

## Results for the year ended 31 December 2020

26 February 2021

- Strong investment performance with 70% of mutual fund assets under management (AUM) above median over three years.
- Acquisition of Merian Global Investors Limited (“Merian”) introduced £16.6 billion of AUM on 1 July 2020.
- Ended the year with AUM at a record high of £58.7 billion.
- Underlying profit before tax increased by 10% to £179.0 million. Statutory profits before tax decreased by 12% to £132.6 million, after exceptional costs mainly relating to the acquisition.
- Underlying EPS largely unchanged at 28.7 pence per share. Statutory EPS was down from 27.5 pence per share to 21.3 pence per share.
- Ordinary dividend held at 17.1 pence per share and a special dividend of 3.0 pence per share proposed. The total dividend for the year was 20.1 pence per share, representing 70% of underlying EPS.

	Year ended 31 December 2020	Year ended 31 December 2019	% change
Assets under management (AUM) (£bn)	58.7	42.8	37%
Net outflows (£bn)	(4.0)	(4.5)	(11)%
Net management fees <sup>1</sup> (£m)	384.0	370.0	4%
Statutory profit before tax (£m)	132.6	151.0	(12)%
Basic earnings per share (p)	21.3	27.5	(23)%
Underlying profit before tax <sup>1</sup> (£m)	179.0	162.7	10%
Underlying earnings per share <sup>1</sup> (p)	28.7	28.8	-
Total dividends per share (p)	20.1	17.1	18%
Operating margin (before exceptional items) <sup>1</sup>	41%	43%	

<sup>1</sup> The Group's use of alternative performance measures (APMs) is explained on pages 33 and 34.

### Andrew Formica, Chief Executive, commented:

“This is a year where we made significant progress against our strategic objectives and laid strong foundations for future growth, despite the disruptive impact on financial markets and businesses brought by Covid-19.

First and foremost, our priority has been to deliver for our clients and support our people.

For clients we delivered strong investment performance with 70% of our mutual fund AUM outperforming the median over three years to 31 December 2020.

In addition, we are acutely aware of the impact of the pandemic on our people's mental and physical wellbeing. During the year, we launched a number of initiatives to support colleagues, including financial support to improve home working and broadening benefits for those with caring responsibilities as well as a range of training and support programs to help people manage and cope.

Throughout this period we also successfully completed the acquisition of Merian on time. This transformational deal has expanded our product and geographic offering while reinforcing our position as a market leader in UK retail. Financially it has exceeded our expectations, delivering greater than expected synergies and already making a significant contribution to Group profits. While more time is needed to stabilise flows from certain products, these near-term challenges were well-anticipated and factored into the terms of the deal, giving substantial protection to our shareholders.

Market volatility weighed heavily on investor sentiment resulting in net outflows for the year, gross inflows were robust at £16.5 billion, and, pleasingly, Jupiter branded strategies recorded three consecutive quarters of positive net flows. We have selectively added to our product range and expanded our environmental, social and governance (ESG) investment capabilities, where we have a strong heritage. We have also made progress with our international reach through developing our partnership with NZS Capital in the US and building upon Merian's relationship with Ping An in China, deepening our access to the largest and fastest growing investment markets in the world.

Against a backdrop of strengthening investor sentiment and improved momentum as we turn the corner in the battle against Covid-19, I am confident that Jupiter is strongly positioned for future growth.”

**Board changes**

Jonathon Bond, the Senior Independent Director, has decided not to seek re-election at the Company's 2021 AGM, and will retire from the Board at the conclusion of the meeting. Roger Yates, a Non-Executive Director and Chairman of the Remuneration Committee, will be appointed Senior Independent Director with effect from the same date.

Nichola Pease, Chairman of Jupiter, said:

"Jonathon was appointed in 2014 and became Senior Independent Director in 2017. He has made a significant contribution to the Company and I have greatly appreciated his support and counsel since my appointment. On behalf of the Board and all of our stakeholders I would like to extend our thanks and very best wishes."

**Analyst presentation**

There will be an analyst presentation at 9:00am GMT on 26 February 2021.

The audio presentation will be held virtually. The presentation may be joined by either telephone [https://secure.emincote.com/client/jupiter/jfm022/vip\\_connect](https://secure.emincote.com/client/jupiter/jfm022/vip_connect) or by webcast <https://secure.emincote.com/client/jupiter/jfm022>. Please note that questions can be asked on either the webcast or the conference line.

The Results Announcement and the presentation will be available at <https://www.jupiteram.com/investor-relations>. Copies may also be obtained from the registered office of the Company at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ. The Annual Report will be published in March 2021 and will be available at <https://www.jupiteram.com/investor-relations>.

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**Forward-looking statements**

This announcement contains forward-looking statements with respect to the financial condition, results of operations and businesses of the Group. Such statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this announcement. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast.

## Management statement

Every year brings with it its set of challenges, but some years can prove exceptional. 2020 was such a year, though it will also be seen as one in which we took important steps to secure the future prosperity of our company.

Despite the Covid-19 pandemic, we successfully acquired and integrated Merian Global Investors Limited. We achieved this thanks to the commitment and hard work of our employees, who rose to the challenge of bringing these two businesses together in extremely difficult circumstances. It also points to our agility as a firm that we were able to adapt quickly to a global public health crisis, supporting our employees, but also continuing to serve our clients with little to no disruption.

Notwithstanding the many challenges, we ended the year on a much more robust footing than when we came into it. Through the Merian acquisition, we have broadened our product range and expanded our client base to create a market-leading specialist, high conviction, active asset manager in the UK retail channel while expanding our international reach.

Our strategy remains focused on delivering superior and sustainable investment performance for our clients. We will retain our focus on specialist strategies where we believe we can really add value for our clients and differentiate ourselves from our peers. Our investment performance remained strong in 2020, with 70% of our mutual fund assets under management being above median over a three-year period (2019: 72%).

As an active asset manager, one of our key roles is delivering sustainable returns through active engagement with the companies in which we invest. We have broadened our approach on sustainable investing this year, with specialist strategies, increased company engagements and data-driven proprietary tools.

While our strong investment performance did not always translate into net new business, we believe that there has been a shift in momentum, which we hope will deliver a pick-up in net client flows in the future. In turn, this should drive improvements in our financial performance.

We are also aware that we cannot stand still if we are to continue to drive future growth. As we pivot the business towards growth areas, we have made difficult but important decisions around our resourcing and have initiated a restructuring programme to make sure our resources are focused on the areas that will drive the future growth of the business.

### Positioned for improved financial performance

Our strong investment performance through 2020 was not reflected in our total net new business in what proved to be a challenging year. Gross inflows remained robust at £16.5 billion (2019: £13.4 billion) and Jupiter strategies generated positive net inflows in the latter three quarters of the year, driven by client demand for Fixed Income products. However, Merian strategies saw outflows in the second half and retail investor sentiment remained subdued throughout a year of market and economic uncertainty. We saw total net outflows of £4.0 billion (2019: £4.5 billion).

There were redemptions from funds where, as part of the integration, we have changed the manager and from others where investment performance has fallen short. UK and European-centric strategies have also been out of favour as concerns on Brexit weighed heavily on sentiment, regardless of performance, although we hope this will change as political risks diminish and more certainty emerges.

We are confident that we will gradually see a shift in momentum and hope to see an improved net flow performance in 2021. Net outflows and lower markets for much of the year would have negatively impacted the revenues generated by a standalone Jupiter business. However, the addition of Merian meant we ended the year with AUM at a record high of £58.7 billion, with a 4% increase in net management fees to £384.0 million.

A number of strategies also generated significant net performance fees this year of £73.6 million. Although underlying profit before tax increased 10% to £179.0 million, statutory profit before tax fell 12% to £132.6 million, principally due to the integration and acquisition costs of Merian. More details on our financial performance can be found in the Financial review below.

### Supporting our people and clients through Covid-19

We responded quickly to the Covid-19 crisis. Despite the significant impact on stock markets in the early stages of the pandemic and the necessary switch to remote working to keep our people safe, we have been able to operate effectively for our clients. Investment performance remained strong and client engagement levels increased through the year.

Primarily, Covid-19 has been a public health crisis and the wellbeing of our people and their families has been our key priority. We have been immensely proud of how our people have reacted throughout this period. In often challenging circumstances, they have proved to be resilient and dedicated and have performed exceptionally well.

Crises often stall progress, but Covid-19 has accelerated shifts that were already well underway. Looking across how we now use technology, how we interact with clients and how we have embraced new ways of working, we have all seen many years' rapid progress over the last twelve months. The pandemic has highlighted the power of technology, not just in remote working and client engagement, but in using tools to alert fund managers to changes in our environment. We have been building our data science capability in recent years and this will play an increasingly important role in how we manage our clients' assets in the years ahead.

Our strong culture has helped us through this period but the time we have spent apart has drawn on our cultural reserves and we need to regularly replenish it. We therefore expect, when it is safe and appropriate to do so, to shift towards a hybrid working model, to benefit from teams working together face-to-face while giving our people greater flexibility about how they work at other times.

### Integration of Merian

The acquisition of Merian completed on 1 July 2020 and, despite the challenges that this year has presented, all of the strategic benefits we laid out last year have borne out and we have made excellent progress towards complete integration.

It has broadened our product range, building scale in some areas (such as UK equities and Fixed Income) and expanded our investment expertise in others (such as alternative strategies, private assets investments and gold and silver). It has widened our Institutional client base and extended our international footprint in a number of key markets, including in China.

We have welcomed around 100 talented colleagues, largely in Investment and Distribution, supporting our market-leading presence in the UK retail channel.

Although we have seen outflows from Merian funds this year, financially it has exceeded our expectations, delivering greater levels of synergies than initially expected and already contributing significantly to Group profits.

#### **A strong product offering**

We have strategically added to our product range in select areas we believe we can add real value for our clients. We launched the Jupiter European Smaller Companies fund in the UK and internationally have strengthened our Fixed Income range.

We have also broadened our international offering. Our partnership with NZS Capital in the US is growing strongly, having already won three institutional mandates and ending the first year of the partnership with more than \$500 million of assets. We have opened a US office in Denver to support NZS Capital and to offer our own capabilities to the US institutional marketplace. We are also working to develop our relationship, inherited through Merian, with Ping An in China, one of the largest and fastest growing markets in the world.

#### **A commitment to sustainability**

As a high conviction specialist asset manager, we are very aware that we are stewards of our clients' capital. We have a responsibility to actively engage with our investee companies across environmental, social and governance issues. We have worked this year to ensure that ESG processes are embedded throughout both our investment strategies and our wider culture.

We have expanded our ESG investment capabilities and restructured our sustainable product range, including Global Sustainable Equities, under a single leadership. Our data science team has played a key role in the development of the Jupiter ESG Hub, a proprietary tool that enables us to take internal research and external data and map it against portfolios or potential investments.

We also believe that it is crucial that we hold ourselves to the same high standards which we expect from the companies in which we invest. We have made steps in improving our corporate responsibility, including a commitment to achieving net zero emissions by 2050 and alignment with the UN Global Compact.

#### **Capital management and dividend**

The Board remains focused on maintaining the Group's capital strength, including a robust surplus over regulatory capital requirements, while balancing making investments for long-term growth with distribution to Jupiter shareholders. The Group's indicative surplus over regulatory requirements was £112.2 million (2019: £147.0 million) after allowing for declared dividends.

In accordance with our policy of a progressive dividend in line with the trend in profitability, the Board has proposed an unchanged full-year ordinary dividend for the year of 9.2 pence per share. This results in a total ordinary dividend for the year of 17.1 pence, unchanged from 2019, representing an ordinary dividend pay-out ratio of 60% of underlying EPS.

Following the recognition of high levels of performance fee in the second half of the year, the Board are pleased to announce a special dividend of 3.0 pence per share, bringing the total pay-out for the year to 70% of underlying EPS.

In previous years, the Board has declared interim dividends only, which do not require a shareholder vote. In a change to that approach, in order to promote accountability to our shareholders, the Board has proposed the full-year dividend as a final dividend and seeks approval for this payment at the AGM on 6 May 2021.

#### **Positioned for future growth**

As we move into 2021, we will continue the work that we started this year and look forward to realising the benefits of the actions we have taken. We will complete the integration of Merian and continue to support our people through the ongoing Covid crisis. We will retain focus on cost discipline, but selectively invest where we see opportunities for organic growth. But above all, we will continue our focus on delivering for our clients.

With the completion of the acquisition, a number of key funds reaching their three-year track records and an unwavering focus on delivering superior investment performance for our clients, the foundations are in place for strong performance going forward.

I would like to thank our colleagues across the whole group for all of their hard work this year. In unusual and very challenging circumstances, they have shown remarkable commitment and dedication, without which none of the successes we have achieved this year would have been possible. I look forward to working with my colleagues to drive this future growth and deliver positive outcomes for our clients, our people and our shareholders.

## Business review

### Assets under management (AUM) and flows

Movement in AUM by product across the period									
	31 December 2019 £bn	Q1 net flows £bn	Q2 net flows £bn	Q3 net flows £bn	Q4 net flows £bn	Full year net flows £bn	Acquisition 1 July £bn	Market returns £bn	31 December 2020 £bn
Mutual funds	37.6	(2.9)	0.2	(0.8)	(1.3)	(4.8)	13.9	3.2	49.9
Segregated mandates	4.8	0.6	0.1	(0.2)	0.2	0.7	2.4	-	7.9
Investment trusts	0.4	-	-	-	0.1	0.1	0.3	0.1	0.9
<b>Total</b>	<b>42.8</b>	<b>(2.3)</b>	<b>0.3</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(4.0)</b>	<b>16.6</b>	<b>3.3</b>	<b>58.7</b>

Assets under management (AUM) increased by 37% to end the year at £58.7 billion (2019: £42.8 billion).

We acquired £16.6 billion of AUM through Merian on 1 July 2020 which, despite net outflows of £2.2 billion, had increased to £17.0 billion at the end of the year.

Gross flows remained strong through the year at £16.5 billion. After a demand for liquidity led to outflows in the first quarter, Jupiter products stabilised and generated net inflows in each of the latter three quarters. However, with depressed levels of retail investment sentiment, we saw total net outflows of £4.0 billion across the business, with Merian outflows of £2.2 billion included from 1 July 2020. These were partially offset by £3.3 billion of investment returns for clients.

Client demand was largely through the Fixed Income strategy, which saw £0.6 billion of net inflows, driven by inflows into Dynamic Bond. These were partially offset by redemptions from lower margin Merian Fixed Income strategies following changes in the fund managers.

NZS Capital also performed well during the year, winning three Institutional mandates and generating over \$500 million of AUM. We experienced net outflows in the Systematic strategy, including the Global Equity Absolute Return fund which we acquired through Merian. We continue to see good gross inflows into these products and are working towards stabilising this business and returning to overall growth in the future. We also experienced net outflows across our other strategies, which were all impacted by investor demand during a period of global uncertainty. Average AUM was £47.8 billion, an increase of 8% on 2019.

### Investment performance

At 31 December 2020, 70% of our mutual fund AUM had delivered above-median performance against peer group funds over three years (31 December 2019: 72% of mutual fund AUM), of which 42% of mutual fund AUM had delivered first quartile performance (31 December 2019: 38% of mutual fund AUM).

Measured over one year, 63% of mutual fund AUM (31 December 2019: 55% of mutual fund AUM) delivered above-median performance. Over five years, 69% of mutual fund AUM (31 December 2019: 86% of mutual fund AUM) had delivered above-median performance.

Segregated mandates and investment trusts make up £8.8 billion or 15% of our AUM. At the year end, 25% of AUM in segregated mandates and investment trusts were above their benchmarks over three years (31 December 2019: 14%). The majority of these assets are in value-focused strategies, which have faced challenges over recent years. We compare performance to benchmark for these funds as there is no industry-wide data to allow comparison against peers.

## Financial review

Despite the challenging backdrop we delivered resilient financial results in 2020. Underlying profit before tax and exceptional items was £179.0 million, 10% higher than in 2019, of which the Merian business contributed £59.2 million. This increase was driven largely by the significant levels of performance fee income, partially offset by a higher cost base relating to performance fees and the acquisition of Merian.

Statutory profit before tax was £132.6 million (2019: £151.0 million), after the deduction of exceptional items of £46.4 million (2019: £11.7 million), almost all of which related to the acquisition.

We issued 95.4 million new ordinary shares in July as consideration for the acquisition of Merian. Underlying earnings per share was largely unchanged compared with 2019 at 28.7 pence (2019: 28.8 pence), including a contribution of 7.5 pence from the Merian business after dilution from shares issued. Statutory earnings per share were 21.3 pence (2019: 27.5 pence).

### Net revenue

Net revenue		
(£m)	2020	2019
Net management fees	384.0	370.0
Net initial charges	0.2	1.2
Performance fees <sup>1</sup>	73.6	7.9
<b>Net revenue<sup>1</sup></b>	<b>457.8</b>	<b>379.1</b>
Reclassified revenue	(10.0)	-
<b>Adjusted net revenue</b>	<b>447.8</b>	<b>379.1</b>
<b>Revenue<sup>1</sup></b>	<b>500.5</b>	<b>419.3</b>

1 Includes performance fees of £10.0 million (2019 £nil) that have been used to reduce an exceptional cost (see APMs on page 33).

Revenue in the year was £500.5 million (2019: £419.3 million), with net revenues of £457.8 million (2019: £379.1 million), of which Merian contributed £129.1 million. Over the year, Jupiter average AUM, excluding the Merian business, was 11% lower than in the prior year which, along with reductions in management fee margins, led to a corresponding decrease in management fees.

Performance fees of £73.6 million (2019: £7.9 million) crystallised in the year, principally related to Merian UK equities and alternatives funds that delivered strong performance in the period.

We have reclassified £10.0 million of the performance fees received as exceptional items in order to avoid a mismatch between this revenue and an exceptional acquisition-related cost.

The Group's net management fee margin for the period was 79 basis points, five points lower than in 2019. This was driven primarily by changes in business mix, including the impact of Merian's lower margin product mix, the continuing strength of flows into the Group's Fixed Income strategy and some important segregated mandate wins. The net result of higher overall average AUM at a lower average margin was an increase in net management fees of 4%.

### Administrative expenses

Administrative expenses		
(£m)	2020	2019
Fixed staff costs <sup>1</sup>	76.1	59.4
Variable staff costs <sup>1</sup>	85.8	70.7
Other expenses <sup>1</sup>	103.2	86.7
<b>Administrative expenses<sup>1</sup></b>	<b>265.1</b>	<b>216.8</b>
Exceptional items	47.0	11.7
<b>Administrative expenses</b>	<b>312.1</b>	<b>228.5</b>
<b>Variable compensation ratio<sup>1</sup></b>	<b>31%</b>	<b>30%</b>
<b>Total compensation ratio<sup>1</sup></b>	<b>35%</b>	<b>34%</b>
<b>Operating margin<sup>1</sup></b>	<b>41%</b>	<b>43%</b>

1 Stated before exceptional items (see APMs on page 33).

Administrative expenses (before exceptional items) of £265.1 million (2019: £216.8 million) were 22% higher than in 2019, of which £56.6 million or 26% of the increase represented costs taken on through the Merian acquisition.

Fixed staff costs increased by 28%, of which 15% was due to the acquisition of Merian. Average headcount for the Group increased from 529 to 593, including former Merian employees. However, alongside the increase in headcount, the increase in fixed staff costs reflects changes to the structure of our teams across 2019 and 2020.

Other expenses of £103.2 million (2019: £86.7 million) increased 19%, which was mainly due to operating costs taken on through the Merian acquisition.

The Group's total compensation ratio increased from 34% to 35%, including payments to fund managers relating to performance fees generated. The Group's operating margin (before exceptional items) decreased to 41% (2019: 43%), but remained in line with our long-term expectation.

#### Variable staff costs

(£m)	2020	2019
Cash bonus <sup>1</sup>	32.9	24.3
Other variable compensation <sup>1</sup>	53.8	49.4
Net gains on instruments held to hedge fund fund awards	(0.9)	(3.0)
<b>Variable staff costs before exceptional items</b>	<b>85.8</b>	<b>70.7</b>
Exceptional items	4.1	9.3
<b>Variable staff costs</b>	<b>89.9</b>	<b>80.0</b>

<sup>1</sup> Stated before exceptional items (see APMs on page 33).

Variable staff costs before exceptional items increased by 21% to £85.8 million (2019: £70.7 million). This was largely driven by additional payments due to fund managers as a result of performance fees earned.

#### Exceptional items

Exceptional items were £46.4 million in 2020 (2019: £11.7 million) and relate mainly to the acquisition of Merian, including acquisition and integration costs and certain other costs.

#### Exceptional items

(£m)	2020	2019
<b>Acquisition related</b>		
Transaction costs	12.7	-
Integration and related costs	26.6	-
<b>Transaction and integration costs</b>	<b>39.3</b>	<b>-</b>
Amortisation of acquired intangible assets	9.4	-
Deferred compensation costs related to the acquisition	3.7	-
Performance fees attributed to the seller's obligation	(10.0)	-
	<b>42.4</b>	<b>-</b>
<b>Non-acquisition related</b>		
Redundancy and other compensation costs	4.0	11.7
<b>Exceptional items</b>	<b>46.4</b>	<b>11.7</b>

Acquisition-related exceptional net costs mainly comprise acquisition and integration related costs of £39.3 million. The majority of the operational integration took place in 2020. We do not expect to recognise any significant further expenditure relating to the acquisition in 2021.

The Group incurred certain acquisition costs in the form of deferred earn out awards to certain former shareholders. These are required to be treated as compensation costs as they include employment criteria and will be charged over a period of between three and five years.

Up to £10.0 million of this award would be funded by TA Associates (the DEO obligation) in the absence of the equivalent amount of performance fee profits. The Group recognised performance fee profits in excess of this amount in 2020 and, as a result, £10.0 million of performance fees have been recorded as exceptional items to reflect that they are expected to fund this cost. Due to accounting recognition requirements, £6.7 million of the DEO obligation cost will be charged in future years.

Part of the purchase consideration is required to be allocated to acquired intangible assets which represents value attributable to the client book excluding gross inflows. This asset of £75.0 million is amortised over four years.

In December 2020, the Group incurred redundancy and other compensation costs of £4.0 million as part of an ongoing restructuring programme. These costs related to actions taken in the final quarter of the year as the Group embarked on a post-integration review of its structures, systems and processes. The programme will complete in the first half of 2021, with related costs being recognised in 2021. Exceptional items in 2019 of £11.7 million related to certain variable compensation awards, of which £9.3 million related to accelerated accounting charges for deferred employee awards and £2.4 million to a separate redundancy programme.

The treatment of redundancy costs as exceptional items is kept under close review and, following the completion of the current programme, no further redundancy costs are expected to be reported as exceptional in the foreseeable future.

#### Other income statement movements

Other gains of £3.3 million (2019: gains of £4.1 million) principally comprised a £3.7 million gain (2019: £nil) on a forward contract taken out to hedge share-based compensation awards to staff and losses of £0.4 million (2019: gains of £3.1 million) on seed investments, net of hedges and including dividend income. Seed investments are hedged for beta risk where it is possible to do so. Gains and losses therefore generally arise from under or overperformance against a fund's benchmark. In 2020, we recognised gains across a range of seeded funds, particularly in respect of our Flexible Macro and Pan European Smaller Companies funds. Gains and losses relating to the hedging of fund-based awards are reported within staff costs.

#### Finance costs

Finance costs of £5.1 million (2019: £2.0 million) have increased by £3.1 million principally as a result of the issue of £50 million subordinated debt in April bearing an interest rate of 8.875%.

#### Tax expense

The effective tax rate for 2020 was 20.6% (2019: 18.7%), marginally above the headline UK corporation tax rate of 19.0% (2019: 19.0%). The difference is due to increases in disallowable exceptional costs related to the Merian acquisition.

#### Earnings per share (EPS) and underlying EPS

	2020 (£m)	2019 (£m)
Statutory profit before tax	132.6	151.0
Exceptional items	46.4	11.7
<b>Underlying profit before tax</b>	<b>179.0</b>	<b>162.7</b>
Tax at average statutory rate of 19%	(34.0)	(30.9)
<b>Underlying profit after tax</b>	<b>145.0</b>	<b>131.8</b>
Weighted average issued share capital	505.4	457.7
<b>Underlying EPS</b>	<b>28.7p</b>	<b>28.8p</b>
<b>Basic EPS</b>	<b>21.3p</b>	<b>27.5p</b>

The Group's basic and diluted statutory EPS measures were 21.3 pence and 20.8 pence respectively in 2020, compared with 27.5 pence and 26.8 pence in 2019. Underlying EPS, defined as underlying profit after tax divided by the weighted average number of shares in issue (see page 33), was broadly flat at 28.7 pence (2019: 28.8 pence).



## Section 1: Results for the year

### Consolidated income statement for the year ended 31 December 2020

	Notes	2020 £m	2019 £m
Revenue	1.1, 1.2	500.5	419.3
Fee and commission expenses	1.1	(42.7)	(40.2)
<b>Net revenue</b>	1.1	<b>457.8</b>	<b>379.1</b>
Administrative expenses	1.3	(312.1)	(228.5)
Other gains	1.4	3.3	4.1
Amortisation of intangible assets	3.2	(11.3)	(1.8)
<b>Operating profit</b>		<b>137.7</b>	<b>152.9</b>
Finance income		-	0.1
Finance costs	1.5	(5.1)	(2.0)
<b>Profit before taxation</b>		<b>132.6</b>	<b>151.0</b>
Income tax expense	1.6	(27.3)	(28.2)
<b>Profit for the year</b>		<b>105.3</b>	<b>122.8</b>
<b>Earnings per share</b>			
Basic	1.7	21.3p	27.5p
Diluted	1.7	20.8p	26.8p

### Consolidated statement of comprehensive income for the year ended 31 December 2020

	Notes	2020 £m	2019 £m
Profit for the year		<b>105.3</b>	<b>122.8</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange movements on translation of subsidiary undertakings	4.2	0.7	(0.8)
<b>Other comprehensive income/(loss) for the year net of tax</b>		<b>0.7</b>	<b>(0.8)</b>
<b>Total comprehensive income for the year net of tax</b>		<b>106.0</b>	<b>122.0</b>

## Notes to the Group financial statements – Income statement

### INTRODUCTION

Jupiter Fund Management plc (the Company) and its subsidiaries (together, the Group) offer a range of asset management products. Through its subsidiaries, the Group acts as an investment manager to authorised unit trusts, SICAVs, ICAVs, ICVCs, OEICs, investment trust companies, pension funds and other specialist funds. At 31 December 2020, the Group had offices in the United Kingdom, Ireland, Jersey, Austria, Germany, Hong Kong, Italy, Luxembourg, Singapore, Spain, Sweden and Switzerland. In addition, the strategic partnership with NZS Capital LLP, which completed in February 2020, gives the Group access to the US Institutional market.

Following the acquisition of Merian Global Investors Limited (Merian) on 1 July 2020 (see Note 5.4), the principal activities of the Group are unchanged, but the business combination has resulted in an expansion in the range of asset management products offered and in the number of markets in which the Group operates, including an office in Dublin.

The Group's financial statements have been split into sections to assist with their navigation and align with the Financial review. The basis of preparation, accounting policies and principal risks and mitigations are within Section 5.

### THE IMPACT OF EXCEPTIONAL ITEMS ON THE FINANCIAL STATEMENTS

The Group has presented certain items as exceptional in 2019 and 2020. In 2020, these items principally relate to the Merian acquisition which has resulted in additional disclosures, including explanations of new areas of accounting estimates, judgements and assumptions. Further details of all items that are deemed exceptional in 2019 and 2020 are explained below, as well as within the relevant notes to the accounts and in the Financial review.

#### The use of exceptional items and underlying profit measures

In the Financial review of this document, the Group makes use of a number of APMs, including 'Underlying profit before tax'. The use of such measures means that financial results referred to in that section of this document may not be equal to the statutory results reported in the financial statements. Guidelines issued by the European Securities and Markets Authority require such differences to be reconciled. As a result of the Merian acquisition, the difference between 'Underlying profit before tax' and the statutory profit before tax is larger than in 2019, due to the recognition of material acquisition and integration costs.

'Underlying profit before tax', which is defined on page 33, is equal to the statutory profit before tax less exceptional items. Exceptional items are also defined on page 33. The financial statements do not refer to or use such measures, but the table below provides a reconciliation, indicating in which note or notes to the statutory accounts the exceptional items are recorded. Further detail on these items can be found in the relevant notes.

	Notes	2020 £m	2019 £m
<b>Underlying profit before tax (page 8)</b>		<b>179.0</b>	<b>162.7</b>
Exceptional items, included within the following notes:			
Net revenue	1.1	10.0	-
Administrative expenses	1.3	(47.0)	(11.7)
Intangible assets	3.2	(9.4)	-
<b>Statutory profit before tax</b>		<b>132.6</b>	<b>151.0</b>

### 1.1 REVENUE

The Group's primary source of revenue is management fees. Management fees are charged for investment management or administrative services and are normally based on an agreed percentage of the assets under management (AUM). Initial charges and commissions are for additional administrative services at the beginning of a client relationship, as well as ongoing administrative costs. Performance fees may be earned from some funds when agreed performance conditions are met. Net revenue is stated after fee and commission expenses to intermediaries for ongoing services under distribution agreements.

	2020 £m	2019 £m
Management fees	426.6	410.0
Initial charges and commissions	0.3	1.4
Performance fees	73.6	7.9
<b>Revenue</b>	<b>500.5</b>	<b>419.3</b>
Fee and commission expenses relating to management fees	(42.6)	(40.0)
Fee and commission expenses relating to initial charges and commissions	(0.1)	(0.2)
<b>Net revenue</b>	<b>457.8</b>	<b>379.1</b>

The Financial review refers to exceptional items of £10.0m within revenue. This exceptional item is included within performance fees of £73.6m in the table above. This performance fee revenue of £10.0m is related to the indemnification by TA Associates under the sale and purchase agreement of certain deferred awards to former shareholders of Merian who were also fund managers.

## Notes to the Group financial statements – Income statement continued

The performance fees have been earned in the normal course of business, but they have been disclosed as exceptional items to offset the exceptional cost of the deferred earn-out awards that would not have been recorded as a cost to the Group if the indemnification by TA Associates were required to be fulfilled (see Note 5.4).

### Disaggregation of revenue

The Group disaggregates revenue from contracts with customers on the basis of product type and geographical region, as this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

The Group's product types can be broadly categorised into pooled funds and segregated mandates. Pooled funds, which include both mutual funds and investment trusts, are established by the Group, with the risks, exposures and investment approach defined via a prospectus which is provided to potential investors. In contrast, segregated mandates are generally established in accordance with the requirements of a specific institutional investor.

	2020 £m	2019 £m
<b>Revenue by product type</b>		
Pooled funds	462.2	399.0
Segregated mandates	38.3	20.3
<b>Revenue</b>	<b>500.5</b>	<b>419.3</b>

### 1.2 SEGMENTAL REPORTING

The Group offers a range of products and services through different distribution channels. All financial, business and strategic decisions are made centrally by the Board of Directors (the Board), which determines the key performance indicators of the Group. Information is reported to the chief operating decision maker, the Board, on a single-segment basis. While the Group has the ability to analyse its underlying information in different ways, for example by product type, this information is only used to allocate resources and assess performance for the Group as a whole. On this basis, the Group considers itself to be a single-segment investment management business.

Management monitors operating profit for the purpose of making decisions about resource allocation and performance assessment.

### Geographical information

	2020 £m	2019 £m
<b>Revenue by location of clients</b>		
UK	374.9	322.5
Continental Europe	77.3	65.2
Asia	20.6	19.4
Rest of the world	27.7	12.2
<b>Revenue by location</b>	<b>500.5</b>	<b>419.3</b>

The location of clients is based on management information received from distribution partners. Where management information is not available, the location of the distribution partner is used as a proxy for the location of the client.

Non-current assets for the Group (excluding financial instruments and deferred tax assets) are domiciled in the UK, continental Europe and Asia, as set out below:

	2020 £m	2019 £m
<b>Non-current assets for the Group</b>		
UK	686.2	395.4
Continental Europe	1.9	2.1
Asia	0.8	1.4
<b>Non-current assets by location</b>	<b>688.9</b>	<b>398.9</b>

### 1.3 ADMINISTRATIVE EXPENSES

Administrative expenses of £312.1m (2019: £228.5m) include staff costs of £181.9m (2019: £141.8m). Staff costs consist of:

	2020 £m	2019 £m
Wages and salaries	127.3	95.3
Share-based payments	19.8	24.5
Social security costs	16.6	17.6
Pension costs	6.2	5.0
Redundancy costs	12.9	2.4
<b>Staff costs before gains arising from the economic hedging of fund units</b>	<b>182.8</b>	<b>144.8</b>
Net gains on instruments held to provide an economic hedge for fund awards	(0.9)	(3.0)
<b>Staff costs</b>	<b>181.9</b>	<b>141.8</b>

## Notes to the Group financial statements – Income statement continued

The Financial review provides details of exceptional items of £47.0m (2019: £11.7m) within administrative expenses. Of this, £20.0m (2019: £11.7m) is in respect of staff costs and £27.0m (2019: £nil) relates to other administrative expenses. The staff costs comprise £16.0m relating to the acquisition of Merian and £4.0m relating to a redundancy programme. In 2020, these chiefly comprise cash and share-based DEO awards and redundancy costs which relate to both the Merian acquisition and to restructuring of the Jupiter business post-integration. In 2019, exceptional items related mainly to the acceleration of share and fund-based compensation awards and redundancy costs. Other administrative expenses classified as being exceptional principally comprise legal and professional fees associated with the Merian acquisition and consultancy fees relating to the post-acquisition integration process of the Merian business.

### 1.4 OTHER GAINS

Other gains in 2020 relate principally to gains made on a hedging instrument purchased to mitigate the Group's exposure to pricing movements in its own shares in respect of share-based awards it has granted and on the Group's seed investment portfolio and derivative instruments held to provide economic hedges against that portfolio. The portfolio and derivatives are held at fair value through profit or loss (see Note 3.4). Gain and losses on these investments comprise both realised and unrealised amounts.

	2020 £m	2019 £m
Dividend income	0.8	1.0
Gains on financial instruments designated at fair value through profit or loss upon initial recognition	14.3	8.2
Losses on financial instruments at fair value through profit or loss	(11.8)	(5.1)
<b>Other gains</b>	<b>3.3</b>	<b>4.1</b>
Add: Net gains on instruments held to provide an economic hedge for fund awards (reported within Note 1.3)	0.9	3.0
<b>Total other gains</b>	<b>4.2</b>	<b>7.1</b>

### 1.5 FINANCE COSTS

Finance costs principally relate to interest payable on Tier 2 subordinated debt notes (see Note 3.6 for further details) and the unwinding of the discount applied to lease liabilities. Finance costs also include ancillary charges for commitment fees and arrangement fees associated with the revolving credit facility. Interest payable is charged on an accrual basis using the effective interest method.

	2020 £m	2019 £m
Interest on subordinated debt	3.1	-
Interest on lease liabilities	1.8	1.8
Finance cost on the revolving credit facility	0.2	0.2
	<b>5.1</b>	<b>2.0</b>

### 1.6 INCOME TAX EXPENSE

Analysis of charge in the year:

	2020 £m	2019 £m
<b>Current tax</b>		
Tax on profits for the year	27.7	31.9
Adjustments in respect of prior years	(0.3)	(0.6)
	<b>27.4</b>	<b>31.3</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(0.5)	(2.9)
Adjustments in respect of prior years	0.4	(0.2)
	(0.1)	(3.1)
<b>Income tax expense</b>	<b>27.3</b>	<b>28.2</b>

The corporation tax rate for 2020 was 19% (2019: 19%). The tax charge in the year is higher (2019: lower) than the standard rate of corporation tax in the UK and the differences are explained below:

	2020 £m	2019 £m
<b>Factors affecting tax expense for the year</b>		
Profit before taxation	132.6	151.0
Taxation at the standard corporation tax rate (19%)	25.2	28.7
Non-taxable expenditure	1.6	0.2
Other permanent differences	0.3	(0.6)
Adjustments in respect of prior years	0.1	(0.8)
Effect of differences in overseas tax rates	0.1	0.7
<b>Total tax expense</b>	<b>27.3</b>	<b>28.2</b>

## Notes to the Group financial statements – Income statement continued

### 1.7 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year less the weighted average number of own shares held. Own shares are shares held in an Employee Benefit Trust (EBT) for the benefit of employees under the vesting, lock-in and other incentive arrangements in place.

Diluted EPS is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year for the purpose of basic EPS plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

For the purposes of calculating EPS, the share capital of the parent is calculated as the weighted average number of ordinary shares in issue.

The weighted average number of ordinary shares used in the calculation of EPS is as follows:

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
	<b>m</b>	<b>m</b>
<b>Weighted average number of shares</b>		
Issued share capital	505.4	457.7
Less time apportioned own shares held	(10.5)	(11.1)
Weighted average number of ordinary shares for the purpose of basic EPS	<u>494.9</u>	<u>446.6</u>
Add back weighted average number of dilutive potential shares	10.6	10.9
Weighted average number of ordinary shares for the purpose of diluted EPS	<u><u>505.5</u></u>	<u><u>457.5</u></u>
	<b>2020</b>	<b>2019</b>
	<b>p</b>	<b>p</b>
<b>Earnings per share</b>		
Basic	21.3	27.5
Diluted	20.8	26.8

## Section 2: Consolidated statement of cash flows

### Consolidated statement of cash flows for the year ended 31 December 2020

	Notes	2020 £m	2019 £m
<b>Cash flows from operating activities</b>			
Cash generated from operations	2.1	131.8	184.0
Income tax paid		(27.2)	(34.2)
<b>Net cash inflows from operating activities</b>		<b>104.6</b>	<b>149.8</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3.3	(1.3)	(1.9)
Purchase of intangible assets	3.2	(1.3)	(1.7)
Purchase of financial assets at fair value through profit or loss (FVTPL)		(251.5)	(454.4)
Proceeds from disposals of financial assets at FVTPL		249.0	418.0
Cash movement from funds no longer consolidated		-	(3.0)
Net cash received from acquisitions		68.2	-
Dividend income received		0.8	1.0
Finance income received		-	0.1
<b>Net cash inflows/(outflows) from investing activities</b>		<b>63.9</b>	<b>(41.9)</b>
<b>Cash flow from financing activities</b>			
Proceeds from debt issued	3.6	49.0	-
Repayment of borrowing	3.6	(111.0)	-
Dividends paid	4.3	(83.9)	(127.2)
Purchase of shares by EBT		(10.7)	(32.4)
Finance costs paid		(0.6)	(0.2)
Cash paid in respect of lease arrangements		(6.7)	(5.1)
Third-party subscriptions into consolidated funds		53.2	54.2
Third-party redemptions from consolidated funds		(47.5)	(16.7)
Distributions paid by consolidated funds		(1.6)	(2.8)
<b>Net cash outflows from financing activities</b>		<b>(159.8)</b>	<b>(130.2)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>8.7</b>	<b>(22.3)</b>
Cash and cash equivalents at beginning of year		179.4	201.7
<b>Cash and cash equivalents at end of year</b>	3.5	<b>188.1</b>	<b>179.4</b>

## Notes to the Group financial statements - Consolidated statement of cash flows

### 2.1 CASH FLOWS FROM OPERATING ACTIVITIES

	Notes	2020 £m	2019 £m
Operating profit		137.7	152.9
Adjustments for:			
Amortisation of intangible assets	3.2	11.3	1.8
Depreciation of property, plant and equipment		6.0	5.8
Other gains		(7.0)	(4.9)
Fund unit hedges		(0.9)	(3.0)
Share-based payments		19.8	24.5
Cash inflows on exercise of share options		0.2	0.6
Increase in trade and other receivables		(53.2)	(12.1)
Increase in trade and other payables		17.9	18.4
<b>Cash generated from operations</b>		<b>131.8</b>	<b>184.0</b>

### 2.2 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Notes	2020 £m	2019 £m
Brought forward at 1 January		74.9	74.0
Changes from financing cash flows		5.7	37.5
Changes arising from obtaining or losing control of consolidated funds		-	(41.5)
Changes in fair values		8.6	4.9
<b>Changes in financial liabilities at FVTPL</b>		<b>89.2</b>	<b>74.9</b>
Issue of subordinated debt	3.6	49.2	-
<b>Liabilities arising from financing activities carried forward at 31 December</b>		<b>138.4</b>	<b>74.9</b>

## Section 3: Assets and liabilities

### Consolidated balance sheet at 31 December 2020

	Notes	2020 £m	2019 £m
<b>NON-CURRENT ASSETS</b>			
Goodwill	3.1	570.6	341.2
Intangible assets	3.2	70.8	5.8
Property, plant and equipment	3.3	47.4	51.7
Deferred tax assets		20.0	16.7
Trade and other receivables		0.5	0.5
		<b>709.3</b>	<b>415.9</b>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss		261.1	224.3
Trade and other receivables		187.3	109.1
Cash and cash equivalents	3.5	188.1	179.4
		<b>636.5</b>	<b>512.8</b>
<b>TOTAL ASSETS</b>		<b>1,345.8</b>	<b>928.7</b>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS</b>			
Share capital	4.1	11.1	9.2
Share premium	4.1	242.1	-
Own share reserve	4.2	(0.2)	(0.3)
Other reserve	4.2	8.0	8.0
Foreign currency translation reserve	4.2	2.8	2.1
Retained earnings	4.2	622.5	592.7
<b>Capital and reserves attributable to owners of Jupiter Fund Management plc</b>		<b>886.3</b>	<b>611.7</b>
Non-controlling interests		(0.2)	-
<b>TOTAL EQUITY</b>		<b>886.1</b>	<b>611.7</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	3.6	49.2	-
Trade and other payables		87.4	77.2
Deferred tax liabilities		12.5	-
		<b>149.1</b>	<b>77.2</b>
<b>CURRENT LIABILITIES</b>			
Financial liabilities at fair value through profit or loss		89.4	74.9
Trade and other payables		212.8	158.4
Current income tax liability		8.4	6.5
		<b>310.6</b>	<b>239.8</b>
<b>TOTAL LIABILITIES</b>		<b>459.7</b>	<b>317.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,345.8</b>	<b>928.7</b>



## Notes to the Group financial statements – Assets and liabilities

### 3.1 GOODWILL

Goodwill relates to the 2007 acquisition of Knightsbridge Asset Management Limited (£341.2m) and the acquisition of Merian in the current year (£229.4m), as disclosed in Note 5.4.

	2020 £m	2019 £m
Goodwill	570.6	341.2
	<u>570.6</u>	<u>341.2</u>

The Group has determined that it has a single cash generating unit (CGU) for the purpose of assessing the carrying value of goodwill. In performing the impairment test, management prepares a calculation of the recoverable amount of the goodwill, using the value in use approach, and compares this to the carrying value.

The recoverable amount for the goodwill asset was based on the net present value of the Group's future earnings. The net present value was calculated using a discounted cash flow model, with reference to the Group's projected cash flows over a period of five years, long-term growth rates of 4% (2019: 6%) based on dividend history and forecasts, and a cost of capital of 10% (2019: cost of equity of 12%), which is based on the Group's weighted average cost of capital. A significant headroom was noted, and therefore no impairment was implied. Applying stressed scenarios, such as increasing the cost of capital to 20% and/or reducing growth projections to nil would not result in the recognition of impairment losses.

No impairment losses have been recognised in the current or preceding years.

### 3.2 INTANGIBLE ASSETS

The cost of intangible assets acquired in the business combination is the fair value as at the date of acquisition. In relation to the investment management contracts, the useful lives were assessed as being finite and will be amortised over their useful economic lives. The useful economic lives of the investment management contracts acquired were assessed as a maximum of four years. The amortisation expense on intangible assets with finite lives has been recognised in the consolidated income statement on a straight-line basis.

The other intangible assets recognised are computer software.

The Directors have reviewed the intangible assets as at 31 December 2020 and have concluded there are no indicators of impairment (2019: same).

	2020 £m	2019 £m
Intangible assets	70.8	5.8
	<u>70.8</u>	<u>5.8</u>

During the year, the Group acquired intangible assets on the acquisition of Merian in relation to investment management contracts of £75.0m (2019: £nil) and software with a value of £1.3m (2019: £1.7m). The amortisation charge for the year was £11.3m (2019: £1.8m), of which £9.4m (2019: £nil) related to the Merian acquisition and has been recorded as an exceptional item in the Financial review.

### 3.3 PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment at 31 December 2020 was £47.4m (2019: £51.7m). Additions to the right-of-use assets during the 2020 financial year (including right-of-use assets acquired as part of the business combination) were £15.9m (2019: £1.4m). The Group purchased other items of property, plant and equipment of £1.3m during the 2020 financial year (2019: £1.9m).

Right-of-use assets of £15.5m were acquired on 1 July 2020 as part of the business combination (see Note 5.4). On the same date, the right-of-use asset acquired was modified and the lease liability was remeasured as the Group did not expect to gain any further economic benefits from the asset. The difference between the remeasurement and the reduction in the liability due to reassignment of the lease has been recognised within administrative expenses.

## Notes to the Group financial statements – Assets and liabilities

### 3.4 FINANCIAL INSTRUMENTS

#### Financial instruments by category

The carrying value of the financial instruments of the Group at 31 December is shown below:

#### As at 31 December 2020

	Financial assets at FVTPL £m	Financial assets at amortised cost £m	Financial liabilities at FVTPL £m	Other financial liabilities £m	Total financial instruments £m	Non-financial instruments £m	Total £m
Goodwill	-	-	-	-	-	570.6	570.6
Intangible assets	-	-	-	-	-	70.8	70.8
Property, plant and equipment	-	-	-	-	-	47.4	47.4
Deferred tax assets	-	-	-	-	-	20.0	20.0
Non-current trade and other receivables <sup>1</sup>	-	0.4	-	-	0.4	0.1	0.5
Financial assets at FVTPL	261.1	-	-	-	261.1	-	261.1
Current trade and other receivables <sup>1</sup>	-	175.9	-	-	175.9	11.4	187.3
Cash and cash equivalents	-	188.1	-	-	188.1	-	188.1
Non-current loans and borrowings	-	-	-	(49.2)	(49.2)	-	(49.2)
Non-current trade and other payables <sup>1</sup>	-	-	-	(80.1)	(80.1)	(7.3)	(87.4)
Deferred tax liabilities	-	-	-	-	-	(12.5)	(12.5)
Current trade and other payables <sup>1</sup>	-	-	-	(195.6)	(195.6)	(17.2)	(212.8)
Current income tax liability	-	-	-	-	-	(8.4)	(8.4)
Financial liabilities at FVTPL	-	-	(89.4)	-	(89.4)	-	(89.4)
<b>Total</b>	<b>261.1</b>	<b>364.4</b>	<b>(89.4)</b>	<b>(324.9)</b>	<b>211.2</b>	<b>674.9</b>	<b>886.1</b>

#### As at 31 December 2019

	Financial assets at FVTPL £m	Financial assets at amortised cost £m	Financial liabilities at FVTPL £m	Other financial liabilities £m	Total financial instruments £m	Non-financial instruments £m	Total £m
Goodwill	-	-	-	-	-	341.2	341.2
Intangible assets	-	-	-	-	-	5.8	5.8
Property, plant and equipment	-	-	-	-	-	51.7	51.7
Deferred tax assets	-	-	-	-	-	16.7	16.7
Non-current trade and other receivables <sup>1</sup>	-	0.3	-	-	0.3	0.2	0.5
Financial assets at FVTPL	224.3	-	-	-	224.3	-	224.3
Current trade and other receivables <sup>1</sup>	-	101.2	-	-	101.2	7.9	109.1
Cash and cash equivalents	-	179.4	-	-	179.4	-	179.4
Non-current trade and other payables <sup>1</sup>	-	-	-	(70.0)	(70.0)	(7.2)	(77.2)
Current trade and other payables <sup>1</sup>	-	-	-	(145.8)	(145.8)	(12.6)	(158.4)
Current income tax liability	-	-	-	-	-	(6.5)	(6.5)
Financial liabilities at FVTPL	-	-	(74.9)	-	(74.9)	-	(74.9)
<b>Total</b>	<b>224.3</b>	<b>280.9</b>	<b>(74.9)</b>	<b>(215.8)</b>	<b>214.5</b>	<b>397.2</b>	<b>611.7</b>

<sup>1</sup> Prepayments, contract liabilities, deferred acquisition and commission costs and social security and other taxes do not meet the definition of financial instruments.

For financial instruments held at 31 December 2020, issued subordinated debt, recorded within non-current loans and borrowings above, had a fair value of £54.0m, less unamortised expenses of £0.4m. At 31 December 2019, there were no material differences between the carrying value and fair value of any financial instruments.

## Notes to the Group financial statements – Assets and liabilities continued

### 3.5 CASH AND CASH EQUIVALENTS

	2020 £m	2019 £m
Cash at bank and in hand	179.7	166.7
Cash held by the EBT and seed investment subsidiaries	8.4	12.7
<b>Total cash and cash equivalents</b>	<b>188.1</b>	<b>179.4</b>

Cash and cash equivalents have an original maturity of three months or less.

Cash at bank earns interest at the current prevailing daily bank rates. Short-term deposits are made for varying periods of between one and 33 days, depending on the forecast cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Cash held by the EBT and seed investment subsidiaries are not available for use by the Group.

### 3.6 LOANS AND BORROWINGS

On 27 April 2020 the Group issued £50.0m of Tier 2 subordinated debt notes at a discount of £0.5m. Issue costs were £0.5m and the net proceeds were therefore £49.0m. These notes will mature on 27 July 2030 and bear interest at a rate of 8.875% per annum to 27 July 2025, and at a reset rate thereafter. The Group has the option to redeem all of the notes from 27 April 2025 onwards. The fair value of the notes as at 31 December 2020 was £54.0m.

As part of the Merian Global Investors Limited acquisition on 1 July 2020, the Group acquired £111.0m of bank loans. These loans were repaid in full on 1 July 2020.

	2020 £m	2019 £m
<b>Non-current subordinated debt in issue</b>	<b>49.2</b>	<b>-</b>

## Section 4: Equity

### Consolidated statement of changes in equity for the year ended 31 December 2020

	Share capital	Share premium	Own share reserve	Other reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total Equity
	£m	£m	£m	£m	£m	£m			
<b>At 1 January 2019</b>	<b>9.2</b>	-	<b>(0.2)</b>	<b>8.0</b>	<b>2.9</b>	<b>603.5</b>	<b>623.4</b>	-	<b>623.4</b>
Profit for the year	-	-	-	-	-	122.8	122.8	-	122.8
Exchange movements on translation of subsidiary undertakings	-	-	-	-	(0.8)	-	(0.8)	-	(0.8)
<b>Other comprehensive loss</b>	-	-	-	-	<b>(0.8)</b>	-	<b>(0.8)</b>	-	<b>(0.8)</b>
<b>Total comprehensive income</b>	-	-	-	-	<b>(0.8)</b>	<b>122.8</b>	<b>122.0</b>	-	<b>122.0</b>
Vesting of ordinary shares and options	-	-	0.1	-	-	0.5	0.6	-	0.6
Dividends paid	-	-	-	-	-	(127.2)	(127.2)	-	(127.2)
Purchase of shares by EBT	-	-	(0.2)	-	-	(32.2)	(32.4)	-	(32.4)
Share-based payments	-	-	-	-	-	24.0	24.0	-	24.0
Current tax	-	-	-	-	-	0.2	0.2	-	0.2
Deferred tax	-	-	-	-	-	1.1	1.1	-	1.1
<b>Total transactions with owners</b>	-	-	<b>(0.1)</b>	-	-	<b>(133.6)</b>	<b>(133.7)</b>	-	<b>(133.7)</b>
<b>At 31 December 2019</b>	<b>9.2</b>	-	<b>(0.3)</b>	<b>8.0</b>	<b>2.1</b>	<b>592.7</b>	<b>611.7</b>	-	<b>611.7</b>
Profit for the year	-	-	-	-	-	105.5	105.5	(0.2)	105.3
Exchange movements on translation of subsidiary undertakings	-	-	-	-	0.7	-	0.7	-	0.7
<b>Other comprehensive gain</b>	-	-	-	-	<b>0.7</b>	-	<b>0.7</b>	-	<b>0.7</b>
<b>Total comprehensive income</b>	-	-	-	-	<b>0.7</b>	<b>105.5</b>	<b>106.2</b>	<b>(0.2)</b>	<b>106.0</b>
Issuance of ordinary shares as consideration for a business combination, net of transaction costs and tax	1.9	242.1	-	-	-	-	244.0	-	244.0
Vesting of ordinary shares and options	-	-	0.2	-	-	-	0.2	-	0.2
Dividends paid	-	-	-	-	-	(83.9)	(83.9)	-	(83.9)
Purchase of shares by EBT	-	-	(0.1)	-	-	(10.6)	(10.7)	-	(10.7)
Share-based payments	-	-	-	-	-	19.8	19.8	-	19.8
Deferred tax	-	-	-	-	-	(1.0)	(1.0)	-	(1.0)
<b>Total transactions with owners</b>	<b>1.9</b>	<b>242.1</b>	<b>0.1</b>	-	-	<b>(75.7)</b>	<b>168.4</b>	-	<b>168.4</b>
<b>At 31 December 2020</b>	<b>11.1</b>	<b>242.1</b>	<b>(0.2)</b>	<b>8.0</b>	<b>2.8</b>	<b>622.5</b>	<b>886.3</b>	<b>(0.2)</b>	<b>886.1</b>
Notes	4.1	4.1	4.2	4.2	4.2	4.2			

## Notes to the Group financial statements – Equity

### 4.1 SHARE CAPITAL AND SHARE PREMIUM

	2020 Shares m	2019 Shares m	2020 £m	2019 £m
<b>Share capital and share premium</b>				
Ordinary shares of 2p each	553.1	457.7	253.2	9.2
	<b>553.1</b>	<b>457.7</b>	<b>253.2</b>	<b>9.2</b>

	Number of ordinary shares m	Par Value £m	Share premium £m
<b>Movements in ordinary shares</b>			
At 1 January 2020	457.7	9.2	-
Shares issued relating to acquisition of subsidiary	95.4	1.9	242.1
At 31 December 2020	<b>553.1</b>	<b>11.1</b>	<b>242.1</b>

There were no movements in issued share capital or share premium in 2019.

### 4.2 RESERVES

#### (i) Own share reserve

The Group operates an EBT for the purpose of satisfying certain retention awards to employees. The holdings of this trust, which is funded by the Group, include shares that have not vested unconditionally to employees of the Group. These shares are recorded at cost and are classified as own shares. The shares are used to settle obligations that arise from the granting of share-based awards.

At 31 December 2020, 7.2m ordinary shares (2019: 13.3m), with a par value of £0.2m (2019: £0.3m), were held as own shares within the Group's EBT for the purpose of satisfying share option obligations to employees.

#### (ii) Other reserve

The other reserve of £8.0m (2019: £8.0m) relates to the conversion of Tier 2 preference shares in 2010.

#### (iii) Foreign currency translation reserve

The foreign currency translation reserve of £2.8m (2019: £2.1m) is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

#### (iv) Retained earnings

Retained earnings of £622.5m (2019: £592.7m) are the amount of earnings that are retained within the Group after dividend payments and other transactions with owners.

### 4.3 DIVIDENDS

	2020 £m	2019 £m
Full-year dividend (9.2p per ordinary share) (2019: 9.2p per ordinary share)	40.8	41.0
Interim dividend (7.9p per ordinary share) (2019: 7.9p per ordinary share)	43.1	35.4
Special dividend (nil per ordinary share) (2019: 11.4p per ordinary share)	-	50.8
	<b>83.9</b>	<b>127.2</b>

Full-year and special dividends are paid out of profits recognised in the year prior to the year in which the dividends are declared and reported.

The EBT has waived its right to receive future dividends on shares held in the trust. Dividends waived on shares held in the EBT in 2020 were £1.9m (2019: £3.3m).

A full-year dividend for 2020 of 9.2p per share (2019: 9.2p) and a special dividend of 3.0p (2019: nil) have been declared by the Directors. These dividends amount to £50.9m and £16.6m respectively (before adjusting for any dividends waived on shares in the EBT) and will be accounted for in 2021. Including the interim dividend for 2020 of 7.9p per share (2019: 7.9p), this gives a total dividend per share of 20.1p (2019: 17.1p).

## Section 5: Other Notes

### Notes to the Group financial statements - Other

#### 5.1 BASIS OF PREPARATION AND OTHER ACCOUNTING POLICIES

The financial information set out does not constitute the Company's statutory accounts for the years ended 31 December 2020 or 2019, but is derived from those accounts. The Auditors have reported on the 2020 accounts; their report was unqualified, unmodified and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. Statutory accounts for 2019 have been delivered to the Registrar of Companies and those for 2020 will be delivered in due course.

The Group financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The financial statements have been prepared on a going concern basis using the historical cost convention modified by the revaluation of certain financial assets and financial liabilities (including derivatives) that have been measured at fair value. After reviewing the Group's current plans and forecasts and financing arrangements, as well as the current trading activities of the Group, the Directors consider that the Group has adequate resources to continue operating for a period of at least 12 months from the date of signing.

#### Changes in the composition of the Group

In February 2020, as part of a strategic partnership announced in December 2019, the Group acquired 25% of the share capital of NZS Capital LLC, and is considered to be a subsidiary undertaking of the Group on account of the extent of the power the Group has over the operations and financing of the entity as well as the revenue and profit sharing arrangements to which it is entitled through its investment in the entity.

On 1 July 2020, the Group acquired 100% of the issued share capital of Merian Global Investors Limited, an investment management company registered in Jersey.

The Group is required to consolidate seed capital investments if it is deemed to control them. The following changes have been made to the consolidation of the Group since 31 December 2019:

**Included in consolidation (as a result of additional investments)**

Jupiter European Smaller Companies

**Excluded from consolidation**

Jupiter Enhanced Distribution Fund

**Included and subsequently excluded from consolidation in the period (as a result of additional investments, and subsequently as a result of other investors diluting control)**

Jupiter Global Fund SICAV: Jupiter Pan-European Smaller Companies

#### 5.2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those applied in the Group's annual financial statements for the year ended 31 December 2019. Due to acquisitions that occurred during the year, *IFRS 3 Business Combinations* was applicable for the year ended 31 December 2020.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

## Notes to the Group financial statements - Other

### 5.2 ACCOUNTING POLICIES CONTINUED

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

### 5.3 FINANCIAL INSTRUMENTS

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices on the balance sheet date. Derivatives held at fair value are carried at a value which represents the price to exit the instruments at the balance sheet date.

The Group used the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: other techniques, for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs).

Where funds are consolidated, we look through to the underlying instruments and assign a level in accordance with the definitions above. Where funds are not consolidated, we do not apply a look through and these funds are classified as level 1 as the prices of these funds are quoted in active markets.

As at 31 December 2020, the Group held the following financial instruments measured at fair value:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at FVTPL – funds	183.2	74.2	-	257.4
Financial assets at FVTPL – derivatives	-	3.7	-	3.7
Financial liabilities at FVTPL	(89.2)	-	-	(89.2)
Financial liabilities at FVTPL – derivatives	-	(0.2)	-	(0.2)
	<u>94.0</u>	<u>77.7</u>	<u>-</u>	<u>171.7</u>

As at 31 December 2019, the Group held the following financial instruments measured at fair value:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at FVTPL – funds	145.9	76.9	-	222.8
Financial assets at FVTPL – derivatives	-	1.5	-	1.5
Financial liabilities at FVTPL	(74.9)	-	-	(74.9)
	<u>71.0</u>	<u>78.4</u>	<u>-</u>	<u>149.4</u>

## Notes to the Group financial statements – Other continued

### 5.4 BUSINESS COMBINATIONS

#### (i) Merian Global Investors Limited

On 1 July 2020, the Group acquired 100% of the issued share capital of Merian Global Investors Limited (Merian), an investment management company registered in Jersey. The principal reasons for the acquisition are to enhance Jupiter's position as one of the UK's leading active asset managers through the reinforcement of Jupiter's core UK franchise and the extension of its capabilities into attractive product gaps. Further, Jupiter's existing business and investment culture, built on a high-conviction active approach, will benefit from the complementary and diversifying nature of the acquisition.

Details of the purchase consideration, the net liabilities acquired and goodwill are as follows:

	<b>£m</b>
Purchase consideration	
Ordinary shares issued	244.3
Net assets adjustment	(8.5)
Total purchase consideration	<b>235.8</b>

The fair value of the 95.4m shares issued as part of the consideration paid for Merian (£244.3m) was based on the published opening share price on 1 July 2020 of 256.2p per share. Issue costs of £0.3m which were directly attributable to the issue of the shares have been netted against the deemed proceeds.

The assets and liabilities recognised as a result of the acquisition are as follows:

	<b>Fair value recognised on acquisition</b>
	<b>£m</b>
Cash and cash equivalents	61.5
Investments in collective investment schemes	17.6
Trade and other receivables	24.0
Property, plant and equipment	15.5
Deferred tax asset	2.1
Trade and other payables	(64.0)
Interest-bearing loans and borrowings	(111.0)
<b>Net identifiable liabilities acquired</b>	<b>(54.3)</b>
Goodwill arising on acquisition	229.4
Intangible assets arising on acquisition	75.0
Deferred tax liabilities arising on acquisition	(14.3)
<b>Net assets acquired</b>	<b>235.8</b>

Goodwill of £229.4m was recognised as part of this acquisition, which results from the expected synergies from combining the operations of Merian with the Group's operations. None of the goodwill recognised is deductible for tax purposes.

There were no acquisitions in the year ending 31 December 2019.

#### Contingent consideration

In the event that the assets under management in respect of certain Merian funds fall below a specified level due to net flows between 21 May 2020 and 31 December 2021, an amount would become payable by TA Associates, as set out in the sale and purchase agreement.

#### Revenue and profit contribution

The acquired business contributed revenues of £129.1m and net profit of £11.3m to the Group for the period from 1 July to 31 December 2020. If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and profit for the year ended 31 December 2020 would have been £549.9m and £96.0m respectively. These amounts have been calculated by aggregating the consolidated result for the combined Group, as reported within these financial statements, with the results of the pre-acquisition Merian group from 1 January 2020 to 30 June 2020 and adjusting for:

- additional amortisation of the acquired intangible asset that would have been applied from 1 January 2020;
- additional charges for compensation awards that formed part of the sale and purchase agreement; and
- consequential tax effects of the above.

#### Acquisition-related costs

Acquisition-related costs of £43.0m that were not directly attributable to the issue of shares are included in administrative expenses in the income statement and in operating cash flows in the statement of cash flows.

#### (ii) Other acquisitions

On 27 February 2020, the Group acquired 25% of the equity interests of NZS Capital, LLC, an investment management company based in Delaware in the United States of America, for an initial consideration of £0.8m.



## Notes to the Group financial statements – Other continued

### Estimates and judgements

The fair value of certain items of consideration, assets acquired and liabilities assumed requires some estimation. For intangible assets, this estimation required assumptions regarding the level of future management fees that will be earned over the relevant period. In respect of contingent consideration, estimations of future AUM flows and net performance fees were required to determine the amount of any expected amounts receivable. The sale and purchase agreement also contains an indemnification of certain deferred costs, also subject to the receipt of future levels of net performance fee.

The net impact of changes to these assumptions would be to change the carrying value of individual assets and liabilities with a corresponding change to goodwill.

### 5.5 RELATED PARTIES

The Group consolidated Jupiter Pan-European Smaller Companies and Jupiter European Smaller Companies (as set out in Note 5.1 above) in the period, and then subsequently removed the former as the reduction in the percentage held by the Group did not enable it to exercise control over the fund. Jupiter Enhanced Distribution Fund was closed in the period, and therefore is no longer consolidated. As discussed above, the Group purchased 100% of Merian and 25% of the issued capital of NZS Capital LLC in the period.

The Group manages a number of investment trusts, unit trusts, OEICs, SICAVs, ICVCs, an ICAV and a hedge fund and receives management and, in some instances, performance fees for providing this service. The precise fee arrangements are disclosed within the financial statements of each investment management subsidiary of the Group or within other publicly available information. By virtue of the investment management agreements in place between the Group and the collective investment vehicles it manages, such funds may be considered to be related parties. Investment management and performance fees are disclosed in Note 1.1.

The Group acts as manager for 38 (2019: 39) authorised unit trusts and 12 (2019: nil) OEICs. Each unit trust is jointly administered with the trustees, Northern Trust Global Services SE (the trustees changed from National Westminster Bank plc in June 2019). The aggregate total value of transactions for the year was £2,360m (2019: £2,132m) for unit trust creations and £5,295m (2019: £5,355m) for unit trust redemptions. The actual aggregate amount due to (2019: from) the trustees at the end of the accounting year in respect of transactions awaiting settlement was £1.5m (2019: £19.5m). The Group also acts as the management company for the Jupiter Global Fund and Jupiter Merlin Fund SICAVs, made up of 18 sub-funds (2019: 23) and four sub-funds (2019: four) respectively as well as Jupiter Investment Management Series II (previously known as the Merian Investment Fund Series II), the Jupiter Asset Management Series plc (previously known as the Merian Global Investors Series plc) and the Jupiter Investment Funds Series II (previously known as the Merian Global Investors Series II), made up of 12, 21 and one sub-funds respectively.

The amounts received in respect of gross management, registration and performance fee charges were £274.9m (2019: £317.1m) for unit trusts, £42.0m (2019: £nil) for OEICs, £110.5m (2019: £109.8m) for SICAVs, £56.7m (2019: £nil) for ICVCs, £0.3m (2019: £nil) for the ICAV, £38.3m (2019: £17.3m) for investment trusts and £25.0m (2019: £20.3m) for segregated mandates. At the end of the year, there was £32.9m (2019: £20.6m) accrued for annual management fees, £3.1m (2019: £3.3m) in respect of registration fees and £72.9m (2019: £nil) in respect of performance fees.

Included within financial instruments (see Note 3.4) are seed investments and hedges of awards in fund units in mutual funds and investment trusts managed by the Group. At 31 December 2020, the Group had a total net investment in such funds of £168.2m (2019: £147.9m) and received distributions of £0.8m (2019: £1.0m). During 2020, it invested £46.7m (2019: £70.6m) in these funds and made disposals of £51.1m (2019: £57.4m).

During the period, three members of key management personnel invested in the Group's subordinated debt issued on 27 April 2020 in the sum of £1.6m. These were made on terms equivalent to those that prevail in arms' length transactions.

### Key management compensation

Transactions with key management personnel also constitute related party transactions. Key management personnel are defined as the Directors, together with other members of the Executive Committee. The aggregate compensation paid or payable to key management for employee services is shown below:

	2020 £m	2019 £m
Short-term employee benefits	5.6	4.1
Share-based payments	5.4	4.0
Post-employment benefits	0.4	0.3
Other long-term benefits	0.4	-
	<u>11.8</u>	<u>8.4</u>

## Section 6: Statement of Directors' responsibilities

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The Directors are responsible for preparing the Annual 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 prepared the Group and Company Financial Statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group Financial Statements in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, 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 Group and Company and of the profit or loss of the Group for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether, for the Group and Company, International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, for the Group, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Directors' confirmations**

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in in the Directors' profile on pages 62 and 63 of the Annual Report and Accounts confirm that, to the best of their knowledge:

- the Group and Company Financial Statements, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group and profit of the Company; and
- the Directors' report contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

On behalf of the Board

Wayne Mepham  
Chief Financial Officer

25 February 2021

## Section 7: Principal risks and mitigations

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The Board is responsible for managing the Group's risk profile and determining an appropriate risk appetite within which it must operate. In defining this, the Board ensures that it is aware of and, where appropriate, has taken steps to mitigate the risks that may have a material impact on the Group as it pursues its strategic objectives.

### Approach to risk management

To help the Board discharge its responsibilities, the Group has a comprehensive approach to identifying, monitoring, managing and mitigating risk.

Our Risk Management framework clearly defines the roles and responsibilities for risk management and provides a process for escalation through our governance structure, which enables ongoing and robust oversight by the Risk & Finance Committee (RFC), Audit & Risk Committee (ARC) and the Board.

The Group is exposed to various risk types in pursuing its business objectives which can be driven by internal and external factors. Understanding and managing these risks is both a business imperative and a regulatory requirement. Some risks are deliberately assumed to support the business plan, such as market risk relating to seed investment in funds. Other risks are inherent in routine business activities, such as the risk of fraud. The differing risks faced by the Group are managed through the Group's control framework in line with risk appetite. The type and severity of the risks we face can change quickly in a complex and competitive environment, therefore the framework for managing these risks is dynamic and forward looking to ensure it considers both current and emerging risks which could potentially impact the Group.

As an asset management firm, Jupiter's most material risk exposures are in the strategic, investment, and operational (including regulatory risk) categories. However, our exposure to capital adequacy, liquidity, market and credit/counterparty risks are also monitored to ensure they are managed on a prudent basis and remain within regulatory requirements and Group risk appetite.

In addition, the Group is also exposed to both conduct and reputational risks.

Conduct risks are risks which result in customer detriment, negative impact to market stability or restrict effective competition. Conduct risk is not considered to be a separate risk category. Risks in the strategic, investment and operational risk categories may result in conduct risk impacts. Reputational risks can result in a loss or other adverse impact arising from the unfavourable perception of the Group on the part of clients, counterparties, employees, regulators, shareholders, other stakeholders, the media or the general public. The Group treats reputational risk as a potential impact that may arise from operational risks and operational risk incidents.

### Risk responsibilities

The Group operates a three-tier risk governance framework, generally known as the Lines of Defence model, which distinguishes between risk management and oversight. This approach provides clear and concise separation of duties, roles and responsibilities. The Board delegates responsibility for certain aspects of risk management and control activities to the Executive Committee (ExCo) and to the ARC.

### Risk management framework

Our risk management processes enable us to identify the most significant risks that we face. The risk assessment process is the foundation of our risk framework and is conducted across the Group by department heads, senior managers, Executives and the Board.

In 2020, a number of initiatives have been undertaken to enhance our risk management framework and the way we manage risk. These include:

- Combining the Risk and Compliance functions under the leadership of the Chief Risk Officer;
- Developing our internal Operational Risk taxonomy;
- Enhancing our Risk and Control Self Assessments (RCSA) process;
- Enhancing our Operational Risk Scenario Analysis process;
- Increasing our liquidity stress testing capability;
- Improving the process and delivery of the 2020 AAF assurance reports; and
- Continuing to develop our use of climate risk data to enable us to further assess risks across our funds and better understand our exposure to climate-related risks and opportunities.

### Top-down risk assessment

The Board's consideration of risks is informed by proposals and commentary from the Risk and Compliance function, the RFC, the ARC and the ExCo and also other risk management information such as the output from the bottom up Risk and Control Self Assessment (RCSA).

Each principal risk has a named owner, which is either a member of the ExCo or, for a small number of risks, the ExCo as a whole. We monitor each principal risk using key risk indicators (KRIs). We set thresholds for each KRI and use them to keep the Board informed about the Group's position in relation to its risk appetite. This enables us to identify trends and take action if it seems likely we will exceed this appetite.

### Risk appetite

The Group's risk appetite defines the level and type of risk that the Group is prepared to accept in pursuit of its strategic objectives and business strategy, taking into account the interests of its clients and shareholders, as well as capital and other regulatory requirements. As a business, we have a relatively low appetite for risk, particularly for those risks that could lead to negative conduct or reputational outcomes. An important part of the Board's remit is to determine the Group's risk appetite, taking into account our strategic plans, the business environment and the current and likely future condition of our business and operations.

## Section 7: Principal risks and mitigations continued

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### Bottom-up risk assessment

The detailed, bottom-up identification and assessment of operational risk is performed by individual organisational units via an RCSA. The assessment identifies and monitors material risks and associated key controls by considering the operating environment, processes, roles and responsibilities, as well as risk incidents that have occurred. Risks are assessed on both an inherent and residual basis with ratings determined for potential impact and likelihood.

Where processes or controls are seen to be insufficiently robust, line management is required to take appropriate action and define improvements to the operating environment to ensure they pose a minimal (or acceptable) level of risk to the Group. Risks that exceed risk appetite are escalated through our governance structure.

### Operational risk scenario analysis

Operational risk scenario analysis is a forward-looking assessment of exposures to severe but plausible operational risk events. It is used by the Group to identify and quantify the material risks that have the potential to impact Jupiter, based on the experience and opinions of internal SMEs. These are collated via a series of workshops and are further supported by internal and external event histories. A variety of scenarios differing in nature, severity and duration are used to estimate the impacts of events on capital requirements. The Group also uses scenario analysis to ensure that we understand our exposure to high-severity events and implement mitigating actions, in line with our risk appetite.

### Incidents

Incidents including near misses are reported and investigated to determine root causes, potential impacts (e.g. financial losses, regulatory/legal breaches, etc.) and ensure appropriate remediation work is completed to enhance the process, improve the control environment, and also make good any negative outcomes that have resulted from the failure. Incidents are monitored and captured across the business on an ongoing basis and independently reviewed to ensure completeness and accuracy of the details. Analysis of the information is undertaken, the results of which are used to support the development of RCSAs and Operational risk scenarios and introduction or improvement of appropriate controls.

### Emerging risk

The Group defines emerging risk as a condition, situation or trend that could significantly affect the Group's financial strength, competitive position or reputation. These risks are raised by the business and challenged by executive risk owners to consider likelihood, impact and action required.

### Risk reporting

Risks that we believe could have a material impact on the Group, our principal risks, are reflected in our top down risk assessment. The view of the risk profile of the Group is included in our regular reporting to ensure it receives an appropriately high level of senior management and Board attention. The Board takes action where these risks are deemed to be outside of risk appetite.

### Risk profile

We regularly assess the principal risks faced by our business. Risks across the strategic, investment and operational risk categories, as shown in the heat map, are seen as the most material due to the potential impact and likelihood of them crystallising. In addition to these risks we also monitor risks associated with capital adequacy, liquidity, market and credit/counterparty through our risk framework.

During 2020 a number of our principal risks reflected a decrease in both the impact and likelihood of them crystallising when compared to the 2019 position. The assessment considers the impact of our strategic activities which have brought greater diversification and breadth to our offering and our operating environment which has remained stable despite the impact of Covid-19 and Merian integration activity and in which we continue to invest.

Our people continue to be our most significant asset and are critical to our success. During challenging times they have continued to deliver for our clients.

Our assessment as to the likelihood of cyber crime and failure of a critical outsourcing partner has increased from 2019. This is in part due to the impact of Covid-19 in placing additional strain on our providers to continue to provide a consistent and stable standard of service and an increase to what was already an evolving cyber threat.

The risk of regulatory and legal change is stable, remaining one of our most material risks. The firm's regulatory footprint continues to evolve in line with our strategic activity, increasing in both complexity and geography.

## Section 7: Principal risks and mitigations continued

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### STRATEGIC RISK

The risk that the Group is unable to meet its strategic objectives, as a result of matters inherent in the nature of its business or the markets in which it operates.

#### Failure to deliver strategy

##### Risk

- The risk of failure to achieve our strategic objectives, through internal or external factors, which could impair our ability to deliver value to our stakeholders.

##### Mitigation

- The Board sets the strategy and is responsible for ensuring the Group has the right structure, leadership and culture to execute it.
- The Board and the ExCo regularly review the strategic options, opportunities and threats.
- Plans, budgets and targets are set to be aligned with delivery of the strategic goals.
- Progress is monitored and, where necessary, corrective action is taken.

##### 2020 update

- In line with the wider asset management industry, challenging market conditions, largely due to the Covid-19 pandemic, brought significant negative effects to the global economy and global financial markets and, as a result, a negative impact on our AUM during the early part of 2020. However, as financial markets began to stabilise through the second half of 2020 and the Merian acquisition was completed, strong investment performance has remained a feature of our business with 70% of mutual fund AUM above median over three years.
- The acquisition and operational integration of Merian, strategic partnership with NZS Capital and newly opened entity in the US will enhance our investment capabilities and further contribute to our wider client and geographic diversification as we move into 2021.

#### Ability to attract and retain critical staff

##### Risk

- The risk of failure to attract or retain the people critical to successfully delivering investment outperformance to our clients and all other aspects of our strategy.

##### Mitigation

- Our culture is a key differentiator for us, enabling us to attract, motivate and retain talented individuals, which in turn drives outperformance.
- We give autonomy coupled with personal accountability, and encourage independence of thought and challenge.
- Our investment function is arranged around our strategies, providing a framework for repeatable performance, but the teams themselves are small and nimble.
- This culture and structure gives us clarity of purpose and helps us to attract and retain the best active fund managers.
- We actively manage succession and transition.

##### 2020 update

- Through the Merian acquisition and strategic partnership with NZS Capital, we have a broader bench of fund managers and greater diversification in our strategies which we feel will be advantageous in both retaining and attracting staff.
- Covid-19 has brought challenges for our staff but the transition to remote working has been smooth and well managed and with a number of initiatives in place to support them.

#### Ineffective product, client and geographic diversification

##### Risk

- The risk that our product range, distribution partnerships, client type or geographic diversification are ineffective at growing AUM, particularly in light of continued change and disruption in the competitive landscape.

##### Mitigation

- We continually analyse our markets to ensure we maintain a diverse product suite that appeals to existing and potential clients.
- In response to the rising demand and supply of passive investment products, we focus on the clear differentiation of our active strategies and routes to markets where active solutions are in strong demand.
- Our well-defined product development process enables us to deliver new products or enhancements, so we can target client groups in a timely and efficient way.

##### 2020 update

- The Merian acquisition has brought a broader product range and added significant depth to our distribution.
- We continued to diversify the business by product in 2020, with the launch of funds in the UK and internationally and a Global Sovereign Fund, which has provided a new offer in Fixed Income which has historically been an advantageous product during times of stress.
- Strong growth prospects for a number of our products are expected in 2021 which are in areas of client demand, have strong performance and, in many cases, are approaching the key three year track record.

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## Section 7: Principal risks and mitigations continued

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### Failure to effectively integrate Merian business

#### Risk

- The risk that we fail to integrate the Merian business from a legal and operational perspective.

#### Mitigation

- Cultural alignment has been an advantage, mitigating some of the challenges of integrating in a largely remote working environment.
- Prior to completion, we maintained a productive relationship with Merian allowing for positive engagement so we could prioritise client needs.
- A number of Merian staff were retained either permanently or for a fixed period helping to provide stability while operating model changes were made and knowledge transferred to permanent teams.

#### 2020 update

- The most significant activity undertaken by Jupiter in 2020 was the acquisition of the Merian business.
- Legal completion was achieved in July and operational integration successfully delivered in September.
- Activity to create further synergies and efficiencies remains both from a processing and structural perspective, but this is in plan, being well managed and is currently on track to deliver in 2021.

### INVESTMENT RISK

The risk of underperformance of funds managed by the Group relative to benchmarks, objectives or competition or in other ways failing to meet investors' objectives.

#### Sustained market decline

#### Risk

- The risk of a severe market and economic downturn which affects all fund managers and all asset types across all geographic markets.

#### Mitigation

- Our investment philosophy allows our fund managers to pursue their own investment styles and the flexibility to adjust strategies as far as possible to retain value during unfavourable market conditions.
- We have a broad range of investment strategies which enables us to offer products suitable for different market conditions.
- We regularly review our discretionary expenditure and cost base to ensure sustainability.
- Our strong capital position and relatively low cost base means we are well placed to cope with this risk.

#### 2020 update

- Greater diversification brought about by the acquisition of Merian and the NZS Capital investment will ensure that our portfolios are less sensitive to market volatility.
- We have an increased exposure to Fixed Income assets which have historically been an advantageous product during times of stress.
- The uncertainty around Brexit has been largely resolved and we need to ensure we stay agile to market movements.

#### Sustained fund underperformance

#### Risk

- There is a risk that our clients will not meet their investment objectives, due to poor relative performance by one or more of our funds over a prolonged period.

#### Mitigation

- Jupiter maintains a diversified range of flexible investment products, and aims to deliver long-term value to our clients across different market conditions.
- Our investment process seeks to meet investment objectives within clearly stated risk parameters.
- Our Investment Risk team works closely with fund managers to challenge fund risk profiles, assess the risks across the portfolios and further develop our capabilities.

#### 2020 update

- The Merian acquisition further diversifies our product range with new asset classes and additional investment styles and processes. This has diluted the dependency on flagship strategies.
- The additional strategies and the flexible range have provided management with the opportunity to explore and utilise a number of solutions if prolonged underperformance is evidenced through our formal governance structure.

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## Section 7: Principal risks and mitigations continued

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### Challenges presented by major or local market shocks

#### Risk

- Uncertainty regarding the UK's future Risk relationship with the EU following the UK's withdrawal from the EU, as well as resulting legal and regulatory changes following the end of the transition period, could have an adverse effect on the business. The impact on markets of the Covid-19 pandemic has also been considered through this risk.

#### Mitigation

- Throughout the current period of uncertainty, we have been closely monitoring communications from and developments with respect to the UK and EU governments and regulators to ensure we remain aware of and responsive to the latest industry guidance with the support of specialist experts.

#### 2020 update

- Global markets were impacted by Covid-19. While markets are now less volatile, uncertainty remains.
- Greater diversification brought about by the acquisition of Merian and the NZS Capital investment will ensure that our portfolios are less sensitive to market volatility.

### OPERATIONAL RISK

The risk of loss caused by weaknesses or failures in the Group's systems and controls, related to people, systems or processes. These include risks arising from failing to properly manage key outsourced relationships and cyber security. Regulatory (failure to comply with regulatory obligations) and legal risk is included in this definition.

#### Firmwide operational control environment

#### Risk

- We could suffer a material error executing a key business process, or from our systems or business premises being unavailable.

#### Mitigation

- We have efficient and well controlled processes and maintain a comprehensive risk management framework which enables the business to focus its efforts on key activities.
- We have continuity and business resumption planning in place to support our critical activities.
- We have implemented remote working for all of our staff if they cannot travel to our offices. If our normal business systems or premises become unavailable, we have alternative premises including a dedicated office suite equipped with all of our critical business systems.

#### 2020 update

- The transition to a full remote working model in 2020 due to Covid-19 was well managed with minimal disruption and control changes required, resulting in increased confidence in our abilities to operate in this manner.
- The operating environment has remained stable and the integration of Merian onto the Jupiter framework has been conducted efficiently and effectively with minimal impact on delivery of service or heightened risk.
- We have made enhancements to the oversight of our control environment and continue to invest in enhancing our controls.
- We have seen a reduction in losses arising from incidents.

#### Failure of a critical outsource partner

#### Risk

- The failure or non-performance of a third-party provider who we rely on for business processing may lead to us failing to deliver the required service to our clients and/or regulatory noncompliance.

#### Mitigation

- We subject all third parties who provide us with critical services to a high level of ongoing oversight, through our established Supplier Management framework, giving us assurance that they meet our required standards.
- Jupiter has formal guidelines for managing and overseeing all third-party relationships, ensuring they receive a level of scrutiny that reflects their potential risk to our business.

#### 2020 update

- We continue to enhance our oversight of our critical outsource providers based on key risk principles defined within our supplier management framework. This ensures an appropriate level of scrutiny is given to those suppliers and services that are critical to the Group.
- Each of our critical suppliers have continued to provide a consistent and stable service during the Covid-19 pandemic with no material disruptions seen. However, we are aware of the additional strain that has been placed on providers to maintain performance brought about by Covid-19 on what is an increased suite of suppliers which have come onboard as part of the Merian acquisition.

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## Section 7: Principal risks and mitigations continued

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### Cyber crime

#### Risk

- The risk that a successful cyber attack or fraud attempt could result in the loss of clients' assets or data or cause significant disruption to key systems.

#### Mitigation

- We commit considerable human and technological resources to preventing a cyber security incident. Our server environments are housed in two data centres provided by a specialist third party and offer fully resilient and secure facilities.
- We have established a security awareness programme to extend knowledge and understanding within the business. Jupiter applies best practices from the ISO 27001 controls framework with additional reference to SANS Critical Security Controls in order to prioritise our technology defences.
- We have produced an extensive Cyber Security Incident Response plan to ensure departmental heads can adequately respond to the growing threat of cyber crime.

#### 2020 update

- We have continued to invest in our IT infrastructure and employee training and awareness initiatives to ensure our resilience to a potential cyber attack remains robust. This is complemented by the use of external cyber security specialists and our participation in industry and regulatory-led forums so that we are aware and able to respond to the latest threats and industry trends.
- The Covid-19 situation has provided an opportunity for criminals to target individuals and firms to exploit vulnerabilities using phishing and cold calls in an attempt to extract sensitive information for financial gain. Jupiter recognised this increased threat early on and has taken appropriate steps to address it. Despite this, we are aware that the threat of a cyber attack continues to grow.

### Regulatory & legal change

#### Risk

- The risk that changes in regulation or legislation restrict or impact our ability to do business or that we fail to implement changes required to meet new regulatory requirements.

#### Mitigation

- We continually monitor regulatory developments to assess potential business implications. We invest in the expertise, systems and process change necessary to enable compliance with regulatory requirements by the required dates.
- We maintain a robust compliance culture and require all relevant employees to undertake training on regulatory matters.
- Our Risk & Compliance function supports the business in implementing and maintaining appropriate regulatory controls.

#### 2020 update

- The regulatory environment continues to develop with increased focus on areas such as ESG.
- There continues to be a high volume of regulatory change activity across the industry.
- Our regulatory footprint has evolved through the Merian acquisition and investment in NZS Capital, increasing in complexity and geography, resulting in enhanced regulatory interest.



## Alternative Performance Measures

### The use of alternative performance measures (APMs)

The Group uses the following APMs alongside statutory reporting measures as part of its financial reporting:

APM	Definition	Reconciliation	Reason for use
Adjusted net revenue	Net revenue after the deduction of net revenue classified as exceptional items	Page 6	A
Exceptional items	Items of income or expenditure that are significant in size and which are not expected to repeat over the short to medium term	Page 7	B
Fixed staff costs before exceptional items	Staff costs (excluding variable items such as bonus awards, LTIP, SAYE and SIP) before redundancy costs	Page 6	B
Net management fee margin	Net management fees divided by average AUM	Page 6	A
Net management fees	Management fees less fee expenses	Page 6	A
Net revenue	Revenue less fee and commission expenses	Page 6	A
Operating expenses (before exceptional items)	Administrative expenses (before exceptional items) less Variable staff costs before exceptional items	Page 6	B
Operating margin (before exceptional items)	Operating profit (before exceptional items) divided by Adjusted net revenue	Page 6	B, C
Operating profit (before exceptional items)	Underlying profit before tax before Finance income and Finance costs	Page 8	B
Ordinary dividends per share	Interim and full-year dividends (does not include any special dividends)	N/A	B
Total compensation ratio	Fixed staff costs before exceptional items plus Variable staff costs before exceptional items as a proportion of Net revenue	Page 6	C
Underlying EPS	Underlying profit after tax divided by issued share capital	Page 8	B, D
Underlying profit after tax	Underlying profit before tax less tax at the weighted average UK corporation tax rate	Page 8	B
Underlying profit before tax	Profit before tax less Exceptional items	Page 8	B
Variable compensation ratio	Variable staff costs before exceptional items as a proportion of Net revenue less Operating expenses before exceptional items	Page 6	B, C
Variable staff costs before exceptional items	Variable staff costs, excluding Exceptional items	Page 7	B

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## Alternative Performance Measures

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### Changes in the use of APMs

1. In 2020, but not in the prior year, exceptional items include an item of revenue. As a result, in order to show revenue both before and after this item, we have introduced a new APM for Adjusted net revenue. Two financial ratios use this measure (Total and Variable compensation ratios), we have amended their definitions accordingly.

### Our reasons for using APMs

- A. To draw out meaningful subtotals of revenues and earnings, together with ratios derived from such measures, commonly used by asset managers after taking into account items such as fee expenses, including commissions payable, without which a proportion of the revenues would not have been earned, and administrative expenses which often have a direct link to revenues through the use of compensation ratios to set remuneration.
- B. To present users of the accounts with a clear view of what the Group considers to be the results of/distributions from its underlying operations, enabling consistent period-on-period comparisons and making it easier for users of the accounts to identify trends.
- C. To provide additional information not required for disclosure under accounting standards. The information is given to assist users of the accounts in gauging the level of operational gearing and efficiency in the Group.
- D. Used by the Board to determine the Group's ordinary dividend and as a consistent measure of profitability. Also used in the measurement of one of the criteria for share-based awards to senior staff with performance conditions.

All APMs relate to past performance.