INVESTMENT FIRM PRUDENTIAL REGIME (IFPR) DISCLOSURE

Jupiter Investment Management Limited (JIML)

31 December 2022

Contents

1 Overview

The Investment Firm Prudential Regime (IFPR) is the prudential regime which applies to MiFID (Markets in Financial Instruments Directive) investment firms in the UK. One of the key objectives of the IFPR is to reflect the risk profiles of investment firms and when compared with previous requirements has resulted in changes in the rules that impact capital and liquidity requirements, risk management frameworks and remuneration.

The IFPR introduces a requirement for firms to produce an IFPR Disclosure (Disclosure), replacing the former Pillar III document required for the parent group. The aim of the Disclosure is to increase transparency and confidence in the market and provide investors and stakeholders with an insight into how the firm operates.

This document forms the Disclosure for Jupiter Investment Management Limited (JIML), or the firm and has been prepared following the disclosure requirements set out in MIFIDPRU 8. JIML is a non-small and non-interconnected (Non-SNI) MIFIDPRU investment firm and as such is required to disclose on an individual entity basis.

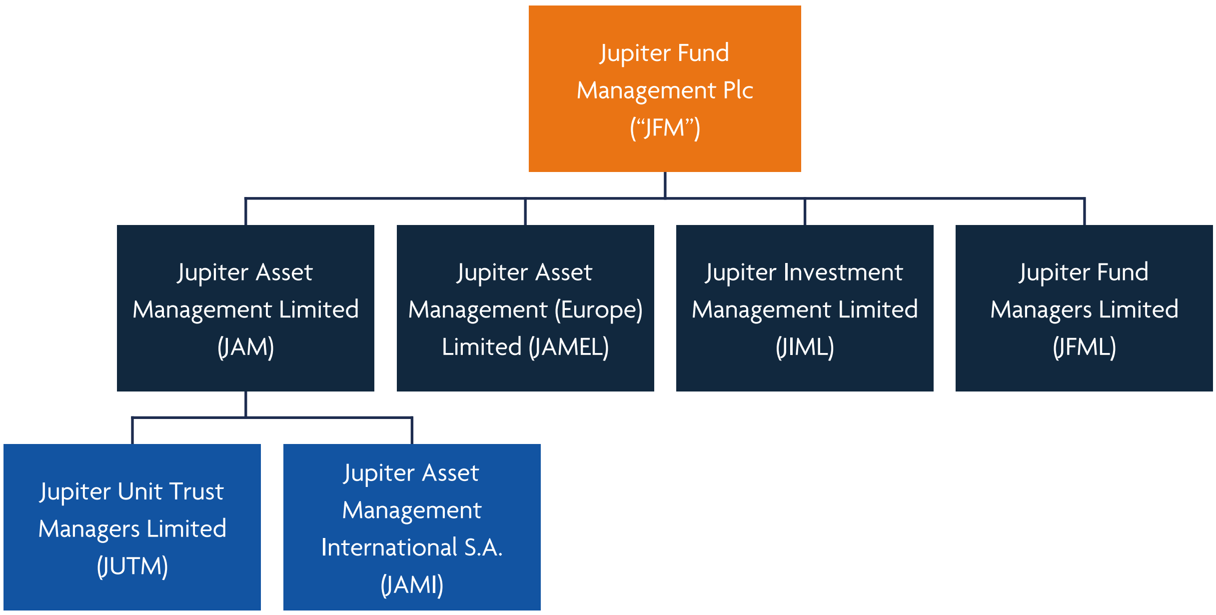
The document has been prepared as at 31 December 2022, the firm's financial year end. This Disclosure has been published on the firm's website at the same time the Statutory Accounts have been made available.

2 Structure

JIML is part of the Jupiter Group (Group or Jupiter), the ultimate parent of which is Jupiter Fund Management plc (JFM). The Group is a specialist high-conviction truly active investment manager principally in mutual funds domiciled in the UK and continental Europe. As well as mutual funds, individuals and institutions can access the Group's investment management offering through Segregated Mandates and Investment Trusts.

The Group is a UK consolidation group and is subject to consolidated supervision by the FCA. Four UK subsidiaries are authorised and regulated by the FCA: Jupiter Asset Management Limited (JAM), Jupiter Unit Trust Managers Limited (JUTM), Jupiter Investment Management Limited (JIML) and Jupiter Fund Managers Limited (JFML)[1].

Jupiter has also established two European regulated group entities, one in Luxembourg, Jupiter Asset Management International S.A. Limited (JAMI), regulated by CSSF and one in Ireland, Jupiter Asset Management (Europe) Limited (JAMEL), regulated by the CBI. See below for an abridged version of the Group structure chart.



JIML is an indirect subsidiary of JFM and acts as investment manager to Mutual Funds, Segregated Mandates[2] and Investment Trusts[3] (together Jupiter Products). JIML earns the majority of its revenues (apart from Chrysalis performance fees, management of which is delegated to JIML by Maitland Fund Services) from JFML and JAMEL, as the delegated investment manager.

JIML pays advisory fees to JFM, as the ultimate parent.

JAM is responsible for paying the majority of operating expenses incurred by the Group in the UK.

1. Please note that all JFML business transferred to JUTM on 14 November 2022. Following a CASS audit, JFML will be de-registered.

2. Portfolio management of Segregated Mandates.

3. Unit Trusts, SICAVs, ICAVs, Limited Partnerships and UK Investment Trusts are delegated to JIML by the relevant Management Company/ AIFM.

3 Risk Management Objectives and Policies - MIFIDPRU 8.2

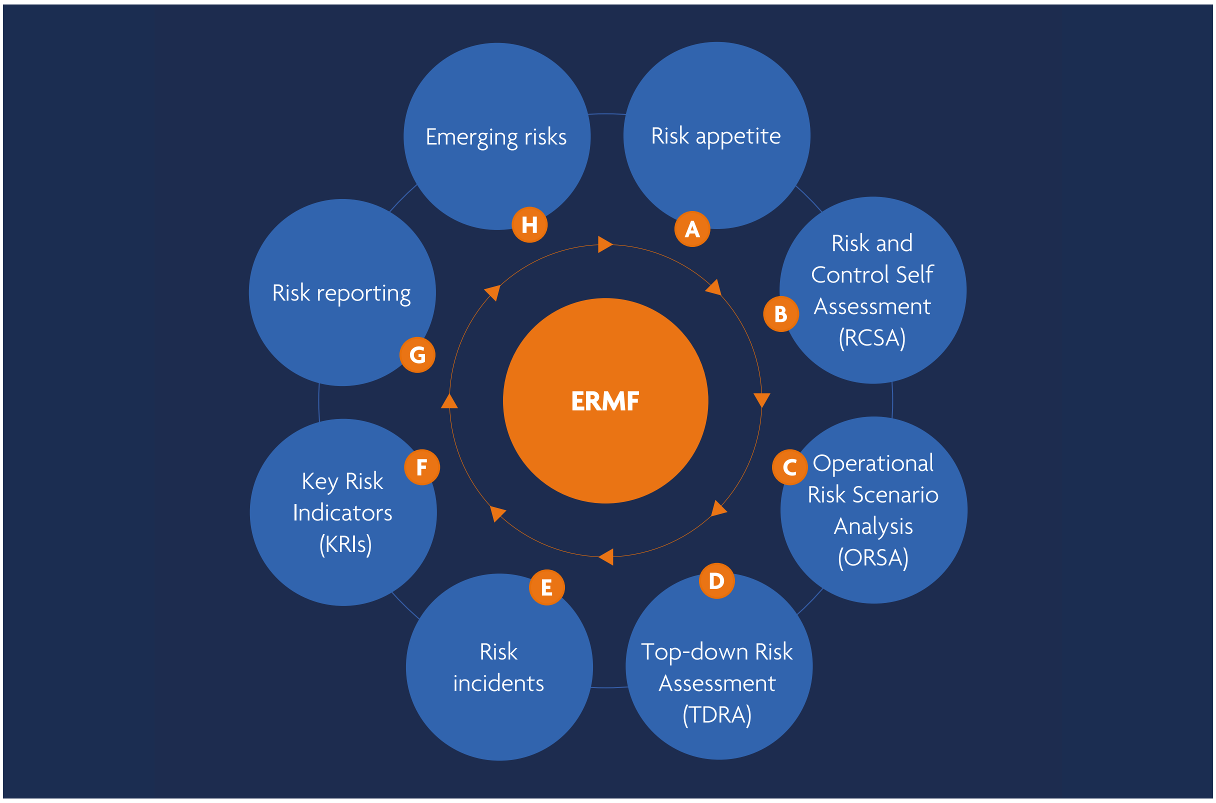
3.1. Potential for harm

Through the firm's business operations, the material potential harms that could be caused by JIML would largely be the result of:

- **Harm to Clients:** Operational incidents or errors impacting our investment management activities; if these were to crystallise we would look to compensate the client through redress, however this may still result in reputational damage and loss of clients.
- **Harm to Market:** The harm that the firm can cause to the markets in which it operates is considered limited due to its size, market share and activities. However, a material regulatory breach or evidence of market abuse within the firm could undermine and damage the reputation of the Asset Management industry.
- **Harm to Firm:** Having to compensate clients due to Operational incidents and losses from Seed investments or failure of one or more of our banking counterparties.

3.2. Enterprise Risk Management Framework

The Group has an Enterprise Risk Management Framework (ERMF) that is applicable to all employees, associated staff, subsidiaries and legal entities, including JIML. The ERMF enables JIML to identify and manage the material risks to which it is exposed and the resulting harm it can cause. The ERMF supports the effective management of risks taking account of legal and regulatory requirements to ensure that we remain within risk appetite; protect and enhance stakeholder value by contributing to the achievement of our objectives; and inform the Three Lines of Defence to ensure effective escalation of material risk issues.



All organisational units, subsidiaries and legal entities, including JIML, are responsible and accountable for the identification, assessment, management, monitoring and reporting of the individual risks, associated controls, and incidents within their areas of responsibility. These risks are managed in accordance with the ERMF and its supporting risk policies and procedures.

A) 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, shareholders and other stakeholders, as well as capital and other regulatory requirements. An important part of the JFM Board's remit is to determine the Group's risk appetite, taking into account its strategic plans, the business environment, and the current and likely future condition of our business and operations. The Risk appetite is reviewed annually for approval. Ongoing monitoring of performance against appetite is included in our regular Board and committee reporting including to the JIML Board.

Ensuring that there are adequate financial resources (capital and liquidity) to enable the Group to remain financially viable, with the ability to address any potential material harms that may result from its ongoing activities has been considered in the setting of the Risk Appetite for our Capital and Liquidity risk types and we have a low tolerance for any situation that could put our Capital or Liquidity positions at risk. JIML also maintains adequate financial reserves and this takes account of the capital requirements assessed at the Group level and allocated to JIML.

B) Risk & Control Self-Assessment (RCSA)

The bottom-up identification and assessment of operational risk is performed by teams across the business 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. Risks are assessed on both an inherent and a residual basis, with ratings determined for potential impact and likelihood. Where processes or controls are identified as insufficient, line management is required to take appropriate action to ensure they are improved in order to pose a minimal (or acceptable) level of risk.

C) Operational Scenario Analysis (ORSA)

ORSA is a forward-looking assessment of exposures to severe but plausible operational risk events. It is used to identify and quantify the material risks that have the potential to impact Jupiter, based on the experience and opinions of internal subject matter experts. A variety of scenarios (differing in nature, severity and duration) are used to estimate the impact of events on capital requirements. Scenario analysis is also used to ensure that we understand our exposure to high-severity events and implement mitigating actions, in line with risk appetite.

D) Top-Down Risk Assessment (TDRA)

The TDRA identifies material risks and monitors their profile. It is informed by data and information pertinent to each risk category, which is used to assess the residual risk impact and likelihood of the risk crystallising. The consolidated view of the Group's risk profile is presented to the Risk, Compliance and Capital Committee (RCCC) for their approval before being presented to the Audit and Risk Committee (ARC).

E) Risk Incidents

A risk incident is a failure of process, people or systems which results in an actual or potential impact. Incidents are reported, recorded and investigated to determine the root cause, impact, theme and to ensure that appropriate remediation work is completed as required. Incidents are monitored and captured across the business and independently reviewed to ensure completeness and accuracy. Analysis of incidents is used to support the TDRA, RCSA and ORSA processes.

F) Key Risk Indicators (KRIs)

KRIs are used to provide an early sign of changing risk exposures, enabling us to identify trends and emerging risks which are used to inform and support management decision making.

G) Risk Reporting

The assessment of the JIML risk profile is reported regularly through our governance structure to ensure it receives an appropriately high level of senior management and Board attention.

H) Emerging Risks

Emerging risks are a condition, situation or trend that could significantly affect the risk profile. They are raised by the business through the TDRA and RCSA process. Each one is challenged to consider likelihood, impact and any action required to ensure we are fully prepared should they begin to crystallise.

3.3. Risk Profile

JIML 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. Our taxonomy defines and describes these risks, providing a consistent methodology for assessment and reporting.

Some risks are pursued to support the business plan, such as the risks relating to investment performance. Other risks are inherent in routine business activities, such as the risk of Financial Crime. The differing risks faced by the JIML are documented within our Group taxonomy and managed through the Group's ERMF 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 have an impact on JIML.

As an investment management firm, the most material risk exposures are in the Strategic, Market and Operational (including Regulatory risk) categories. However, the exposure to Capital Adequacy, Liquidity 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 exposure to Sustainability, Operational Resilience, Reputational and Conduct risks is also considered. These risks, and associated harm, can crystallise across multiple areas within our taxonomy. We assess these risks as part of the TDRA, RCSAs and risk incidents.

3.4. Risk management - strategies and processes in place to reduce potential for harm

The Group's Risk Policies underpin the ERMF. The implementation of the ERMF is overseen and monitored by Risk Management on an ongoing basis, with additional oversight from the RCCC.

Risk Category	Definition	Policy	Principle Governance Committee
Strategic risk	The Group defines Strategic risk as the risk to our Business as a result of matters inherent in the nature of our business model or the financial and competitive markets in which we operate.	The Board approves the strategic plan and reviews progress against it on a regular basis.	• Executive Committee (ExCo)
Operational risk	The Group defines Operational risk as the risk of actual or potential loss and or client harm emanating from weaknesses or failures in our systems and controls, related to people, systems, processes or from external events. 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.	Enterprise Risk Management Policy, supported by standards and procedure documents	• RCCC • ARC
Capital Adequacy risk	The Group defines Capital Adequacy risk as the risk that we have insufficient capital in relation to our risk profile to comply with regulatory requirements.	Capital Policy	• RCCC • ARC
Liquidity risk	The Group defines Liquidity risk as the risk that we have insufficient financial resources to meet our obligations as they fall due or can only secure such resources at excessive cost.	Corporate Liquidity Risk Policy	• RCCC • ARC
Credit/ Counterparty risk	The Group defines Credit/Counterparty risk as the risk of a default on a financial or contractual obligation.	Corporate Credit Risk Policy	• Counterparty Review Committee (CRC) • RCCC • ARC
Market risk	The Group defines Market risk as the risk of loss arising from market movements. This includes the risk that any market risk mitigation techniques used by the Group prove less effective than expected.	Corporate Market Risk Policy	• CRC • RCCC

The assessment of harm relating to JIML, as documented in section 3.1, is incorporated within the group Internal Capital Adequacy and Risk Assessment (ICARA) process, undertaken across all relevant entities within the group of companies controlled by JFM. The ICARA process supports the Group and by extension, JIML, in its ongoing assessment of the risk of harm to clients, to markets and to the Group itself. The ICARA is used to support the Board in determining whether the Group has adequate financial resources (capital and liquidity) to enable the Group:

- to remain financially viable across the projected period, with the ability to address any potential material harms that may result from its ongoing activities; and
- if it became necessary, to conduct an orderly wind-down while minimising harm to consumers or to other market participants and without threatening the integrity of the wider UK financial system.

3.5. Own Funds, Concentration risk and Liquidity requirements

Own funds, Concentration risk and Liquidity are monitored through an ongoing assessment of our Operational, Capital Adequacy and Liquidity risk types against both the current risk profile and business strategy through our ERMF and and the ICARA report, which includes the activities of JIML. The latter is assessed on an annual basis, and JIML's position in terms of its Own Funds and Liquidity Requirements, together with details of concentration risk in respect of banking counterparties, is reported to the RCCC on a quarterly basis.

3.5.1. Own Funds

Under the new regime, the Own Funds Requirements are driven by the highest of assessments of the K Factor Requirement (KFR), the Fixed Overheads Requirement (FOR), and the permanent minimum capital requirement. The KFR is calculated based on the sum of each that apply to the firm.

See section 6 for further detail.

3.5.2. Concentration risk

JIML's exposure to Concentration risk is primarily driven by the operational risks of a firm executing trades (on its own account or on behalf of clients) due to inadequate or failed processes, people, and systems, or from external events. If these were to crystallise we would look to compensate the client through redress, however this may still result in reputational damage and loss of clients. This makes K-DTF (daily trading flow) relevant to JIML.

K-DTF is measured separately for cash trades (K-DTFC) and derivative trades (K-DTFD), the former based on the amount paid or received per trade and the latter on the notional contract values.

The capital requirement in respect of K-DTF under MIFIDPRU 4.15.1 is equal to the sum of:

- 0.1% of the value of the firm's average daily cash trades, as measured on each business day in the previous 15 months, excluding the three most recent monthly values; and
- 0.01% of the value of the firm's average daily derivative trades, as measured on each business day in the previous 15 months, excluding the three most recent monthly values.

K-TCD (default of trading counterparties) is not relevant as JIML does not run a trading book. K-CON (Concentration risk) is not relevant because JIML does not have the relevant concentration of counterparties (a single exposure greater than 25% of own funds or, for exposures to institutions and investment firms, the lower of 100% of own funds and £150m).

See section 6 for further detail.

The Group is potentially exposed to Concentration risk with banking counterparties with which it has deposited funds, and could be subject to a financial loss should these banks suspend withdrawals from current or deposit accounts or go into administration, leading to either Liquidity risk, where the Group has insufficient funds to meet liabilities as they fall due, Own Funds risk where the Group are unable to recover its funds and suffers losses, or both.

Concentration risk in JIML's corporate cash reserves is managed by splitting core deposits between a number of different financial institutions, with Concentration risk and counterparty limits in place for each. There are no exposures to individual counterparties of sufficient size to bring JIML under a K-CON requirement. If we adopted the methodology mandated by the Prudential Regulation Authority (PRA) to calculate Concentration risk, the potential capital requirement for JIML is less than £0.1m.

JIML regularly monitors the credit rating of the banks with which it has a relationship and takes action to change banks, if required, to minimise the credit risk. A daily check is made by the Risk team to ensure that credit spreads, equity prices and credit ratings in respect of relevant corporate counterparties have not deteriorated beyond accepted tolerances. Any breaches of these tolerances are escalated to the Group's Head of Finance in the first instance, who will then escalate to the RCCC, if required. If a breach is escalated in respect of any companies of the Group, the Committee is responsible for determining what action, if any, is required as a result which is then reported to the JIML Board.

3.5.3. Liquidity

JIML's exposure to Liquidity risk is primarily driven by day-to-day trading conditions and expected cash flows, linked to actual business performance received from fund administration revenues. Increased Liquidity risk could be driven by a decrease in revenues, increase in expenses or a reduction in cash balances due to delays in the receipt of cash or operational errors leading to client dissatisfaction, straining the operating environment with potential for regulatory and reputational damage.

The Corporate Liquidity risk policy outlines the key principles guiding the Group's management of Liquidity risk;

- to have sufficient liquidity to meet day-to-day obligations of running the business, including the Group's responsibilities for acting as principal for the UK unit trust range.
- to ensure the ability to pay prior period obligations (e.g., bonuses, dividends) out of prior period earnings and cash generation.

Any issues with compliance with this policy are escalated to the RCCC. The committee is responsible for determining what action, if any, is required as a result which is then reported to the JIML Board.

See section 6 for further detail.

4 Governance Arrangements - MIFIDPRU 8.3

4.1. Governance structure

JFM is the listed parent of the Jupiter Group and the Board of JFM is responsible for setting the strategic direction of the Group as a whole and has ultimate responsibility for oversight of the risks of the Group and for determining the risk appetite limits within which the Group must operate. As a listed Company JFM applies the principles of the UK Corporate Governance Code (Code). Details of how the Group applies these principles, including a statement of compliance, can be found within the governance section of the Group's Annual Report and Accounts for the year ended 31 December 2022 (Annual Report and Accounts).

As at 31 December 2022 the JFM Board comprises the Chairman, who was independent on appointment, two Executive Directors, who are also Directors of JIML, five independent Non-Executive Directors and one Non-Executive Director. Full details of the Boards skills, experience and external directorships can be found in the Annual Report and Accounts and the Group's website **www.jupiteram.com**.

The Board's diversity policy can be found on the Group's website at **www.jupiteram.com** and information on the Group's diversity policy and initiatives are below

The JFM Board has established a number of key committees, which are comprised of independent Non-Executive Directors of JFM, in-line with the provisions of the Code. The committees, as detailed below, have formal terms of reference which detail the duties and responsibilities delegated to them (further information on each committee's structure and activities can be found in the governance section of the Annual Report and Accounts).

- **Audit and Risk Committee (ARC)** – responsible for overseeing financial reporting, risk management and the internal control framework, compliance and external and internal audit.
- **Remuneration Committee (RemCo)** – responsible for overseeing the remuneration of Executive Directors, material risk takers, senior management and Group-wide remuneration policies.
- **Nomination Committee (NomCo)** – recommends changes to the structure of the JFM Board, oversees succession planning for the Board and senior management and talent and diversity policies across Jupiter.

The Group's subsidiaries, including JIML, place reliance upon the work of these committees to oversee the Group's control framework (ARC) and the compensation arrangements for individual investment managers providing services on behalf of JIML (RemCo). This structure ensures that there is Group wide independent oversight and challenge of these key areas.

4.2. JIML Board of Directors

The JIML Board and executive management are responsible for overseeing the management of JIML, including the regulated activities and establishing and maintaining a strong risk management and compliance culture that embeds and supports a high level of risk awareness and a sound internal control environment. This is achieved through leadership behaviours which establish the tone from the top, our governance structure, a clear definition of roles and responsibilities, and a robust risk management framework.

The JIML Board is comprised of four Executive Directors, all of whom are senior managers under the FCA's Senior Manager and Certification Regime (SMCR). None of the Directors of JIML hold external directorships which require disclosure under MIFIDPRU 8.3.1R(2).

4.3. Segregation of Duties

The Group operates a three-tier risk governance framework, generally known as the Lines of Defence model, which distinguishes between risk management and risk oversight. This approach provides clear and concise separation of duties, roles, and responsibilities and further information on this can be found in the Annual Report and Accounts, within the section entitled 'Our approach to Risk Management').

As an enhanced firm under SMCR, there is clear allocation of responsibilities and duties to senior managers within the Group, which is documented within the senior manager responsibilities map.

4.4. Additional governance arrangements

In discharging its duties, the JIML Board also places reliance upon the following committees:

Executive Committee (ExCo) – responsible for the operational and financial performance of the Group as a whole including the implementation of the Group's culture, strategy and values. Formulates strategy and agrees business plans, budgets, policies and procedures for the day-to-day management of the Group.

Risk, Compliance and Capital Committee (RCCC) – responsible for the oversight of the Group's risk profile relative to its agreed risk appetite. It is accountable for overseeing the design and operating effectiveness of the Group's risk management and capital management frameworks and policies, including compliance with relevant regulations. The work of the committee is also supported by two sub-committees – the Counterparty Review Committee and the Seeding Committee.

Investment Oversight Committee (IOC) – oversees the Group's investment activities as relates to each of Jupiter's Products, including the oversight of investment performance, investment risk and stewardship in the context of each of Jupiter's Products' investment objective, policy and specification, and applicable regulatory requirements

Valuations and Pricing Committee (VPC) – responsible for reviewing the adequacy of the Group's fund accounting arrangements; and providing effective oversight and governance of the valuation and pricing processes and procedures for all Jupiter Products.

Product Lifecycle Committee (PLC) - responsible for, and ownership of, delivering good customer outcomes during all stages of the product lifecycle for all Jupiter Products, ensuring a client focussed approach is central to its framework.

Product Governance Committee (PGC) – responsible for the review and challenge of the legal, regulatory and operational aspects of the product development and management framework owned by the PLC, to ensure that the product lifecycle for all Jupiter Products is conducted within an appropriate governance and control framework to meet the needs of the underlying clients.

Sustainability Committee – responsible for the oversight of the Group's Sustainability related policies, procedures and reporting.

Unlisted Assets and Valuation Committee (UAVC) – responsible for the valuation of all unlisted assets held within Jupiter products.

4.5. Conflicts of Interest

JIML takes all appropriate steps to prevent conflicts of interest. Where a conflict of interest cannot be prevented, JIML takes all appropriate steps to manage and monitor those conflicts of interest.

Training is provided to all employees on the identification, prevention, management, and monitoring of conflicts of interest. A Conflicts of Interest Register is maintained detailing potential conflicts and the internal arrangements and procedures in place to manage those potential conflicts. The Conflicts of Interest policy is reviewed periodically (and at least annually), and as and when business changes or significant events occur.

As part of its senior management governance framework and other internal procedures, the Group has established a number of key organisational and administrative arrangements and internal control systems within its business which are designed to prevent, manage and monitor these potential conflicts in order to prevent a material risk of damage to the interests of its clients.

These arrangements and systems include the Groups segregation of tasks and responsibilities which may give rise to potential conflicts of interest and Jupiter's assessment of whether material conflicts of interest may arise as a result of its operating conditions. They also aim to ensure sufficient independence where relevant persons may be engaged in business or activities which could give rise to such potential conflicts.

All directors, across the Group, are required to disclose any potential conflicts of interest, which are maintained in a central register. Conflicts and potential conflicts of interests are a standing agenda item considered at the start of each Board meeting.

4.6. Approach to diversity

There is a Diversity and Inclusion (D&I) and Inclusion statement which sets out our approach to promoting a culture of D&I. The JIML Board receive updates on our initiatives in this area and progress against targets.

Jupiter's development as a successful business has been driven by diversity of opinion and independent thinking. It is central to our investment approach and to our talent management and recruitment programmes. Our aim is to employ the best people from the widest pool of applicants and support their career aspirations. We view diversity in its broadest sense – including gender, social background, race, sexuality, age, disability, learning style or religion – as key to Jupiter achieving its long-term goals.

The Group is committed to promoting mutual understanding and respect amongst its employees and the broader industry by valuing and supporting individuality. We facilitate schemes such as Investment20/20 and offer traineeships and apprenticeships to college leavers and graduates. From an industry perspective, we are signatories of the Women in Finance Charter and a founding member of the Diversity Project.

The Group has a distinct culture and fosters an inclusive environment which allows employees the freedom to think differently. This means that individual employees not only can have a demonstrable impact on what the business does, but also how it's done. By focusing on identifying, developing, retaining and rewarding talent, and ensuring equality of opportunity, we will continue to deliver the right outcomes for our clients and build a sustainable and growing business in the long term.

Our overarching philosophy for achieving an inclusive environment for diverse talent is made up of three key components:

- a broader approach to D&I – we are committed to looking at all areas, including disability, ethnicity, gender, neurodiversity, sexual orientation and socio-economics;
- a commitment to change mindsets through education and the evolution of corporate culture; and
- ensuring that everyone is accountable.

2022 has seen further progress towards meeting our ambitions to creating a diverse workplace in which everyone can thrive. At an industry level, we have continued our longstanding support of the Investment20/20 programme, and recruited a further ten trainees and apprentices into roles across the Group. Within Jupiter, a number of our long-standing employee networks have been brought together into a central Diversity, Equity and Inclusion forum which is chaired by the CEO, and a new Gender Equality Network has been launched. Examples of initiatives taken as a result of feedback and action from the networks include becoming members of 'LGBT Great', a pilot mentoring scheme in Fund Management to support the development of junior talent, and adaptations to benefits and policies including increasing paid paternity leave and launching a menopause support policy.

4.7. Board recruitment and diversity

A culture which is inclusive and supports diversity is essential to the long-term success of our business and better enables us to respond to our stakeholder needs. We understand that diverse Boards brings a broad range of perspectives, insights and challenge which supports sound decision making. The Board sets the tone for inclusion and diversity across the business and we believe in having a diverse leadership team and an open and inclusive culture.

We believe a truly diverse Board will include and make good use of differences in the skills, experience, background, race, gender, disability, sexuality and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. The Board of JIML is constituted by a number of Executive Directors from senior roles across the business and who have responsibility for key areas relevant to JIML's business.

As part of the annual performance evaluation of the effectiveness of the Board and individual Directors, the Board will consider the balance of skills, experience and the diversity representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

4.8. Targets and status

As of the date of this report the JIML Board consisted of four directors, 50% of whom are female and 25% of the Board are from an ethnic minority.

As signatories of the Women in Finance Charter, the Group has formal commitments to increasing gender diversity within the business with a target of 40% women overall and 40% in senior management roles. As at 31 December 2022, whilst the figure for women in the organisation stood at 37%, the figure for women in senior management is lower at 21%. We continue to actively work on our recruitment and development practices to support our efforts in achieving these targets.

5 Own Funds - MIFIDPRU 8.4

The tables below show the composition of the total available regulatory capital for JIML, based on the audited financial statements for the year ended 31 December 2022. Tier 1 capital is the total of share capital, share premium and retained earnings. Share capital is made up of 21.0m ordinary shares of £1 each. As at 31 December 2022, JIML did not have any additional Tier 1, Tier 2 or Tier 3 capital or any related deductions.

Template OF1 - Composition of regulatory own funds

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	172,716	
2	TIER 1 CAPITAL	172,716	
3	COMMON EQUITY TIER 1 CAPITAL	182,081	Net assets/ Total shareholders' funds
4	Fully paid up capital instruments	21,000	Called up share capital
6	Retained earnings	161,081	Retained earnings
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	9,365	
19	CET1: OTHER CAPITAL ELEMENTS, DEDUCTIONS AND ADJUSTMENTS	9,365	Deferred tax assets

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a Balance sheet as in published/audited financial statements (GBP thousands) As at 31 Dec 2022	b Under regulatory scope of consolidation (GBP thousands) As at 31 Dec 2022	c Cross-reference to template OF1
Assets				
1	Deferred tax assets	9,365	-	19
2	Trade and other receivables	206,750	206,750	
3	Cash and cash equivalents	20,042	20,042	
4	Financial assets at fair value through profit or loss	2,973	2,973	
5	Total assets	239,130	229,765	
Liabilities				
1	Trade and other payables – current	31,339	31,339	
2	Income tax liability – current	880	880	
3	Trade and other payables – non-current	24,830	24,830	
4	Total liabilities	57,049	57,049	
Shareholders' Equity				
1	Called up share capital	21,000	21,000	4
2	Retained earnings	161,081	151,716	6
4	Total shareholders' equity	182,081	172,716	1, 2, 3

Own funds: main features of own instruments issued by the firm

21,000,000 ordinary shares of £1.00 each, fully paid.

6 Own Funds Requirements - MIFIDPRU 8.5

6.1. Calculation of Own Funds Requirement

As a MIFIDPRU entity, JIML is required at all times to maintain own funds at least equal to the highest of its:

- Permanent minimum capital requirement: £0.1m;
- K-factor Requirement: £0.7m (see section 6.2); and
- Fixed Overheads Requirement: £5.8m (see section 6.3).

The firm is also required to consider its own assessment of the adequacies of Own Funds (see section 6.4).

6.2. The K-factor Requirement (KFR)

The K-factors are a way of calculating the ongoing capital requirements based on measuring risks posed by a firm to clients, to the market and to the firm itself. The assessment of the KFR relating to average AUM and trading levels as at 31 December 2022 is as follows:

K-factor groupings	Relevant K-factors	JIML £M
K-AUM, K-ASA, K-CMH	K-AUM	0.5
K-COH, K-DTF	K-DTF – cash	0.2
Total		**0.7**

K-AUM is calculated as 0.02% of JIML's average AUM over a 12-month period. K-DTF - cash is calculated as 0.1% of average cash trades over a 6-month period.

6.3. Fixed Overheads Requirement (FOR)

JIML's FOR is £5.8m. For 2023, as a result of a decrease in relevant expenditure in 2022 that is not expected to recur, the JIML's FOR is calculated in accordance with projected levels of relevant expenditure for 2023 rather than by reference to audited 2022 levels of relevant expenditure. This approach is required by MIFIDPRU 4.5.7, which applies where there is an increase of 30% or more in a firm's projected relevant expenditure for the current year compared to the previous year's audited relevant expenditure, or of £2m or more in the firm's FOR based on projected relevant expenditure. If this condition is met, there is a requirement to recalculate the FOR using the projected relevant expenditure, and immediately apply the revised FOR.

The relevant expenditure is determined by calculating total projected expenditure before distribution of profits and deducting the following items:

- fully discretionary staff bonuses and other variable remuneration;
- non-recurring expenses from non-ordinary activities;
- taxes where they fall due in relation to the annual profits of the firm;
- other expenses, to the extent that their value has already been reflected in a deduction from own funds under MIFIDPRU 3.3.6R.

6.4. Firm Approach to assessing the adequacy of Own Funds

The ICARA is an ongoing process that is performed through a number of separate but inter-linked internal activities executed throughout the year that have enabled us to identify the potential material harms that could be caused during our ongoing and wind-down activities, as set out below;

- ERMF and other relevant policies
- monthly reporting of capital and liquidity positions
- monthly updates and quarterly stress testing
- ORSA, and
- Wind-down planning.

Analysis undertaken under the ICARA process ensures the Group meets both its Own Funds Threshold Requirement (OFTR) and Liquid Assets Threshold Requirement (LATR). The analysis of the Group's OFTR and LATR is consistent with the potential impact of the potential material harms that the firm has identified that could result from its ongoing operations.

The Group's OFTR is allocated between the operating entities of the Group using a number of measures, including the attribution of operational risks on the basis of revenues, headcount and number of risk incidents within each entity. Risks quantified at Group level in respect of market and credit risks are directly attributable to individual entities without the use of estimation or judgement.

The impacts of stress tests are also allocated to those entities that are judged to be likely to be affected by the scenarios modelled. This methodology effectively enables us to assess the capital adequacy under both normal and stressed conditions, and to test whether the Group holds sufficient liquidity to remain within its internal and external requirements under such scenarios;

- the ordinary level of liquid assets that would typically be required to operate its underlying business, taking into account any seasonal variations;
- any material harms that may realistically occur during the next 12 months and their potential impact on JIML's liquidity position;
- any liquid assets JIML may need to use as collateral or to meet margining requirements; and
- any estimated gaps in funding, including during periods of severe but plausible stress.

7 Remuneration Policy and Practices - MIFIDPRU 8.6

Qualitative information disclosures

This section sets out remuneration related disclosures for JFM and all of its subsidiary companies including JIML. This disclosure captures the remuneration disclosure requirements as set out in 'MIFIDPRU 8.6 Remuneration policy and practices' under the IFPR for UK regulated entities.

Under the MIFIDPRU Remuneration Code, Jupiter's relevant regulated entities are subject to the 'extended remuneration' requirements and therefore this disclosure has been undertaken in line with the provisions for the 'Largest non-SNI firms'.

7.1. Approach to remuneration and incentives

7.1.1. Decision-making procedures and governance around the development of remuneration policies and practices

JIML applies the Group's remuneration governance structure and processes, where appropriate, which enables it to leverage the independence and expertise of the Group RemCo members and to benefit from efficiencies in the processes applied.

The RemCo is responsible for the determination, regular review of, and implementation of the overarching policy for remuneration that applies to the Group. The RemCo is also responsible for determining and reviewing annually individuals who have a material impact on the risk profile of Jupiter and/or its funds (Material Risk Takers (MRTs)) and determining total remuneration packages for these individuals. In considering the remuneration policy, the RemCo seeks to ensure that remuneration is structured in a way that attracts, motivates and retains high calibre staff, rewards individual and corporate performance and is aligned with appropriate risk and compliance standards and the long-term interests of shareholders, investors, clients and other stakeholders.

The RemCo takes full account of Jupiter's strategic objectives and stakeholder views in considering remuneration policy decisions. This includes careful consideration of any feedback from shareholders, investors, employees, the regulator and our clients, as well as specific input from subject matter experts, where requested (for example, the HR Director, Head of Reward and the Risk department). To avoid any conflicts of interest, the RemCo comprises independent Non-Executive Directors and the Chairman of the JFM Board, and no individual is involved in any decisions regarding their own remuneration.

The RemCo gives careful consideration to the linkage between risk and reward to ensure that desired behaviours and culture are rewarded. This includes ensuring the reward structures are consistent with and promote sound and effective risk management and ensuring that the remuneration out-turns appropriately reflect the risk profile and behaviours of Jupiter and individual. This is demonstrated through a variety of reward features and processes in place which ensure alignment to risk considerations throughout the organisation.

The RemCo has appointed Deloitte LLP as independent advisers.

7.1.2. Approach to remuneration for all staff the objectives of financial incentives

The Group has a pay for performance culture and flexible individual incentives are an important part of our performance culture. All employees are incentivised in a similar way and are rewarded according to personal performance and Jupiter's success.

The Group's overarching principles for the remuneration of the employees is to ensure that the framework is structured in a way that it ensures:

- alignment of reward with Jupiter's purpose, culture and values, business strategy and objectives, including environmental, social and governance risk factors, performance and the long-term interests of shareholders, fund investors, clients, employees, other stakeholders within Jupiter;
- promotion of sound and effective risk management;
- encouragement of responsible business conduct;

- measures to avoid conflicts of interest;
- that the allocation of variable compensation awards does not discriminate on the basis of an individual's protected characteristics, including gender;
- use of discretion to override formulaic outcomes; and
- compliance with all applicable legal and regulatory requirements.

7.2. Key characteristics of the remuneration policies and practices

7.2.1. The components of remuneration

The composition of the elements within an individual's overall remuneration is the result of the function and performance of the individual, including alignment with the Group's risk tolerances, market competitiveness and overall profitability. The Group's total compensation approach comprises fixed and variable remuneration.

Fixed remuneration includes:

- **Base salary** – base salaries reflect the individual's skills, the size and scope of their role, and the market rate for the role at comparator companies.
- **Benefits** – benefits provided deliver a package based on what is important to the Group's employees, and Jupiter is committed to offering a market-leading benefits package with a core focus on health and wellbeing. The same range and level of benefits is available to all UK employees regardless of seniority. The Group will ensure that its pension policy is in line with its business strategy, objectives, values and long-term interests and, where required under local regulation, will not deliver discretionary benefits in excess of accrued pension benefits

Variable remuneration includes:

- **Annual bonus (including Deferred Bonus Plan)** – the annual bonus is awarded annually and is dependent on individual and corporate performance based on achievement of strategic and personal objectives. The purpose of the scheme is to recognise and reward individuals for their specific contribution to their department and Jupiter by way of their overall performance during the review period. Employees with bonuses in excess of a certain amount have a portion of their bonus deferred to provide alignment with long term interests of clients and shareholders. See further details below.
- **Long-term incentive plan (LTIP)** – senior employees of the Group are granted LTIP awards to incentivise and reward the long-term performance of Jupiter and aid retention of these employees. With the exception of Executive Directors of JFM who are granted an LTIP based on a percentage of their base salary, the grant of LTIP awards is based on an assessment of individual and corporate performance, including the consideration of risk and compliance. LTIP awards take the form of options over shares in Jupiter, providing alignment to overall Jupiter performance, and vest a minimum of three years from the date of grant subject to continued employment, and the satisfaction of performance conditions and malus and/or clawback provisions.
- **Performance fees** – for certain portfolio managers, performance fee sharing arrangements are in place, which help align the interests of senior fund managers with the long-term performance of the funds they manage. Under these arrangements, fund managers are entitled to receive a pre-determined proportion of the total performance fee earned by Jupiter. In all instances, the performance fee is considered variable remuneration and is subject to the relevant deferral requirements, as well as malus and clawback provisions.

7.2.2. Summary of financial and non-financial performance criteria

Annual bonus performance criteria for all staff reflect the achievement of financial and non-financial factors relevant to their roles, as well as wider common objectives around performing in accordance with Jupiter's corporate pillars and making a wider contribution to its growth strategy. The variable compensation pool (from which annual bonuses are paid) is based on Jupiter's profits, ensuring that any bonuses are affordable. It may be adjusted based on the committee's assessment of a range of financial and non-financial considerations, including risk and compliance. Individual bonuses are determined based on a number of factors relating to the individual's role and performance. This includes a balanced assessment of financial and non-financial factors, including:

- risk, compliance and conduct behaviour.
- metrics specific to the relevant business unit (e.g., sales performance for sales staff, investment performance and other factors such as profitability, assets managed and net sales for investment staff) and other specific departmental and corporate performance objectives and strategic goals.
- assessment of how the above performance is achieved in terms of risk and repeatability.
- performance in accordance with Jupiter's values and wider contribution to Jupiter and its growth strategy.
- people related objectives, for example succession planning and people development.

LTIP performance measures have a strong link to Jupiter's business strategy, with vesting dependent on underlying Earnings Per Share (EPS) growth, net flows and investment outperformance. Awards are also subject to maintenance of an appropriate risk and compliance environment, as well as an underlying business performance underpin. The performance conditions are set by the RemCo at the start of the performance measurement period and they will compare the vesting outcome for LTIP awards against shareholder and client experience over the same performance period.

7.3. Risk Adjustment Framework

When determining at what level any adjustments should be applied to the variable compensation pool to reflect current and future risks, Jupiter will consider which risks are relevant and which risk adjustment techniques and measures are most appropriate. Jupiter ensures that the allocation of variable remuneration elements consider current and future risks, considering a number of checkpoints, and in considering risks Jupiter will include both financial and non-financial risks for example, reputational, conduct and customer outcomes, values and strategy.

Assessments of financial performance used to calculate variable remuneration elements or pools of variable remuneration elements are based principally on profits. In cases where Jupiter has had subdued or negative financial performance, total variable remuneration is generally considerably contracted, taking into account both current remuneration and potentially reductions in pay-outs of amounts previously earned. Jupiter will also consider whether profit reflects current and future risks, and the timing and likelihood of future revenues.

Further details on the ex-ante risk adjustment framework are included within the RemCo report section of the JFM 2022 Annual Report and Accounts.

Jupiter may also operate ex-post risk adjustment for certain employees. This refers to the adjustment of variable remuneration to account for specific crystallised risks or adverse performance outcomes. Ex-post risk adjustments include in-year adjustments (reducing current year awards), the application of malus (reducing or cancelling deferred incentive awards that have not yet vested) and clawback (recouping already vested awards). The circumstances under which malus and clawback provisions may apply include (but are not limited to):

- **Financial results** – would have been materially lower on the basis of information that comes to light after the accounts for that year are finalised (other than as a result of change of accounting policy subsequent to the end of the year)
- **Material failure of risk management** – suffered by a Group company
- **Gross misconduct** – of the individual
- **Performance assessment error** – in relation to an individual when determining the level of their award
- **Material reputational damage** – occurring to a group company
- **Any other circumstances** – considered to be similar in nature of effect to those above.

7.4. Policies and criteria applied for awards of guaranteed variable remuneration and severance pay

Guaranteed variable remuneration

In line with regulatory requirements and guidance, all non-standard forms of variable remuneration when awarded to MRTs, are subject to malus and clawback provisions, deferral, payments in instruments and retention policy requirements. For the purposes of IFPR, they are also normally included in the variable component of pay for the purposes of determining the variable to fixed remuneration ratios for the performance period in which the award is made.

Jupiter does not generally offer guaranteed variable remuneration awards. However, guaranteed variable payments may be made in rare, specific and exceptional circumstances and will be limited to the first year of service and only awarded if the firm has a strong capital base.

Any guaranteed bonus will generally be subject to the same deferral, payment in instruments and retention policy requirement rules as applicable under Jupiter's annual bonus incentive arrangements.

Severance pay

Any payments relating to the early termination of a contract by the Group (severance pay) will reflect the individual's performance over time and will be designed in a way which does not reward failure or misconduct. The RemCo's approval will be required for all severance payments made to MRTs.

In determining the amount of a severance payment, the Group will always seek to minimise the cost to the Group while complying with contractual terms and take into account the circumstances in place at the time.

The following illustrative criteria may be taken into account for the purposes of determining the amount of a severance payment (but not limited to):

- the reasons for the early cessation of employment;
- the length of an individual's service with the Group;
- the seniority of the individual's role within the Group; and
- the potential costs of legal fees and settlement costs.

Severance pay for MRTs under the IFPR will generally need to be included in the ratio between variable and fixed remuneration although there are certain circumstances where the amounts can be excluded from the calculation.

Where any severance pay is made to MRTs, the same general rules for variable remuneration will apply including, deferral, payments in shares/instruments, and retention periods (where appropriate), and malus and clawback.

7.5. Deferral and vesting policy

To promote long-term alignment of employees' interests to Jupiter's performance, a portion of the annual bonus is normally deferred.

For the 2022 performance year, the deferral and vesting policy was as follows for the different employees populations:

Employee Category	Proportion of Bonus deferred
Executive Directors of JFM	• 50% of total bonus deferred over three years vesting in annual tranches and subject to an additional six-month holding period post-vesting (in line with current Directors' Remuneration Policy)
MRTs (which includes those JIML directors who are not Executive Directors of JFM)	• If variable compensation greater than or equal to £500,000, 60% of total bonus deferred; • If total variable compensation less than £500,000, at least 40% of total bonus deferred; and • Awards are deferred over three years vesting in annual tranches and subject to an additional six-month holding period post-vesting of instruments.
All other employees	• All employees with bonuses of over £50,000 have a portion of their bonus deferred vesting in annual tranches over three years ranging from 40% - 60%. The proportion of bonus deferred increases above certain thresholds.

In addition to the above, LTIP awards are subject to 3-year performance periods and additional holding periods apply for different populations, including: 2 years for Executive Directors of JFM; and 6 months for MRTs. This ensures that decisions and behaviours are focused on long term and sustainable value.

The combination of bonus deferral provisions and LTIP awards mean that for many employees, a significant proportion of their total remuneration is deferred.

Under the IFPR, the proportion deferred and the length of deferral period is considered appropriate for MRTs given the nature of Jupiter's business, its business cycle and its risk profile, as well as the activities and responsibilities of MRTs. A six-month retention period is also considered appropriate given the length of the deferral period, Jupiter's business cycle, and how long it may take for risks in the business to crystallise.

7.6. Forms of variable remuneration awards

Base salaries are paid in cash.

Bonuses will also be paid in cash except where deferred or otherwise be required by regulation (see below).

Any deferred bonus will be paid in the form of either a conditional award delivering a restricted share award or nil-cost option, or by investing such bonus to acquire equity or instruments which will be held in a benefit trust on a participant's behalf. Awards are generally granted over Ordinary Shares in JFM, although investment teams are required to pay 50% into an option over Jupiter fund units in a fund which they are responsible for managing.

MRTs are required to pay at least 50% of their variable remuneration in non-cash instruments, which will normally be in the form of shares and / or fund units. LTIP awards take the form of options over shares in Jupiter, providing alignment to overall Jupiter performance.

7.7. Material Risk Taker Identification

In accordance with the categories set out in SYSC 19G.5 of the MIFIDPRU Remuneration Code, Jupiter has identified individuals who may have a material impact on the risk profile of its relevant regulated entities and or of the assets managed (MRTs).

Under the MIFIDPRU Remuneration Code, MRTs have been identified as those who fall into the following categories including (but not limited to):

- Executive and Non-Executive Directors of the Group and relevant regulated entity boards
- Senior management and members of the ExCo
- Heads of Risk, Compliance and Audit
- Heads of Asset Classes

In addition to the above categories, the Group also considers all types of risk including those of a prudential, operational, conduct and reputational nature and other internal criteria specific to the Group and the relevant regulated entities. Factors include considering heads of key areas in relation to portfolio management, level of supervision that an individual is subject to and criteria around responsibility for significant firm revenue and material AUM.

For the performance year 2022, 32 individuals were identified as MRTs in accordance with the MIFIDPRU Remuneration Code. MRTs were approved by the RemCo and were notified of their identification and the implications of this status.

The list of MRTs is subject to regular review, including input from HR and Risk and Compliance, to ensure the lists remain up to date throughout the year.

Quantitative information disclosures

7.8. Total amount of remuneration awarded to MRTs and all staff

	Senior Management £M	Other MRTs £M	Other Staff £M	Total (All Staff) £M
Fixed Remuneration	1.4	4.7	2.1	8.2
Variable Remuneration	4.5	7.6	9.7	21.8
Total Remuneration	5.9	12.3	11.8	30.0

7.9. Total amount of guaranteed variable remuneration and severance pay awarded to MRTs

In line with the exemption under MIFIDPRU 8.6.8R(7), the total amount of guaranteed variable remuneration awards and severance payments made during the financial year including the number of MRTs receiving those awards has not been disclosed.

7.10. Information on whether the firm uses the exemption for individuals in SYSC 19G.5.9R

In line with the exemption under MIFIDPRU 8.6.8R(7), information on whether the firm uses the exemption for individual material risk takers set out in SYSC 19G.5.9R has not been disclosed.

7.11. The amounts and forms of variable remuneration awarded to MRTs

	Senior Management	Other MRTs	Total
Number of MRTs	14	18	32
Total Variable Remuneration (£M)			
Of which: cash-based			
Of which: non-deferred	0.6	3.1	3.7
Of which: deferred			
Of which: share-linked instruments or equivalent non-cash instruments (£M)			
Of which: non-deferred	0.6	0.7	1.2
Of which: deferred	3.3	3.8	7.1

7.12. The amount of deferred remuneration awarded to MRTs

	Senior Management	Other MRTs	Total
Amount of deferred remuneration awarded for previous performance periods (£M)			
Of which: due to vest in the financial year in which the disclosure is made	2.4	11.7	14.1
Of which: due to vest in subsequent years	5.1	18.4	23.5
Amount of deferred remuneration due to vest in the financial year in which the disclosure is made (£M)			
Of which: is or will be paid out	1.3	13.2	14.5
Of which: the amount was due to vest but has been withheld as a result of performance adjustment			

8 Investment policy - MIFIDPRU 8.7

The funds in which JIML hold seed investments are not traded in regulated markets, therefore no disclosures are required.

101857-04.23

JUPITER ASSET MANAGEMENT