of final recognition. The Company considers both quantitative and qualitative information that is reasonable and supportable.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

MAN STRATEGIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Basis of preparation of financial statements (continued)

2.10 Financial Instruments (continued)

Definition of default

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities

All of the Company's financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

2.11 Administrative expenses

Administrative expenses comprise amounts incurred in the operations of the business, including amounts recharged by other group undertakings, and are recognised as incurred.

2.12 Interest expense

Where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss.

MAN STRATEGIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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.

Judgemental areas and accounting estimates

The following are the critical judgemental areas that the directors have made, in the process of applying the Company's accounting policies and making estimates, which have the most significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values.

Recognition of payables in respect of guarantees and commitments

The Company provides guarantees to a number of other entities within the Group, as further disclosed in Note 16. Judgement is required to determine the fair value of these guarantees and commitments.

MAN STRATEGIC HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Other operating income

	2019 \$000	2018 \$000
Intragroup recharges	69	216
Foreign exchange differences	(1)	(5)
	<u>68</u>	<u>211</u>

5. Operating profit

The operating profit is stated after charging:

	2019 \$000	2018 \$000
Foreign exchange differences	1	5
	<u>1</u>	<u>5</u>

6. Auditor's remuneration

The Company paid the following amounts to its auditor in respect of the audit of the financial statements.

	2019 \$000	2018 \$000
Fees for the audit of the Company	7	8
	<u>7</u>	<u>8</u>

7. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018: \$NIL).

MAN STRATEGIC HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Interest receivable and similar income

	2019 \$000	2018 \$000
Interest receivable from group companies	2,338	2,063
	2,338	2,063

9. Interest payable and similar expenses

	2019 \$000	2018 \$000
Interest payable to group companies	-	2
	-	2

10. Taxation

	2019 \$000	2018 \$000
Current tax on profits for the year	455	399
Total current tax	455	399
Taxation on profit on ordinary activities	455	399

MAN STRATEGIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 \$000	2018 \$000
Profit on ordinary activities before tax	<u>481,652</u>	<u>359,719</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	91,514	68,347
Effects of:		
Expenses not deductible	166,857	-
Non taxable dividends	(257,916)	(67,948)
Total tax charge for the year	<u>455</u>	<u>399</u>

Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

11. Dividends

Amounts recognised as distributions to equity holders in the period:

	2019 \$000	2018 \$000
Interim dividends for the year of \$93.08 (2018: \$24.52) per ordinary share	<u>1,357,453</u>	<u>357,620</u>
	<u>1,357,453</u>	<u>357,620</u>

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2019.

MAN STRATEGIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Fixed asset investments

	Investments in subsidiary companies \$000
Cost	
At 1 January 2019	4,548,047
Additions	1,289,453
Disposals	(1,289,453)
At 31 December 2019	<u>4,548,047</u>
Impairment	
At 1 January 2019	905,582
Charge for the period	878,199
At 31 December 2019	<u>1,783,781</u>
Net book value	
At 31 December 2019	<u><u>2,764,266</u></u>
At 31 December 2018	<u><u>3,642,465</u></u>

As detailed in Note 18, the Group adjusted its corporate structure during the year. As part of this restructure, the Company's direct subsidiary, Man Investments Finance Limited, distributed a number of its subsidiaries to the Company by way of dividend in specie at fair value, with the Company in turn distributing these subsidiaries to its immediate parent, Man Group Limited. As a result of the restructure, the Company recorded an impairment in its investment in Man Investments Finance Limited during the year in accordance with its accounting policy on impairment.

MAN STRATEGIC HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Fixed asset investments (continued)**Subsidiary undertakings**

The following were the principal operating and holding subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Man Investments Finance Limited	Riverbank House, 2 Swan Lane, London EC4R 3AD, United Kingdom	Ordinary	100%
Man Group UK Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD, United Kingdom	Ordinary	100%
E D & F Man Investments Limited	15 Esplanade, St Helier, JE1 1RB Jersey	Ordinary A & B	100%
Financial Risk Management Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD, United Kingdom	Ordinary	100%
FA Sub 2 Limited	Ritter House, Wickhams Cay II, Road Town, Tortola, VG 1110	Ordinary	100%
Man Solutions Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD, United Kingdom	Ordinary	100%
E D & F Man Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD, United Kingdom	Ordinary	100%
GLG Partners LP	Riverbank House, 2 Swan Lane, London, EC4R 3AD, United Kingdom	Ordinary	100%
Man Group Investments Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD, United Kingdom	Ordinary	100%
AHL Partners LLP	Riverbank House, 2 Swan Lane, London, EC4R 3AD, United Kingdom	Ordinary	100%

MAN STRATEGIC HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The year end of each subsidiary is 31 December except for AHL Partners LLP which is 31 March.

The percentage holding of each subsidiary is equal to the proportion of the voting power held in relation to that subsidiary.

The investments in subsidiaries are all stated at cost less provision for impairment.

Details of all the Company's subsidiaries are listed in Appendix I on pages 27.

During the year, the Company received dividends of \$1,357,453,000 (2018: 357,620,000) from Man Investments Finance Limited.

13. Debtors: amounts falling due within one year

	2019	2018
	\$000	\$000
Amounts owed by group undertakings	74,834	72,827
	<u>74,834</u>	<u>72,827</u>

14. Creditors: amounts falling due within one year

	2019	2018
	\$000	\$000
Amounts owed to group undertakings	8	-
Corporation tax	455	399
	<u>463</u>	<u>399</u>

15. Share capital

	2019	2018
	\$000	\$000
Allotted, called up and fully paid		
14,583,335 (2018: 14,583,335) Ordinary shares of \$0.034286 each	500	500

The Company has one class of ordinary shares which carry no right to fixed income.

MAN STRATEGIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

16. Guarantees and commitments

Intra-day and overnight credit facilities

The Company guarantees the obligations of its subsidiary, Man Investments Finance Limited, under a \$100 million (31 December 2018: \$100 million) intra-day and \$25 million overnight credit facilities (31 December 2018: \$25 million), used to settle the majority of the Group's banking arrangements. As at 31 December 2019 the exposure under the intra-day facility was \$NIL (31 December 2018: \$NIL) and the overnight facility exposure was \$NIL (31 December 2018: \$NIL). The fair value of these commitments has been determined to be \$NIL (31 December 2018: \$NIL).

Operating lease commitments

The Company has guaranteed the performance of one of its subsidiaries in relation to a number of property lease contracts. The fair value of these commitments has been determined to be \$NIL (31 December 2018: \$NIL).

Printer lease commitments

The Company guarantees E D & F Man Limited in relation to its contract with a third party supplier for the lease of printing equipment. The fair value of these commitments has been determined to be \$NIL (31 December 2018: \$NIL).

FRM Investment Management Limited ("FRMIM") - Deed of Guarantee to Universities Superannuation Scheme Limited ("USS")

FRMIM is the service provider for USS managed accounts. The Company guarantees to USS, up to \$20 million, that the Company will make due and punctual payment of any monies, debts and liabilities of any nature from time to time due or owing from or incurred by FRMIM as and when they fall due within 30 calendar days of such amounts becoming due and payable should such amounts remain outstanding and, if necessary and appropriate, recapitalise FRMIM so that FRMIM is able to trade as a going concern. The fair value of these commitments has been determined to be \$NIL (31 December 2018: \$NIL).

Guarantee on behalf of Man Investments Holdings Inc ("MIHI") for purchase of Silvermine Capital Management LLC ("Silvermine")

The Company guarantees MIHI (the "Buyer") in respect of the purchase of Silvermine from Silverstar Asset Management LLC (the "Seller"). The Company guarantees to provide credit support in respect of the Buyer to the Seller for the punctual payment of amounts as outlined in the terms of the purchase agreement. There are no payments overdue to the Seller at 31 December 2019. The fair value of these commitments has been determined to be \$NIL (31 December 2018: \$NIL).

Guarantee on behalf of Man Group Holdings Limited ("MGHL") for purchase of NewSmith LLP ("NewSmith")

The Company guarantees MGHL (the "Buyer") in respect of the purchase of NewSmith from NewSmith LLP (the "Seller"). The Company guarantees to provide credit support in respect of the Buyer to the Seller for the punctual payment of amounts over four years (2014-2018) as outlined in the terms of the purchase agreement. There are no payments overdue to the Seller at 31 December 2019. The fair value of these commitments has been determined to be \$NIL (31 December 2018: \$NIL).

MAN STRATEGIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17. Related party transactions

The Company has taken advantage of the exemption under the provisions of FRS 101 from disclosing transactions with other wholly-owned Group entities since the Company is a wholly-owned subsidiary of Man Group plc, the consolidated financial statements of which are publicly available. During the year and the preceding year there have been no transactions with related parties other than wholly-owned Group entities.

18. Controlling party

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Man Group plc, a company registered in Jersey. The immediate parent undertaking and controlling party is Man Group Limited, a company registered in England and Wales.

As of 28 May 2019 the Group adjusted its corporate structure such that Man Group plc, a company registered in Jersey, became the new listed holding company of the Group via a court-approved scheme of arrangement under Part 26 of the Companies Act 2006. The former holding company of the Group, previously known as Man Group plc, was renamed Man Group Limited on re-registering as a private limited company on that date.

The smallest and largest group of undertakings that prepare consolidated accounts of which the Company is a member is Man Group plc. The financial statements of the Company are available from from the Company's registered office address.

The Group financial statements of Man Group plc are available from Man Group plc, 22 Grenville Street, St Helier, Jersey, JE4 8PX.

19. Post balance sheet events

As noted in the Strategic Report on page 3 the COVID-19 pandemic has created global disruption during the period between 31 December 2019 and the date of approval of the financial statements. Although at this time the directors consider that the Company's longer-term success and sustainability will not be materially affected by the effects of the pandemic, the investments in subsidiary undertakings balance involves estimation uncertainty, as set out in Note 3, and is therefore potentially subject to further volatility. Based on information available at the date of approval of these financial statements, it is impracticable to quantify the impact of the COVID-19 pandemic on this balance.

The assessment around whether the Company's investments in subsidiaries are impaired is required to be performed annually. The next impairment assessment will be performed at the next reporting date, based on the information available at that time.

Appendix I

Details of the Company's subsidiaries and associates are provided below. The country of operation is the same as the country of incorporation, the year end is 31 December, and percentage holding represents both the percentage held and voting rights, unless otherwise stated.

Subsidiaries

Principal operating subsidiaries	Registered address	Direct or indirect	Country of incorporation	Percentage holding %
Asset management				
AHL Partners LLP ¹	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
GLG Partners LP	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Services company				
Man Group Operations Limited (Previously E D & F Man Limited)	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Treasury and holding company				
Man Investments Finance Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Direct	UK	100
Holding and other subsidiaries				
Man Group UK Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Global Private Markets (UK) Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
E D & F Man Investments Limited	15 Esplanade, St Helier, JE1 1RB	Indirect	Jersey	100
FA Sub 2 Limited	Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110	Indirect	BVI	100
FA Sub 3 Limited	Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110	Indirect	BVI	100
Financial Risk Management Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
FRM Holdings Limited	Gaspé House, 66-72 Esplanade, St Helier, JE2 3QT	Indirect	Jersey	100
FRM Investment Management Limited	P.O. Box 186, Royal Chambers, St Julian's Avenue, St Peter Port, GY1 4HG	Indirect	Guernsey	100
FRM Thames Fund General Partner 1 Limited	89 Nexus Way, Camana Bay, P.O. BOX 31106, Grand Cayman, KY1-1205	Indirect	Cayman	100
GLG Holdings Limited	Wickhams Cay, PO Box 662, Road Town, Tortola	Indirect	BVI	100
GLG Partners Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
GLG Partners UK Group Ltd	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
GLG Partners UK Holdings Ltd	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Group Investments Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Knox Pines Limited ²	Wickhams Cay, PO Box 662, Road Town, Tortola	Indirect	BVI	100
Man Asset Management (Ireland) Limited	70 Sir John Rogerson's Quay, Dublin 2	Indirect	Ireland	100
Habitare Homes Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man (Europe) AG	Austrasse 56, 9490, Vaduz, Liechtenstein	Indirect	Liechtenstein	100
Man Fund Management (Guernsey) Limited	P.O. Box 186, Royal Chambers, St Julian's Avenue, St Peter Port, GY1 4HG	Indirect	Guernsey	100
Man Fund Management Limited	70 Sir John Rogerson's Quay, Dublin 2	Indirect	Ireland	100
Man Fund Management Netherlands BV	Beurs – World Trade Center, Beursplein 37, 3011 AA, Rotterdam	Indirect	Netherlands	100
Man Fund Management UK Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man GLG Partners LLP ¹	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Group Services Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Investments Holdings Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Investments Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Mash Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Solutions Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Man Valuation Services Limited	Riverbank House, 2 Swan Lane, London, EC4R 3AD	Indirect	UK	100
Mount Garnet Limited ³	Wickhams Cay, PO Box 662, Road Town, Tortola	Indirect	BVI	100
Mount Granite Limited	Wickhams Cay, PO Box 662, Road Town, Tortola	Indirect	BVI	100
RBH Holdings (Jersey) Limited	IFC 5, St Helier, JE1 1ST, Jersey	Indirect	Jersey	100

Notes:

¹ Financial year end is 31 March.

² Knox Pines Limited was dissolved on 4 March 2020

³ Mount Garnet Limited was dissolved on 11 March 2020